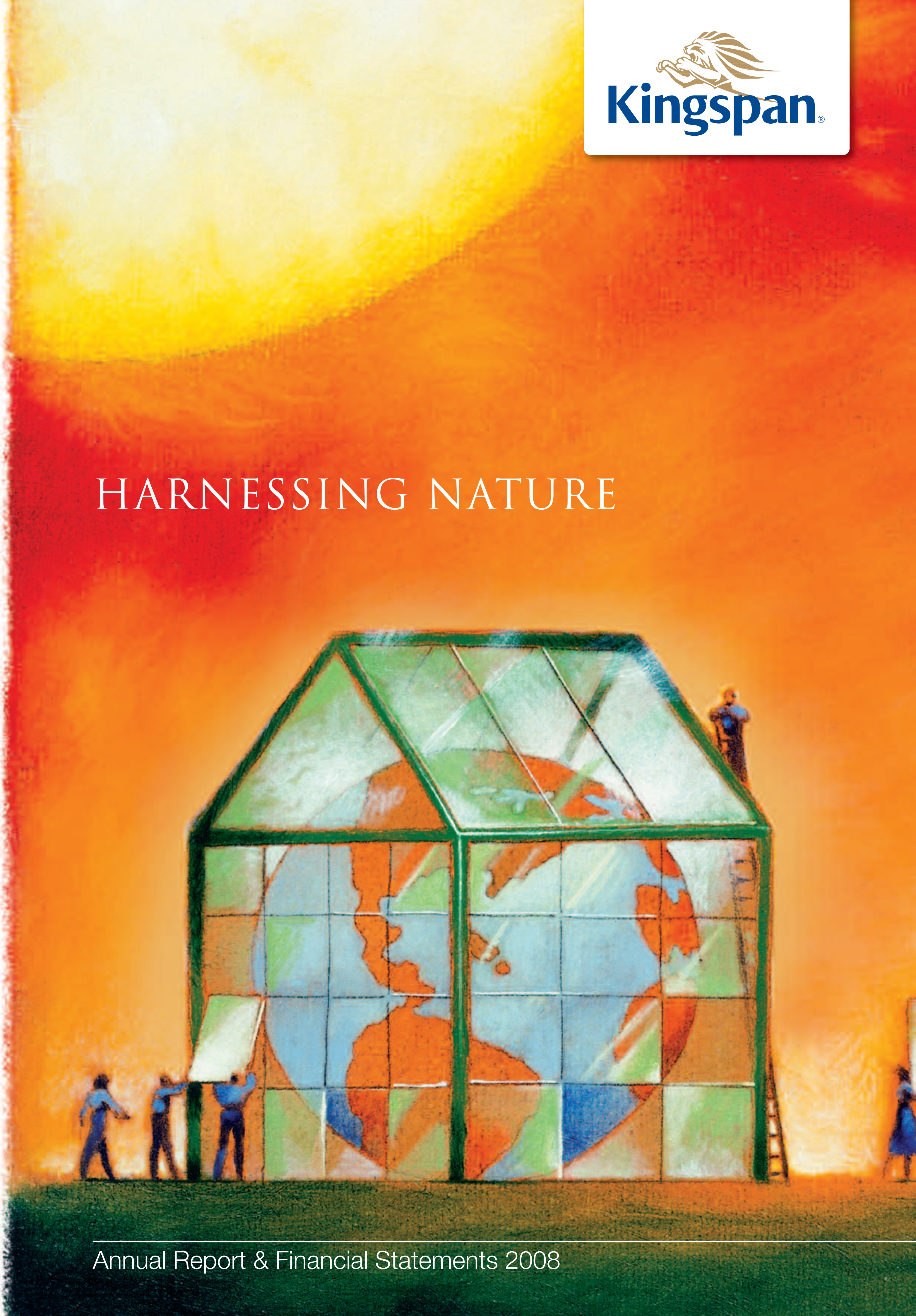

Kingspan

HARNESSING NATURE

Annual Report & Financial Statements 2008

Financial Highlights

For the year ended 31 December 2008

	2008	2007	% Change
Turnover	€1,672.7mn	€1,863.2mn	-10.2%
Operating profit*	€157.1mn	€236.7mn	-33.6%
Exceptionals	€75.1mn	€Nil	
Profit before tax	€68.1mn	€224.2mn	-69.6%
Adjusted earnings per share**	76.0c	110.5c	-31.2%
Basic earnings per share	26.7c	110.5c	-75.8%
Dividend per share for the year	8.0c	25.0c	-68.0%
Interest cover (EBITDA/Net Interest)	14.6 times	22.8 times	
Gearing ratio (net debt as % shareholders funds)	57.7%	33.4%	

* before non-trading items
** before amortisation of intangibles and non-trading items

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"Kingspan EnergiSolutions"

Kingspan insulated products provide high performance energy saving solutions that help protect the planet from the effects of climate change.

EnergiSolutions from Kingspan

Kingspan Renewables
University of South Carolina, United States

ENERGY INDEPENDENT BUILDINGS FOR A SUSTAINABLE FUTURE

2008 will come to be seen as a watershed year, where companies will be judged not by how they performed before the global financial crises began, but by how well they came out of it.

Focusing on new and improved low energy and alternative energy building solutions to provide **longer term growth** for the business

For Kingspan, as for many others, 2008 was a challenging year. There is no doubt that the global credit crunch, volatile foreign exchange rates, record oil and steel prices, and the abrupt collapse of the construction boom, all impacted heavily on Kingspan's results for the year. Operating profit (before non-trading items) fell to €157.1mn, and earnings per share fell to 26.7 cent (76.0 cent before amortisation of intangibles and non-trading items).

Nevertheless, the year also had its notable achievements for the Group. In August Kingspan acquired Metecno Inc, to become the leading manufacturer of insulated panels in North America. Combined with our existing business in Canada, Kingspan now has five panel manufacturing facilities across North America, and at a time when the new US administration begins to recognise the need to tackle security of energy supply and the causes of climate change, Kingspan is superbly positioned to meet the growing demand for energy conserving building solutions in North America.

During the summer, Kingspan commissioned two new world class manufacturing facilities, one in Portadown, County Armagh, Northern Ireland, into which several of our existing environmental and renewable businesses have been consolidated, and the other in Selby, North Yorkshire, England, where a new insulation board plant was commissioned. Both facilities will enable us to improve service to our customers, while maximising operational efficiencies.

In September Kingspan successfully completed the placement of a new fully committed €330mn syndicated banking facility, which gives the Group committed core funding, and a platform to make strategic investments in future years.

Throughout the year, notwithstanding the backdrop of the global economic downturn, sales of Kingspan's suite of renewable energy products, such as the EnergiPanel, the photovoltaic PowerPanel and most notably the Thermomax solarthermal hot water systems, increased significantly, demonstrating the soundness of Kingspan's strategy of focusing on new and improved low energy and alternative energy building solutions to provide longer term growth for the business.

" Decreasing reserves of fossil fuels"

Kingspan offer a range of renewable EnergiSolutions that conserve the world's natural resources.

Chairman's Statement

ENERGY INDEPENDENT BUILDINGS FOR **A SUSTAINABLE FUTURE**

Dividends

In light of the prevailing economic climate, the Board will not be recommending that a final dividend be paid for the year ended 31 December 2008.

Board changes

Since the year end, Brian Joyce retired from the Board at the end of January 2009 for personal reasons, and I thank Brian for his contribution to the Board over the past six years.

Also, after more than 30 years with Kingspan, both as managing director of the Group's insulated panel business and latterly as a non-executive director, Eoin McCarthy has announced his intention to retire after this years Annual General Meeting. I would like to thank Eoin for his significant contribution to the Group over those years.

I am also pleased to welcome back to Kingspan as a non-executive director Danny Kitchen, with effect from 1 March 2009, whose breadth of experiences will bring a fresh and independent view to the Board.

Management and employees

I would also like to extend thanks to the management team and all employees across the Group, for their hard work and commitment throughout these challenging times. The management team in particular have shown a tremendous focus and energy in dealing with the macro economic issues, and shareholders can be confident that they will continue to drive the business forward through the downturn.

Regrettably, during 2008 and into 2009, as we scaled down our businesses to meet demand, we have had to let go many good and longstanding employees, and to those that have left us I wish them well in the future.

To the future

The difficult conditions experienced in 2008 have continued into 2009, and there is little certainty as to when the cycle will begin to turn. What is certain however is that those companies like Kingspan, who have adjusted their short-term goals and focused on the health of their business and their balance sheet, will be best positioned to rebound when economic momentum picks up, and those like Kingspan which meet the increased demand for environmental solutions will rebound strongest.

In the near term, Kingspan is committed to continuing its emphasis on research and development into low energy building products, to maintaining its focus on delivering operational efficiencies from world class manufacturing sites, and to broadening its geographic reach across Europe, North America, Australasia, India and the Middle East, in order to deliver long term growth in the new global economic order.

Eugene Murtagh
Chairman

" spiralling energy costs"

Kingspan EnergiSolutions deliver integrated 'feed-in tariff' capability for a faster return on investment

08

Kingspan Insulated Panels
Yealands Estate Winery, New Zealand

Kingspan Insulated Panels
Home Depot, Ontario, Canada

Getting to grips with the reality of a **higher cost energy environment,** and the subsequent policy direction needed to reduce its dependence on imported fuels.

Chief Executive's Review

2008 WAS A YEAR **DOMINATED BY A GLOBAL FINANCIAL AND BANKING CRISIS**

2008 was a year dominated by a global financial and banking crisis that impacted almost all businesses and sectors throughout the world. This turmoil, despite the intervention of countless state governments, worsened as the year wore on and sent many previously strong economies into a recessionary tailspin that has gained further momentum in the early part of 2009. Precisely when this deterioration will subside and economic recovery resume, remains far from clear. Against such an uncertain backdrop, businesses have had to dramatically curtail investment, refocus strategies, and concentrate on the shorter term health of their organisations.

Over the past 18 months, Kingspan has taken progressive action throughout all the exposed elements of the Group, to ensure that the broader business has the appropriate cost base to cope with the prevailing economic headwinds. Significant reductions in operational expenditure and headcount have featured most prominently, targeted to deliver year-on-year overhead savings of approximately €35mn. Capex has been reduced to a minimum, although a number of strategic projects are continuing. The near term returns from these investments have been significantly revised, although the longer term thinking and rationale continue to be compelling.

At the end of this global contraction, building materials businesses with products that best serve a world in which the environmental emphasis is accelerating will be in the strongest position to capitalise on the rebound. Kingspan remains committed to its continued investment in innovation and broadening its geographic base from which to expand in future years. In the UK and Ireland, building related energy policies are well progressed, whilst Mainland Europe continues to make advances in this respect. North America is quickly getting to grips with the reality of a higher cost energy environment and the subsequent policy direction needed to reduce its dependence on imported fuels.

In the latter case, this is almost certain to evolve into a fundamental review of building codes more reflective of the direction Europe has been taking in recent times. In anticipation of this changing landscape, Kingspan entered the high performance insulation segment of the US with the $115mn acquisition of Metecno Inc during 2008.

"Energy security"

With increasing reliance on distant providers, uncertainty of supply and spiralling energy costs, Kingspan provide energy independent buildings and security from third party suppliers.

Kingspan Insulated Panels
Boston Convention Center, Boston, Massachusetts

2008's PERFORMANCE
BY OPERATING SEGMENT WAS AS FOLLOWS

Segment Result (profit before finance costs)	Insulated Panel & Boards €'mn	Off-site & Structural €'mn	Environmental & Renewables €'mn	Access Floors €'mn	Total €'mn
Trading Profit	120.6	10.6	2.6	27.9	161.7
Intangible Amortisation	(1.4)	(2.0)	(1.1)	(0.1)	(4.6)
Non Trading Items	(9.3)	(16.6)	(5.6)	-	(31.5)
Goodwill and Intangible Impairment	(4.2)	(40.0)	0.6	-	(43.6)
Operating result 2008	105.7	(47.9)	(3.6)	27.8	82.0
Finance costs (net)					(13.9)
Result for the period before tax					68.1
Income tax expense					(24.2)
Net result for the year					43.9

EnergiSolutions from Kingspan

Chief Executive's Review

Kingspan Insulation
Shangri-La Hotel, Dubai, UAE

KINGSPAN HAS, AND CONTINUES TO INNOVATE AND DELIVER SOLUTIONS TODAY THAT WILL DRAMATICALLY REDUCE THE NEED FOR ENERGY TOMORROW.

Insulated Panels & Insulation Boards

Representing 58% of Group sales, this segment had sales of €974mn, a decline of 7% over prior year (a 1% decline at constant currency).

Insulated Panels
Sales in this business declined by 5% in 2008 (0% at constant currency), with sales of €724mn accounting for 43% of Group sales in the period.

In the UK and Ireland, credit driven pressures gained momentum as the year wore on, which resulted in decreasing activity in the business' main market of low rise non-residential construction. This trend became significantly more evident in the latter months of the year. Irish sales were worst affected, declining 28% in the year as a whole and 36% for the second half. In particular, the Irish retail construction segment suffered most as excess capacity built in recent years remained unoccupied. It is anticipated that it will take a number of years for this element of the market to rebalance itself, as indeed it will for the wider economy in Ireland.

Whilst the UK business also contracted in the period, total sales at constant currency were down a modest 13% for the entire year, and 10% for the second half. Order intake however was down by 25% in the second half compared to the same period in 2007. This performance was nonetheless comparatively robust reflecting another year of penetration growth and successful new product introductions. These new products, which include green roofs as well as multiple façade solutions, effectively provide the entry for Insulated Panels in what are still under-penetrated segments of the industry. These segments include medium rise commercial and residential buildings, which will provide a platform for continued longer term growth of this business in the UK after the financial crisis. Costs in both the UK and Ireland have meanwhile been substantially reduced in anticipation of significantly lower demand in the near term.

Kingspan Insulated Panels

Rosada Factory Outlet, Roosendaal, Netherlands

For the year as a whole, the CEE business grew by a solid 7% at constant currency, although certain regions of Central Europe, like Ukraine, the Balkan states, and to some extent Poland, have shown signs of slowing activity. This trend was still more evident towards the end of 2008. Nonetheless, growth in market share, rising insulation standards, greater penetration, and strong growth in the Balkan states all contributed to this performance. Similarly, the seeds have been sown in India and the business there has seen some early success, which is supported by production from the facility in Turkey. The long-term construction fundamentals are solid across CEE, and Kingspan is exceptionally well positioned to drive continued growth of Insulated Panels in markets that require significant infrastructural upgrading into the future.

Kingspan Insulated Panels

The Energi Centre, Hradec Kralove, Czech Republic

The near term will prove more difficult however as is apparent in the declining order intake.

The most prominent feature of 2008 in North America was the $115mn acquisition of Metecno Inc in August. Together with the Group's existing presence in Canada, this combination now positions Kingspan as the market leading force across the continent, with five facilities spanning the region. While current market size and penetration rates significantly lag behind those of European markets, the longer term potential is immense. Not until recently has the concept of energy efficiency been prevalent in the US. The new administration's aspiration for long-term energy independence will not only provide the growth platform for alternative energy sources, but also for low energy construction solutions. In excess of 40% of all energy consumed in the US is from the built environment. Kingspan aims to be at the forefront of this evolution, but also recognises that the shorter term economic arena is likely to lead to some contraction during the current year. This may also be the case in Australia and New Zealand.

Chief Executive's Review

Insulation Boards

Sales in this business declined by 12% (-3% at constant currency) in 2008, with turnover of €250mn accounting for 15% of Group sales in the period.

Despite the dramatic reduction in new house construction in Ireland, the business in this region declined by only 19%.
This relatively sound performance was supported by an increase in refurbishment activity as homeowners moved to upgrade their properties' energy efficiency. This is a trend that is likely to grow not only due to the prospect of longer term higher energy costs, but also as a direct result of the introduction of the Building Energy Ratings (BER). These will increasingly be needed to assess the energy performance of existing dwellings as well as new buildings. Government backed incentives and more stringent building codes should assist in sustaining a reasonable level of activity for this business unit medium term, notwithstanding the fact that newbuild numbers will remain under pressure for some considerable time ahead.

In the UK, sales declined by 3% at constant currency, despite a c. 60% reduction in new house construction during 2008, which illustrates the robustness of Kingspan's products and model. Standards of insulation continue to rise, penetration of high performance insulation continues to grow, and newer technologies like phenolic foam continue to grow in market share.

These trends are anticipated into the future, and our business is ideally positioned for this continued drive. Shorter term, however, and against current real underlying demand, new home and non residential activity are certain to decline and will curtail any progress in this business during 2009.

In Mainland Europe, 2008 was a year of significant progress in the organic growth of Kingspan Insulation. The Benelux, Germany, Poland, and other CEE countries provided total growth in the region of 30% at constant currency. Refurbishment activity, particularly in the form of external wall insulation, is set to grow across the continent, as will the potential for rigid insulation in the conversion from lower grade traditional insulations used in roofing. Penetration rates lag significantly behind those in the UK and Ireland which creates clear opportunity for more modern technology in the region. The completion of a new phenolic foam plant in the Netherlands by the middle of 2009 and a PIR plant in Poland later in 2010/2011 will support this effort longer term.

Off-site & Structural

Representing 14% of Group sales in 2008, this segment had sales of €233.3mn, a decline of 29% (-20% at constant currency).

The products in this division, largely pre-insulated structural panels for residential construction and structural beams for non-residential developments, are focused entirely on new build. Whilst that positioning

Kingspan Insulated Panels
Kingston Hockey Arena, Ontario, Canada

Kingspan Off-site

SixtyK design, Avante, Coxheath, UK

Image with kind permission from Crest Nicholson.

drove growth in past years, the drought in housing construction has severely impacted the performance of this business in 2008. In Ireland, new house activity has shrunk in excess of 70% since the peak in 2007, and in the UK new house activity has declined by over 60%.

Off-site construction should continue to grow in penetration, particularly in the UK and Ireland where the tightening regulatory environment is driving the need for much more energy efficient buildings. That trend augurs well for the future of the majority of Kingspan's products, including those in this segment. Near term however, the scale of the decline in construction has and will continue to depress this business. As a result, operating costs have been reduced to an absolute minimum, and production has ceased in five of the nine locations.

In Mainland Europe 2008 was a year of significant progress in the organic growth of Kingspan Insulation. The Benelux, Germany, Poland, and other CEE countries provided a total growth **in the region of 30%**, at constant currency.

Chief Executive's Review

Access Floors

Representing 12% of Group sales in 2008, this segment had sales of €198.7mn, growth of 1% (+11% at constant currency).

In North America, office and data centre construction activity remained strong throughout the year. Together with the increased usage and penetration of underfloor air, particularly in the New York area, this led to another excellent performance in this business unit.

The performance of the North American business was closely mirrored in Europe where completions in the UK and other continental urban centres continued to be similar to that of 2007. Margins in both businesses were healthy, if somewhat lower than that of the prior year. This reduction was entirely linked to the surge in steel prices during 2008, a trend that has significantly eased since the close of the year.

Office construction is highly cyclical, and that curve is currently trending downwards.

Kingspan Access Floors

BP WOW, Houston, Texas

Environmental & Renewables

Representing 16% of total Group sales, this segment had sales of €266.7mn in 2008, a decrease of 9% (-8% at constant currency and on a like for like basis).

As the search for energy efficient technologies intensified during the year, one area which has grown strongly is that of Solar Thermal, in other words, hot water systems which derive their energy source from the sun itself. KingspanSolar, under the product brand of Thermomax, is a technology of significantly higher efficiency than conventional solar systems. The nature of the product centres around vacuum tubes which respond much more quickly to sunlight, and hence are more suitable for Northern European climates where sunlight tends to be more intermittent. Although still a relatively small element of the overall Group, sales rose by an exceptional 66% in 2008. The longer term trend will be one of growth for this business and in preparation for this, capacity is being increased by c. 300% during 2009, with a new automated plant due for commissioning at year end.

Sales in other product areas in this division, including water storage and water treatment were hampered by the enfeebled new build market in the UK and Ireland.

In advance of the current downturn, this division had moved to consolidate six locations into one, and dispose of the non-core waste container business. The result is a completely streamlined operation that will benefit greatly from the efficiencies in better times. Naturally, revenue pressure in these segments weighed heavily on margins, as did the continuing warranty costs related to defective raw materials in 2002 and 2003. As indicated previously, the suppliers of these materials are being pursued for recovery of past and future damages, although it is unlikely that such proceedings will reach their conclusion until 2010.

"water shortages due to climate change"

Kingspan's rainwater harvesting and storage systems can save up to 85% of a buildings mains water use.

THE GROUP IS TAKING ALL REASONABLE MEASURES TO RESPOND TO THE IMMEDIATE CHALLENGES IT FACES.

Kingspan Renewables

Private Dwelling, North Dublin

Innovation

Innovation is a key element of the Group's continued differentiation strategy, in an increasingly commoditised environment. Phenolic Insulation, Zero Carbon Housing, Solar Tubes and our expanding range of Insulated Panel and Architectural Façade applications are among the new products that gained solid traction during the year. Phenolic Insulated Panels, which will be a world first, are set to be introduced by Kingspan later this year. So too will be a broadened range of applications for Solar, to include Solar Space Heating and Solar Cooling. Together with the photovoltaic PowerPanel, which combines structural insulation and solar power generation, these will form the basis of new product development and introductions in the short to medium term.

Looking ahead

The combination of continued lending restraint from the financial sector, over supply of built-out premises and dwindling consumer confidence has resulted in significantly less committed construction activity for the current year, whilst visibility is at its lowest for some time. As a result 2009 will present greater challenges to our sector and business than have been encountered in the year gone by.

However, the nature of what is being planned for future construction is evolving fast. Building products and techniques that mitigate the uncertainties of energy cost and supply will grow well into the future. At some point, cleansing of bank balance sheets will be complete, allowing liquidity to resume, and with it will come a lift in building activity. Whilst accepting that the short term presents headwinds not experienced for many years, Kingspan remains exceptionally well positioned and funded to weather the storm.

Gene M. Murtagh
Chief Executive

Financial Review

Overview

2008 saw a fall in Group turnover of 10.2% and a decrease in operating profits (before non-trading items) of 33.6%. This was against a backdrop of what is now being described as potentially the worst global recession since the late twenties. The trend in sales, whether measured by reference to order intake or sales value, is continuing on a downward curve. The Group has relatively high operational gearing in certain products, so the fall off in sales has had a disproportionate impact on operating profits.

There were also significant raw material price increases in the first half of the year which adversely impacted on margins. While there has been a fall in some raw material prices at the start of 2009, margins will continue to be negatively impacted for the first few months as inventory of more expensive materials works its way through the system.

As a result of the continuing fall off in volumes, particularly in the UK and Irish markets, the Group has implemented rationalisation plans resulting in an exceptional charge in the year of €31.5mn and a goodwill and intangible assets impairment of €43.6mn.

The benefit in cost savings from rationalisation, both in direct cost of sales and fixed overheads, will come through mainly in 2009. Overhead reduction for year-on-year 2009 versus 2008 is targeted at in excess of €35mn and a reduction in excess of €45mn from its peak run rate. Including reductions in direct labour costs, this saving is €76mn.

Coupled with all of this, the weakness of Sterling against the Euro (average rate 2008; 0.796 v average rate 2007; 0.685) has had a material negative impact on the translation of results when compared with 2007. The overall impact of currency movements on Euro reported turnover was €149mn and pre-exceptional operating profit was €13mn.

There was capital investment of €193.4mn in the year including the acquisition of Metecno Inc, an insulated panel manufacturing business in the USA, in August 2008. Part of the capital investment programme relating to additional production capacity in 2009 has been put on hold or scaled back, and planned capital investment for 2009 is now €50mn.

Working capital at year end of €222.3mn was reduced by €43.6mn, compared to 2007.

A five year committed banking facility of €330mn was put in place in September 2008 which together with a Private Placement of €151mn maturing between 2015 and 2017, and overdraft facilities of circa €100mn, leaves the Group well financed, with headroom of circa €280mn and operating comfortably within its covenants. The principal covenants are: maximum net debt to EBITDA of 3.5 times (1.48 at end 2008) and minimum interest cover of 4 times (14.6 times at end 2008).

Dividend

In the present circumstances, where the conservation of cash in the Group and the protection of the balance sheet is crucial, the Board is recommending that no final dividend in respect of 2008 be paid.

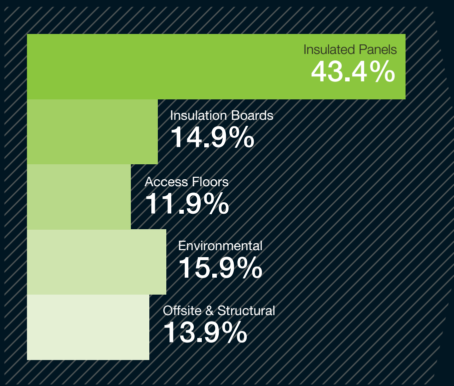
Turnover

Turnover for the year ended 31 December 2008 was €1,672.7mn, a drop of 10.2% on 2007. The acquisition of Metecno Inc. in August generated additional turnover of €38.4mn. In 2008, there was a sharp decline in the value of Sterling against the Euro where the average rate in 2007 was 0.685 and the average rate in 2008 was 0.796. Approximately 49% of Group turnover was in the Sterling area and this, combined with movements in average exchange rates for other operating currencies, resulted in an adverse translation impact on turnover of €149mn. Stripping out the impact of the adverse effect of movement in translation and the incremental impact of the acquisition of Metecno Inc., the underlying turnover was down by 5%. This includes a combination of overall volume decline of approximately 8% and price/product mix increase of 3%.

INCOME STATEMENT
(BEFORE NON-TRADING ITEMS)

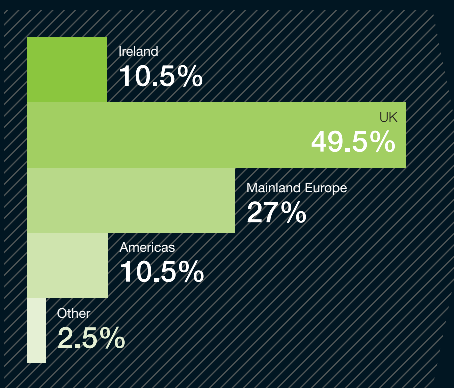
	2008 €'mn	2007 €'mn
Sales Revenue	1,672.7	1,863.2
Gross Profit	467.5	562.8
Gross Profit %	27.9%	30.2%
Operating Costs	(305.7)	(321.5)
Trading Profit	**161.7**	**241.3**
Amortisation	(4.6)	(4.6)
Operating Result	**157.1**	**236.7**

ANALYSIS BY
CLASS OF ACTIVITY



	Year ended 31.12.08 €'mn	Year ended 31.12.07 €'mn	% Change 2008-2007	% Change @ constant rates
Insulated Panels	724.0	763.6	-5%	0%
Insulation Boards	250.0	284.2	-12%	-3%
Insulated Panels & Boards	**974.0**	**1,047.8**	**-7%**	**-1%**
Access Floors	198.7	197.1	+1%	+11%
Environmental & Renewables	266.7	291.5	-9%	+2%
Off-site & Structural	233.3	326.8	-29%	-20%
	1,672.7	**1,863.2**	**-10%**	**-2%**

ANALYSIS BY
GEOGRAPHICAL MARKET



	Year ended 31.12.08 €'mn	Year ended 31.12.07 €'mn	% Change 2008-2007	% Change @ constant rates
Ireland	173.8	270.4	-36%	-36%
UK	826.6	1,036.7	-20%	-7%
Mainland Europe	453.1	375.5	+21%	18%
Americas	177.1	144.5	+23%	29%
Other	42.1	36.1	+17%	32%
	1,672.7	**1,863.2**	**-10%**	**-2%**

Financial Review

Sales Trends

Insulated Panels in the UK, Irish and Benelux markets

Currency	Volume	Price & Mix	Total
-8%	-12%	+2%	-18%

- Sales were down 18% for the year of which volume was -12% being down 13% in the first half and 11% in the second half.
- Order intake was down 9% in the first half and down 25% in the second-half, and down 16% for the full year.

Insulated Panels in Germany, Central & Eastern European markets

Currency	Volume	Price & Mix	Total
+3%	+6%	+1%	+10%

- Sales were up 10% for the year of which volume was +6% being up 15% in the first half and broadly flat in the second half.
- Order intake was up 3% year-on-year but down 12% in the second half.

Insulated Panels in the North American markets

Currency	Volume	Acquisitions	Total
-8%	-12%	+88%	+68%

- Metecno Inc. was acquired by the Group in August 2008. Turnover for the period was $56.5mn (€38.4mn). Metecno 2008 full year sales were up 9% compared to 2007.
- In Canada sales were down approximately 12% year on year.

Insulation Boards

Currency	Volume	Price & Mix	Total
-9%	-12%	+9%	-12%

- Sales were down 12% for the year in volume terms being flat in the first half, down 23% in the second half.
- This decline in sales was offset by increased value of sales of 9%.

Off-site & Structural

Currency	Price & Volume	Total
-9%	-20%	-29%

- Sales were down 29% of which price/volume was -20% year on year, being down 8% in the first half and 34% in the second half.

Environmental & Renewables

Currency	Price & Volume	Acquisitions	Total
-11%	-8%	+10%	-9%

- Sales were down 9% of which price/volume was -8% year on year, being down 6% in the first half and 10% in the second half.
- The annualised effect of acquisitions made in 2007 added 10% to the overall sales.

Access Floors

Currency	Volume	Price & Mix	Total
-10%	+5%	+6%	+1%

- Sales were up 1% of which volume was +5% year on year, being up 16% in the first half and down 5% in the second half.
- Order intake year on year, declined by 3% in the North American market and by 8% in the European markets.

Trading profits

There were exceptional write-offs and provisions made in the year, mainly relating to rationalisation costs and operating asset impairments. There was also goodwill impairment, which was shown in the consolidated income statement in the column headed “Non-Trading Items”.
The underlying results are shown in the column headed “Before Non-Trading Items”.

Operating result
(before non-trading items)
The operating result was €157.1mn compared to €236.7mn in 2007, a decline of 33.6%. The return on sales was 9.4% compared to 12.7% in 2007. This includes €4.8mn operating profit in respect of Metecno Inc, the Insulated Panel manufacturing business in the United States acquired in August 2008. There was a negative impact of the translation of operating profits from non-Euro currencies at the average exchange rates for 2008 compared to 2007 of €13mn. Stripping out the translation impact and the incremental operating profit from Metecno Inc., the decline in trading profit (before non-trading items) was 33% compared to 2007.

The gross profit at €467.5mn represents a return of 27.9% on sales, compared to 30.2% in 2007 and a fall of €95.3mn in absolute terms or 17% on prior year. This fall of 17% in gross profit compared to a fall of 11% in sales, is attributable to fixed and semi-fixed elements of costs included in cost of sales, the non-recovery of raw material price increases in the market and once off operational provisions made as a result of the production rationalisation carried out.

Operating costs at €305.8mn are down 5% compared to 2007. Stripping out the impact of acquisitions in the year, underlying operating costs decreased by 6.4%. Cost savings and efficiencies have been achieved, mainly in Quarter 4, in manufacturing operations as a result of the rationalisation carried out during the year, a process that will continue in 2009. The year on year effect of these cost reductions is approximately €50mn, of which, approximately €15mn relates to direct labour costs.

TRADING MARGIN BY PRODUCT GROUP

(EXCLUDING NON-TRADING ITEMS AND AMORTISATION)

	2008	2007
Panels & Boards	12.4%	16.2%
Off-site & Structural	4.6%	7.0%
Environmental & Renewables	1.0%	4.8%
Access Floors	14.0%	17.3%
Group	**9.7%**	**12.9%**

The table above shows the trading margin for the products groups.

Insulated Panels & Insulation Boards' margin, which together represent circa 58% of Group sales revenue, decreased to 12.4% (2007: 16.2%). This was mainly due to the relatively high operational leverage in these products, and raw material price increases throughout most of the year.

The margin in Off-site & Structural fell to 4.6% (2007: 7%), as a result of the significant fall-off in sales in both Ireland and the UK. Rationalisation of production and down-sizing of overheads to levels appropriate to the current business is practically complete.

The margin in Environmental & Renewables at 1% is down from 4.8% in 2007. This division continues to be negatively affected by warranty costs relating to faulty raw materials supplied to the division in the past. It also suffered some once-off operational costs related to the rationalisation of the product offering and manufacturing processes.

Access Floors delivered an operating margin of 14% (2007:17.3%). This was due mainly to very significant raw material price increases and fixed-price supply contracts, which will not work their way through until Q1 2009.

Non-trading items
(including goodwill impairment)

There were non-trading costs in the year of €75.1mn, comprising goodwill and intangible assets impairment write-off of €43.6mn and other one-off non-trading items of €31.5mn. These other items consist of the following:

- **Business restructuring of €23.9mn** being redundancy payments of €11.6mn, and provisions, lease obligations and plant write downs of €12.3mn;
- **Product discontinuance of €4.4mn** being €6.2mn of current asset write-downs and warranty provisions for discontinued products and a credit of €1.8mn being a profit on disposal of surplus property;
- **Asset impairment of €3.2mn** resulting from a site acquired from the City of Brantford, Ontario, Canada on which it was planned to build a new Insulated Panel production facility. The site was subsequently the subject of a dispute between aboriginal protestors and the City concerning alleged aboriginal rights over the land. Kingspan was forced to abandon the site and a provision is now made to write the site down to its now impaired value of CAN $1.25mn. Legal proceedings against the City of Brantford have been commenced by Kingspan to recover all losses incurred and general damages.

As well as downsizing operations to reflect the lower level of activity in Quarter 4 there was also consolidation of manufacturing sites in the Environmental & Renewables division and in the Off-site division. A new site was acquired in Portadown, Northern Ireland during the year and five manufacturing plants in the Environmental & Renewables division have now been transferred to this location. In the Off-site division production on two sites in Ireland and three in Britain has been discontinued. As a result of the construction of a new manufacturing facility for Insulation Boards in the Netherlands, two sites will be surplus to requirements in mid 2009. Also the site in Ontario, Canada, the subject of legal proceedings referred to above, is surplus to requirements and available for disposal. The book value of this surplus land and buildings is approximately €20mn and no impairment is expected beyond what is recognised in the 2008 accounts. It will probably be 2010 before these assets are disposed of.

Goodwill and intangible assets impairment

Of the goodwill and intangible assets impairment of €43.6mn, €40mn relates to the Off-site Division and €4.2mn relates to the Group's investment in a 51% stake in a panel manufacturing business in Turkey. In addition, there is a credit of €0.6mn relating to a prior year adjustment.

The Insulated Panel business in Turkey is in the process of being restructured and since year-end the Group has invested €4mn in equity, matched by our partner, and made a further loan advance of €2mn.

The Off-site division is very reliant on sales of timber and metal framing, mainly to the new build residential sector in Ireland and the UK. New residential construction in Ireland is currently at a record low and Britain is running at levels which are at least 60% below those in 2007. The products produced by this division are very appropriate as regards reduction of waste on construction sites, speed of erection, maximising air-tightness and insulation of the completed building. An integral part of the offering is the delivery of compliance assurance with the Code for Sustainable Homes and Building Energy Rating (BER) certification. Nevertheless sales and cash flow in this division are dependent on levels of activity in the residential construction market higher than current run rates. The projections used in arriving at the goodwill impairment of €36mn do not anticipate any recovery in the next two years and thereafter a slow recovery to profitability. Having taken the goodwill impairment write-off of €36mn the carrying cost of goodwill in this division is €40.5mn.

Taxation

Taxation provided for on profits before non-trading Items is €20.9mn or 14.6%. This compares with an equivalent rate of 16.4% in 2007. As a result of the exceptional costs and write-offs there is a tax credit of €5.9mn of which €2.2mn is a deferred tax asset. There is an exceptional tax charge of €9.1mn relating to the withdrawal of industrial buildings allowances in the UK. The cash impact of this charge will be spread over a period in excess of 20 years.

Financial Review

Earnings Per Share

Adjusted earnings per share, before amortisation of intangibles and Non-Trading Items, was 76.0 cent compared with 110.5 cent in 2007, a fall of 31.2%. After amortisation of intangibles and Non-Trading Items, basic earnings per share was 26.7 cent compared to 110.5 cent in 2007, a fall of 76%.

The Group's shares traded in a range of €11.03 to €2.68 during 2008 and at year end the share price was €3.12.

Dividends

The Directors will not be recommending payment of any Final Dividend on the Ordinary Shares at the 2009 Annual General Meeting. An interim dividend was paid in October 2008 of 8 cent per share, which means that the total dividend for the year of 8 cent compares to 25 cent in 2007. This is a prudent measure in the interest of conserving cash in the Group and protecting the balance sheet going in to what can be expected to be a tough trading period.

Funds flow

The table below summarises the Group's funds flow for 2008 and 2007:

	2008 €'mn	2007 €'mn
Operating profit	82.0	236.7
Depreciation	40.6	39.8
Amortisation	4.6	4.6
Working capital decrease/(increase)	43.6	(66.8)
Pension contributions	(2.6)	(3.4)
Interest	(12.7)	(12.3)
Taxation paid	(18.1)	(27.0)
Others	60.3	20.7
Free cash	**197.7**	**192.3**
Acquisitions	(92.6)	(49.8)
Net capital expenditure	(97.5)	(140.3)
Dividends paid	(42.3)	(35.5)
Share buy-back	(32.6)	-
	(265.0)	**(225.6)**
Cash flow movement	(67.3)	(33.3)
Debt translation	(7.3)	(4.1)
Increase in net debt	**(74.6)**	**(37.4)**
Net debt at start of year	(225.0)	(187.6)
Net debt at end of year	**(299.6)**	**(225.0)**

Earnings before finance costs, tax, deprecation and amortisation (EBITDA) before non-trading items was €202.3mn (2007: €284.2mn). In 2008, the Group delivered free cash flow of €197.7mn, which was up 2.8% on the previous year. This included a positive contribution of €43.7mn from a working capital reduction. This was used to fund investment of €193.4mn in acquisitions and net capital expenditure, dividends of €42.3m and a share buyback of €32.6mn.

Net debt, including amounts outstanding in respect of acquisitions, at the end of year was €299.6mn, an increase of €74.6mn on 2007.

Operational working capital at the year end was €222.3mn (2007: €285.4mn) and represented 14.5% of turnover (2007: 15.3%). The trend in working capital as a percentage of the previous 6 months sales has been as follows : H1 07 16.4%; H2 07 15%; H1 08 17.5%; H2 08 15.0%. There is a continuing focus on further reductions in working capital in 2009 but as a percentage of sales, especially in the current environment, any reduction below 15.0% will be extremely demanding.

A share buyback programme was introduced on 10 June 2008 limited to 10% of the 171,151,537 shares then in issue. It is not intended to continue this program and to date 5,237,017 ordinary shares were bought back at an average cost of €6.14 per share or €32,162,635 in total. These shares are carried on the balance sheet as Treasury Shares.

Financial performance indicators

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

	2008	2007
EBITDA interest cover	14.6x	22.8x
Net debt: EBITDA	1.48x	0.79x
Effective tax rate	14.6%*	16.4%
Net debt as % of total equity	57.7%	33.4%
Return on capital employed	19.2%	26.4%

**yoy rate is 14.6% including non-trading costs is 35.4%.*

There are two principle financial covenants relating to the funding facilities: EBITDA/net interest cover of not lower than 4 times and Net Debt/EBITDA no higher than 3.5 times. These covenants are tested at June and December each year. At 31 December 2008 the Group was comfortably within these covenants with interest cover of 14.6 and Net Debt/EBITDA of 1.48.

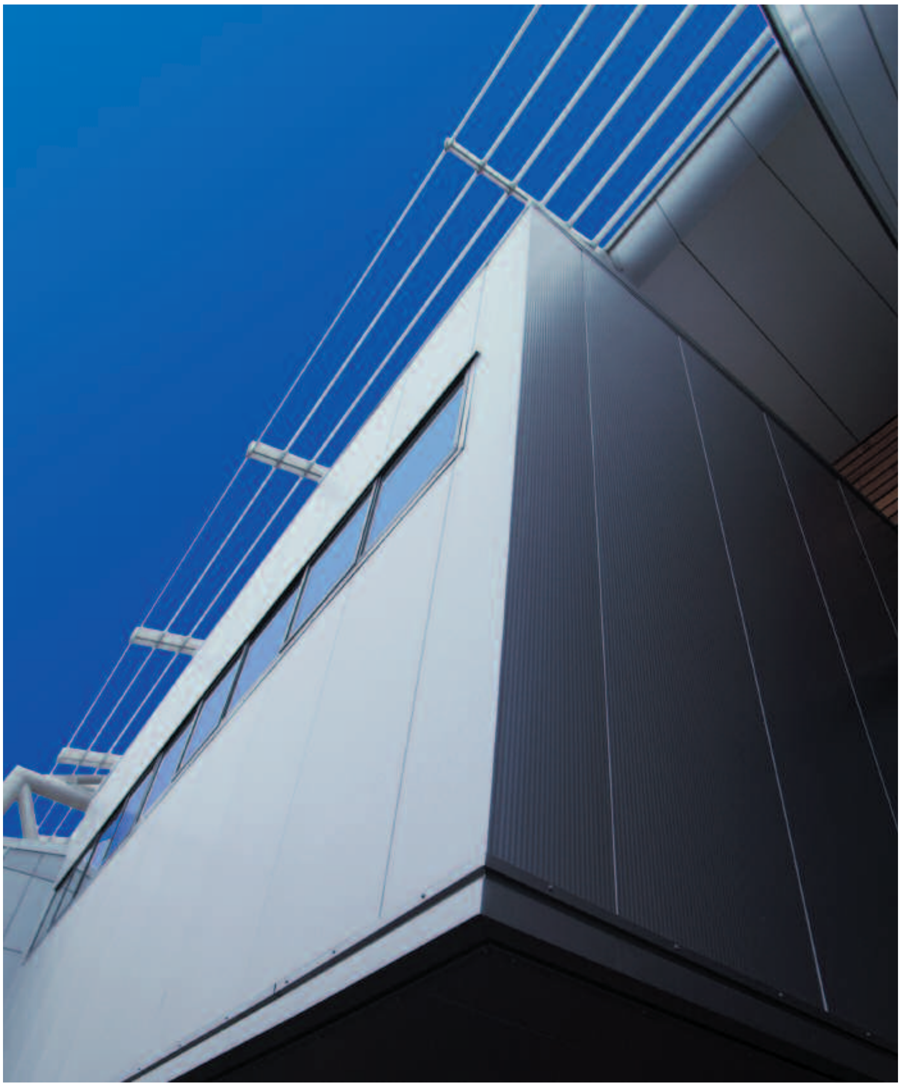
Pension deficit

The Group has three legacy defined benefit pension schemes in the UK. These schemes have been closed and the liability relates only to past service. Details on the movement during 2008 on the scheme deficit is set out below:

	€'mn
Opening net deficit	(6.5)
Translation	1.5
Contributions paid	2.6
Actuarial gains/(losses)	(1.6)
Net finance (charge)/credit	0.3
Closing deficit	(3.7)

Summary

In response to the worsening of economic conditions during 2008 and continuing through 2009, the Group has changed its operational plans and priorities significantly. Investment plans in respect of acquisitions and capital expenditure have been significantly curtailed, and no final dividend will be paid for 2008. The focus is now on maximising operating profits and cash conservation to protect the balance sheet in the face of unprecedented market conditions. Kingspan will still maintain market positions at the leading edge of energy conservation in the construction sector.



Dermot Mulvihill
Finance Director

Business Risk Analysis

FINANCIAL RISK MANAGEMENT

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

Funding and liquidity risks

The Group operates a prudent approach to liquidity management using a mixture of long-term debt together with short-term debt, cash and cash equivalents, to meet its liabilities when due. This is in addition to the Group's high level of free-cashflow generation.

The Group's core funding is provided by a private placement $200mn converted into €151mn at the time of the placing. Of this debt, €119mn (79%) matures in March 2015 and the balance in March 2017. The Group also has a five year committed banking facility of €330mn which was put in place in September 2008. At year end the Private Placement debt was drawn down in full and €190mn of the banking facility was drawn. The Group also has in place a number of uncommitted bilateral working capital/ overdraft facilities amounting to circa €100mn at year end.

The Group's credit facilities are subject to certain financial covenants of which the principal ones are net debt to EBITDA and EBITDA interest cover multiples. These covenants are less restrictive than Group internal targets. At the end of December 2008 the Group's net debt to EBITDA was 1.48 times and EBITDA interest cover was 14.6 times.

Foreign exchange risk

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

1. Transactional - where a business unit has input costs or sales in currency other than its local currency; *2. Translational* - where profits are earned in a currency other than Euro, which is the reporting currency for the Group, and *3. Balance sheet* - where the Group has investments in non-Euro currency, not off-set by borrowings in the same currency. The first two affect the Earnings of the Group and the latter goes directly to Reserves and affects the Net Assets position.

Transactional - transaction exposures are internally hedged as far as possible and to the extent that they are not, such material residual exposures are hedged on a rolling 12 month basis. Based on current cashflow projections for the existing businesses to 31 December 2009, it is estimated that the Group does not have any material residual EUR/GBP exposure, while there will be the need to sell the equivalent of USD$21mn in Sterling for US Dollar. As at 31 December 2008, hedges were in place covering over circa 80% of this.

Translational - it is Group policy not to hedge translational exposure, which is effectively a non cash transaction in the accounts. There was a negative impact of the average rates used for translation of non-Euro profits in 2008 versus the average rates for 2007, of circa €13mn;

Balance sheet – as the bulk of the Group's non-Euro investments are Sterling denominated, the translation of these investments into Euro has given rise to a significant adverse exchange adjustment, and this has been taken directly to reserves, thereby reducing the Group net assets by €131mn. This annual translation adjustment can be positive or negative depending on the movement between the opening and closing currency exchange rates. The sharp fall in Sterling was the single biggest contributory factor to this translation adjustment in 2008.

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

Interest rate risk

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

The Private Placement, which represents 44% of the drawn down facilities, is fixed out to maturity in Euro at 4.15%. €14.5mn of the USD has been fixed at 2.77% bringing the total fixed debt to 49%. The remainder of the drawn down facilities are subject to floating rates.

Counterparty credit risk

Credit risk encompasses all forms of counterparty exposure relating to potential counterparty default on their obligations to Kingspan in relation to lending, hedging, settlement and other financial activities.

Kingspan mitigates its exposure to counterparty credit risk through minimum counterparty credit guidelines, diversification of counterparties, working within agreed counterparty limits and restricting transactions with financial institutions which have a minimum designated rating, or better.

Kingspan deals with banks in many different countries in which it has operations. These banks are carefully chosen, and normally large international banks. Based on these factors, Kingspan considers the risk of counterparty default at 31 December 2008 to be minimal.

OTHER RISKS AND UNCERTAINTIES

There are a number of other risks and uncertainties that can impact the performance of the Group, many of which are beyond the control of Kingspan and its Board. The Group's businesses closely monitor market trends and risks on an ongoing basis and such trends and risks are the focus of monthly management meetings where the business unit's performance is assessed versus budget, forecast and prior year. Such meetings are rotated around the different locations of the business unit and at least one Executive Board Director is present.

An annual assessment of trends and risks is also an integral part of the business unit's annual review of its strategic plan and budget, which are submitted to the Group Board for consideration and approval.

Market conditions

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

Over the past 12 months the Group has experienced weakening of demand in several markets, notably in Ireland and the UK. This weakening has been particularly acute in the residential and commercial sectors, and this has had an impact on the results of the Group for the current year. Further weakening of the key markets for the Group is likely in the current year, and consequently this weakness is likely to have an adverse impact on the results of the Group in the near future.

Input prices and availability

The Group's operating performance is impacted by the pricing and availability of its key inputs, which include steel, chemicals (the key chemicals are MDI and polyols) and timber. Pricing of such goods can be quite volatile at times due to the respective industries' limited ability to adjust supply to changes in demand and due to the increased cost of their inputs. The Group looks to minimise the adverse effect of such movements through strong long-term relationships with suppliers, economies of purchasing, multiple suppliers and inventory management.

Over the last 6 months of 2008, input prices have varied significantly due to volatility in response to global supply and demand imbalances. However to the extent that the Group has or assumes exposure to fixed price contracts, surplus inventory, or experiences demand levels which differ from forecasts the Group may assume risk that replacement cost of raw materials may be higher or lower than the costs of the raw materials purchased.

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

Competitive pressures

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

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

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

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

In recent months, competitive pressure has intensified due to contraction in the overall market size. This has lead in some cases to lower margins, although the Group's focus is to improve and differentiate the product further. Should such pressures continue, it may have a further adverse impact on margins.

Business Risk Analysis

Customer credit risk

As part of the overall service package Kingspan provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances. Each of the business units has established procedures and credit control policies around managing its receivables and takes action where necessary. Trade receivables are also managed by having credit insurance polices, to the extent that these are available, and credit limits. All major outstanding and overdue balances together with significant potential exposures are reviewed regularly and concerns are discussed at monthly meetings at which Group Executive Directors are present.

At the year end, the Group was carrying a Receivables book of €266mn expressed net of provisions for default in payment. Of these receivables approximately 65% were covered by credit insurance or other forms of collateral such as letters of credit or bank guarantee. During the last quarter of 2008 the availability of credit insurance from commercial insurers has been tightening, with the result that a number of customers have had their insured limits significantly reduced or withdrawn completely by the underwriters.
This, combined with reduced credit available to the industry as a whole from the banking sector, will likely put further downward pressure on the whole industry. If this lack of liquidity continues through 2009 then it can be expected that alternative risk management policies may be pursued by the Group and the industry as a whole, such as reducing credit limits, reducing credit payment terms, obtaining cash payment in advance or obtaining letters of credit. The Group is also working on alternative insurance models and alternative security from customers to minimise exposure to exceptional loss.

Regulation

Following the expansion of Kingspan over the last decade the Group has manufacturing and distribution operations in over 25 countries, each having its own statutes, taxes, regulations and laws. Each business unit closely monitors regulations across its markets to ensure any adverse impacts are minimised. However, certain changes are positive for the Group, in particular those pertaining to building and environment regulations which are becoming ever more stringent and harmonised across countries, especially in Europe, and as a result are increasing the demand for the Group's products. More recently, authorities in several countries have introduced grant aid for many of the Group's sustainable and energy efficient products such as insulation and evacuated solar tubes. As the introduction of such assistance has been positive for some Kingspan businesses, any future withdrawal of such assistance may have a negative effect.

Research & development and quality control

There is an ongoing risk that through product innovation by competitors Kingspan loses market share as new improved solutions come to the market and as a result profitability comes under pressure. To counter this and ensure continued differentiation Kingspan places significant emphasis on research & development and will continue its research & development activities at current levels over the next five years, focusing in particular on renewable energy products and maximising thermal conductivity. Given the importance of product development and bringing new products to the market, all such activities are co-ordinated through the Group Research & Development Centre, which reports on a quarterly basis with financial reports and progress reports against budgets.

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

To ensure that Kingspan meets the highest standards ISO accreditation is a tool that is used across the Group. At any one time 100% accreditation is unlikely as several of the sites are small operations which may be rationalised, restructured or amalgamated in the short to medium term. In addition Kingspan will generally have sites that have recently been acquired and therefore are still in the process of being integrated into the Kingspan model.

Expansion and acquisition

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

Information technology / business continuity

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

Goodwill

Goodwill is carried on the Group's balance sheet in respect of past acquisitions. Goodwill is reviewed regularly to ensure that no impairment has taken place. Appropriate evaluations and actions are taken in the event that such impairment occurs. Should the trading performance of any business carrying goodwill deteriorate in the current economic conditions such goodwill may become impaired, and consequently may need to be written down in the future.

Pensions

The Group retains liabilities under a "defined benefit pension" scheme for certain employees in relation to businesses acquired in the past. Such schemes have been closed for new entrants and new entitlements for several years. The majority of the liabilities for these schemes are matched by assets which are invested in equities, bonds and cash. The Net Pension Liability as reported in these Financial Statements is subject to risks associated with equity prices, bond prices, interest yields, and variation in relation to underlying assumptions, particularly concerning inflation related factors.

Asset values

The Group, due to operational rationalisation, and the generation of further efficiencies, may currently own assets which, in the future, could become underutilised or redundant. In the event that the Group chooses to dispose of such assets, due to their future utilisation being unlikely, the disposal price of such assets may not achieve their carrying value, which may cause a loss on disposal or a valuation write-down.

Deferred tax assets

The Group carries deferred tax assets in anticipation of a reduction in future tax payable, which may arise for a variety of reasons. The amount of the deferred tax asset is assessed each year based on the future expected profitability of the entities to which it relates. Should the economic environment deteriorate further in 2009, this may give rise to a re-evaluation of any deferred tax assets carried in the books, in the context of expected future profitability. While this may not affect the ability of the business in question to offset tax payable in the future, it may alter the timeframe, and thus the recognition of deferred tax assets in the financial statements.

Dermot Mulvihill
Finance Director

Kingspan Insulation

Atlantis, The Palm, Dubai, UAE

The backdrop of recent global economic and financial turmoil has made itself increasingly evident in most construction markets in the world.

Kingspan Door Components

Al Barari Residential Villa Complex, Dubai

The Board

Chairman

Eugene Murtagh (Age 66)	Eugene Murtagh is the founder and non-executive chairman of the Group.

Executives

Gene M. Murtagh (Age 37)	Gene Murtagh was appointed chief executive officer in January 2005, having previously been chief operating officer since 2003. Prior to that he was managing director of the Group's Insulated Panel business and of the Environmental business. He joined the Group in 1993.
Dermot Mulvihill (Age 59)	Dermot Mulvihill is the Group finance director. He is a qualified chartered accountant (F.C.A., M.B.A.). He joined the Group in 1986.
Peter Wilson (Age 52)	Peter Wilson is managing director of the Group's Insulation business and has worked for the Group for 24 years.
Russell Shiels (Age 47)	Russell Shiels is president of the Group's Access Floors and Insulated Panels businesses in North America. He was previously managing director of the Group's Building Components and Raised Access Floors businesses in the UK. He joined the Group in 1996.
Noel Crowe (Age 50)	Noel Crowe is managing director of the Group's Environmental & Renewables division. He joined the Group in 2001, having previously held a number of senior management positions in the ABB Group.
Louis Eperjesi (Age 45)	Louis Eperjesi is managing director of the Group's Insulated Panel activities in the UK, Ireland, Western Europe & Australasia. He joined the Group in 2003 having previously held a number of senior management positions in Lafarge & Baxi.

Non-executives

Brendan Murtagh B.Comm. (Age 63)	Brendan Murtagh is the Group's co-founder. He has been with the Group for 36 years, during which time he held a number of senior executive roles. He is also a non-executive director of Howard Holdings plc.
Tony McArdle (Age 60)	Tony McArdle joined the Board in 2003. He was previously a director of Ulster Bank where he had been Head of Corporate Banking and Chief Executive of Retail Banking as well as holding a number of other senior positions. He is a non-executive director of several large private companies.
Eoin McCarthy (Age 67)	Eoin McCarthy first joined the Group over thirty years ago. He was appointed to the Board in 1982 and became a non-executive director in 2001.
David Byrne S.C. (Age 62)	David Byrne was appointed to the Board in January 2005. He served as EU Commissioner with responsibility for Health and Consumer Protection from 1999 to 2004. Prior to becoming EU Commissioner, he served as Attorney General for two years. Currently he is a Deputy Chairman of DCC plc., chairman of the Advisory Committee to the National Treasury Management Agency and of the Board of the National Concert Hall, and chancellor of Dublin City University.
Brian Hill B.E., C.Eng., F.I.Mech.E., M.Eng.Sc., M.B.A. (Age 64)	Brian Hill joined the Board in 2005. He was formerly a director of CRH Plc where he was Head of the Europe Products & Distribution division. He is also a non-executive director of Wavin NV.
Helen Kirkpatrick B.A., F.C.A. (Age 51)	Helen Kirkpatrick joined the Board in 2007. She is also a non-executive director of UTV Plc and of a number of private and not for profit companies, and was formerly a non-executive director of the International Fund for Ireland, Enterprise Equity and NI-CO Ltd. She is a fellow of the Institute of Chartered Accountants in Ireland and is a member of the Chartered Institute of Marketing.
Danny Kitchen B.Sc., F.C.C.A. (Age 56)	Danny Kitchen rejoined the Board in March 2009, having previously been a director of Kingspan from 1994 to 2003. He is also appointed by the Irish Stock Exchange as its nominated director on the Irish Takeover Panel, and is a non-executive director of the Irish Nationwide Building Society since October 2008. Previously, he held a number of senior executive positions including as director of IBI Corporate Finance, finance director of Green Property Plc. and Deputy CEO of Heron International Limited.

Secretary

Lorcan Dowd (Age 40)	Lorcan Dowd qualified as a solicitor in 1992. He was appointed Group company secretary in 2005.

Board Committees

Acquisitions	Brian Hill (Chair), Tony McArdle, Danny Kitchen, Gene M. Murtagh, Dermot Mulvihill.
Audit	Helen Kirkpatrick (Chair), Tony McArdle, Brian Hill, David Byrne, Danny Kitchen.
Nominations	Eugene Murtagh (Chair), Gene M. Murtagh, Tony McArdle, David Byrne, Helen Kirkpatrick.
Remuneration	David Byrne (Chair), Brian Hill, Helen Kirkpatrick, Danny Kitchen.
Senior Independent Director	Tony McArdle.

Company Information

Registered Office	Dublin Road, Kingscourt, County Cavan.			
Principal Bankers	KBC Bank Ireland Allied Irish Banks	BNP Paribas Barclays Bank	Ulster Bank Limited Bank of Ireland	HSBC Bank plc
Auditors	Grant Thornton, 24-26 City Quay, Dublin 2.			
Solicitors	McCann FitzGerald, Riverside One, Sir John Rogerson's Quay, Dublin 2. Macfarlanes, 20 Cursitor Street, London, EC4A 1LT.			
Registrar and Transfer Office	Computershare Investor Services (Ireland) Ltd, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18.			
Stockbrokers	Goodbody Stockbrokers, Ballsbridge Park, Ballsbridge, Dublin 4. UBS Investment Bank, 1 Finsbury Avenue, London, EC2M 2PP, England.			

Report of the Directors

The Directors have pleasure in presenting their report with the audited financial statements for the year ended 31 December 2008.

Principal activities

Kingspan Group is a leading manufacturer of an integrated range of energy conserving building solutions. The Group's principal activities comprise the manufacture of insulated panels, rigid insulation boards, architectural facades, raised access floors, steel and timber frame off-site solutions, solar thermal panels, and fuel & water storage solutions.

Results and dividends

Group turnover was €1,672.7mn (2007: €1,863.2mn), operating profit (before non-trading items) was €157.1mn (2007: €236.7mn), and earnings per share were 26.7cent (2008 before amortisation of intangibles and non-trading items: 76.0 cent; 2007: 110.5 cent). There were non-trading costs in the year of €75.1mn, comprising goodwill and intangible assets impairment write-off of €43.6mn and other one-off non-trading items of €31.5mn. Group net assets decreased by €153.8mn as a result principally of the goodwill and intangible assets impairment write-off and the effect of adverse exchange rate movements on the Group's non-Euro investments.

An interim dividend of 8.00 cent (2007: 8.00 cent) was paid on the 10 October 2008. The Directors are not recommending payment of a final dividend for the year ended 31 December 2008 (2007: 17.00 cent).

Some key financial performance indicators are set out in the Financial Review, and the financial statements for the year ended 31 December 2008 are set out in detail in this Annual Report.

Business review

The Chief Executive's Review and the Financial Review set out managements review of the Group's business during the year. The key highlights of the year included:

- Macro driven decline in Insulated Panels & Insulation Boards in the UK and Ireland. The combined sales of these products in these markets were down 13% at constant currency.
- Transformational growth in the US Insulated Panels market position, which has performed strongly since the acquisition of Metecno Inc. at the end of August 2008.
- Total investment of €193.4mn comprising €87.7mn in acquisitions, and €105.7mn in capex primarily relating to an expanded facility in the Czech Republic, and new facilities in the Netherlands and the UK.
- Annualised overhead and direct labour cost savings of €76mn achieved since the peak. This excludes raw material reductions and equates to a 24% reduction in the impacted businesses.
- Strong growth in Insulated Panels across Western and Central & Eastern Europe, up 11% at constant currency.
- Robust performance in Access Floors as office construction continued to be strong for much of the period.
- Impressive growth of 66% in turnover in Solar Hot Water across Europe.
- Off-site and Environmental both impacted heavily by the pace of contraction in housing.
- Successful placing of a fully committed €330mn syndicated banking facility.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group's business are set out in the Business Risk Analysis, as well as being dealt with in the Chief Executive's Review and the Financial Review.

Research & development

The Group continues to place considerable emphasis on research and development of existing and new products and on the improvement of the production process. Further details of research and development are contained in the Chief Executive's Review.

Accounting records

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

Corporate governance

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

Corporate responsibility

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

Directors and secretary

The Directors and secretary of the Company at the date of this report are as shown in this Annual Report. There were no appointments or resignations during the year. Since the year end, Brian Joyce retired as a non-executive director on the 31 January 2009, and Danny Kitchen was appointed as a non-executive director on the 1 March 2009. Eoin McCarthy has announced his intention to retire at the conclusion of this year's annual general meeting.

Directors' & secretary's interests in shares

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

	31 December 2008	31 December 2007
Eugene Murtagh	**35,120,000**	35,120,000
Gene M. Murtagh	**1,128,103**	476,164
Brendan Murtagh	**5,126,629**	5,126,629
Dermot Mulvihill	**812,961**	1,011,459
Russell Shiels	**353,307**	280,330
Peter Wilson	**217,656**	127,656
Noel Crowe	**10,000**	10,000
Eoin McCarthy	**2,100,000**	2,200,000
Brian Joyce	**70,000**	50,000
Tony McArdle	**30,000**	20,000
David Byrne	**3,000**	3,000
Brian Hill	**11,000**	11,000
Louis Eperjesi	**11,500**	11,500
Helen Kirkpatrick	**9,234**	-
Lorcan Dowd	**2,672**	1,170
	45,006,062	44,448,908

There have been no changes in these interests between 31 December 2008 and the date of this report. Details of the Directors share options are set out in the Report of the Remuneration Committee.

As at the 10 March 2009, the Company had been notified of the following substantial holdings in its issued share capital, in accordance with the Disclosure and Transparency Rules (DTR 5):

Institution	Shares held	%
Invesco Limited	13,179,029	7.94
Generation Investment Management LLP	8,963,387	5.34
Bank of Ireland Asset Mangement Limited	4,617,417	2.76
Capital Research and Management Company	4,315,000	2.60

Purchase of own shares

At the Annual General Meeting held on 15 May 2008, authority was granted to purchase up to 10% of the Company's then issued ordinary share capital. On 10 June 2008, the Company announced the commencement of a share buyback programme of up to 17,115,154 ordinary shares. The Company does not intend to continue the share buyback programme, although the Company still has authority to purchase up to 11,878,137 ordinary shares, which authority will expire, unless renewed or replaced, at the conclusion of the forthcoming Annual General Meeting. As at the 31 December 2008 the Company holds 5,237,017 Treasury Shares.

Conflicts of interest

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

Political donations

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

Significant events since year end

There have been no significant events since the year end.

Subsidiary companies

The Group operates from 43 manufacturing sites, and bases in 32 countries worldwide.

The Company's principal subsidiary undertakings at 31 December 2008, country of incorporation and nature of business are listed in Note 43 of the financial statements.

Outlook

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

Going concern

The Directors have reviewed budgets, projected cash flows and other relevant information, and, on the basis of this review, are confident that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Auditors

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

Report of the Directors

Annual General Meeting and Shareholder Information

The Annual General Meeting of the Company will be held at The Herbert Park Hotel, Ballsbridge, Dublin 4 on Thursday 14 May 2009 at 11.00 a.m. The Notice of the Meeting together with a Proxy Form are being sent to shareholders with this Annual Report.

Re-election of directors

Danny Kitchen, who was appointed to the Board on the 1 March 2009, offers himself for election in accordance with the provisions of the Company's Articles of Association.

Gene Murtagh, Dermot Mulvihill and Brian Hill retire by rotation, and offer themselves for re-election at the Annual General Meeting.

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

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

Special Business at the Annual General Meeting

Shareholders are being asked to renew, until the Annual General Meeting in 2010, the authority to allot any unissued share capital of the Company. No issue of shares will be made which could effectively alter control of the Company without prior approval of the shareholders in General Meeting. At present the Directors do not intend to issue any shares other than in connection with the Group's approved share option schemes.

Shareholders are also being asked to renew, until the Annual General Meeting in 2010, the power of the Directors to disapply the statutory pre-emption provisions applying to ordinary shares in the event of a rights issue or in any other issue for cash up to an aggregate of 5% of the nominal value of the Company's issued ordinary share capital.

Finally, shareholders are being asked to approve, until the Annual General Meeting in 2010, the authority for the Company, or any of its subsidiaries, to purchase up to 10% of the Company's own shares and to reissue such shares purchased by it and not cancelled. The Directors would only exercise the power to purchase the Company's own shares at price levels which they considered to be in the best interests of the shareholders generally, after taking account of the Company's overall financial position. The minimum price which may be paid for a purchase of the Company's own shares shall be the nominal value of the ordinary shares, and the maximum price which may be paid shall be 105% of the then average market price of the ordinary shares. Shareholders are being asked to approve that, where the Company's shares have been repurchased, (such shares being known as Treasury Shares), these shares may be sold off-market at a maximum price of 120% of the Appropriate Price (as defined in the resolution), and a minimum price of 95% of the Appropriate Price.

Registrar

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

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

Amalgamation of shareholding accounts

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

On behalf of the Board

Eugene Murtagh, Chairman
Gene M Murtagh, Chief Executive
2 March 2009

SHAREHOLDER ANALYSIS
AS AT 31 DECEMBER 2008

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1,000	3,881	55.81	1,959,589	1.14
1,001 - 10,000	2,612	37.56	7,813,092	4.56
10,001 - 100,000	337	4.85	9,340,733	5.46
100,001 - 1,000,000	98	1.41	30,847,909	18.01
Over 1,000,000	26	0.37	121,308,628	70.83
	6,954	100.00	171,269,951	100.00

Role and composition of the Remuneration Committee

Responsibility for determining the levels of remuneration of the executive directors has been delegated by the Board to the Remuneration Committee. It is the aim of the Remuneration Committee to ensure that the remuneration policy attracts, retains and motivates the executive directors, and links rewards to corporate and individual performance and enhanced shareholder value. The principle terms of reference of the Remuneration Committee are:

- to establish the remuneration policy applicable to the executive directors, including bonuses and other incentive arrangements, to encourage an enhanced performance, and reward individuals for their contribution to the success of the Group;
- to approve the grant of share options to executive directors;
- to determine the policy and scope of pension arrangements for the executive directors;
- to set performance objectives for the Chief Executive and other executive directors;
- to report to shareholders on the Company's compliance with the Combined Code, and best practice, in so far as concerns the Company's remuneration policies.

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

Policy on remuneration of Executive Directors

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

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

- Basic salary and benefits. In addition to the basic salary determined as above, executive directors' benefits relate to health insurance premiums and to the use by the executive directors of company cars.
- Annual bonus. Executive directors receive bonus payments of up to 100% of basic salary based on the attainment of annual performance targets set at the start of each year by the Remuneration Committee, with bonuses paid on a sliding scale if the targets are met. In 2008, the selected performance targets were a combination of EPS growth and divisional profit targets, and with the exception of Russell Shiels (where divisional profit targets were met), no other executive director earned any bonus in the year. Four directors were also awarded an additional deferred bonus conditional on future performance targets being met in the 3-year period to 2010.
- Pension scheme. The Group operates a defined contribution pension scheme for executive directors. Pension contributions are calculated on basic salary only. Contributions are determined on an individual basis and take into account a number of factors including age, length of service, and number of years to retirement.
- Share options. Executive directors are entitled to participate in the several Group share option and long-term incentive schemes, details of which are set out below. Participation in the schemes is subject to individual award limits which were approved by shareholders, and comply with IAIM guidelines.

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

Report of the Remuneration Committee

Directors' Remuneration

Executive Directors	Basic Salary €'000	Benefit in kind €'000	Performance related bonus €'000	Pension contributions €'000	2008 Total €'000	2007 Total €'000
Gene M. Murtagh	635	26	-	95	**756**	1,261
Dermot Mulvihill	419	26	-	406	**851**	1,155
Russell Shiels[1]	321	19	158	6	**504**	622
Peter Wilson[1]	276	14	-	54	**344**	677
Noel Crowe	280	16	-	42	**338**	426
Louis Eperjesi[1]	276	29	-	44	**350**	623
	2,208	130	158	647	**3,143**	4,764

Non-executive Directors

	2008 Non-executive fees €'000	2007 Non-executive fees €'000
Eugene Murtagh[2]	**191**	177
Eoin McCarthy	**70**	65
Brian Joyce	**70**	65
Tony McArdle	**70**	65
David Byrne	**70**	65
Brian Hill	**70**	65
Helen Kirkpatrick[3]	**70**	38
Brendan Murtagh[4]	**70**	804
	681	1,344

1 Peter Wilson's basic salary is STG£220,000 (2007: STG£206,000); Louis Eperjesi's basic salary is STG£220,000 (2007: STG£206.000); Russel Shiels' basic salary is USD$472,000 (2007: USD$448,000).
The salaries and remuneration have been converted to Euro at the following rates USD: 1.471; STG: 0.796.

2 The company also paid a contribution to Eugene Murtagh's personal pension scheme of €143,250.

3 Helen Kirkpatrick was appointed as a non-executive director on 1 June 2007.

4 Brendan Murtagh retired from his executive role on 31 December 2007.

Service contracts

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

Non-executive directors

The non-executive directors each receive a fee which is determined by the Board to reflect the time commitment involved in the performance of their duties. The non-executive directors do not have service contracts and do not participate in any bonus or share option schemes. The non-executive directors do not receive any pension or other benefits apart from Eugene Murtagh in respect of whom the Company paid a contribution to his personal pension scheme.

Standard Share Option Scheme

Under the terms of the share option scheme approved by shareholders in May 1998, (the Standard Scheme), share options are awarded to executive directors and senior management. Since May 2008, no more options can be awarded under the Standard Scheme, but options awarded before that date can be exercised in accordance with the conditions under which they were granted, up to ten years after the date of grant.

Such options are exercisable only when earnings per share (EPS) growth exceeds the growth in the Irish Consumer Price Index in the three year period commencing with the accounting period in which the options were granted, by at least 2% per annum compound. Grants of options under the Standard Scheme are awarded at the market price of the Company's shares at the time of the grant. Under the share option scheme, options become exercisable three years after they are granted and remain exercisable for ten years. The percentage of share capital which can be issued under the standard scheme and individual grant limits comply with IAIM guidelines. Details of the options granted to the executive directors under the Standard Scheme are set out in the table later in this Remuneration Report.

Long-Term Incentive Plan

The objective of the long-term incentive plan (LTIP), approved by shareholders in May 2001, is to motivate and reward executive directors and senior executives for exceptional performance. Share options granted to an individual under the terms of the LTIP are exercisable only if stretching performance criteria are achieved in the three year period commencing with the accounting period in which the options were granted.
These conditions are:

- EPS growth must increase by at least the Irish Consumer Price Index plus 10% per annum compound over the three years; and
- For 100% of the award to vest, EPS growth must be at or above the seventy-fifth percentile compared to a selected peer group of companies. If EPS growth is at the twenty-fifth percentile point, 50% of the award will vest, and if EPS growth is between the twenty-fifth and seventy-fifth percentile point, between 50% and 100% of the award will vest on a sliding scale.

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

Details of the options granted to the executive directors under the LTIP are set out in the table later in this Remuneration Report.

Performance Share Plan

The Performance Share Plan (PSP), approved by shareholders in May 2008, rewards the performance of managers and executives based on the overall performance of the Company, thus aligning the interests of management and executive directors with the interests of shareholders. The PSP will replace the Standard Scheme which has now expired although, as at the date of this report, no awards have been made under the PSP.
Under the terms of the PSP, performance shares can be awarded to the executive directors and senior management team.
The performance shares would vest only if certain performance criteria are achieved in the three year period commencing with the accounting period in which the awards were granted.

These conditions are:

- Up to 50% of the award would vest (on a sliding scale) on achievement of average EPS growth of between CPI plus 3.5% and CPI plus 7%;
- up to 50% of the award would vest (on a sliding scale) on achievement of total shareholder return (TSR) compared to a selected peer group, where no performance shares vest if performance is at or below the median compared with the selected peer group, and 50% vest if performance is at or above 75th percentile point compared with the selected peer group.

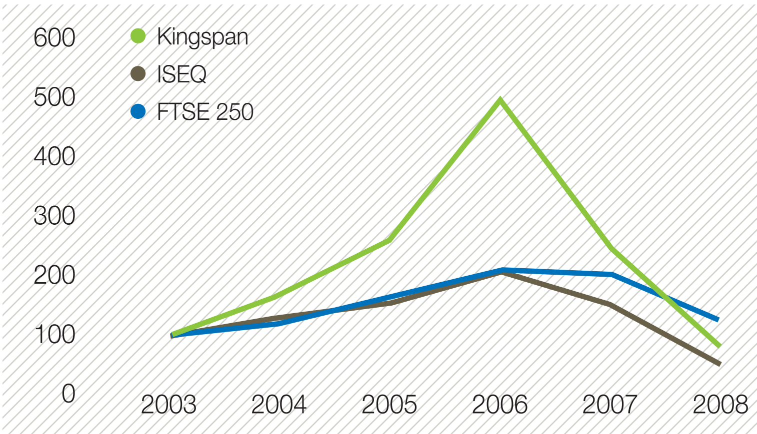
The percentage of share capital which could be issued under the PSP and individual grant limits comply with IAIM guidelines.

Performance graph

The graph below shows the Company's TSR performance against the performance of the ISEQ and the FTSE 250 Indices over the five-year period to 31 December 2008.

David Byrne S.C.
Chairman, Remuneration Committee

Total Shareholder Returns



Report of the Remuneration Committee

Details of Share Options granted to the Directors and Secretary under the Standard Share Option Scheme

Director	At 31 Dec 2007	Granted during year	Exercised during year	At 31 Dec 2008	Option price Cent	Average option price Cent	Earliest exercise date	Expiry date
Gene M. Murtagh	200,000			200,000	565		23/09/2007	23/09/2014
	36,195			36,195	1090		05/09/2008	05/09/2015
	48,115			48,115	1418		05/09/2009	05/09/2016
	93,650			93,650	1900		03/09/2010	03/09/2017
	-	80,000		80,000	810		05/03/2011	05/03/2018
	377,960	**80,000**		**457,960**		**1012**		
Brendan Murtagh	120,000		-120,000[1]	-	245		11/10/2004	11/10/2011
	120,000		-120,000[1]	-	135		09/10/2005	09/10/2012
	125,000		-125,000[1]	-	330		18/09/2006	18/09/2013
	250,000		-250,000[1]	-	565		23/09/2007	23/09/2014
	10,097			10,097	1090		05/09/2008	05/09/2015
	625,097		**-615,000**	**10,097**		**1090**		
Dermot Mulvihill	115,000			115,000	565		23/09/2007	23/09/2014
	10,856			10,856	1090		05/09/2008	05/09/2015
	29,930			29,930	1418		05/09/2009	05/09/2016
	90,000			90,000	1900		03/09/2010	03/09/2017
	-	50,000		50,000	810		05/03/2011	05/03/2018
	245,786	**50,000**		**295,786**		**1118**		
Russell Shiels	50,000			50,000	565		23/09/2007	23/09/2014
	22,571			22,571	1090		05/09/2008	05/09/2015
	15,562			15,562	1418		05/09/2009	05/09/2016
	70,000			70,000	1900		03/09/2010	03/09/2017
	-	32,461		32,461	810		05/03/2011	05/03/2018
	158,133	**32,461**		**190,594**		**1229**		
Peter Wilson	97,014			97,014	565		23/09/2007	23/09/2014
	11,884			11,884	1090		05/09/2008	05/09/2015
	20,462			20,462	1418		05/09/2009	05/09/2016
	70,000			70,000	1900		03/09/2010	03/09/2017
	-	10,742		10,742	810		05/03/2011	05/03/2018
	199,360	**10,742**		**210,102**		**1135**		
Noel Crowe	20,000			20,000	135		09/10/2005	09/10/2012
	30,000			30,000	330		18/09/2006	18/09/2013
	50,000			50,000	565		23/09/2007	23/09/2014
	38,192			38,192	1090		05/09/2008	05/09/2015
	40,000			40,000	1418		05/09/2009	05/09/2016
	37,726			37,726	1900		03/09/2010	03/09/2017
	-	16,199		16,199	810		05/03/2011	05/03/2018
	215,918	**16,199**		**232,117**		**965**		
Louis Eperjesi	100,000			100,000	565		23/09/2007	23/09/2014
	29,373			29,373	1090		05/09/2008	05/09/2015
	24,071			24,071	1418		05/09/2009	05/09/2016
	50,777			50,777	1900		03/09/2010	03/09/2017
	204,221			**204,221**		**1073**		
Lorcan Dowd	7,638			7,638	1090		05/09/2008	05/09/2015
	10,000			10,000	1418		05/09/2009	05/09/2016
	15,000			15,000	1900		03/09/2010	03/09/2017
	-	15,000		15,000	810		05/03/2011	05/03/2018
	32,638	**15,000**		**47,638**		**1326**		

1 The share price on exercise date was €8.50.

Details of Share Options granted to the Directors and Secretary under the Long-Term Incentive Share Option Plan

Director	At 31 Dec 2007	Granted during year	Exercised during year	At 31 Dec 2008	Option price Cent	Average option price Cent	Earliest exercise date	Expiry date
Gene M. Murtagh	25,437		-25,437[1]	-	13		05/09/2008	05/09/2012
	23,526			23,526	13		05/09/2009	05/09/2013
	30,526			30,526	13		03/09/2010	03/09/2014
	-	70,000		70,000	13		05/03/2011	05/03/2015
	79,489	**70,000**	**-25,437**	**124,052**		**13**		
Brendan Murtagh	35,000		-35,000[2]	-	13		18/09/2006	18/09/2010
	41,000		-41,000[2]	-	13		23/09/2007	23/09/2011
	23,689		-23,689[2]	-	13		05/09/2008	05/09/2012
	99,689		**-99,689**			**13**		
Dermot Mulvihill	17,864			17,864	13		05/09/2008	05/09/2012
	16,415			16,415	13		05/09/2009	05/09/2013
	20,316			20,316	13		03/09/2010	03/09/2014
	-	40,000		40,000	13		05/03/2011	05/03/2015
	54,595	**40,000**		**94,595**		**13**		
Russell Shiels	27,000		-27,000[3]	-	13		23/09/2007	23/09/2011
	15,977		-15,977[4]	-	13		05/09/2008	05/09/2012
	13,338			13,338	13		05/09/2009	05/09/2013
	15,896			15,896	13		03/09/2010	03/09/2014
	-	30,000		30,000	13		05/03/2011	05/03/2015
	72,211	**30,000**	**-42,977**	**59,234**		**13**		
Peter Wilson	14,842			14,842	13		05/09/2008	05/09/2012
	12,920			12,920	13		05/09/2009	05/09/2013
	16,230			16,230	13		03/09/2010	03/09/2014
	-	30,000		30,000	13		05/03/2011	05/03/2015
	43,992	**30,000**		**73,992**		**13**		
Noel Crowe	20,000			20,000	13		23/09/2007	23/09/2011
	12,394			12,394	13		05/09/2008	05/09/2012
	11,532			11,532	13		05/09/2009	05/09/2013
	14,263			14,263	13		03/09/2010	03/09/2014
	-	20,000		20,000	13		05/03/2011	05/03/2015
	58,189	**20,000**		**78,189**		**13**		
Louis Eperjesi	14,762			14,762	13		03/09/2010	03/09/2014
	-	30,000		30,000	13		05/03/2011	05/03/2015
	14,762	**30,000**		**44,762**		**13**		
Lorcan Dowd	5,000			5,000	13		03/09/2010	03/09/2014
	-	7,000		7,000	13		05/03/2011	05/03/2015
	5,000	**7,000**		**12,000**		**13**		

1 The share price on exercise date was €3.07.
2 The share price on exercise date was €8.50.
3 The share price on exercise date was €8.53.
4 The share price on exercise date was €3.35.

Report of the Audit Committee

Role and composition of the Audit Committee

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

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

The Audit Committee consists entirely of non-executive directors including the Senior Independent Director, and the chairman of the committee has recent and relevant financial experience. During the year, the committee met 4 times. The external auditors attended these meetings as required and have direct access to the committee at all times. The Finance Director and Head of internal audit attended each meeting and other Group executives attend these meetings as and when required. The committee also meet the external auditors without management present to discuss matters relating to its remit and any issues arising from the audit generally. The committee also periodically meets the Head of internal audit independent of Group management.

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

Functions of the Audit Committee

The committee discharges its responsibilities in the following manner:

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

Auditor objectivity and independence

The auditors are permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence, provided that they have the skills and integrity to carry out the work and are considered subject to Group policy to be the most appropriate to undertake such work in the best interests of the Group. The Audit Committee ensures that the independence of the external audit is not compromised by:

- Seeking confirmation from the external auditors that in their professional judgement they are independent from the Group;
- Obtaining an account of all relationships between the external auditors and Group;
- Reviewing the economic importance of the Group to the external auditors by monitoring the audit fees as a percentage of total fee income generated from the relationship with the Group in light of ethical guidelines set down by the Institute of Chartered Accountants in Ireland.

Internal control

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

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

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

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

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

The approach by the Board is proactive in identifying possible weaknesses and obtaining the relevant degree of assurance on specific areas of internal control and not merely reporting by exception. During the year, internal audit carried out reviews of internal controls across all divisions covering a number of identified areas of risk, and these reviews were discussed and considered by the Committee.

Code of conduct

The Group has a Code of Conduct, setting the standard by which all employees across the Group are expected to conduct themselves. The Code of Conduct is available on the Group's website www.kingspan.com.

Reporting procedures have been adopted and notified to all employees, by which staff are encouraged to raise any concerns about possible improprieties or breaches of the Code of Conduct in any area of the Group. All breaches are obliged to be reported to the Head of Internal Audit, who reports to the Audit Committee.

Risk assessment

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

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

Compliance

This report has been prepared in accordance with the requirements of Section C of the 2006 FRC Combined Code on Corporate Governance, as appended to the Listing Rules of the Irish Stock Exchange and the UK Listing Authority.

Helen Kirkpatrick
Chairman, Audit Committee

Corporate Governance

The directors continue to endorse and apply the principles of good corporate governance set out in the Combined Code. This statement describes how the principles of the 2006 FRC Combined Code on Corporate Governance have been applied by the Company.

The Board

The Board provides the Company with entrepreneurial leadership and effective controls. It sets the Company's strategic aims, and establishes the Company's values and standards.

The Board currently consists of 14 directors whose names and other details are as set out in this Annual Report. Six of the directors are executives, and eight including the Chairman are non-executive directors. Each of the executive directors has a combination of general business skills, and experience in the construction materials market. The non-executive directors represent a diverse business background complementing the executive director's skills. All of the directors bring an objective judgement to bear on issues of strategy, resources and standards of performance. The directors believe that the Board includes an appropriate balance of skills and ability to provide effective leadership and control to the Group.

The Board met formally 11 times during the year, as well as informally as and when required. Attendance at Board and committee meetings is set out in the table below.
The Board reserves for itself a formal schedule of matters on which it takes the ultimate decision. These include adopting the Group's rolling 5 year strategic plan and the annual budget, approving all major capital expenditure and material contracts, acquisitions and disposals of businesses and other assets, and appointment of senior executives and succession planning, reviewing management's corporate and financial performance, and overall review of the Group's internal controls. Certain other matters are delegated to the Board committees, the roles and responsibilities of which are set out below.

The Chairman also met with the non-executive directors (without the executive directors present); and the non-executive directors met (without the Chairman) once during the year to appraise the workings of the Board.

Attendance at Board and Committee meetings*

DURING THE YEAR ENDED 31 DECEMBER 2008

	Board		Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B
Eugene Murtagh	11	11			1	1		
Gene M. Murtagh	11	11			1	1		
Dermot Mulvihill	11	11						
Russell Shiels	11	7						
Peter Wilson	11	11						
Noel Crowe	11	11						
Louis Eperjesi	11	11						
Brendan Murtagh	11	11						
Eoin McCarthy	11	11					4	4
Brian Joyce	11	11	4	3	1	1	4	4
Tony McArdle	11	11	4	4	1	1		
David Byrne	11	10	4	4			4	4
Brian Hill	11	10					4	4
Helen Kirkpatrick	11	11	4	4				

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

** There were no meetings of the Acquisition Committee during the year.*

The Chairman and Chief Executive

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

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

The Board has delegated executive responsibility for running the Company to the Chief Executive. He is responsible for the strategic direction and the overall performance of the Group.

Board balance and independence

The Board has determined the following non-executive directors to be independent: David Byrne, Brian Hill, Brian Joyce, Helen Kirkpatrick, Tony McArdle and Danny Kitchen. Brian Joyce was nominated as the senior independent director of the Company throughout 2008, and on his retirement from the Board Tony McArdle was nominated as such. The directors consider that there is a strong independent representation on the Board.

In determining the independence of Danny Kitchen, the Board considered whether his previous tenure as a non-executive director of the Company might appear to affect his independence. The Board concluded based on a number of factors, including his experience and knowledge from his previous senior executive roles, the significant changes in the economic and commercial environment since his previous appointment to the Board, and the fact that throughout his previous tenure on the Board he always exercised a strongly independent judgment, that the independence of his character and judgement was not compromised.

Appointments to the Board

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

Information and professional development

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

The Company has procedures whereby directors (including non-executive directors) receive formal induction and familiarisation about the Company's business operations and systems, and continuing training relating to the discharge of their duties as directors and (as appropriate) management.

Performance evaluation

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

Re-election of directors

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

Board Committees

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

Acquisitions Committee

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

Audit Committee

The Board has established an Audit Committee to monitor the integrity of the Company's financial statements, and the effectiveness of the Group's internal financial controls. The members of the Audit Committee bring considerable financial and accounting experience to the committee's work, and in particular the Board considers that the chairman of the Audit Committee has appropriate recent and relevant financial experience. The Board is satisfied that the combined qualifications and experience of the members give the committee collectively the financial expertise necessary to discharge its responsibilities.

Nominations Committee

The Nominations Committee assists the Board in ensuring that the composition of the Board and its committees is appropriate for the needs of the Group. The committee meets at least once a year, and additionally if required, to consider the Board's membership, to identify any additional skills or experience which might benefit the Board's performance and recommend appointments to or, where necessary, removals from, the Board.

Corporate Governance

Remuneration Committee

The Remuneration Committee has responsibility for setting remuneration for all executive directors and for the Chairman, including pension contributions and any compensation payments. The committee also monitors the level and structure of remuneration for senior management.

Communication with shareholders

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

Statement of compliance

The directors confirm that the Company, except in the respects more fully described below, has throughout the accounting period ended 31 December 2008 complied with the provisions of the Combined Code:

- During the year less than half the Board, excluding the Chairman, were independent non-executive directors. It is the view of the Board that the range and blend of skills match the needs of the business and facilitate a sound decision-making process and control environment. It is also their view that there is sufficient balance in the Board, including a strong and independent non-executive element, so that no individual or group of individuals can dominate decision making.
- The remuneration of the non-executive directors is set by the Remuneration Committee on advice from independent professional advisors, rather than by the Board as a whole, and is benchmarked against other Irish and European quoted companies of similar size.

Corporate Social Responsibility

Our approach

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

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

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

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

To deliver on this vision Kingspan will:

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

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

Performance & measurement

Kingspan has for several years promoted and sponsored CSR reporting across the divisions, but has only recently brought these individual reports into a single Group document. Kingspan Insulated Panels division

has since 2006 prepared a Sustainability Report using the guidelines as recommended by the Global Reporting Initiative (GRI). Kingspan Insulation Boards division prepared its first GRI Sustainability Report in 2007. It is intended to use the GRI guidelines in other divisions over the coming years.

Kingspan Insulated Panels has achieved a level "C" standard for its Report for the years 2006 and 2007, covering the manufacturing plants in Kingscourt in Ireland and Holywell and Sherburn in the UK. These reports have been checked by GRI to ensure they meet the GRI Reporting Framework and standards. The 2008 report is currently under review by the GRI and we are aiming to achieve a "B" level standard. The businesses covered by this report accounted for approximately 25% of the Group turnover in 2008. Kingspan Insulation Boards achieved a level "B" report for 2007, and their 2008 report is in progress and has also been prepared to GRI level B standard. The Insulation Boards businesses covered by the 2008 report represent in excess of 10% of Group turnover.

These are the first reports in an annual sustainability reporting cycle which we hope will demonstrate performance improvements. The scope of these reports will be expanded progressively throughout the Group and in 2009 will include Insulated Panel manufacturing plants in Belgium and Australia.

Corporate Social Responsibility

In 2004 Kingspan Insulation Boards was the first insulation/building materials manufacturer to complete an independent appraisal of the holistic sustainability of its manufacturing processes and to make these results publicly available. Each year since then the division continues to work with Arup using the SPeAR methodology. The Sustainable Project Appraisal Routine (SPeAR) is based on a four-quadrant model that structures the issues of sustainability into a robust framework, from which an appraisal of performance can be undertaken. SPeAR brings sustainability into the decision-making process with its focus on the key elements of environmental protection, social equity, economic viability and efficient use of natural resources. As such the information generated by the appraisal prompts innovative thinking and informs decision-making at all stages of design and development. This allows continual improvement in sustainability performance and assists in delivering sustainable objectives. The businesses covered by the 2007 SPeAR report accounted for approximately 10% of Group turnover in that year.

Kingspan has been examining ways of reducing its own carbon impact for several years, and has identified a number of reporting tools to identify the areas where facilities have the greatest environmental impact, and the projects where impact reduction can be maximized. Both measurement methodologies and project technologies are rolled out on a pilot basis before deployment in other sites or divisions where there will be a significant impact reduction. The following is a summary of some of the initiatives taken.

Energy / carbon reductions

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

Kingspan's Energi Centre, Holywell, North Wales

Kingspan's new sustainable Energi Centre in Holywell is a show piece of energy efficiency. It is constructed primarily with products from the Kingspan range including:

- **Insulated Panels** - on the roof and walls, providing maximum insulation and air-tightness in a completely fibre free environment without any degradation of the insulation effectiveness during the life of the building.
- **Solar Heating System** – Thermomax vacuum tubes from Kingspan Renewables are mounted on the roof. The solar generated heat is transferred via a heat exchanger coil into the buildings hot water system, which is used to heat the gas fired hot water generator. This ensures that hot water is available at all times at the lowest cost and minimum carbon emissions.
- **Rainwater Recovery Technology** - from Kingspan's Environmental range. A 10,000 litre underground tank collects rainwater from the Kingspan roof drainage system. The tank incorporates a low energy pump to raise the collected water to a water storage tank from where it is distributed for use in the building.
- **Solar Photovoltaic Panels** - from Kingspan. Ten photovoltaic panels with peak out put of 210 watts have been installed on the Kingspan roof and are connected to the national grid.
- **Access Floors** - from Kingspan Access Floors have been installed throughout the building. These floors facilitate underfloor air conditioning which is significantly cheaper to run and creates a healthier environment than overhead systems as well as facilitating the cable management for the whole building.
- **Kooltherm®** - pipe and ducting insulation from Kingspan Insulation was used throughout. This provides totally fibre free insulation to the pipework and ducting to create a healthy environment for staff and of course the insulation will be effective for the life of the building.

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

Environmental profiling

Kingspan Insulated Panels was the first, and still is the only manufacturer in the metal roof and wall cladding industry to go through the process with the Building Research Establishment (BRE) to identify and assess the environmental profile of their panels from 'cradle to grave'. The BRE analyses data across a range of environmental issues, from cradle (inception and raw materials) to grave (disposal) and then gives one 'ecopoint' score. Kingspan also works with the BRE to measure the environmental profile of its key Insulation Board products.

The BRE environmental profiling methodology, which is ISO 14041 compliant, was originally developed through a UK Government funded project to enable robust and reliable comparison between different construction systems. To date Certified Environmental profiles have been awarded to Kingspan's key Insulated Panel and Insulation Board products, and work is ongoing to extend certification to all key products. The ratings achieved are based on a detailed 60 year cradle to grave assessment of the environmental impact of the product. "A" rated products gain additional credits for buildings assessed by environmental assessment methodologies such as BREEAM. Such a rating will enable customers of Kingspan to compare the environmental impact of Kingspan's products with alternatives, and it will allow Kingspan to identify areas of potential improvement. Indeed, since Kingspan's Insulation Boards business started this process in 2002 it has seen the score on its Kingspan Therma range of products improve by 43% and is now an "A" rated product.

Certificated Environmental Profiles are reviewed and verified through detailed auditing on an annual basis to ensure that information is both valid and up-to-date, and are recalculated every three years. An Environmental Profile certificated by BRE Certification is prepared according to Scheme Document SD028.

The 2008 Green Guide to Specification is also used within the wider BREEAM scheme, which has recently been updated, and A+ rated products such as Kingspan's RW & AWP range can help the building owner gain significant points under the 2008 updated BREEAM scheme.

Wall specification

All industrial and commercial Green Guide to Specifications only

High Performing Specifications — Poor Performing Specifications

A+	A	B	C	D	E

Best Performing Specifications — Worst Performing Specifications

KS1000 RW Ecosafe
0.45 Ecopoints
External Wall: KS1000 RW Panel with EcoSafe insulation core manufactured at Holywell, vertically laid. Supported on cold rolled steel rails.
Steel facings: Generic organic coatings
Insulation: 70mm core thickness

KS600/900/1000 AWP Ecosafe
0.45 Ecopoints
External Wall: KS600/900/1000 AWP Panel with EcoSafe insulation core manufactured at Holywell, horizontally laid. Supported on cold rolled steel rails and structural steel frame
Steel facings: Generic organic coatings
Insulation: 80mm core thickness

Kingspan's Trapezoidal Roof & Wall (RW) and Architectural Wall Panel (AWP) systems, (as samples of the full product range) have achieved the new A+ top rating in the BRE's highly respected 2008 Green Guide to Specification.

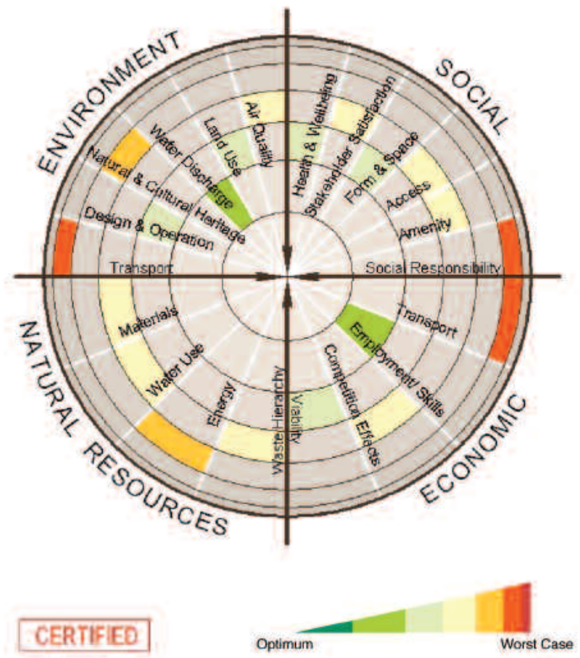
Renewable energy

At Holywell, a met mast, to measure and log wind patterns, has now been installed and will measure wind speed on the site for a period of 12 months. This will help determine the financial feasibility of installing a large scale wind turbine on the facility. This is a pilot exercise as we are committed to running all our UK & Irish panel manufacturing plants by renewable energy and are investigating renewable technologies and sources for all sites. There is currently a small wind turbine in place which generates electrical power for the Energi Centre on the site.

At the Kingspan Insulation Boards plant at Pembridge, a combined heat and power (CHP) plant has been installed on site and in January 2008 was brought online. Initially gas fired, it is anticipated that the CHP plant will provide on average up to 90% of the plant's annual electrical requirements and up to 40% of all heating needs. For every kW of electricity produced by the CHP installation, the site's CO_2 emissions will be reduced by 265grams, equating to an estimated saving of 44,953 tonnes of CO_2 over a 15 year period. There is potential to use biogas from local agricultural sources to fuel the CHP plant in the future, which may bring further efficiencies.

Wind turbine at Kingspan's Energi Centre, Holywell, North Wales

Corporate Social Responsibility



An extract from the SPeAR report 2007

Transport

Arup's 2007 SPeAR appraisal highlights Transport as the greatest issue of concern in the insulation board business and, along with a number of other target areas, this is something which Kingspan aspires to improve upon through its current sustainability action plan for 2008/9.

Freight transport operations, logistics and the supply chain are recognised by Kingspan as being areas of significant environmental impact with potential for improvements in environmental performance. Almost all transport is outsourced by Kingspan and a number of initiatives are being developed by its logistics and supply chain teams working with its logistics suppliers to address both environmental and wider sustainability concerns. Kingspan continues to work with several logistics suppliers to improve environmental performance through its action plan including the increased use of high capacity trailers and demountable trailers with the aim of further reducing truck movements. With the appointment of dedicated resources in selected logistics suppliers, reporting monthly to Kingspan, initial results have shown a 20% improvement in fuel efficiency in certain sites.

Additional improvements in vehicle fuel economy have been made via driver training programmes and fortnightly logistics workshops. Miles per gallon (and litres per 100km) trackers have been introduced, and targets set for both rigid and arctic vehicles. A study has also been undertaken to improve 'back haul' opportunities and maximise container and fleet utilisation.

Opportunities to use alternative fuel types such as bio diesel have been re-investigated by Kingspan and a 12 week trial was conducted using 95% bio-diesel content in two Kingspan liveried articulated trucks. It has been concluded that the option to move to a bio-diesel fleet at this time is restrictive from both an economic and sustainability perspective.

High capacity trailers and double or demountable trailers are being utilised to try to further reduce truck movements and decrease associated fuel consumption. Kingspan has an objective of reducing transport costs/m^3 by 5% Year on Year.

In 2008, Kingspan opened a new facility at Selby near Leeds. A key driver for this new facility was transport savings, through reduced vehicle movements and mileage as well as improved service provision to our customers.

Managing waste

Waste is a significant issue, in general, in the manufacturing sector, both because of its growing cost implications and environmental impact. Waste is considered as part of our ISO 14001 management system and we are continually looking for new ways to reduce the generation of waste and, where it is generated, to reuse and recycle wherever possible. We currently recycle steel, paper, cardboard, wood and plastic at all Kingspan manufacturing sites.

In respect of the main manufacturing sites in the UK and Ireland for Insulated Panels and Insulation Boards, 45% of the total waste produced was recycled in 2008, and the target for 2009 is for a landfill reduction of 20%.

Certain facilities in the Group now offer a full pallet return service and we have also launched trials on recycling all Kingspan Insulated Panels packaging from construction sites. In the case of Insulation Boards, off-cuts from waste are used in substitution for pallets. We also re-cycle approximately four tonnes of chemicals per month back into the manufacturing process, which would otherwise have been incinerated.

Kingspan is a major user of steel in the manufacture of insulated panels, structural sections and light weight framing across Europe, Asia, North America and Australia, and 23% of the steel Kingspan uses is from a recycled source. In addition, steel has an inherent environmental advantage over competing products in the construction industry, such as cement, in that it is extremely durable, adaptable, reusable and recyclable. The inherent environmental advantage of steel is enhanced by Kingspan in its manufacture of insulated panels in two ways: (i) the structural value of the steel is enhanced by the factory applied insulation core so less steel is used compared to so called built-up systems using site applied mineral fibre insulation, and (ii) because the insulation core used by Kingspan in an insulated panel is about 50% thinner and lighter than the equivalent insulation in mineral fibre, less steel or concrete is required in the building structure. Likewise, Kingspan's thinner higher performing Insulation Boards also result in less concrete and steel being used in the built up environment.

Apart from steel, the other main raw materials used in Kingspan are polyols, in the Insulated Panels and Insulation Boards divisions, and timber, in the Off-site division. All polyols used are made from recycled industrial waste stream. The timber used in the Off-site division is all sourced from sustainable managed forests.

The Kingspan Insulated Panels division has long been at the forefront of work to provide end of life solutions for composite panel systems, and now with the addition of a shredder plant at the Kingscourt manufacturing facility in Ireland, a 100% on the spot recycling for their site waste is provided. This is the start of a process which will potentially allow for a totally closed loop process for Kingspan's high performing products once they have reached the end of their useful life. The insulated panels are shredded with the steel being recycled as per usual and the insulation material is directed back to the production process and re-entered into the virgin product. This is a huge step for Kingspan Insulated Panels in achieving its goal of zero waste to landfill at all its manufacturing plants and its ultimate target of having a 100% recyclable product.
The same process is to be introduced at Kingspan's sites at Holywell in North Wales and Sherburn in Yorkshire, with the aim of being operational in 2009/10. This model of recycling will then be rolled out to other plants in Central Europe and North America.

In the manufacture of Insulation Boards, not all waste can be managed away completely, but Kingspan seeks as far as possible to re-use its own waste. In 2008 approximately 25% of production waste was recycled in this way. Where foam waste cannot be recycled in this way it is turned into briquettes which are sold on to a specialist company who use the material in the manufacture of a building board.

Managing water

As a proportion of inputs into the manufacturing process across the Kingspan Group, the use of water is relatively small. Data is being gathered on several sites across the Group in respect of water usage in the manufacturing process, as well as for general catering and sanitary purposes. This data, and the agreed action plan arising from it, will be included in the next edition of Kingspan's sustainability programme.

A policy to ensure all of the Group's future building works and plant installations will include rainwater harvesting is in the process of being developed. Installation of rainwater harvesting is planned on a progressive basis from 2009 to supply water to CHP units, and to top-up sprinkler system reserves.

Visual environmental impact

Kingspan is acutely aware that many of its sites are based in rural areas which are not necessarily linked to a recognised industrial infrastructure. As part of its strategy for managing impacts on biodiversity, Kingspan ensures that the environmental impact of any of its factory buildings is given priority and endeavours where possible to ensure that its facilities are visually unobtrusive, and that personnel are aware of and sensitive to the local flora and fauna.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and IFRS as adopted by the European Union.

Company law in Ireland requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Disclose and explain any material departures from applicable accounting standards;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company, and the Group as a whole, will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland, and comply with the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation.

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

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

Independent Auditors' Report

to the Members of Kingspan Group plc

We have audited the Group and parent company Financial Statements ("the Financial Statements") of Kingspan Group plc for the year ended 31 December 2008 which comprise the Consolidated Income Statement, Consolidated and Parent Company Balance Sheets, Consolidated and Parent Company Cash Flow Statements, Consolidated and Parent Company Statements of Recognised Income and Expense, the related notes 1 to 44. These Financial Statements have been prepared under the accounting policies set out in notes 1 to 5.

Respective Responsibilities of Directors and Independent Auditors

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the Statement of Directors' Responsibilities.

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

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

We report to you our opinion as to whether the Group Financial Statements give a true and fair view in accordance with IFRSs as adopted for use in the European Union. We report to you our opinion as to whether the parent Financial Statements give a true and fair view in accordance with IFRSs as adopted for use in the European Union, as applied in accordance with the provisions of the Companies Acts, 1963 to 2006.

We also report to you whether the Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation.

We also report to you whether in our opinion: proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an Extraordinary General Meeting of the Company; and whether the information given in the Directors' Report is consistent with the Financial Statements. In addition, we state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the Financial Statements are in agreement with the books of account.

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

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Chairman's Statement, the Chief Executive's Review, the Financial Review, the Business Risk Analysis, the Directors' Report, the Report of the Remuneration Committee and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements.

Our responsibilities do not extend to any other information.

Basis of Audit Opinion

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

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

Independent Auditors' Report

to the Members of Kingspan Group plc

Opinion

In our opinion:

- The Group Financial Statements give a true and fair view, in accordance with the IFRSs as adopted for use in the European Union, of the state of the Group's affairs as at 31 December 2008 and of its result for the year then ended;
- The parent company Financial Statements give a true and fair view in accordance with the IFRSs as adopted for use in the European Union as applied in accordance with the provisions of the Companies Acts, 1963 to 2006, of the state of the parent company's affairs as at 31 December 2008; and
- The Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation.

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

In our opinion the information given in the Report of the Directors is consistent with the Financial Statements.

The net assets of the Company, as stated in the balance sheet, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2008 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an Extraordinary General Meeting of the Company.

GRANT THORNTON
Chartered Accountants and
Registered Auditors
24-26 City Quay, Dublin 2
27 March 2009

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Consolidated Income Statement
for the year ended 31 December 2008

Note		Before Non-Trading Items 2008 €'000	Non-Trading Items 2008 €'000	Total 2008 €'000	Total 2007 €'000
6	**REVENUE**	**1,672,714**	**-**	**1,672,714**	1,863,239
	COST OF SALES	**(1,205,239)**	**-**	**(1,205,239)**	(1,300,460)
	GROSS PROFIT	**467,475**	**-**	**467,475**	562,779
	Operating costs	**(305,739)**	**-**	**(305,739)**	(321,468)
	TRADING PROFIT	**161,736**	**-**	**161,736**	241,311
	Intangible amortisation	**(4,615)**	**-**	**(4,615)**	(4,647)
7	Non trading items	**-**	**(75,077)**	**(75,077)**	-
	OPERATING RESULT	**157,121**	**(75,077)**	**82,044**	236,664
9	Finance costs	**(15,466)**	**-**	**(15,466)**	(14,297)
10	Finance income	**1,556**	**-**	**1,556**	1,837
	RESULT FOR THE YEAR BEFORE TAX	**143,211**	**(75,077)**	**68,134**	224,204
13	Income tax expense	**(20,916)**	**(3,235)**	**(24,151)**	(36,877)
	NET RESULT FOR THE YEAR	**122,295**	**(78,312)**	**43,983**	187,327
	Attributable to shareholders of Kingspan Group plc			**44,990**	187,295
	Attributable to minority interest			**(1,007)**	32
				43,983	187,327
	EARNINGS PER SHARE FOR THE YEAR				
14	Basic			**26.7c**	110.5c
14	Diluted			**26.5c**	108.5c

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Finance Director
2 March 2009

Consolidated Balance Sheet
as at 31 December 2008

Note		2008 €'000	2007 €'000
	ASSETS		
	NON-CURRENT ASSETS		
15	Goodwill	**279,777**	303,966
16	Other intangible assets	**13,168**	14,164
18	Property, plant and equipment	**411,068**	398,688
19	Long term financial assets	**210**	209
27	Deferred tax assets	**1,228**	2,401
		705,451	719,428
	CURRENT ASSETS		
20	Inventories	**159,116**	152,140
21	Trade and other receivables	**299,189**	386,744
	Cash and cash equivalents	**75,254**	66,626
		533,559	605,510
	TOTAL ASSETS	**1,239,010**	1,324,938
	LIABILITIES		
	CURRENT LIABILITIES		
22	Trade and other payables	**236,029**	253,454
26	Provisions for liabilities and charges	**56,467**	54,670
24	Contingent deferred consideration	**4,980**	3,351
23	Interest bearing loans and borrowings	**16,857**	46,102
	Current tax liabilities	**34,314**	32,861
		348,647	390,438
	NON-CURRENT LIABILITIES		
40	Pension and other employee obligations	**3,738**	6,509
23	Interest bearing loans and borrowings	**345,249**	234,392
27	Deferred tax liabilities	**14,504**	12,933
24	Contingent deferred consideration	**7,790**	7,750
		371,281	261,584
	TOTAL LIABILITIES	**719,928**	652,022
	NET ASSETS	**519,082**	672,916
	EQUITY		
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF KINGSPAN GROUP PLC		
28	Share capital	**22,265**	22,146
29	Additional paid-in share capital	**35,751**	31,917
30	Other reserves	**(194,036)**	(67,568)
31	Revaluation reserve	**713**	713
32	Capital redemption reserve	**723**	723
33	Retained earnings	**651,841**	681,755
		517,257	669,686
35	Minority interest	**1,825**	3,230
	TOTAL EQUITY	**519,082**	672,916

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Finance Director
2 March 2009

Statement of Recognised Income and Expense as at 31 December 2008

	2008 €'000	2007 €'000
GROUP		
Profit for financial year attributable to Group Shareholders	**44,990**	187,295
Cash flow hedging	**6,658**	1,702
Actuarial (losses)/gains in defined benefit pension scheme	**(1,640)**	9,203
Currency translation	**(131,426)**	(43,670)
Income taxes relating to items charged or credited to equity	**452**	(3,110)
Total recognised income and expense for the year	**(80,966)**	151,420

	2008 €'000	2007 €'000
COMPANY		
Profit for financial year attributable to Company Shareholders	**56,502**	1,997
Total recognised income and expense for the year	**56,502**	1,997

Consolidated Cash Flow Statement
for the year ended 31 December 2008

Note		2008 €'000	2007 €'000
	OPERATING ACTIVITIES		
	Result for the year before tax	**68,134**	224,204
36	Adjustments	**107,692**	62,350
	Change in inventories	**(4,218)**	(21,759)
	Change in trade and other receivables	**52,018**	(37,829)
	Change in trade and other payables	**4,715**	3,519
	Pension contributions	**(2,611)**	(3,447)
	Cash generated from operations	**225,730**	227,038
	Taxes paid	**(18,121)**	(26,985)
	Net cash flow from operating activities	**207,609**	200,053
	INVESTING ACTIVITIES		
	Additions to property, plant and equipment	**(100,044)**	(144,880)
	Proceeds from disposals of property, plant and equipment	**2,470**	7,310
38	Purchase of subsidiary undertakings	**(87,700)**	(48,647)
	Net cash acquired with acquisitions	**3,184**	2,284
	Payment of deferred consideration in respect of acquisitions	**(2,521)**	(2,163)
	Dividends paid to minorities	**(71)**	(24)
	Interest received	**1,587**	1,846
	Net cash flow from investing activities	**(183,095)**	(184,274)
	FINANCING ACTIVITIES		
	Increase of bank loans	**84,577**	35,487
	Discharge of finance lease liability	**(1,350)**	(246)
	Proceeds from share issues	**2,693**	4,644
	Buyback of own shares	**(32,565)**	-
	Interest paid	**(14,255)**	(14,188)
	Dividends paid	**(42,262)**	(35,546)
	Net cash flow from financing activities	**(3,162)**	(9,849)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**62,938**	61,864
	Net increase in cash and cash equivalents	**21,352**	5,930
	Translation adjustment	**(10,018)**	(4,856)
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**74,272**	62,938
	Cash and cash equivalents as at 1 January were made up of:		
	Cash and cash equivalents	**66,626**	69,060
	Overdrafts	**(3,688)**	(7,196)
		62,938	61,864
	Cash and cash equivalents as at 31 December were made up of:		
	Cash and cash equivalents	**75,254**	66,626
	Overdrafts	**(982)**	(3,688)
		74,272	62,938

Company Balance Sheet
as at 31 December 2008

Note		2008 €'000	2007 €'000
	ASSETS		
	NON-CURRENT ASSETS		
19	Financial assets	**11,460**	11,960
	CURRENT ASSETS		
21	Trade and other receivables	**60,740**	79,583
		60,740	79,583
	TOTAL ASSETS	**72,200**	91,543
	LIABILITIES		
	CURRENT LIABILITIES		
22	Trade and other payables	**-**	6,490
	TOTAL LIABILITIES	**-**	6,490
	NET ASSETS	**72,200**	85,053
	EQUITY		
	Equity attributable to Shareholders of Kingspan Group plc		
28	Called-up share capital	**22,265**	22,146
29	Additional paid-in share capital	**35,751**	31,510
32	Capital redemption reserve	**723**	723
33	Retained earnings	**13,461**	30,674
	TOTAL EQUITY	**72,200**	85,053

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Finance Director
2 March 2009

Company Cash Flow Statement
for the year ended 31 December 2008

	Note	2008 €'000	2007 €'000
OPERATING ACTIVITIES			
Result for the year before tax		**56,502**	1,997
Adjustments - Employee equity-settled share options		**2,372**	5,650
Change in trade and other receivables		**18,843**	16,765
Change in trade and other liabilities		**(6,490)**	6,490
Net cash flow from operating activities		**71,227**	30,902
INVESTING ACTIVITIES			
Proceeds from financial assets		**500**	-
FINANCING ACTIVITIES			
Proceeds from share issues		**3,100**	4,644
Buyback of own shares		**(32,565)**	-
Dividends paid		**(42,262)**	(35,546)
Net cash flow from financing activities		**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**-**	-
Net increase in cash and cash equivalents		**-**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		**-**	-

Notes to the Financial Statements as at 31 December 2008

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.

Standards adopted during the financial year
No new standards have been adopted during the year.

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 income statement.
- costs of the combination are recorded in the income statement

Management are currently assessing the potential impact of the amendment on the Group's financial statements.

IAS 1 Presentation of Financial Statements (effective from 1 January 2009)
This standard will introduce significant changes to the presentation of the primary statements and management are currently assessing the potential impact.

IFRS 8 Operating Segments including amendements issued up to 17 January 2008 (effective from 1 January 2009)
This IFRS specifies how an entity should report information about its operating segments in its financial statements. Generally financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Management are currently assessing the detailed impact of this amendment on the Group's financial statements.

2. BASIS OF PREPARATION

The consolidated and Company financial statements, which are presented in Euro rounded to the nearest thousand, 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 carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The accounting policies set out below have been applied consistently by all the Group's companies in all 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 judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant 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.

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

Notes to the Financial Statements as at 31 December 2008

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.

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 Group's 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 actual exchange rates, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet. Exchange rates of material entites used were as follows:

	Average rate		Closing Rate	
Euro =	**2008**	2007	**2008**	2007
Pound Sterling	**0.796**	0.685	**0.951**	0.738
US Dollar	**1.471**	1.371	**1.381**	1.471
Canadian Dollar	**1.560**	1.469	**1.750**	1.438
Australian Dollar	**1.743**	1.636	**2.050**	1.669
Czech Koruna	**24.990**	27.782	**26.550**	26.335
Polish Zloty	**3.523**	3.792	**4.120**	3.625
Hungarian Forint	**252.430**	252.052	**265.000**	254.000

Notes to the Financial Statements as at 31 December 2008

4. SIGNIFICANT ACCOUNTING POLICIES

Non-Trading Items

The Group has adopted an income statement format which seeks to highlight significant items within the Group results for the year. Such items may include restructuring costs, profit or loss on disposal or termination of operations, litigations costs and settlements, profit or loss on disposal of investments, profit or loss on disposal of property, plant and equipment and impairment of assets. Judgment is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be disclosed in the income statement and related notes as non-trading items.

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 balance sheet on a discounted basis.

The assets and liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. 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 stated at the minority's proportion of the fair values of the assets and liabilities recognised. Goodwill is not allocated to the minority interest. Subsequently, 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.

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 primary and secondary reporting segments determined in accordance with IAS 14 Segmental Reporting.

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 and indicator of impairment is considered to exist. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

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

Notes to the Financial Statements as at 31 December 2008

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 unless the criteria for capitalising under IAS 38 paragraph 57 are met.

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 lower of fair value less cost to sell and value in use). 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 income statement.

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 contingent deferred consideration provision is accounted by an adjustment to the carrying value of goodwill.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns different to those of other segments. Stemming from the Group's internal organisational and management structure and its system of internal financial reporting, segmentation by business is regarded as being the predominant source and nature of the risks and returns facing the Group and is thus the primary segment, under IAS 14 Segment Reporting. Geographical segmentation is therefore the secondary segment.

Notes to the Financial Statements
as at 31 December 2008

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 income statement comprises the sum of deferred tax and current income tax not recognised directly in equity.

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

Deferred tax:
Deferred tax is provided on the basis of the balance sheet liability method on all temporary differences at the balance sheet 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 balance sheet 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 balance sheet 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 2008

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.

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 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	10% 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.

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 balance sheet 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 balance sheet 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.

Notes to the Financial Statements as at 31 December 2008

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 balance sheet 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 arising in the Group's defined benefit pension schemes are shown within either non-current assets or liabilities on the face of the consolidated balance sheet. The deferred tax impact of pension scheme surpluses and deficits is disclosed separately within deferred tax assets or liabilities as appropriate. The Group recognises post transition date actuarial gains and losses immediately in the statement of recognised income and expense.

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.

Provisions

A provision is recognised in the balance sheet 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 balance sheet date. All currency translation differences on monetary assets and liabilities are taken to the 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 balance sheets are translated at the rates of exchange ruling at the balance sheet date. 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, net of differences on related currency borrowings designated as a hedge of the net investment.

Dividends

Dividends are recognised when an obligation arises to pay them, i.e. when approved by shareholders. Final Dividend on Ordinary Shares will be recognised in the consolidated financial statements as a charge in the following year's reserves. Interim Dividend paid on Ordinary Shares is recognised in the consolidated financial statements as a charge in the current year reserves.

Notes to the Financial Statements as at 31 December 2008

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Hedging

Fair value and cash flow hedges

The Group uses fair value hedges and cash flow hedges in its treasury activities. For the purposes of hedge accounting, hedges are classified either as fair value hedges (which entail hedging the exposure to movements in the fair value of a recognised asset or liability) or cash flow hedges (which 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).

In the case of fair value hedges which satisfy the conditions for special hedge accounting, any gain or loss stemming from the re-measurement of the hedging instrument to fair value is reported in the income statement. In addition, any gain or loss on the hedged item which is attributable to the fair value movement in the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the 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:

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

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost. 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 objective evidence is received that a specific counterparty will default.

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

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

Notes to the Financial Statements as at 31 December 2008

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 i.e. the trinomial model.

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. The corresponding entry is made in equity. No expense is recognised for awards that do not ultimately vest.

The cost of all equity-settled transactions is recognised in the income statement of Kingspan Group plc.

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. All borrowing costs, including borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset, are expensed in the period in which they are incurred and reported within "finance costs".

5. ESTIMATION UNCERTAINTY

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

Impairment (Note 15)
The Group is required to review non financial assets for objective evidence of impairment. It does this on the basis of a review of the budget and rolling 5 year strategic plans (where appropriate), which by their nature are based on a series of assumptions and estimates.

In accordance with IFRS the Group has performed impairment reviews on those cash generating units which have a carrying value of goodwill or intangible assets with indefinite useful life. The key assumptions associated with these reviews is detailed in note 15.

Notes to the Financial Statements as at 31 December 2008

5. ESTIMATION UNCERTAINTY (cont'd)

Guarantees & warranties (Note 26 & 39)
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 40)
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 8)
The Group grants options as part of certain employee's remuneration which under IFRS 2 are subject to valuation. The Group employs a professional valuer to assess the cost of each option grant by use of the trinominal model, and the key assumptions are set out in note 8.

Contingent deferred consideration (Note 24)
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

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and liabilities.

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

Insulated Panels & Boards	Manufacture of insulated panels and rigid insulation products.
Offsite & Structural	Manufacture of offsite solutions, timber frame buildings and structural products.
Environmental & Renewables	Manufacture of environmental and pollution control products.
Access Floors	Manufacture of raised access floors.

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

Notes to the Financial Statements as at 31 December 2008

6. SEGMENT REPORTING (cont'd)

Analysis by class of business

Segment Revenue	Insulated Panels & Boards €mn	Off-Site & Structural €mn	Environ-mental & Renewables €mn	Access Floors €mn	TOTAL €mn
Total Revenue - 2008	974.1	233.3	266.7	198.7	**1,672.7**
Total Revenue - 2007	1,047.8	326.8	291.5	197.1	1,863.2

Intersegment revenue is not material and is thus not subject to separate disclosure in the above analysis. Intersegment transfers are priced using an appropriate transfer pricing methodology.

Segment Result (profit before finance costs)

	Insulated Panels & Boards €mn	Off-Site & Structural €mn	Environ-mental & Renewables €mn	Access Floors €mn	TOTAL 2008 €mn	TOTAL 2007 €mn
Operating result pre amortisation/impairment	120.6	10.6	2.6	27.9	**161.7**	-
Intangible Amortisation	(1.4)	(2.0)	(1.1)	(0.1)	**(4.6)**	-
Non Trading Items	(9.3)	(16.6)	(5.6)	-	**(31.5)**	-
Goodwill & Intangibles Impairment	(4.2)	(40.0)	0.6	-	**(43.6)**	-
Operating result - 2008	105.7	(47.9)	(3.6)	27.8	**82.0**	-
Operating result - 2007	172.3	20.6	9.9	33.9	-	236.7
Finance costs (net)					**(13.9)**	(12.5)
Result for the year before tax					**68.1**	224.2
Income tax expense					**(24.2)**	(36.9)
Minority interest					**1.0**	-
Net result for the year					**45.0**	187.3

Segment Assets and Liabilities

	Insulated Panels & Boards €mn	Off-Site & Structural €mn	Environ-mental & Renewables €mn	Access Floors €mn	TOTAL 2008 €mn	TOTAL 2007 €mn
Assets - 2008	749.6	93.2	183.1	136.4	**1,162.3**	-
Assets - 2007	659.9	204.3	249.4	142.3		1,255.9
Liabilities - 2008	(185.0)	(45.0)	(40.0)	(26.0)	**(296.1)**	-
Liabilities - 2007	(171.4)	(52.2)	(57.4)	(33.6)		(314.6)
Total assets less total liabilities					**866.2**	941.3
Cash and cash equivalents					**75.3**	66.6
Deferred tax asset					**1.2**	2.4
Financial liabilities (current and non-current)					**(362.1)**	(280.5)
Deferred consideration (current and non-current)					**(12.8)**	(11.1)
Income tax liabilities (current and deferred)					**(48.8)**	(45.8)
Total Equity as reported in Consolidated Balance Sheet					**519.0**	672.9

Notes to the Financial Statements as at 31 December 2008

6. SEGMENT REPORTING (cont'd)

Other Segment Information

Segment Revenue	Insulated Panels & Boards €mn	Off-Site & Structural €mn	Environ-mental & Renewables €mn	Access Floors €mn	TOTAL €mn
Capital Investment pre goodwill & intangibles impairment	166.8	2.0	8.8	3.6	**181.2**
Goodwill & intangibles impairment	(4.2)	(40.0)	0.6	-	**(43.6)**
Capital Investment - 2008	162.6	(38.0)	9.4	3.6	**137.6**
Capital Investment - 2007	126.6	16.7	49.2	4.5	197.0
Depreciation included in segment result - 2008	(24.4)	(7.0)	(6.2)	(3.0)	**(40.6)**
Depreciation included in segment result - 2007	(21.6)	(7.8)	(6.8)	(3.7)	(39.9)
Amortisation & intangibles impairment included in segment result - 2008	(5.6)	(42.0)	(0.6)	(0.1)	**(48.2)**
Amortisation & intangibles included in segment result - 2007	(1.2)	(2.4)	(4.0)	(0.1)	(7.7)
Non-cash items included in segment result - 2008	(0.4)	-	0.6	-	**0.2**
Non-cash items included in segment result - 2007	3.8	(0.1)	(0.4)	-	3.3

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 - 2008	173.8	826.6	453.1	177.1	42.1	**1,672.7**
Revenue - 2007	270.4	1,036.7	375.5	144.5	36.1	1,863.2
Balance Sheet Items						
Assets - 2008	128.1	549.8	246.6	218.4	19.5	**1,162.3**
Assets - 2007	189.1	730.6	208.3	111.8	16.1	1,255.9
Other segmental information						
Capital Investment pre goodwill & intangibles impairment	7.8	39.8	50.2	76.9	6.6	**181.2**
Goodwill & intangibles impairment	(30.0)	(9.4)	(4.2)	-	-	**(43.6)**
Capital Investment - 2008	(22.2)	30.3	46.0	76.9	6.6	**137.6**
Capital Investment - 2007	27.9	114.8	32.6	20.3	1.4	197.0

7. NON-TRADING ITEMS

Non-trading items are those that in management's judgment need to be separately disclosed by virtue of their size or nature.

The Group reports the following non-trading items:

	Gross Cost €mn	Tax €mn	Net Cost €mn
Goodwill & intangibles impairment (net)	(43,576)	-	(43,576)
Business restructuring	(23,941)	4,766	(19,175)
Product line discontinuance	(4,323)	1,049	(3,274)
Property impairment	(3,237)	-	(3,237)
	(75,077)	5,815	(69,262)
Tax charges due to UK legislative change	-	(9,050)	(9,050)
2008 Total non-trading items	**(75,077)**	**(3,235)**	**(78,312)**
2007 Total non-trading items	-	-	-

Notes to the Financial Statements as at 31 December 2008

7. NON-TRADING ITEMS (cont'd)

Goodwill impairment

As stated in note 15, as a result of the annual goodwill impairment review required under IAS 39, an impairment of €40mn has been recognised in the accounts in respect of the goodwill and intangibles related to the Offsite CGU. In addition, there has been a net impairment of €4.2mn relating to the Group's Turkish investment and a revision of a prior year impairment of (€0.6mn).

Business restructuring

Rationalisation of a number of production facilities took place during the year, primarily in the Offsite, and the Environmental & Renewables Divisions in the UK and Ireland. As a result of this rationalisation, the number of manufacturing sites within these Divisions reduced from 15 to 5. This rationalisation gave rise to certain non-trading costs, primarily redundancy, lease obligation and fixed asset write-downs, which were partially offset by a gain from the disposal of surplus property.

In addition, a general cost reduction review was carried out across the Group in response to the deterioration within the construction sector particularly in Ireland and the UK, and this resulted in headcount reductions and associated redundancy costs.

The total charge for business restructuring was €23.941mn (€19.175mn net of tax).

Product line discontinuance

As a result of a Group wide strategic review of existing product lines, a number were either discontinued during 2008 or identified for discontinuance in 2009. This resulted in stock and other current asset write-downs and additional warranty provisions in respect of the discontinued lines, as well as a disposal of surplus property. The total charge related to product line discontinuance for 2008, net of the gain on property disposal, was €4.323mn (€3.274mn net of tax).

Property impairment

In October 2007 the Group acquired land from the City of Brantford, Ontario, Canada, on which it was intended to build a new insulated panel production facility. Construction work on the site had commenced when in mid-March 2008 aboriginal protestors blocked access to the site claiming that it was located on lands over which they had aboriginal rights. Despite obtaining a court injunction, it was not possible to continue work on the site and work was abandoned in July 2008. Legal proceedings are under way to recover the costs incurred by the Group on the acquisition of the land, the subsequent construction costs and general damages.

Tax

The charge of €9.05mn is a non-cash deferred tax charge relating to a change in the UK tax legislation, which abolished the entitlement to previously available tax allowances on industrial buildings.

Cash impact

€19.5mn of the non-trading items had a cash impact, of which €9.1mn was incurred in 2008 with the balance of €10.4mn to be incurred in 2009.

8. EMPLOYEES

a) Employee Numbers

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

	2008	2007
Production	**4,450**	4,113
Sales and distribution	**1,156**	1,232
Management and administration	**1,086**	1,167
	6,692	6,512

At year end, the total numbers employed by the Group were 5,340.

Notes to the Financial Statements as at 31 December 2008

8. EMPLOYEES (cont'd)

b) Employee Costs

The staff costs were:	**2008** €'000	2007 €'000
Wages and salaries	**222,223**	249,047
Social welfare costs	**21,548**	21,916
Pension contributions - defined contribution	**7,633**	8,326
Pension contributions - defined benefit	**(367)**	70
Share based payments	**2,372**	5,650
	253,409	285,009

c) Employee Share Based Compensation

As at 31 December 2008 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:

	2008 Number of options	**2008 Weighted average exercise price €**	2007 Number of options	2007 Weighted average exercise price €
Outstanding at 1 January	**7,557,471**	**10.15**	7,133,252	6.64
Granted	**1,524,566**	**6.68**	2,057,067	17.07
Cancelled	**(353,543)**	**13.41**	(79,735)	8.93
Exercised	**(868,103)**	**3.00**	(1,553,113)	3.31
Outstanding at 31 December	**7,860,391**	**10.11**	7,557,471	10.15

Notes to the Financial Statements as at 31 December 2008

8. EMPLOYEES (cont'd)

The weighted average share price during the year was €6.84 (2007 €18.28). All remaining share options as at 31 December 2008 have been accounted for under IFRS 2. Kingspan has granted the following outstanding share options and exercise prices:

Earliest exercise date		2008 Number of options	2008 Weighted average exercise price €	2008 Weighted average remaining contractual life
2009 Option range				
	€0.13	**142,831**	**0.13**	**4.2**
	€1.35 - €2.95	**360,900**	**2.04**	**2.5**
	€3.10 - €5.65	**1,800,210**	**5.10**	**5.5**
	€9.35 - €10.90	**964,704**	**10.66**	**6.7**
	€12.26 - €14.18	**1,141,202**	**14.09**	**7.8**
		4,409,847	**8.23**	**6.1**
2010 Option range				
	€0.13	**133,561**	**0.13**	**5.2**
	€17.82 - €21.20	**1,813,417**	**18.27**	**8.8**
		1,946,978	**17.02**	**8.5**
2011 Option range				
	€0.13	**257,000**	**0.13**	**6.2**
	€7.99 - €8.10	**1,246,566**	**8.01**	**9.3**
		1,503,566	**6.66**	**8.8**
		7,860,391	**10.11**	**7.2**

Earliest exercise date		2007 Number of options	2007 Weighted average exercise price €
2008 Option range			
	€0.13	233,203	0.13
	€1.35 - €2.95	645,900	2.03
	€3.10 - €5.65	2,242,210	5.06
	€9.35 - €10.90	1,041,923	10.66
		4,163,236	5.72
2009 Option range			
	€0.13	77,731	0.13
	€12.26 - €14.18	1,259,437	14.09
		1,337,168	13.28
2010 Option range			
	€0.13	133,561	0.13
	€17.82 - €21.20	1,923,506	18.25
		2,057,067	17.07
		7,557,471	10.15

Of the 2008 options, the following were exercisable at the year end:

	2008 Number of options	2008 Weighted average exercise price €	2008 Weighted average remaining contractual life
€0.13	65,100	0.13	3.5
€1.35 - €2.95	360,900	2.04	2.5
€3.10 - €5.65	1,800,210	5.10	5.5
€9.35 - €10.90	964,704	10.66	6.7

Notes to the Financial Statements as at 31 December 2008

8. EMPLOYEES (cont'd)

The fair value of options granted during the year were determined using the trinomial valuation model. Significant inputs into the calculation include:

Date of Grant	07.09.2007	03.09.2007	16.04.2007	06.03.2007	21.03.2006	05.09.2006	05.09.2006
Share price at date of grant	€17.82	€19.00	€21.20	€19.20	€12.46	€14.18	€14.18
Exercise price at grant	€17.82	€0.13	€21.20	€19.20	€12.46	€14.18	€0.13
Kingspan dividend yield	0.89%	0.83%	0.74%	0.82%	1.14%	1.14%	1.14%
Risk free rate of grant	3.81%	3.85%	3.89%	3.44%	3.49%	3.64%	3.64%
Expected volatility of the Kingspan share price	30.80%	31.80%	31.80%	32.10%	33%	33%	33%
The expected life of the option in years	5.5	5.5	5.5	5.5	5.5	5.5	5.5

The expected volatility factor used for 2007 and 2006 to estimate the fair values is based on the annualised rate of daily change of the share price measured over periods consistent with the expected life of the options.

No formal valuation was performed on the options granted during 2008 because no options are likely to vest because of the EPS growth conditions.

9. FINANCE COSTS

	2008 €'000	2007 €'000
Bank loans	**15,796**	14,176
Fair value movement on hedged financial liabilities	**13,555**	(5,944)
Fair value movement on fair value hedges	**(13,555)**	5,944
Hire purchase and finance leases	**37**	51
Net defined benefit pension scheme	**(367)**	70
	15,466	14,297

Recognised directly in equity is the effective portion of the changes in fair value of the cash flow hedges in relation to the forward contracts. There is no material ineffective portion of these cash flow hedges. The amount recycled through the income statement on settlement of the forward contracts is €1.7mn (2007: €0.3mn).

Borrowing costs capitalised during the year amounted to €nil (2007: €nil).

10. FINANCE INCOME

	2008 €'000	2007 €'000
Interest income	**1,556**	1,837

Notes to the Financial Statements as at 31 December 2008

11. RESULT FOR THE YEAR BEFORE TAX

	2008 €'000	2007 €'000
The result for the year is stated after charging / (crediting):		
Distribution expenses	**88,678**	94,746
Operating lease payments	**2,674**	2,796
Non payroll product development costs	**7,095**	7,482
Depreciation	**40,588**	39,831
Amortisation of intangible assets	**4,615**	4,647
Impairment of Goodwill & Intangibles	**43,576**	3,094
Foreign exchange gains/losses	**3,074**	(372)
(Profit)/Loss on sale of tangible assets	**(171)**	(3,331)
Auditors' Remuneration:		
Statutory Audit	**1,104**	1,172
Services relating to Corporate Finance	**150**	399
Other services relating to tax	**297**	175
All other services	**127**	248

12. DIRECTORS' REMUNERATION

Executive Directors	**Basic Salary €'000**	**Benefit in kind €'000**	**Performance related bonus €'000**	**Pension contributions €'000**	**2008 Total €'000**	2007 Total €'000
Gene M. Murtagh	635	26	-	95	**756**	1,261
Dermot Mulvihill	419	26	-	406	**851**	1,155
Russell Shiels[1]	321	19	158	6	**504**	622
Peter Wilson[1]	276	14	-	54	**344**	677
Noel Crowe	280	16	-	42	**338**	426
Louis Eperjesi[1]	276	29	-	44	**350**	623
	2,208	130	158	647	**3,143**	4,764

Non-executive Directors	**2008 Total €'000**	2007 Total €'000
Eugene Murtagh[2]	**191**	177
Eoin McCarthy	**70**	65
Brian Joyce	**70**	65
Tony McArdle	**70**	65
David Byrne	**70**	65
Brian Hill	**70**	65
Helen Kirkpatrick[3]	**70**	38
Brendan Murtagh[4]	**70**	804
	681	1,344

1 Peter Wilson's basic salary is STG£220,000 (2007: STG£206,000).
Louis Eperjesi's basic salary is STG£220,000 (2007: STG£206,000).
Russel Shiels basic salary is USD$472,000 (2007: USD$448,000).
The salaries and remuneration have been converted to Euro at the following rates USD: 1.471; STG: 0.796.
2 The company also paid a contribution to Eugene Murtagh's personal pension scheme of €143,250.
3 Helen Kirkpatrick was appointed as a non-executive director on 1 June 2007.
4 Brendan Murtagh retired from his executive role on 31 December 2007.

Notes to the Financial Statements as at 31 December 2008

12. DIRECTORS' REMUNERATION (cont'd)

Number of Directors at year-end	**2008**	2007
Executive Directors	**6**	7
Non-executive Directors	**8**	7
Total	**14**	14

Average number of Directors during the year	**2008**	2007
Executive Directors	**6**	7
Non-executive Directors	**8**	7
Total	**14**	14

- Benefits relate to health insurance premiums and the use by Directors of company cars.
- Pension contributions represent payments made under defined contribution pension schemes operated by the Group.

13. INCOME TAX EXPENSE

	2008 €'000 Operating	**2008 €'000 Exceptional**	**2008 €'000 Total**	2007 €'000 Total
Current tax expense				
- Irish	**3,927**	**(592)**	**3,335**	10,685
- Overseas	**16,827**	**(3,055)**	**13,772**	24,314
Adjustment in respect of prior years	**548**	**-**	**548**	(956)
	21,302	**(3,647)**	**17,655**	34,043
Deferred taxation	**(386)**	**6,882**	**6,496**	2,834
	20,916	**3,235**	**24,151**	36,877

Reconciliation of average effective tax rate to applicable tax rate

Profit before tax (€mn)	**143,211**	**(75,077)**	**68,134**	224,204
Tax charge expressed as a percentage of profit before tax:				
- current tax expense only	**14.9%**		**25.9%**	15.2%
- total income tax expense (current and deferred)	**14.6%**		**35.4%**	16.4%

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	**19.8%**	10.1%
Items not subject to tax	**(14.8%)**	(6.6%)
Manufacturing relief	**(0.6%)**	(0.3%)
Net effect of differing tax rates	**8.5%**	1.1%
Deferred Tax	**9.5%**	1.3%
Other items	**0.5%**	(1.7%)
Total effective tax rate	**35.4%**	16.4%

Factors that may affect future tax charges and other disclosure requirements

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

Notes to the Financial Statements as at 31 December 2008

14. EARNINGS PER SHARE

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

	2008	2007
	€'000	€'000
Profit attributable to ordinary shareholders	**44,990**	187,295

	Number of shares ('000) 2008	Number of shares ('000) 2007
Weighted average number of ordinary shares for the calculation of basic earnings per share	**168,318**	169,567
Dilutive effect of share options	**1,238**	3,118
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**169,556**	172,685

	2008	2007
	€cent	€cent
Basic earnings per share	**26.7**	110.5
Diluted earnings per share	**26.5**	108.5

The number of options which are anti-dilutive and have therefore not been included in the above calculations are 5,150,889.

15. GOODWILL

As at 31 December 2008	**Goodwill**
	€'000
At 1 January	**303,966**
Additions relating to current year acquisitions	**46,994**
Additions relating to prior year acquisitions	**7,123**
Impairment loss recognised	**(39,554)**
Net exchange difference	**(38,752)**
Carrying amount 31 December 2008	**279,777**

As at 31 December 2008	
Cost	**322,425**
Accumulated impairment losses	**(42,648)**
Net carrying amount	**279,777**

As at 31 December 2007	**Goodwill**
	€'000
At 1 January	287,580
Additions	36,351
Impairment loss recognised	(3,094)
Net exchange difference	(16,871)
Carrying amount 31 December 2007	303,966

Cost	307,060
Accumulated impairment losses	(3,094)
Net carrying amount	303,966

Notes to the Financial Statements as at 31 December 2008

15. 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 5 year financial forecasts approved by senior management, with year 1 extracted from budget and years 2-5 from the strategic plan. The cash flow projections are based on operating results of the individual cash generating units. They include conservative assumptions regarding future organic growth and allow for negative growth in some CGU's in certain years. Sensitivity analysis is carried out on all budgets and strategic plans used in the calculations. Additional cashflows after year 5 are calculated using a conservative growth rate applicable to the relevant market. This rate does not exceed the average long-term growth rate for the relevant countries. The cashflows are assumed to continue in perpetuity at the rate of 1%.

The discount factor is based on a weighted average cost of capital incorporating relevant government bonds for the risk-free rate, and using an appropriate beta as a proxy for the particular asset. The overall before-tax discount rate used for all CGU's is 8.8%. This 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. Different assumptions measuring the sensitivity of the method used are systematically tested using the following parameters:

- +/- 1% change in annual average growth rate of sales and EBIT margin
- +/- 0.5% change in discount rate applied to cashflows

The key sensitivity for the impairment calculation is the growth in sales and EBIT margin.

A total of 10 cash-generating units have been identified and these are analysed as follows between the four business segments in the Group:

Insulated Panels & Boards	5
Offsite	1
Environmental & Renewables	2
Access Floors	2
Total cash-generating units	10

	2008 €'000	2007 €'000
Impairment recognised at Offsite CGU	**35,978**	-
Impairment recognised at Central Europe CGU (Turkey)	**4,166**	-
Impairment recognised at Environmental CGU	**(590)**	3,094
Total charge for year	**39,554**	3,094

Results of the impairment tests are presented below for all CGU's that represent 15% or more of total goodwill.

The impairment testing carried out on the remaining goodwill in the balance sheet at 31 December 2008 identified significant headroom in the recoverable amount of the related CGU's as compared to their carrying value (apart from Offsite for which we have recognised an impairment).

Offsite – Goodwill relating to the acquisition of the UK and Irish timber frame and steel frame companies has been included in the Offsite CGU. Cashflows for this CGU are generated by the penetration of the building fabric, facades and profiles and sections market in Ireland and the UK.

Notes to the Financial Statements as at 31 December 2008

15. GOODWILL (cont'd)

	2008 €'000	2007 €'000
Carrying amount of goodwill allocated to the cash-generating unit before impairment	**76,456**	83,111
Impairment recognised	**(35,978)**	-
Carrying amount of goodwill allocated to the cash-generating unit after impairment recognised	**40,478**	83,111
Discount rate applied to the cash flow projections	**8.80%**	8.83%

The housing market in the UK and Ireland has deteriorated significantly over the last year and the Group has revised its expectations about the level of activity in these markets in the short to medium term. The unfavourable business conditions have adversely affected revenue and trading profit during the period.

However, the long-term prospects for the timberframe business is based on changes to legislation which are due to come into effect over the next few years and is a key factor in management's strategy which fits the Group's environmental agenda. Future projections used in the calculation allow for negative growth during 2009 and modest recovery during 2010. Minimum levels of market penetration are allowed for during these years.

North America Panels – Goodwill related to the 2008 acquisition of the US panels companies has been determined at €43.7mn and this has been included in the overall North America CGU. The cash flows for the existing operations are based on the principles set out in the second paragraph above, and for the acquisition were based on the documentation provided during the acquisition process and approved by Group management.

These also used a growth rate of 1% in perpetuity. These cashflows were discounted at a weighted average rate of 8.8% for the purposes of the value-in-use calculation.

	2008 €'000
Carrying amount of goodwill allocated to the CGU for all North America	62,632
% EBIDTA would need to drop by for an impairment to arise	75%

Note: this CGU was redefined during the year thus comparatives are not given.

The key sensitivity for the impairment test is the growth in sales and EBIT margin.

16. OTHER INTANGIBLE ASSETS

As at 31 December 2008

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

Accumulated amortisation	Patents €'000	Brands €'000	Technical Know-how €'000	Other Intangibles €'000	Total €'000
At 1 January	(5,319)	(6,213)	(326)	(1,572)	**(13,429)**
Amortisation charge for year	(423)	(3,092)	(159)	(941)	**(4,615)**
Impairment	-	3,785	446	-	**4,231**
Net exchange difference	40	148	4	77	**269**
At 31 December	**(5,702)**	**(5,372)**	**(35)**	**(2,436)**	**(13,544)**
Net book value	**76**	**6,748**	**121**	**6,222**	**13,168**

Notes to the Financial Statements as at 31 December 2008

16. OTHER INTANGIBLE ASSETS (cont'd)

As at 31 December 2007

Cost	Patents €'000	Brands €'000	Technical Know-how €'000	Other Intangibles €'000	Total €'000
At 1 January	5,818	16,994	1,184	1,861	25,857
Additions	-	54	-	1,874	1,928
Net exchange difference	-	(165)	27	(54)	(192)
At 31 December	5,818	16,883	1,211	3,682	27,593
Accumulated amortisation					
At 1 January	(4,895)	(3,029)	(209)	(608)	(8,740)
Amortisation charge for year	(424)	(3,155)	(122)	(946)	(4,647)
Net exchange difference	-	(29)	5	(18)	(42)
At 31 December	(5,319)	(6,213)	(326)	(1,572)	(13,429)
Net book value	499	10,670	885	2,110	14,164

17. 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:

	2008 €'000	2007 €'000
Non-current assets	**6,547**	6,780
Current assets	**5,373**	6,134
	11,920	12,914
Non-current liabilities	**(76)**	(1,611)
Current liabilities	**(8,780)**	(8,434)
	(8,856)	(10,045)
Income	**19,766**	19,267
Expenses	**17,506**	(19,401)
Result for the year before tax	**2,260**	(134)
Income tax expense	**(325)**	(62)
Net result for the year	**1,935**	(196)

Notes to the Financial Statements as at 31 December 2008

18. PROPERTY, PLANT AND EQUIPMENT

Group as at 31 December 2008

Cost or valuation	**Land and buildings €'000**	**Plant and machinery €'000**	**Motor vehicles €'000**	**Total €'000**
At 1 January	231,502	414,315	11,911	**657,728**
Acquisitions of business entities	19,684	28,438	-	**48,122**
Additions	26,357	73,733	2,869	**102,959**
Disposals	(5,925)	(25,246)	(2,179)	**(33,350)**
Translation adjustment	(33,025)	(56,886)	(1,537)	**(91,448)**
At 31 December	238,593	434,354	11,064	**684,011**
Depreciation				
At 1 January	(31,795)	(220,758)	(6,487)	**(259,040)**
Acquisitions of business entities	(3,930)	(28,173)	(297)	**(32,400)**
Provision for year	(11,399)	(27,079)	(2,110)	**(40,588)**
Disposals	6,406	11,211	1,408	**19,025**
Translation adjustment	5,420	34,260	381	**40,060**
At 31 December	(35,298)	(230,539)	(7,105)	**(272,943)**
Net book value at 31 December 2008	203,294	203,815	3,958	**411,068**

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

NBV	2,493,115
Depreciation charge	82,606

Group as at 31 December 2007

Cost or valuation	**Land and buildings €'000**	**Plant and machinery €'000**	**Motor vehicles €'000**	**Total €'000**
At 1 January	167,434	355,274	11,411	534,119
Acquisitions of business entities	6,880	11,779	874	19,533
Additions	69,842	74,217	2,426	146,485
Disposals	(3,730)	(5,586)	(2,471)	(11,787)
Translation adjustment	(8,924)	(21,369)	(329)	(30,622)
At 31 December	231,502	414,315	11,911	657,728
Depreciation				
At 1 January	(28,612)	(204,929)	(5,703)	(239,244)
Acquisitions of business entities	(384)	(3,327)	(659)	(4,370)
Provision for year	(5,638)	(31,981)	(2,212)	(39,831)
Disposals	1,004	4,980	1,824	7,808
Translation adjustment	1,835	14,499	263	16,597
At 31 December	(31,795)	(220,758)	(6,487)	(259,040)
Net book value at 31 December 2007	199,707	193,557	5,424	398,688

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

NBV	3,529,053
Depreciation charge	457,503

Included within the cost of plant and machinery are assets in the course of construction to the value of €46,205,508. These assets have not yet been depreciated.

Included within the cost of land and buildings are assets in the course of construction to the value of €34,281,150. These assets have not yet been depreciated.

Notes to the Financial Statements as at 31 December 2008

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

Certain land and buildings of the group were revalued at 31 December 1980 on a depreciated replacement cost basis. Additions since that date have been included at cost. Land and buildings would have been stated as follows under the historical cost convention:

	2008 €'000	2007 €'000
Cost	**237,791**	230,700
Accumulated depreciation	**(33,671)**	(30,184)
Net book value	**204,120**	200,516

19. FINANCIAL ASSETS

	GROUP		COMPANY	
	2008 **€'000**	2007 €'000	**2008** **€'000**	2007 €'000
Unlisted investments (at cost)	**210**	209	**-**	-
Shares in subsidiaries at cost - unlisted	**-**	-	**11,460**	11,960
	210	209	**11,460**	11,960

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

20. INVENTORIES

	2008 €'000	2007 €'000
Raw materials and consumables	**130,649**	106,423
Work in progress	**2,824**	5,985
Finished goods	**44,695**	44,571
Inventory provision	**(19,052)**	(4,839)
	159,116	152,140

A total of €963.5mn of inventories was included in the income statement as an expense (2007: €1,042.1mn). This includes an amount of €14mn resulting from the write down of inventories.

21. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2008 **€'000**	2007 €'000	**2008** **€'000**	2007 €'000
Amounts falling due within one year				
Trade receivables	**266,491**	352,583	**-**	-
Other receivables	**17,151**	19,724	**-**	-
Prepayments	**15,547**	14,437	**2**	-
Amounts due from subsidiaries	**-**	-	**60,738**	79,583
	299,189	386,744	**60,740**	79,583

Included in prepayments is the derivative financial asset of €6,658,000 (2007: €1,702,000) relating to forward contracts.

Notes to the Financial Statements as at 31 December 2008

21. TRADE AND OTHER RECEIVABLES (cont'd)

All of Kingspan's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of €19,095,520 (2007: €13,389,000) has been recorded accordingly.
The movement on the provision is analysed as follows:

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

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

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	
	2008 €'000	2007 €'000
Less than 90 days due	**154,168**	173,982
Greater than 90 days due	**4,190**	4,728
	158,358	178,710
Past due but not impaired		
0 to 60 days	**92,776**	164,516
60+ days	**15,357**	9,357
	108,133	173,873

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

The Group has in place a credit insurance policy covering trade receivables which together with the other forms of security in place, provide protection on over 65% of trade receivables.

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

22. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2008 €'000	2007 €'000	2008 €'000	2007 €'000
Amounts falling due within one year				
Trade payables	**128,018**	122,098	**-**	-
Accruals and deferred income	**96,104**	101,909	**-**	-
Irish income tax and social welfare	**348**	483	**-**	-
Other income tax and social welfare	**7,192**	8,907	**-**	-
Value Added Tax	**4,367**	20,057	**-**	-
Amount due to subsidiaries	**-**	-	**-**	6,490
	236,029	253,454	**-**	6,490

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 2008

23. INTEREST BEARING LOANS AND BORROWINGS

	GROUP	
	2008	2007
	€'000	€'000
Current financial liabilities		
Bank loans and overdrafts		
- secured	**-**	-
- unsecured	**14,914**	42,733
Finance lease and hire purchase obligations	**1,943**	3,369
	16,857	46,102
Non-current financial liabilities		
Bank loans		
- secured	-	-
- unsecured	**345,248**	234,392
	345,248	234,392
Repayment schedule of non-current financial liabilities		
Bank loans repayable:		
between one and two years	**-**	25,000
- between two and three years	**3,431**	53,271
- between three and four years	**-**	-
- between four and five years	**190,196**	-
- after more than five years	**151,621**	156,121
	345,248	234,392
Instalment payments		
Loans fully repayable within 5 years		
- not by instalments	**210,484**	74,373
- by instalments	**-**	50,000
	210,484	124,373
Loans fully repayable in more than 5 years		
- not by instalments	**151,621**	156,621
- by instalments	**-**	-
	151,621	156,621
Interest-bearing loans and borrowings (non-current and current)	**362,105**	280,494

The Group concluded a 5-year €330mn revolving credit facility in September 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, and a minimum net debt to EBITDA multiple of 3.5 times. These covenants mirror the covenants in the private placement loan notes, which represents the other part of the Group's core funding facilities.

Notes to the Financial Statements as at 31 December 2008

24. 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:

	2008 €'000	2007 €'000
At 1 January	**11,101**	16,014
Translation adjustment	**(1,166)**	(710)
Additional contingent deferred consideration recognised	**6,871**	3,889
Remeasurement of contingent deferred consideration	**(1,515)**	(5,929)
Amounts paid	**(2,521)**	(2,163)
At 31 December	**12,770**	11,101

Of the €12,770,000, €7,790,000 is due after one year (2007: €7,750,000).

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.

25. 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 5 year revolving credit facility of €330mn maturing in September 2013, of which c. €190mn was drawn down at year end.

The principal financial covenants governing 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).

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total c. €100mn are are mostly supported by a Group guarantee. Approximately €1mn was drawn down at year end.

Notes to the Financial Statements as at 31 December 2008

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

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

Non-derivative financial liabilities	Carrying amount €'000	Contractual cash flow €'000	Within 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Greater than 5 years €'000
Bank loans	208,704	210,148	13,124	-	197,023	-
Private placement loan notes	151,458	195,527	6,349	6,349	19,048	163,781
Finance lease liabilities	1,943	1,943	1,302	641	-	-
Trade and other payables	236,029	236,029	236,029	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging						
- outflow	**-**	**738**	**247**	**245**	**245**	**-**
- inflow	-	619	206	206	206	-

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

Under the Group's 5-year revolving credit facility, the drawdown periods are either 1, 3 or 6 months. The contractual cashflow above for bank loans includes only the interest on the revolver drawings of c. €190mn that will be payable at the next drawdown rollover date (April 2009), as that is the extent of the Group's contractual cashflow obligation at 31 December 2008.

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

Foreign exchange risks

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

Transaction risk 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 2009, it is estimated that the Group does not have any material residual EUR/GBP exposure, while the Group is short circa USD$21mn against GBP. At 31 December 2008 hedges were in place covering circa. 80% 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 2008, the impact of changing FX rates versus EUR compared to the average 2007 rates was adverse circa. €13mn. In common with many other international groups, the Group does not currently seek to externally hedge its translation exposure.

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 adverse exchange adjustment. Across all of the Group's non-EUR currencies this adjustment amounted to €131mn for 2008 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. However only a small portion of the Group's external debt is currently GBP denominated, but this position is kept under regular review. The external debt that is USD denominated acts as a hedge against the translation of the Group's US investments.

Notes to the Financial Statements as at 31 December 2008

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

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 USD$158mn fixed interest 10 year bullett repayment loan notes maturing on 29 March 2015, and USD$42mn fixed interest bullet repayment loan notes maturing on 29 March 2017. To hedge the risk the company entered into US dollar fixed/EUR 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. In conformity with the IAS 39 hedge accounting rules, these swaps were designated as fair value hedges. Consequently the changes in fair value of the cross currency interest rate swaps as well as the change in the fair value of the private placement debt are both recognised in the income statement.

The private placement of debt reflected in the balance sheet at 31 December 2008 comprises the debt translated at closing rate of €144.8mn and the movement in the fair value of the hedged risk of €14.4mn less the fair value of the swaps of €7.7mn.

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 2008, 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 December 2011 at an average rate of 2.771%.

In respect of interest bearing loans and borrowings, the following table indicates the effective average interest rates at the balance sheet 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 2008

	Weighted average effective interest rate	Total €'000	At fixed interest rate €'000	At floating interest rate €'000	Under 5 years €'000	Over 5 years €'000
Bank overdrafts	6.84%	942	-	982	982	-
Bank loans	5.27%	190,196	14,482	175,714	190,196	-
Loan notes	4.15%	151,458	151,458	-	-	151,458
Other loans	8.80%	15,869	-	15,869	15,869	-
		358,504	165,940	192,564	207,047	151,458

	Total €'000	At fixed interest rate €'000	At floating interest rate €'000
Sterling	-	-	-
Euro	284,435	151,458	132,977
USD	73,425	14,482	58,943
Others	645	-	645
	358,504	165,940	192,564

Floating/Fixed comparison (on gross debt)	
Weighted average fixed period	6.67 years

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

Notes to the Financial Statements as at 31 December 2008

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

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:

	2008 €'000	2007 €'000
Cash & cash equivalents	**75,254**	66,626
Trade and other receivables	**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 dealing with banks that have a minimum credit rating, and by spreading business across a portfolio of relationship banks.

Forward foreign exchange contracts

A net gain of €6,658,000 (2007: €1,702,000) recognised in the cash flow hedge reserve in equity at 31 December 2008 on forward foreign exchange contracts designated as cash flow hedges under IAS 39 Financial Instruments: Recognition and Measurement will be released to the income statement at various dates up to 12 months after the balance sheet date.
At 31 December 2008 this amount was included in prepayments.

26. PROVISIONS FOR LIABILITIES AND CHARGES

	At beginning of year €'000	Acquisitions €'000	Provided during year €'000	Claims paid €'000	Provisions released €'000	Translation adjustment €'000	At end of year €'000
Guarantees and warranties							
2008	54,670	1,886	30,060	(17,722)	(3,409)	(9,018)	**56,467**
2007	42,554	4,272	27,851	(12,748)	(4,372)	(2,887)	54,670

Of the closing provisions at 31 December 2008, €37.9mn relates to specific provisions and €18.5mn relates to risk based provisions.

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 2008

27. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

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

	Assets		Liabilities		Net	
	2008	2007	**2008**	2007	**2008**	2007
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Property, plant and equipment	**(766)**	(1,434)	**(16,854)**	(14,648)	**(17,620)**	(16,082)
Other timing differences	**1,994**	3,835	**1,185**	(456)	**3,179**	3,379
Pension obligations	**-**	-	**1,109**	2,100	**1,109**	2,100
Unused tax losses	**-**	-	**56**	71	**56**	71
	1,228	2,401	**(14,504)**	(12,933)	**(13,276)**	(10,532)

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 2008 (2007: €Nil).

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

	Balance 01/01/08	Recognised in Income	Recognised in Equity	Translation adjustment	Arising on acquisitions	Balance 31/12/08
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	(48)	452	(1,395)	-	**1,109**
Unused tax loses	71	(15)	-	-	-	**56**
	(10,532)	(6,496)	452	4,104	(804)	**(13,276)**

The movement in the net deferred tax position for 2007 is as follows:

	Balance 01/01/07	Recognised in Income	Recognised in Equity	Translation adjustment	Arising on acquisitions	Balance 31/12/07
Property, plant and equipment	(15,812)	(614)	-	25	319	(16,082)
Other timing differences	3,834	(1,539)	-	954	130	3,379
Pension obligations	6,420	(712)	(3,110)	(498)	-	2,100
Unused tax loses	40	31	-	-	-	71
	(5,518)	(2,834)	(3,110)	481	449	(10,532)

28. CALLED-UP SHARE CAPITAL

	2008	2007
	€'000	€'000
Authorised		
(220,000,000 Ordinary shares of €0.13 each)	**28,600**	28,600
Issued and fully paid		
Ordinary shares of €0.13 each		
Opening balance - 170,353,862 shares	**22,146**	22,161
Share options exercised - 916,089 shares	**119**	195
Treasury shares redeemed	**-**	(210)
Closing balance - 171,269,951 shares	**22,265**	22,146

At 31 December 2008, the Group held 5,237,017 (2007: Nil) of the Company's shares.

Notes to the Financial Statements as at 31 December 2008

29. ADDITIONAL PAID-IN SHARE CAPITAL

	2008 €'000	2007 €'000
At 1 January	**31,917**	26,341
Employee share based compensation released on exercise (Note 33)	**1,260**	1,127
Premium on shares issued	**2,574**	4,449
At 31 December	**35,751**	31,917

30. OTHER RESERVES

	GROUP		COMPANY	
	2008 €'000	2007 €'000	**2008 €'000**	2007 €'000
At 1 January	**67,568**	25,601	**-**	-
Exchange adjustments	**131,424**	43,669	**-**	-
Cash flow hedging in equity	**(4,956)**	(1,702)	**-**	-
At 31 December	**194,036**	67,568	**-**	-

Other reserves is analysed as follows at the year end:

	2008	2007
Translation adjustment	**185,995**	68,951
Cash flow hedging adjustment	**8,041**	(1,383)
	194,036	67,568

31. REVALUATION RESERVE

	2008 €'000	2007 €'000
At beginning and end of year	**713**	713

32. CAPITAL REDEMPTION RESERVE

	2008 €'000	2007 €'000
At 1 January	**723**	513
Redemption of Treasury shares	**-**	210
At 31 December	**723**	723

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

Notes to the Financial Statements as at 31 December 2008

33. RETAINED EARNINGS

	GROUP 2008 €'000	GROUP 2007 €'000	COMPANY 2008 €'000	COMPANY 2007 €'000
At 1 January	**681,755**	519,390	**30,674**	59,700
Retained profit for the year	**44,990**	187,295	**56,502**	1,997
Defined benefit pension scheme	**(1,640)**	9,203	**-**	-
Income tax relating to items charged or credited to equity	**452**	(3,110)	**-**	-
Employee share based compensation	**2,372**	5,650	**2,372**	5,650
Employee share based compensation released on exercise	**(1,260)**	(1,127)	**(1,260)**	(1,127)
Share Buyback	**(32,565)**	-	**(32,565)**	-
Dividends	**(42,262)**	(35,546)	**(42,262)**	(35,546)
At 31 December	**651,841**	681,755	**13,461**	30,674

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.

34. DIVIDENDS

Dividends on Ordinary Shares are recognised in the Group's financial statements on a cash paid basis under IFRS rather than on an accruals basis which was the accounting treatment previously adopted under Irish GAAP.

The Final Dividend on Ordinary Shares for 2007 (€28.9mn) was approved by shareholders in May 2008 and, in accordance with IFRS, was recognised as a charge to Reserves in the year ended 31 December 2008. The Interim Dividend on Ordinary Shares for 2008 (€13.3mn) was recognised as a charge to Reserves in the year ended 31 December 2008.

There is no Final Dividend on Ordinary Shares being proposed for the year ended 31 December 2008.

DIVIDENDS

Ordinary dividends

		2008 €'000	2007 €'000
Paid:	2007 Final dividend 17.00c per share (2006: 13.0c per share) on 170,436,848 shares	**28,984**	22,000
	2008 Interim dividend 8.00c per share (2007: 8.00c per share) on 165,971,520 shares	**13,278**	13,546
		42,262	35,546

35. MINORITY INTEREST

	2008 €'000	2007 €'000
At 1 January	**3,230**	3,280
Arising on acquisition	**(39)**	-
Dividends paid to minorities	**(71)**	(24)
Profit and loss account	**(1,007)**	32
Translation adjustment	**(288)**	(58)
At 31 December	**1,825**	3,230

Notes to the Financial Statements as at 31 December 2008

36. 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:

	2008 €'000	2007 €'000
Depreciation, amortisation and impairment charges of fixed and intangible assets	**88,876**	47,572
Employee equity-settled share options	**2,372**	5,650
Finance income	**(1,556)**	(1,837)
Finance cost	**15,466**	14,297
Non cash items	**2,705**	-
(Profit) on sale of tangible assets	**(171)**	(3,332)
Total	**107,692**	62,350

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

	2008 €'000	2007 €'000
Increase in cash and bank overdrafts	**21,352**	5,930
(Increase) in debt, lease finance and contingent deferred consideration	**(80,706)**	(33,078)
Change in net debt resulting from cash flows	**(59,354)**	(27,148)
Loans and lease finance acquired with subsidiaries	**(2,684)**	(5,469)
Contingent deferred consideration arising on acquisitions in the period	**(5,356)**	2,035
New finance leases	**-**	(2,704)
Translation movement	**(7,259)**	(4,119)
Net movement	**(74,653)**	(37,405)
Net debt at start of the year	**(224,969)**	(187,564)
Net debt at end of the year	**(299,622)**	(224,969)

38. ACQUISITIONS

(a) Metecno Inc

The Group completed only one significant acquisition in the year (22 August 2008), when it purchased 100% of the shares of Metecno Inc., the US based manufacturer of composite sandwich panels, with plants at Florida, Ohio and California.

The consideration for the Metecno acquisition was cash plus the repayment of external debt.

A summary of the effect of the Metecno acquisition during the year is as follows:

	2008 Book value at acquisition €'000	2008 Fair value adjustments €'000	2008 Fair value to the Group €'000
Property, plant and equipment	21,413	(5,141)	**16,272**
Goodwill	2,920	(2,920)	**-**
Inventories	19,516	(1,698)	**17,818**
Trade and other receivables	17,915	(1,516)	**16,399**
Cash and cash equivalents	3,184	-	**3,184**
Trade and other payables	(20,130)	3,115	**(17,015)**
Interest bearing loans and borrowings	(2,653)	-	**(2,653)**
Total net assets acquired	42,165	(8,160)	**34,005**

Notes to the Financial Statements as at 31 December 2008

38. ACQUISITIONS (cont'd)

Effects of revisions of fair values above

	2008 €'000
Goodwill	43,753
Other intangible assets	5,648
Consideration	83,406
Satisfied by:	
Consideration paid	82,549
Associated acquisition costs	857
Deferred consideration	-
	83,406

Metecno Inc have reported the following post acquisition profits which have been consolidated into these financial statements:

	2008 €'000
	4,785

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

Revenue €'000	Operating Profit €'000
115,054	14,355

The goodwill arising on this acquisition relates primarily to identified synergies with access to new markets.

(b) Other acquisitions

There were three smaller acquisitions completed in 2008 for a total consideration of €4,922,594 (of which €946,473 is deferred consideration). These acquisitions generated goodwill of €3,240,886 and there were no fair value adjustments.

These acquisitions contributed immaterial amounts to the Group results and are therefore not disclosed.

The goodwill arising on these acquisitions relates primarily to identified synergies with existing businesses, growth potential and access to new markets.

The intangible assets acquired were customer related intangible assets of €138,227.

(c) Prior year acquisitions

Adjustments made to goodwill in 2008 in respect of the prior year acquisitions in late 2007 are as follows:

Fair value adjustments	5,077,619
Costs incurred	317,113
Reclassification to Intangibles	(2,682,535)
Remeasurement of contingent deferred consideration	(1,514,269)
Additional contingent deferred consideration recognised	5,924,839
	7,122,767

(d) General Information

The fair value of the assets acquired have been provisionally determined as at 31 December 2008 and may be subject to change in the 2009 financial statements, 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 2009 Annual Report.

Notes to the Financial Statements as at 31 December 2008

39. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

(i) Government grants

In certain circumstances, as set out in the grant agreements (the most significant of which are ceasing to trade, or the disposal of grant aided assets), grants may be repayable up to a maximum amount of €1,304,322 (2007: €2,022,955).

(ii) Guarantees and contingencies

The bank borrowings are secured by cross guarantees provided by Kingspan Group plc and certain of its subsidiaries.

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 2008.

(iii) Leasing and hire purchase

	2008		2007	
	Minimum payments €'000	Present value of payments €'000	Minimum payments €'000	Present value of payments €'000
Finance lease and hire purchase obligations net of interest are due as follows:				
- within one year	**-**	**1,943**	-	3,369
Total mimimum lease payments	**2,195**	**-**	3,634	-
Less: amounts allocated to future finance costs	**(252)**	**-**	(265)	-
Present value of mimimum lease payments	**1,943**	**1,943**	3,369	3,369
Operating lease obligations are due as follows: net of interest are due as follows:				
- within one year	**4,281**		2,895	
- between 1 - 5 years	**15,507**		3,020	
	19,788		5,915	

(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:

	2008 €'000	2007 €'000
Contracted for	**27,339**	41,412
Not contracted for	**14,380**	81,392
	41,719	122,804

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:

	2008 €'000	2007 €'000
Contracted for	**560**	2,439
Not contracted for	**95**	-
	655	2,439

Notes to the Financial Statements as at 31 December 2008

40. PENSION OBLIGATIONS

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

Defined contribution schemes
The total cost charged to income of €7,633,000 (2007: 8,326,000) represents employer contributions payable to these schemes in accordance with the rules of each plan.

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

Total pension contributions to these schemes for the year amounted to €2,611,000 (2007: €3,447,000), and the expected contributions for 2009 are €2,147,182. During the year €1,489,697 (2007: €1,733,062) of benefits were paid to members of these schemes.

The amount recognised in the income statement relating to the defined benefit schemes has been disclosed in Note 9.

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 2008 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.

	2008	2007
Rate of increase in salaries	0.00%	0.00%
Rate of increase of pensions in payment	2.30%	3.40%
Discount rate	6.00%	5.81%
Inflation assumption	2.30%	3.40%

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

	2008 Expected rate of return	2007 Expected rate of return
Equities	7.0%-8.0%	7.62%
Bonds	6.70%	5.00%
Cash	2.00%	N/A

The net pension liability as at 31 December is analysed as follows:

	2008 €'000	2007 €'000
Equities	29,291	45,768
Bonds	9,952	15,603
Cash	474	-
Other	-	-
Total market value of assets	39,717	61,371
Actuarial value of liability	(43,455)	(67,880)
Recoverable deficit in the scheme	(3,738)	(6,509)
Related deferrred tax asset (Note 27)	1,056	1,953
Net pension liability	(2,682)	(4,556)

Notes to the Financial Statements as at 31 December 2008

40. PENSION OBLIGATIONS (cont'd)

Split of asset values	2008 €'000	2007 €'000
Equities	**73.7%**	75.2%
Bonds	**25.1%**	24.8%
Cash	**1.2%**	0.0%
	100%	100%

Analysis of amount included in the Statement of Recognised Income and Expense (SORIE)	2008 €'000	2007 €'000
Actual return less expected return on scheme assets	**(12,310)**	347
Experience (loss)/gain arising on scheme liabilities (present value)	**(794)**	13,762
Assumptions gain arising on scheme liabilities (present value)	**11,464**	(4,907)
Actuarial (loss)/gain recognised in SORIE	**(1,640)**	9,203

The cumulative actuarial (loss)/gain recognised in the Statement of Recognised Income and Expense to date is €6,471,000 (2007: €4,831,000).

In 2008, the actual return on plan assets was €8,956,000 negative (2007: €4,039,000 positive).

Changes in present value of Defined Benefit Obligations	2008 €'000	2007 €'000
Opening defined benefit obligation	**67,880**	82,243
Current service cost	**(90)**	-
Interest cost	**3,641**	3,844
Benefits paid	**(1,490)**	(1,733)
Actuarial (loss)	**(10,696)**	(8,908)
Exchange adjustments	**(15,790)**	(7,566)
Value of defined benefit obligation at end of year	**43,455**	67,880

Change in present value of Scheme Assets during year	2008 €'000	2007 €'000
MV of assets at start of year	**61,371**	61,283
Expected return on scheme assets	**4,008**	3,714
Employer contributions	**2,611**	3,447
Benefits paid	**(1,490)**	(1,733)
Actuarial (loss)/gain	**(12,336)**	295
Expenses	**(91)**	(32)
Exchange adjustments	**(14,356)**	(5,603)
Value of defined benefit obligations at end of year	**39,717**	61,371

Notes to the Financial Statements as at 31 December 2008

40. PENSION OBLIGATIONS (cont'd)

History of experience gains and losses	2008 €'000	2007 €'000	2006 €'000	2005 €'000	2004 €'000
Value of scheme assets	39,717	61,371	61,284	52,414	42,069
Actuarial value of liabilities (present value)	(43,455)	(67,880)	(82,242)	(76,423)	(64,733)
Net deficit	(3,738)	(6,509)	(20,958)	(24,009)	(22,664)
Actual return less expected return on scheme assets	(12,310)	347	2,075	5,202	1,323
% of scheme assets	31.0%	0.57%	3.4%	10.0%	3.0%
Experience (loss)/gain arising on scheme liabilities (present value)	(794)	13,763	(2,731)	(6,853)	(3,727)
% of scheme liabilities (present value)	1.8%	20.3%	3.3%	9.0%	6.0%

41. RELATED PARTY TRANSACTIONS

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

	2008 €'000	2007 €'000
Travel services	**482**	672
Hotel	**24**	25
Information Technology Services	**45**	-
	551	697

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

	2008 €'000	2007 €'000
Travel services	**19**	196

There was €41,454 owed to related parties at 31 December 2008 (2007: no balances).

The Company received dividends from subsidiaries of €56,467,000, and there was a movement of inter company balances of €25,333,000.

42. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group employs a combination of debt and equity to fund its operations. At 31 December 2008 the total capital employed in the Group was €818.7mn (€299.6mn debt + 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 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.

During the year, the Group spent €32,564,612 on acquiring 5,237,017 of its own shares, which are held as treasury shares.

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

Notes to the Financial Statements as at 31 December 2008

43. GROUP COMPANIES

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

	Shareholding %	Nature of Business
Ireland		
Coppercraft Limited	100	Manufacturing
Envirocare Pollution Control Limited	100	Sales & Marketing
Kingscourt Trustee Company Limited	100	Trustee Company
Kingspan Century Limited	100	Manufacturing
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 Holdings (Irl) Limited	100	Management & Procurement
Kingspan Holdings (North America) Limited	100	Holding Company
Kingspan Holdings (Overseas) Limited	100	Holding Company
Kingspan Insulation Limited	100	Manufacturing
Kingspan International Finance	100	Finance Company
Kingspan Investments Europe	100	Finance Company
Kingspan Limited	100	Manufacturing
Kingspan Research & Development Limited	100	Product Development
Kingspan Securities Limited	100	Finance Company
PC Roto Moulding Limited	100	Manufacturing
Thermal Product Developments Limited	100	Product Development
Titan Environmental Limited	100	Manufacturing
Registered Office: Dublin Road, Kingscourt, Co. Cavan, Ireland		
United Kingdom		
Kingspan Environmental and Renewables Limited	100	Holding Company
Kingspan Environmental Limited	100	Manufacturing
Kingspan Renewables Limited	100	Manufacturing
Sensor Systems (Watchman) 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
Interlink Fabrications 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 Hot Water Systems Limited	100	Manufacturing
Kingspan Investments Limited	100	Holding Company
Kingspan Limited	100	Manufacturing
Kingspan Off-site Limited	100	Manufacturing
Kingspan Solar Limited	100	Marketing
Potton 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 Insulation Limited	100	Manufacturing
Kingspan Tarec Industrial Insulation Limited	50	Manufacturing
Registered Office: Pembridge, Leominster, Herfordshire, UK		
Saferidge Limited	100	Manufacturing
Registered Office: Suite 6, Milngavie Enterprise Centre, Ellangowan Court, Milngavie, Glasgow G62 8PH		

Notes to the Financial Statements as at 31 December 2008

	Shareholding %	Nature of Business
Australia		
Kingspan Insulated Panels Pty	51	Manufacturing
Registered Office: 38-52 Dunheved Circuit, St Marys, Sydney, NSW 2760, 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 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		
Zer-o-loc Enterprises Limited	100	Manufacturing
Registered Office: 3000 Royal Centre, PO Box 11130, 1055 West Georgia Street, Vancouver, BC, V6E 3R3, Canada		
Croatia		
Kingspan d.o.o.	100	Sales & Marketing
Registered Office: Jakova Gotovca 1, 10 000 Zagreb, Croatia		
Czech Republic		
Kingspan a.s.	100	Manufacturing
Registered Office: Vázní 465, 500 03 Hradec Králové, Czech Republic		
Denmark		
Kingspan Denmark A/S	100	Sales & Marketing
Registered Office: Taekkemandsvej 7, 4300 Holbaek, Denmark		
Kingspan Miljocontainere A/S	100	Sales & Marketing
Registered Office: Amerikaveg 1, 7000 Fredericia, Denmark		
Estonia		
Kingspan OU	100	Sales & Marketing
Registered Office: Mustamae tee 55, 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 GmbH	100	Sales & Marketing
Registered Office: Am Schornacker 2, 46485 Wesel, Germany		
Hong Kong		
Kingspan China Limited	100	Sales & Marketing
Registered Office: 26 Wong Chuk Hang Road, Aberdeen, China		
Hungary		
Kingspan Kereskedelmi Kft	100	Manufacturing
Registered Office: 2367 Ujhartyan, horka Dulo 1, Hungary		
Latvia		
Kingspan SIA	100	Sales & Marketing
Registered Office: Volguntes iela 32-201, Ryga, Latvia		
Lithuania		
UAB Kingspan	100	Sales & Marketing
Registered Office: Draugystes g.19, Kaunas, Lithuania		

Notes to the Financial Statements as at 31 December 2008

	Shareholding %	Nature of Business
Luxembourg		
Kingspan Luxembourg Sarl	100	Finance Company
Registered Office: 398 Route d'Esch, L-1471, Luxembourg		
Netherlands		
Kingspan B.V.	100	Sales & Marketing
Kingspan Holdings Netherlands B.V.	100	Holding Company
Kingspan Insulation B.V.	100	Manufacturing
Registered Office: 6669 ZG Dodewaard, 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 Poland Sp.z o.o.	100	Sales & Marketing
Registered Office: ul. Przemyslowa 20, ap 27-300 Lipsko, Poland		
Titan-Eko Sp.z o.o.	100	Manufacturing
Registered Office: ul. Dabrowskiego 75/75, 60-523 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		
Serbia		
Kingspan d.o.o.	100	Sales & Marketing
Registered Office: Bulevar AVNOJ-a 45/z lokal 33, 11070 Novi Beograd, Serbia		
Slovakia		
Kingspan s.r.o	100	Sales & Marketing
Registered Office: Ceska 3, 831 03 Bratislava, Slovakia		
Spain		
Kingspan Holdings Spain SL	100	Holding Company
Registered Office: C/Alfonso XII, 22-20 DCHA, 28014 Madrid, Spain		
Kingspan Suelo Technicos	50	Sales & Marketing
Registered Office: C/Guindos, 2 San Sebastian Delosreyes, 28700 Madrid, Spain		
Turkey		
İzopoli Yapı Elemanları Taahhüt San. Ve Tic. A.Ş	51	Manufacturing
Registered Office: Istanbul - Besiktas, Ortakoy, Ciragan Cad. No:97, Turkey		
Ukraine		
Kingspan LLC	100	Sales & Marketing
Registered Office: Molodogvardiyska street 11, 03151 Kiev, 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
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		

44. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 2 March 2009.

Group Five Year Summary

Group Five Year Summary

RESULTS (Amounts in €mn)	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Revenue	1,672.7	1,863.2	1,461.2	1,243.4	958.1
Operating income	82.0	236.7	194.0	145.1	103.3
Net result before tax	68.1	224.2	185.2	135.0	96.4
Operating cash flow	228.3	230.5	201.5	179.6	105.4

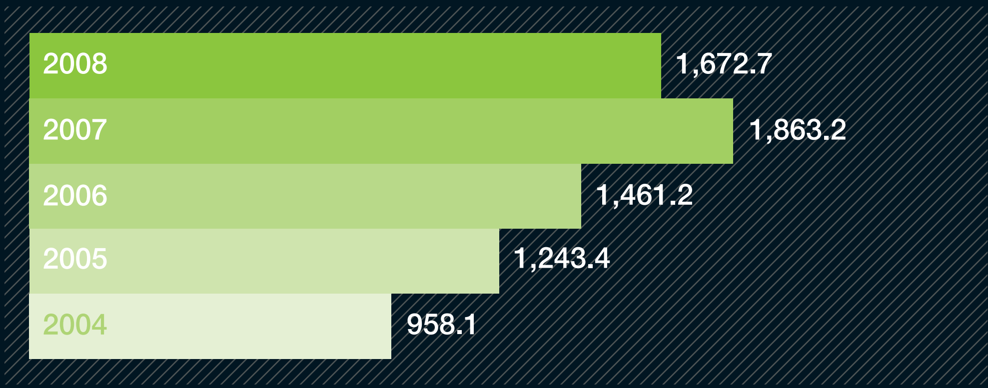
EQUITY (Amounts in €mn)	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Gross assets	1,239	1,324.9	1,160.4	969.5	722.6
Working capital (inventory/receivables/payables)	222.3	285.4	229.7	172.1	152.9
Ordinary shareholders equity	517.3	669.7	543.5	416.3	304.6
Bank debt and lease obligations (net)	299.6	225.0	187.6	163.5	108.1

RATIOS	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Net debt as % of shareholders' equity	57.9%	33.6%	34.5%	39.2%	35.4%
Current assets / current liabilities	1.53	1.55	1.52	1.64	1.31

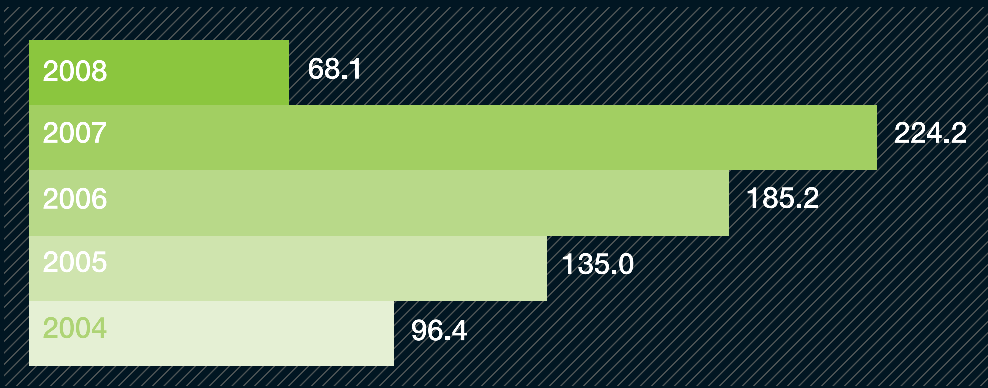
PER ORDINARY SHARE (Amounts in €cent)	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004
Earnings	26.7	110.5	89.8	66.4	47.1
Operating cash flows	135.7	135.9	119.8	107.2	63.6
Net assets	308.4	396.8	325.2	248.6	184.2
Ordinary dividends	7.9	25	19.0	13.4	9.60

AVERAGE NUMBER OF EMPLOYEES	6,692	6,512	5,090	4,436	3,351

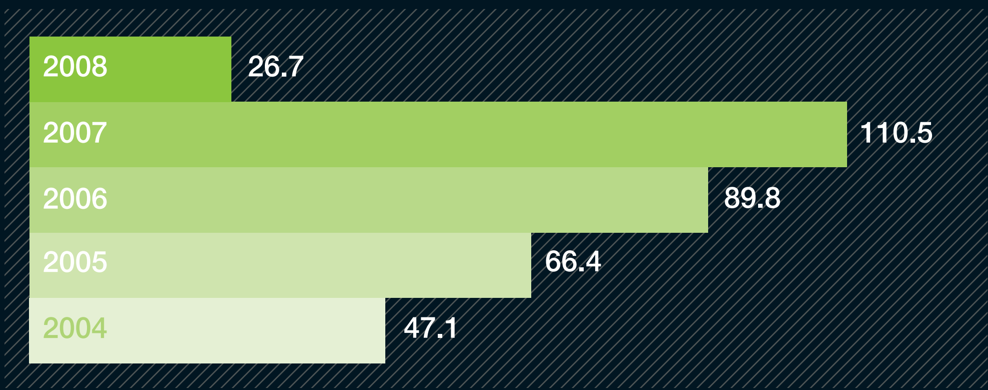
REVENUE
€mn



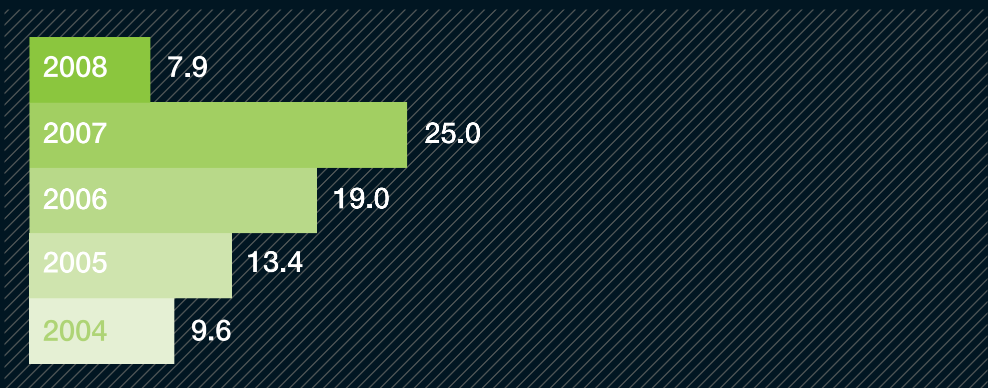
NET RESULT
BEFORE TAX
€mn



EARNINGS PER
SHARE
€Cent



DIVIDENDS
PER SHARE
€Cent




Kingspan
Kingspan Group plc
Dublin Road, Kingscourt, Co. Cavan, Ireland
Telephone: +353 42 969 8000
Fax: +353 42 966 7501
Email: admin@kingspan.ie www.kingspan.com