KINGSPAN GROUP PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

Kingspan Group Plc ("Kingspan"), the leading manufacturer of an integrated range of energy conserving building solutions, announces preliminary results for the year ended 31 December 2008.

Financial highlights:

	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 **	**76.0 €cent**	**110.5 €cent**	**-31.2%**
Basic earnings per share	**26.7 €cent**	**110.5 €cent**	**-75.8%**
Dividend per share for the year	**8.0 €cent**	**25.0 €cent**	**-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**

Operational highlights:

- Strong growth in Insulated Panels across Western and Central & Eastern Europe, up 11% at constant currency.
- 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 at the end of August 2008.
- 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.
- 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.
- 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.

Gene Murtagh, Chief Executive of Kingspan commented:

"In 2008, we saw a global economic downturn and a dislocation in financial markets not seen in many years. Kingspan responded quickly and decisively to these changing conditions with a cost reduction programme and a focus on operational efficiencies that provides the group with an appropriate cost base to meet the anticipated economic headwinds. 2009 will present greater challenges than the year gone by and the prime focus is cost and cash management throughout the organisation.

While the timing of a recovery remains uncertain, moves towards acceptance of the need for enhanced energy efficiency in buildings continue apace. Kingspan has differentiated itself through a strategy of providing an integrated range of energy conserving building solutions to meet these needs. The Group has the benefits of a strong balance sheet and cash flow, and the correct product mix to leave it well positioned in the longer term."

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Chief Executive's Review

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.

2008's performance by operating segment was as follows:

Segment Result (profit before finance costs)	Insulated Panels & Boards	Off-site & Structural	E&R	Access Floors	Total
	€mn	€mn	€mn	€mn	€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)	0.0	(31.5)
Goodwill Impairment	(4.2)	(40.0)	0.6	0.0	(43.6)
Operating result 2008	105.7	(48.0)	(3.5)	27.8	82.0
Finance costs (net)					(13.9)
Results for the period before tax					68.1
Income Tax Expense					(24.2)
Net result for the year					43.9

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).

<u>*Insulated Panels*</u>

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.

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. 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.

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 only by 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 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.

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.

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 efficiency 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 proceeding will reach their conclusion until 2010.

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.

Financial Review 2008

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 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 €43.6 mn, 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. These 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.

Results

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**

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%.

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 Geographic 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%**

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 down16% for the full year.

Insulated Panels in Germany and 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)

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

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 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 Impairment

Of the goodwill 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 impairment of €40mn do not anticipate any recovery in the next two years and thereafter a slow recovery to profitability. Having taken the impairment write-off of €40mn the carrying cost of goodwill in this division is €36.5mn.

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.

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 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 €202.3m (2007: €284.2m). 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 €43.7m 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 €32.6m.

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

Operational working capital at the year end was €222.3mn (2007:€285.4m) 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 number of 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.

Financial Risk Management
Funding and Liquidity
The Group's core funding is provided by a private placing of $200mn converted into €151mn at the time of the placing. Of this debt, €119mn (79%) matures in March 2015 and the balance in March 2017. The Group also has a five year committed banking facility of €330mn which was put in place in September 2008. At year end the Private Placement debt was drawn down in full and €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 €100m at year end.

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 US$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. With the recent movement in exchange rates almost €30mn of the net asset reduction has been recovered to date.

Interest Rates
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 1.74% bringing the total fixed debt to 49%. The remainder of the drawn down facilities are subject to floating rates.

Customer Credit risk
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 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 new terms of business will need to be adopted by the Group and the industry as a whole. The Group is also working on alternative insurance models and alternative security from customers to minimise exposure to exceptional loss.

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.

GROUP INCOME STATEMENT

for the year ended 31 December 2008

	Before Non-Trading Items 2008 €'000	**Non-Trading Items 2008 €'000**	**Total 2008 €'000**	Total 2007 €'000
Revenue	1,672,714	-	**1,672,714**	1,863,239
Costs 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)
Non trading items	-	(75,077)	**(75,077)**	-
Operating result	157,121	(75,077)	**82,044**	236,664
Finance costs	(15,466)	-	**(15,466)**	(14,297)
Finance income	1,556	-	**1,556**	1,837
Result for the year before tax	143,211	(75,077)	**68,134**	224,204
Income tax expense	(20,916)	(3,235)	**(24,151)**	(36,877)
Net result for the year	122,295	(78,312)	**43,983**	187,327

	2008	2007
Profit attributable to:		
Shareholders of Kingspan Group plc	**44,990**	187,295
Minority Interests	**(1,007)**	32
Net Result for the year	**43,983**	187,327
Earnings per share for the year		
Basic	**26.7**	110.5
Diluted	**26.5**	108.5

GROUP BALANCE SHEET
as at 31 December 2008

	2008	2007
	€'000	€'000
Assets		
Non-current assets		
Goodwill	**275,755**	303,966
Other intangible assets	**17,190**	14,164
Property, plant and equipment	**411,068**	398,688
Financial assets	**210**	209
Deferred tax assets	**1,228**	2,401
	705,451	719,428
Current assets		
Inventories	**159,116**	152,140
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		
Trade and other liabilities	**236,029**	253,454
Provisions for liabilities and charges	**56,467**	54,670
Deferred consideration	**4,980**	3,351
Interest bearing loans and borrowings	**16,857**	46,102
Current tax liabilities	**34,314**	32,861
	348,647	390,438
Non-current liabilities		
Pension and other employee obligations	**3,738**	6,509
Interest bearing loans and borrowings	**345,249**	234,392
Deferred tax liabilities	**14,504**	12,933
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		
Called-up share capital	**22,265**	22,146
Additional paid-in share capital	**35,751**	31,917
Other reserves	**(194,036)**	(67,568)
Revaluation reserve	**713**	713
Capital redemption reserve	**723**	723
Retained earnings	**651,841**	681,755
	517,257	669,686
Minority interests	**1,825**	3,230
TOTAL EQUITY	**519,082**	672,916

STATEMENT OF RECOGNISED INCOME AND EXPENSE
as at 31 December 2008

	2008	2007
	€'000	€'000
Profit for financial year attributable to Group shareholders	**44,990**	187,295
Currency translation	**(131,426)**	(43,670)
Cash flow hedging in equity	**6,658**	1,702
Actuarial losses in defined benefit pension scheme	**(1,640)**	9,203
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

GROUP CASH FLOW STATEMENT
for the year ended 31 December 2008

	2008	2007
	€'000	€'000
Operating activities		
Result for the year before tax	**68,134**	224,204
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
Proceeds from financial assets	**-**	-
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		
Proceeds from bank loans and loan notes	**-**	-
Repayment 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 end of the year	**74,272**	62,938

Cash and cash equivalents as at 1 January 2008 were made up of:

	2008	2007
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 2008 were made up of:

	2008	2007
Cash and cash equivalents	**75,254**	66,626
Overdrafts	**(982)**	(3,688)
	74,272	62,938

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

	2008	2007
	€000	€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 trading items	**12,026**	-
Other non cash items	**(9,321)**	-
Loss on sale of tangible assets	**(171)**	(3,332)
Total	**107,692**	62,350

Reconciliation of net cash flow to movement in net debt

	2008	2007
	€000	€000
(Decrease)/increase in cash and bank overdrafts	**21,352**	5,930
Decrease/(increase) in debt, lease finance and 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)
Deferred consideration arising on acquisitions in the period	**(5,356)**	2,035
New finance leases	**-**	(2,704)
Translation movement	**(7,256)**	(4,119)
Net movement	**(74,650)**	(37,405)
Net debt at start of the year	**(224,969)**	(187,564)
Net debt at end of the year	**(299,619)**	(224,969)

SUPPLEMENTARY INFORMATION

1 Reporting currency

The currency used in this Preliminary Announcement is Euro. Results and cash flows of foreign subsidiary undertakings have been translated into Euro at the average exchange rates, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date.

Exchange rates of material entities 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

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

Analysis by class of business

Segment Revenue	**Insulated Panels & Boards**	**Offsite & Structural**	**Environmental & Renewables**	**Access Floors**	**TOTAL**
	€mn	**€mn**	**€mn**	**€mn**	**€mn**
Total Revenue – 2008	974.1	233.3	266.6	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	Offsite & Structural	Environmental & Renewables	Access Floors	TOTAL 2008	TOTAL 2007
	€mn	€mn	€mn	€mn	€mn	€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)	0.0	**(31.5)**	
Goodwill Impairment	(4.2)	(40.0)	0.6	0.0	**(43.6)**	
Operating result – 2008	**105.7**	**(48.0)**	**(3.5)**	**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 Interests					**1.0**	0.0
Net result for the year					**44.9**	187.3

Segment Assets and Liabilities

	Insulated Panels & Boards	Offsite & Structural	Environmental & Renewables	Access Floors	TOTAL 2008	TOTAL 2007
	€mn	€mn	€mn	€mn	€mn	€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
Interest bearing loans and borrowings (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 Group Balance Sheet					**519.0**	672.9

Other Segment Information

	Insulated Panels & Boards	Offsite & Structural	Environmental & Renewables	Access Floors	TOTAL
	€mn	€mn	€mn	€mn	€mn
Capital investment pre goodwill impairment	166.8	2.0	8.8	3.6	181.2
Goodwill impairment	(4.2)	(40.0)	0.6	0.0	(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 & impairment included in segment result - 2008	**(5.6)**	**(42.0)**	**(0.6)**	**(0.1)**	**(48.2)**
Amortisation 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)**	**0.0**	**0.6**	**0.0**	**0.2**
Non cash Items included in segment result – 2007	3.8	(0.1)	(0.4)	0.0	3.3

Analysis of Segmental Data by Geography

	Republic of Ireland	United Kingdom	Rest of Europe	Americas	Others	TOTAL
	€mn	€mn	€mn	€mn	€mn	€mn
Income Statement Items						
Revenue – 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**	**246.5**	**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 impairment	7.8	39.8	50.2	76.9	6.6	181.2
Goodwill impairment	(30.0)	(9.4)	(4.2)	0.0	0.0	(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

3 Goodwill

31 December 2008	**Goodwill**
	€'000
At 1st January	**303,966**
Additions relating to current year acquisitions	**52,816**
Additions relating to prior year acquisitions	**1,198**
Impairment loss recognised	**(43,576)**
Net exchange difference	**(38,649)**
Carrying amount 31 December 2008	**275,755**

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

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 CGUs are determined from value-in-use calculations based on 5 year financial forecasts approved by senior management, with year 1 extracted from budget and years 2-5 from the strategic plan. The cash flow projections are based on 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 CGUs is 8.8%. This discount rate has also been subjected to sensitivity analysis for all CGUs.

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	2007
	€'000	€'000
Impairment recognised at Offsite CGU	**40,000**	-
Impairment recognised at Central Europe CGU (Turkey)	**4,166**	-
Impairment recognised at Environmental CGU	**(590)**	3,094
Total charge for year	**43,576**	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 CGUs 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.

	2008	2007
	€'000	€'000
Carrying amount of goodwill allocated to the cash-generating unit before impairment	**76,456**	83,111
Impairment recognised	**(40,000)**	-
Carrying amount of goodwill allocated to the cash-generating unit after impairment recognised	**36,456**	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.

4. 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 €'000	Tax €'000	Net Cost €'000
Goodwill impairment (net)	(43,576)	-	(43,576)
Business restructuring	(23,941)	4,766	(19,175)
Product line discontinuance	(4,323)	1,049	(3,274)
Asset impairment	(3,237)	-	(3,237)
	(75,077)	5,815	(69,262)
Tax charge 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	-	-	-

Goodwill impairment

As stated in note 3, as a result of the annual goodwill impairment review required under IAS 36, an impairment of €40mn has been recognised in the accounts in respect of the goodwill 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 obligations 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.

5 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 (€28.9 mn) 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 (€13.3 mn) 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	**2008**	2007
	€000	€000
Ordinary dividends		
Paid:		
2007 Final dividend 17.0c per share (2006: 13.0c per share) on 170,436,848 shares	28,984	22,000
2008 Interim dividend 8.0c per share (2007: 8.0c per share) on 165,971,520 shares	13,278	13,546
	42,262	**35,546**

6 Earnings per share

	2008	2007
	€000	€000
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	**44,990**	187,295

	Number of shares ('000)	Number of shares ('000)
	2008	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

7 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Commission, which comprise standards and interpretations approved by International Accounting Standards Board (IASB) and International Accounting Standards and Standing Interpretations Committee interpretations approved by the predecessor International Accounting Standards Committee that have been subsequently authorised by IASB and remain in effect.

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

The accounting policies set out below have been applied consistently by all the Groups' subsidiaries.
The financial period-ends of the Group's subsidiaries are coterminous.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In addition it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, relate primarily to the accounting for defined benefit pension schemes, share-based payments, receivable provisions, guarantees & warranties, tangible assets, intangible assets, goodwill impairment and acquisition deferred consideration.

8 Distribution of Statement of Preliminary Results

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