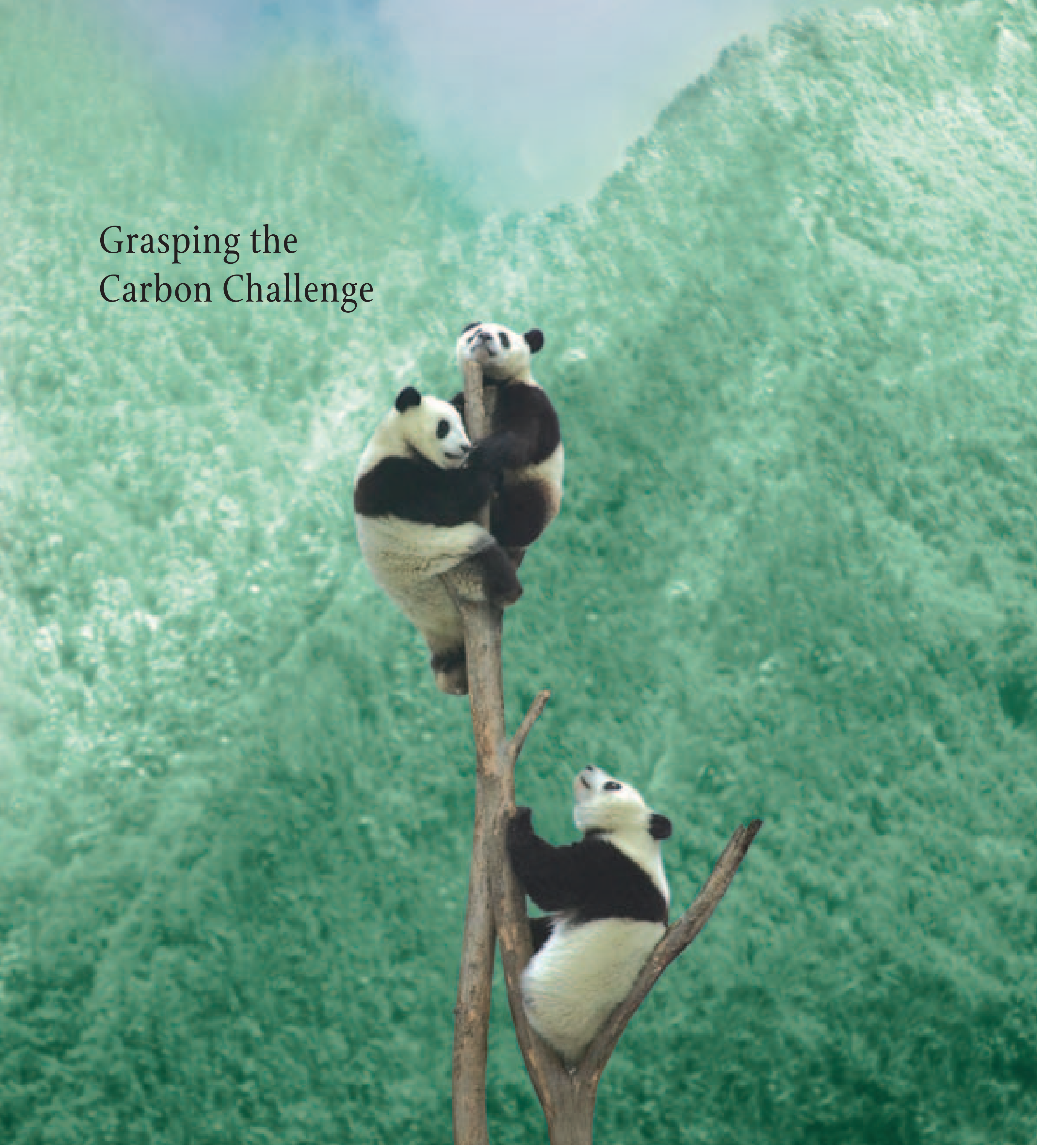
Grasping the Carbon Challenge



Annual Report and
Financial Statements 2007

Financial Highlights

for the year ended 31 December 2007

	2007	2006	% Change
Turnover	**€1,863.2mn**	€1,461.2mn	+27.5%
Operating profit	**€236.7mn**	€194.0mn	+22.0%
Net profit before tax	**€224.2mn**	€185.2mn	+21.0%
Basic earnings per share	**110.5c**	89.8c	+23.0%
Dividend per share for the year	**25.0c**	19.0c	+31.5%
Dividend cover	**4.4 times**	4.7 times	
Interest cover (EBITDA/Net Interest)	**22.8 times**	26.7 times	
Gearing ratio (net debt as % shareholders funds)	**33.4%**	34.3%	

Chairman's Statement

Grasping the Carbon Challenge

Once again I am pleased to report on another year of strong growth and significant developments in Kingspan.

Operating profit rose by 22% to €236.7mn, and earnings per share by 23% to 110.5 cent, on the back of increased turnover of €1.86bn.

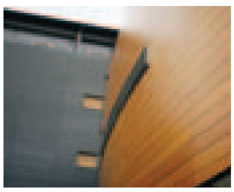
These record results were achieved through a focused strategy of providing an extended range of energy conserving and renewable building solutions across an ever broadening geographic footprint. From the solar ducting Energi Panel to the high performing phenolic board, and from heat recovery systems to solar thermal hot water systems, Kingspan's range of sustainable building solutions are leading the response to cut energy consumption and carbon emissions in the building environment.

In 2007 the Group embarked on an ambitious two-year, €250mn, capex programme that will see us opening new insulation plants in Northern England, Poland and the Netherlands, new insulated panel plants in Turkey and North America, and a state of the art environmental and renewables facility in Northern Ireland. In addition, the acquisition during the year of Thermomax, a leading-edge European solar thermal business, further bolstered our suite of sustainable building solutions.

Another notable achievement during the year was the launch by Kingspan of the Lighthouse, the world's first net zero carbon house incorporating a range of Kingspan products, which sets the standard that all future homes will have to meet, and which has already led to the British government accelerating the roll out of new housing constructed to meet Level 6 (the highest level) of the Code for Sustainable Homes.

Management and Staff

The success of 2007 could not have been achieved without the hard work and commitment of the management and staff across all areas of the Group, to whom I extend thanks. I also extend my thanks to all our customers, trading partners and other stakeholders in the Group for their contribution during the year.



Kingspan Lighthouse -
Zero Carbon Future

- *Light on Energy*
- *Light on Water*
- *Light on the world's resources*

Lighthouse is the first net zero carbon house that also meets Level 6 (the highest level) of the Code of Sustainable Homes.

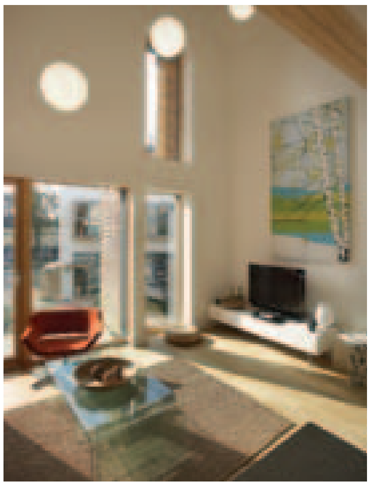
Dividends

The Board is recommending a final dividend of 17.0 cent per share, which if approved at the Annual General Meeting, will give a total dividend for the year of 25.0 cent, up 31.5% on the previous year. This is in line with the Board's policy of progressively increasing the dividend so as to bring dividend cover to a level closer to industry norms in a manner compatible with the Group's strategic growth plans.

If approved, the final dividend (which will be subject to Irish withholding tax rules) will be paid on 30 May 2008 to shareholders on the register at close of business on 14 March 2008.

Board Changes

As previously announced, Brendan Murtagh retired from his executive role as Head of Corporate Development on 31 December 2007, after 35 years with the Group. I am pleased that he has agreed to remain as a Non-executive Director on the Board, and take this opportunity to record my thanks to Brendan for his tremendous contribution to the development of the Group both as a Director and in his various executive roles. Following the Annual General Meeting on 24 May 2007 Kevin O'Connell retired from the Board after 24 years service, and I once again thank him for his contribution and independent viewpoint over the years.



During the course of the year, we were pleased to welcome to the Board Louis Eperjesi, Managing Director of the Group's Insulated Panel activities in the UK Ireland Western Europe & Australasia, and Helen Kirkpatrick, who is also a Non-executive Director of UTV Plc and of a number of private and not for profit companies, as an additional executive and Non-executive Director respectively. Both were co-opted on to the Board with effect from 1 June 2007, and offer themselves for election at the forthcoming Annual General Meeting as provided for in the Company's Articles of Association.

To the Future

Heading into 2008, whilst the economic climate is unsettled, the challenges posed by climate change remain constant, and Kingspan's focus and ambition remain the same.

In an uncertain construction market we will continue to work hard to develop the platform from which to deliver future growth, and I am confident that as the economic cycle begins to turn Kingspan will be best placed to respond to the demand for energy saving building solutions and to profit from new opportunities.

Eugene Murtagh
Chairman

Chief Executive's Review

2007 was another year of strong organic development throughout the Group, resulting in a period of record earnings with operating profit growing 22% to €236.7mn.

The Group's model of focusing on higher growth, energy sensitive segments of the building industry proved resilient in a year of mixed overall performance. The core energy conservation qualities of many of the Group's products again demonstrated Kingspan's ability to relentlessly convert specifiers and end-users from traditional and less effective materials towards more modern solutions.

The enormity of climate change, and its accelerating implications, continues to gain much greater exposure than at any stage in the past. With that comes the very evident shift in demand for all solutions that will contribute to an easing of these pressures over the medium to long term. Buildings, be they residential, commercial or manufacturing account for in excess of 40% of carbon emissions globally. Recognising this, Kingspan has, and continues to innovate and deliver solutions today that will dramatically reduce the need for energy tomorrow, and provide compelling economic payback. Becoming the first in the world to develop the Zero Carbon home, which in itself meets the 2016 standards as outlined in the Code for Sustainable Homes, is the latest example of this innovation. This code envisages much higher insulation standards, rainwater recovery, use of renewables such as solar hot water and power generation, all products currently in the Kingspan suite.

On the year just gone by, some highlights were:

- Revenue growth of 27.5% to €1.86bn, delivering growth in earnings of 23% to 110.5cent.
- Increased penetration of Insulated Panels in the UK, rising from 36% to 38%, similarly Rigid Insulation Boards growing from 33% to 35%.
- Further significant progression in CEE with turnover up 33%.
- Total acquisition and capital expenditure of €194.6mn, including the commissioning of a new phenolic insulation line in Ireland and a new Insulated Panel facility in Turkey, and the commencement of building projects for additional lines/greenfield plants in the UK, Czech Republic, Poland, the Netherlands and Canada.
- Encouraging growth in penetration of Offsite residential in the UK with significant like for like growth in order book.
- Solid, early stage progress in the newer markets of Australia, New Zealand & Canada.
- Outstanding performance of Access Floors, both UK and North America.

Building with a Lower Carbon Footprint

Kingspan Insulated Panel Systems offer superior air tightness and thermal performances over the life time of the building.

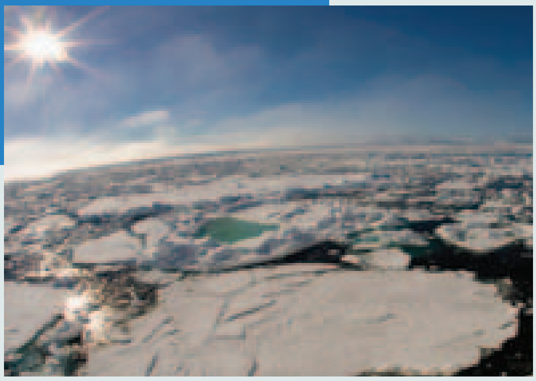
Insulated Panels & Boards

Insulated Panels

Representing 40% of Group sales, Insulated Panels continued its pattern of strong organic sales growth, delivering revenue of €763.6mn in 2007, an increase of 33% over prior year. Growth was achieved in all markets.

In Ireland, volumes grew in the year by 9% in a non-residential market that continued to display strength despite weakness in other segments of construction. In particular, retail and distribution drove much of the progress in the year. However, the buoyancy of the first half was not evident in the second half. Low rise non-residential activity in the UK continued to be as robust as in recent years, and the market grew by an estimated 5% in 2007. Penetration growth continued, which together with a strong market contributed to a volume increase of 15%. The Group's R&D resources delivered a number of new products to the market, particularly in the area of architectural facades. As yet sales levels are low as the concepts move through the process of launch, specification and receipt of order, but progress has been encouraging for product specifications in these newer, future segments, including the Group's EnergiPanel. It will be 2009 before these specifications materialise into orders.

Central & Eastern Europe, together with Turkey, once again showed exceptional growth in the Panel business. Strong markets, favourable mix, and expansions into a small number of new markets all combined to deliver 48% growth both in revenue and volume in the region.
This business is currently in the process of expanding its product offering of architectural, roofing and Firesafe® solutions throughout the region which will form the foundation for longer term sustainable growth. Significant additional capacity is being added to the Czech facility in 2008, in addition to that in Turkey successfully commissioned during 2007. The Turkish and



Kingspan High Performance Thermal Insulation

- *Less heat loss*
- *Less energy consumption*
- *Less Carbon emissions*
- *Less global warming*

Middle Eastern markets remain very competitive however, and it is a medium to longer term process to bring these business opportunities to satisfactory levels of profitability.

Canada and Australia, both delivered solid progress in 2007. In Australia, the focus remained largely on expanding our presence in the cold and food store sectors, and towards the end of the period, production of roofing systems commenced. This, together with an architectural wall offering which began production in early 2008, significantly broadens the longer term opportunity for Kingspan in that region.
In Canada, the front end of the business has been rebranded Kingspan, and the manufacturing side will become fully integrated as we establish a new, multi-product panel facility south of Toronto during 2008. To date, both the Canadian and Australian markets have been slow to embrace policies to deal with the challenges of climate change. During 2007, there was evidence that this is beginning to turn, as was also the case in the US where the Group intends to become more established over the medium term.

Insulation Boards

Representing 15% of Group sales, Insulation sales at €284.2mn grew by 17% over prior year, in all markets.

In Ireland, and against a challenging backdrop, sales in Insulation Boards grew by 7.7%.
The drivers for this robust performance were strong commercial construction, improving standards of insulation, steady one-off residential construction, and an increasing need for high performance insulation in Northern Ireland.
In addition to this, Kingspan's phenolic insulation sales are outgrowing the market, which are being further supported by a newly commissioned production line in Ireland during the year.

In Britain sales increased by 20%, continuing the pattern of growth displayed in recent years.
The Group's high performance rigid insulation business is optimally positioned to benefit from the rapid improvement in thermal building standards. Accordingly, the market attainable by Kingspan's products continues to expand, as does our product range, and our capacity.

Early 2008 will see the commissioning of a new Northern UK PIR insulation facility designed to support the longer term growth and service demands of Kingspan's client network through the UK, whilst significantly enhancing the Group's ability to retain its clear number one market position in the face of growing demand and an increasingly competitive environment.

On Mainland Europe, both Western and Central regions performed well in 2007. Benelux sales grew significantly, particularly in phenolic, as did sales in our insulation business more recent markets in CEE. The Group places growing emphasis on its ability to expand this product offering throughout Mainland Europe, and has committed to substantial greenfield expansion in both the Netherlands and Poland where production is expected in early 2009.

Offsite & Structural

Representing 18% of Group sales, this Division generated sales of €326.8mn for 2007, growth of 33% over prior year, driven entirely by strong progress in the UK market.

Offsite construction has become much more prevalent in the UK in recent years, which is clearly evidenced by year on year growth of 66% in that market during 2007. The Group's emphasis has been placed predominately on highly insulated timberframe applications, which showed growth in penetration in the England/Wales markets from 13% to 15% of residential construction. Also the Group's secondary steel products performed satisfactorily in both the UK and Ireland.

More significant for the longer term is the adoption in the UK of the Code for Sustainable Homes which has mapped out a mandatory roadmap to zero carbon for all new dwelling construction by 2016. Whilst perceived by many as an ambitious timeline, Kingspan made a practical contribution to this debate by developing and building the world's first net zero carbon house, the Lighthouse, during 2007.
The Lighthouse now represents the future standard, versions of which will be increasingly reflected in the products offered by the Group. Similarly in Ireland regulations are trending in this direction, the first step of which will be a 40% energy efficiency improvement in late 2008, followed in 2010 by a 60% improvement on today's levels, plus mandatory use of renewable energy. The Group's products have been developed and tailored for these advancing standards.

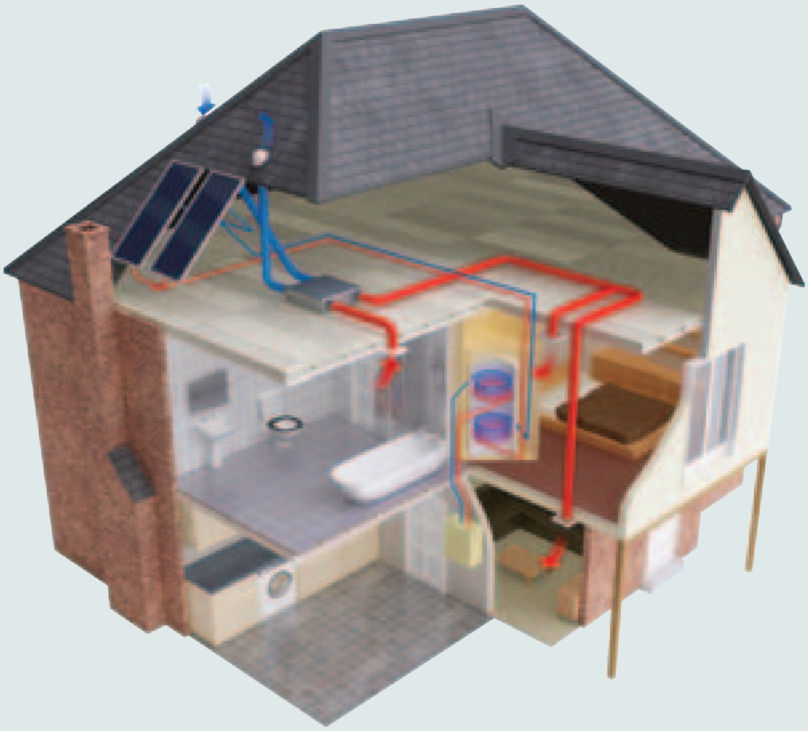
In the shorter term however, Ireland's residential construction market is experiencing a dramatic downturn, likely to last at least until late 2009. To-date this has had a significant effect on this business' sales and profits, to the extent that the unit traded at breakeven in 2007. Appropriate measures have been taken, including satellite plant closures, to minimise the effect on the business in the short term.

Environmental & Renewables

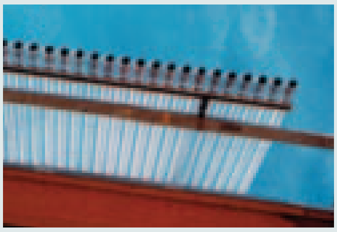
Representing almost 16% of Group sales, this Division grew sales by 17% to €291.5mn in the year, owing largely to a continued strong performance in Hot Water Systems, and the addition of a number of bolt-ons, including Thermomax, now Kingspan's own manufactured solar thermal solution.

Kingspan Future Proofed Renewable Solar Energy Systems and Solutions

Solar Thermal Hot Water Systems



The Group's Hot Water Systems business in the UK continued its growth trend, through market share and penetration gains. Increasingly, pressurised systems are replacing traditional gravity fed systems and Kingspan has positioned itself ideally to benefit from this trend. In the short term, however, the slowdown in residential construction in the UK and Ireland means we will not see the full benefit of the transition in the coming year. It is further envisaged that renewable sources of energy for hot water will become much



more evident in the medium term in the UK & Ireland, and indeed across Europe.

The Thermomax product range now puts the Group at the forefront of this emerging opportunity and renewables will favour storage over direct heating, pointing towards sustainable growth in hot water storage. Augmenting our position in this sector will be central to this business' development.

Kingspan LEED™ Driven Green Building Sustainable Systems

Kingspan provide green building solutions that improve indoor environmental quality, flexibility, save significant resources in construction, operation and maintenance.

U.S. GREEN BUILDING COUNCIL MEMBER

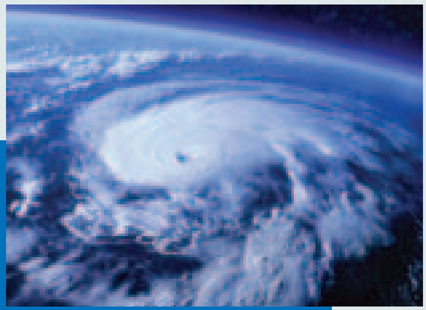
LEED™ *Driven*

It also reduces waste and cuts first and lifecycle costs compared to conventional design.

Kingspan Access Floors offer reduced building energy consumption coupled with superior indoor air quality.

Reducing Environmental Impact

Kingspan - a global player in a global market providing sustainable global solutions



The Effluent Treatment products again delivered a steady performance, but Fuel Storage suffered greater warranty related costs than in previous years. Whilst Fuel Storage products remain a robust contributor to the sales line, warranty issues alone hampered the business' outcome and compressed the Division's margin by approximately 5% in 2007.

During 2008, legal proceedings will commence against the raw material manufacturer to recover past and future costs.

On Mainland Europe, profits grew once again as the small sales subsidiaries around the continent delivered another year of local growth. The Group will continue to focus on this region in 2008, through both organic and acquisition led opportunities.

Access Floors

Representing almost 11% of Group sales, turnover in this Division grew by 32% to €197.1mn in 2007.

In North America, the business delivered an excellent performance, with record profits, despite sales trailing the sector's last peak. Good product mix, lean cost and gradual growth in penetration all contributed to the strong performance.
This was further supported by the small but advantageous bolt-on of Tate ASP in Canada, which is now fully integrated and partially supplied by the Group's US operations. Order intake activity was well ahead of prior year.

In many ways, performance of the UK based business mirrored that of North America. Strong topline growth, exceptionally low cost base and record operating margins. Vacancy rates in London, in particular, remained extremely low at year end. Notwithstanding a slight weakening in vacancy rates in the early part of 2008, we expect the order bank to deliver a strong first half to the current year.

At the End of an Energy Efficient Life

Kingspan products can be recycled and reused to reduce environmental impact.

Strategy

The Group's strategic focus is to pursue a broadening geographic footprint of sustainable building solutions, with market leading positions in regions where energy conservation and creative aesthetics are the priority. In support of this goal, significant internal resources and emphasis has been placed on nurturing a continuous flow of new and leading edge products and solutions to our markets, produced in the most highly efficient manufacturing environment possible.

Outlook

The backdrop of recent global economic and financial turmoil has made itself increasingly evident in most construction markets in the developed world. Limited access to debt markets for investors and developers along with dwindling consumer confidence is resulting in contraction of building activity generally. While it is still early in the year, if present market conditions persist it is likely to result in the Group's earnings performance being appreciably behind the 2007 outcome.

The Group is taking all reasonable measures to respond to the immediate challenges it faces. Kingspan's strategy, however, leaves it well positioned to capitalise on future improvements in global construction markets. The climate change agenda is here to stay resulting in both voluntary and mandatory measures to alleviate its impact on our surroundings. Longer term, the Group remains absolutely confident and ambitious about its ability to grow, and is fully committed to its strategy of increasing penetration in existing markets and further geographic expansion in response to growing global demand for energy conserving building systems.

Gene M. Murtagh
Chief Executive

Financial Review

Results

Turnover for the year ended 31 December 2007 was €1,863.2mn, an increase of 27.5% on 2006. Acquisitions completed during the course of the year generated €43.6mn additional turnover.

Profit before tax was €224.2mn, 21% up on the €185.2mn achieved in 2006. Earnings attributable to ordinary shareholders were €187.3mn (2006: €151mn). Cash generation remained strong with earnings before interest, tax, depreciation and amortisation (EBITDA) of €284.2mn, which represented a 20.4% increase on the €236mn out-turn in 2006. The amortisation charge for the year amounted to €4.6mn (2006: €2.7mn).

Turnover and Margins

Group turnover increased by 27.5% or €402mn compared to 2006. The tables below summarise the Profit and Loss account and detail the Group's Turnover by Class of Activity and Geographical Area and the year on year growth achieved.

Summary Profit and Loss Account:

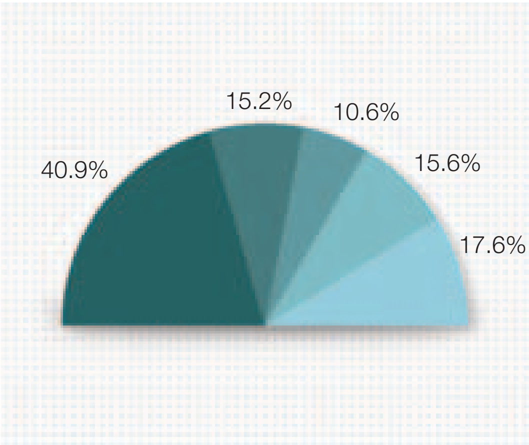
	2007 €mn	2006 €mn
Sales Revenue	1,863.2	1,461.2
Gross Profit	562.8	456.6
Gross Profit %	30.2	31.2
Operating Costs	322.3	259.9
	240.5	196.7
Add profit on sale of Land/Buildings	3.9	-
Less Goodwill Impairment	(3.1)	-
Less Amortisation of Intangibles	(4.6)	(2.7)
Operating Result	**236.7**	**194.0**

The gross profit margin was 30.2%, down from 31.2% last year. The operating costs at €322.3mn represent 17.3% of sales revenue, compared to 17.8% in the previous year.

Within the product groups, the operating margin in insulated panels and insulation boards, which together represent 56% of group sales revenue, increased to 16.2% (2006: 15.8%). The margin in off-site and structural products fell to 7.0% (2006: 11.7%), the result of the significant fall-off in sales in Ireland in the second half of the year. This business has now been downsized to the current market environment. The margin in environmental and renewable products at 4.8% is down from 8.6% in 2006. This division is in the process of rationalizing production sites, the benefit of which will only come through in 2008/9, and continues to be negatively affected by warranty costs. Access floor products delivered an operating margin of 17.3% (2006:11.8%) and benefited in the year from a good mix of products, a favourable procurement environment and from the timing of the final completion of certain projects.

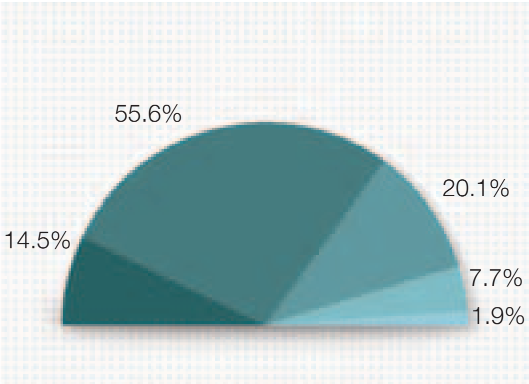
The ongoing amortisation of intangibles was €4.6mn in the year (2006: €2.7mn). There was a profit of €3.9mn on the disposal of a property, resulting from the relocation of a business to a more modern and efficient building, and there was an impairment of goodwill charge of €3.1mn relating to the discontinuance of a particular product line.

Analysis by Class of Activity



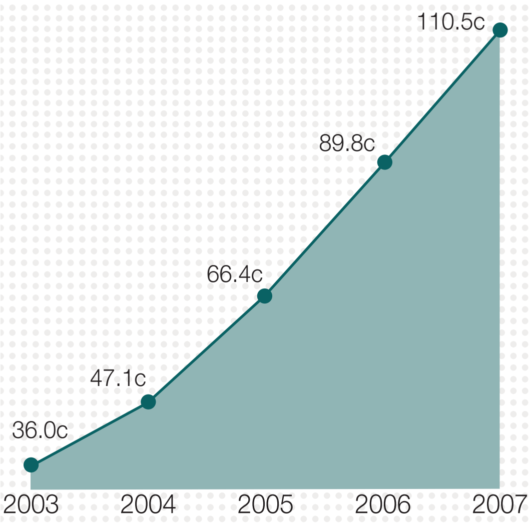
	Year ended 31.12.07 €mn	Year ended 31.12.06 €mn	% Change 2007-2006	€mn increase
Insulated Panels	763.6	574.1	+33.0%	+189.5
Insulation Boards	284.2	242.4	+17.2%	+41.8
Insulated Panels & Boards	1,047.8	816.5	+28.3%	+231.4
Raised Access Floors	197.1	149.5	+31.8%	+47.6
Environmental & Renewables	291.5	249.0	+17.1%	+42.5
Off-Site & Structural	326.8	246.2	+32.7%	+80.6
	1,863.2	**1,461.2**	**+27.5%**	**+402**

Analysis by Geographical Area



	Year ended 31.12.07 €mn	Year ended 31.12.06 €mn	% Change 2007-2006	€mn increase
Republic of Ireland	270.4	261.5	+3.4%	+8.9
Britain and Northern Ireland	1,036.7	822.1	+26.1%	+214.6
Mainland Europe	375.5	272.1	+38.0%	+103.4
Americas	144.5	78.9	+83.0%	+65.6
Other	36.1	26.6	+35.7%	+9.5
	1,863.2	**1,461.2**	**+27.5%**	**+402.0**

Adjusted Earnings per Share



Adjusted earnings per share for 2007, 2006, 2005 and 2004 are presented under IFRS with all other years presented under Irish GAAP

The operating margin, being profits before interest and tax, as a percent of turnover, and after accounting for the items above, was 12.7% (2006: 13.3%)

Taxation

The effective tax rate in the year at 16.4% compares with 18.1% last year.

Earnings per Share

Basic earnings per share at 110.5 cent shows an increase of 23% over the previous year. This figure has grown at an annual compound rate of 20% over the ten year period 1997 to 2007.

The average number of shares in issue during 2007 was 169.6mn and the number of shares in issue at 31 December 2007 was 170.4mn.

Dividends

Subject to shareholder approval at the 2008 Annual General Meeting, it is proposed that the dividend for 2007 will be 25 cent per share.

This consists of an interim dividend of 8.0 cent per share paid on 5 October 2007, and a final dividend of 17 cent per share proposed to be paid on 30 May 2008 to shareholders on the register on 14 March 2008. This represents a 31.5% increase on the previous year.

The dividend for the year is covered 4.4 times by earnings which compares to 4.7 times in 2006, which is line with previously given management guidance of a progressive dividend policy so as to bring dividend cover to a level closer to industry norms.

Funds Flow

The table below summarises the Group's funds flow for 2007 and 2006:

	2007 €mn	2006 €mn
Operating profit	236.7	194.0
Depreciation	39.8	39.3
Amortisation	7.7	2.7
Working capital increase	(66.8)	(48.5)
Pension contributions	(3.4)	(4.6)
Interest	(12.3)	(8.4)
Taxation paid	(27.0)	(25.5)
Others	17.6	17.7
Free cash	192.3	166.7
Acquisitions	(49.8)	(107.3)
Net capital expenditure	(140.3)	(57.7)
Dividends paid	(35.5)	(25.1)
	(225.6)	(190.1)
Cash flow movement	(33.3)	(23.4)
Debt translation	(4.1)	(0.7)
Increase in net debt	(37.4)	(24.1)
Net debt at start of year	(187.6)	(136.5)
Net debt at end of year	(225.0)	(187.6)

The free cash flow for the year, representing operating cash flow less interest and taxation paid, amounted to €192.3mn, which was up 15% on last year. This was used to fund investment of €194.6mn in acquisitions and capital expenditure, and dividends of €35.5mn to shareholders.

Operational working capital at the year end was €285.4mn (2006: €229.7mn) and represented 15.3% of turnover (2006: 15.7%).

Overall net debt, including amounts outstanding in respect of acquisitions, at the end of year was up slightly on the previous year at €225mn (2006: €187.6mn), which represents gearing of 33.4%.

Return on Capital Employed

The return on capital employed, being profit before interest and taxation as a percentage of shareholders' funds plus net debt at the year end, was maintained at 26.4%.

Treasury

At 31 December 2007 the Group had total facilities of €533mn comprising of syndicated bank facilities of €275mn, €151.5mn loan notes and €106.5mn of overdraft and other facilities. The syndicated facilities include a €50mn term loan with repayments of €25mn per annum to 16 December 2009, and a €225mn revolving credit facility which will also mature at that date. The Group's private placement of $200mn (€151.5mn) loan note matures in March 2015 ($158mn) and March 2017 ($42mn).

The drawn down bank facilities and loan notes at 31 December 2007 were €248.4mn, comprising €171.3mn EUR debt, €77.1mn of STG debt.

The loan notes, which represent 60% of the drawn down facilities, are fixed out to maturity in Euro at 4.15%. The remainder of the drawn down facilities are subject to floating rates.

Currently the Group does not enter into any external hedges to limit the exposure on translating non-Euro earnings.

Foreign exchange 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 2008, it is estimated that the Group has the need to sell the equivalent of €55mn in Sterling for Euro and sell the equivalent of US$24m in Sterling for US Dollar. As at 31 December 2007, hedges were in place covering over 50% of the Sterling to Euro exposure at a weighted average rate of 0.6990, and covering over 60% of the Sterling to US$ exposure at a weighted average rate of 2.01.

Pension Deficit (Audited)

The Group has three legacy defined benefit pension schemes in the U.K. These schemes have been closed and the liability relates only to past service. As at 31 December 2007 there were assets in the schemes of €61.4mn and actuarial assessed pension liabilities of €67.9mn, giving a net deficit of €6.5mn. The corresponding liability at 31 December 2006 was €20.9mn.

The main drivers in this movement were:

	Assets €mn	Liabilities €mn	Net €mn
Opening deficit	61.3	(82.2)	(20.9)
Translation	(5.6)	7.5	1.9
Contributions paid	3.4	-	3.4
Benefits paid	(1.7)	1.7	-
Actuarial gains/(losses)	0.3	8.9	9.2
Net return on asset	3.7	-	3.7
Interest cost	-	(3.8)	(3.8)
Closing deficit	61.4	(67.9)	(6.5)

Summary

Overall the Group is in a strong financial position going into 2008. The balance sheet is conservatively geared with interest cover significantly above both banking covenants and company targets. This will enable the Group to comfortably fund its anticipated growth, through both organic means and bolt on acquisitions.

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 on the Group's performance. On a regular basis meetings are held 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 of $200mn, of which $158mn matures in March 2015 and the remaining $42mn in March 2017. In addition, the Group has syndicated facilities comprising a €50mn term loan with repayments of €25mn per annum to 16 December 2009 and a €225mn revolving credit facility which also matures at the same date. The Group also has in place a number of uncommitted bilateral working capital facilities to service its working capital requirements.

The Group's credit facilities are subject to covenants which are based on net debt to EBITDA and EBITDA interest cover multiples. These covenants are less restrictive than Group internal targets. For the 12-months to the end of December 2007 the Group's net debt to EBITDA was 0.79 times and EBITDA interest cover was 22.8 times.

Foreign Exchange Risk

The Group is exposed to foreign currency risks on sales, purchases and borrowings that are denominated in a currency other than the euro. The currencies giving rise to this risk are primarily Pounds Sterling and U.S. Dollars. Through the use of foreign exchange contracts, the group hedges an appropriate proportion of its estimated foreign currency exposure in respect of forecasted sales and purchases over the following six months.

Balance sheet exposure in relation to foreign currency is hedged as far as possible by borrowing in the same currency.

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. To this end, at the balance sheet date just over 60% of the Group's interest bearing loans and borrowings were classified as being fixed at a weighted interest rate of 4.15% for a weighted average period of 7.7 years. The interest on the remaining financing facilities is subject to floating rates which are re-priced at intervals of less than one year.

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. Based on these factors, Kingspan considers the risk of counterparty default at 31 December 2007 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 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 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 then submitted to the Group Board for approval.

Market Conditions

Kingspan's products are targeted to both the residential and non-residential (including retail, commercial 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 also mitigated by the Group's diversification, both geographically and by product.

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 immediately to changes in demand. 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.

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 local factors including number of competitors, production capacity and the economic / demand characteristics of that market.

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

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 around managing its receivables and takes action where necessary. Trade receivables are also managed by having credit insurance polices and credit limits. All major outstanding and overdue balances are reviewed regularly and concerns are discussed at monthly meetings at which Group Executive Directors are present. At a Group level no one customer represents more than 5% of sales and the bad debt charge has averaged below 0.3% of sales over the last five years.

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.

R&D and Quality Control

There is an ongoing risk that through product innovation by competitors Kingspan looses 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 R&D and is planning to spend over €40mn on such activities over the next five years. Given the importance of product development and bringing new products to the market, all such activities are co-ordinated through the Group R&D 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. 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. Such increased rigour around quality control is manifesting itself in reduced warranty charges across the Group.

To ensure that Kingspan meets the highest standards, ISO accreditation is a tool that is used across the Group and this is summarised in the table contained in the Corporate Social Responsibility Statement. At any one time 100% accreditation is unlikely as several of the sites are small operations and could be rationalised in the short to medium term. In addition there will be sites that have just 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.

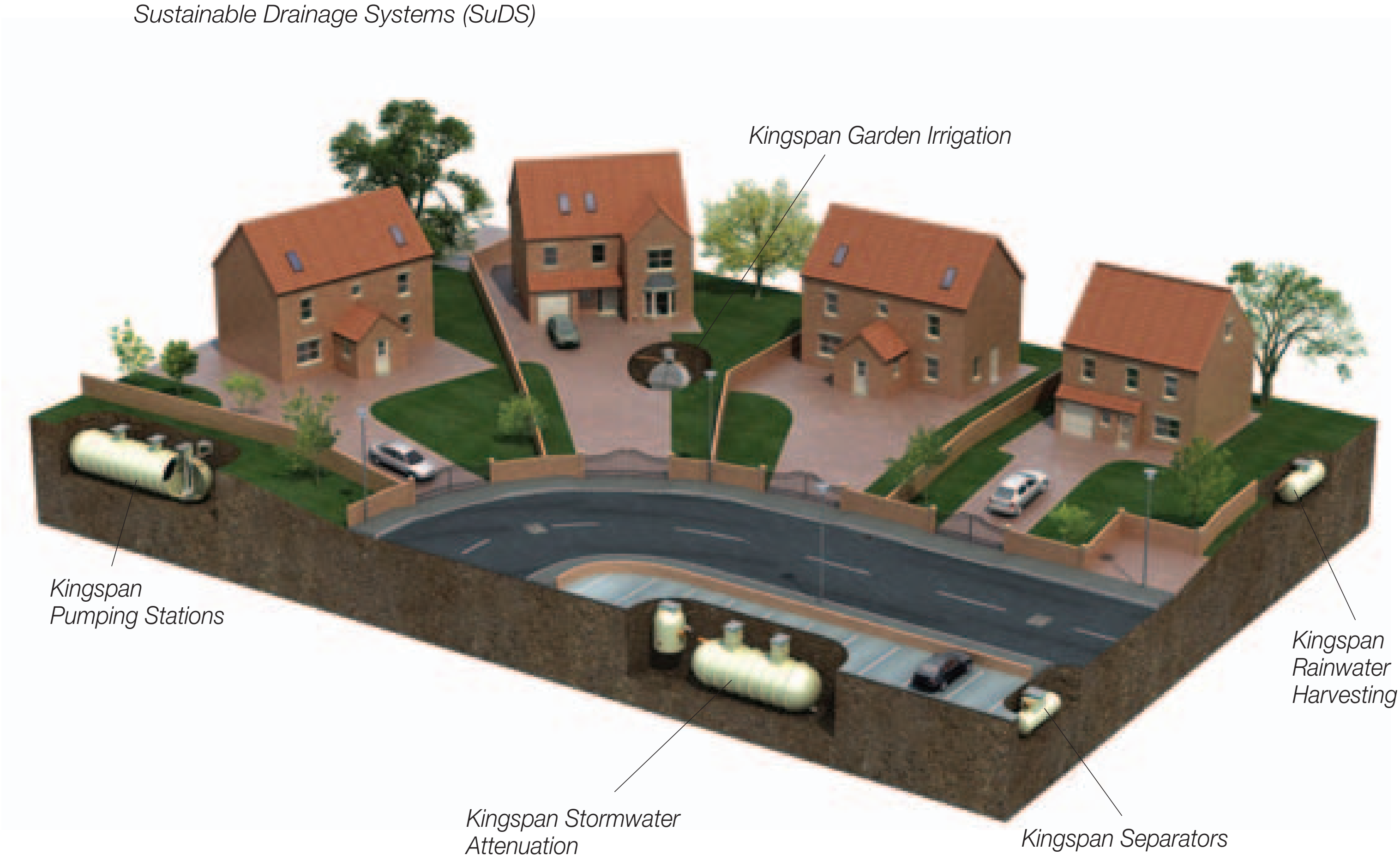
Information Technology / Business Continuity

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 continually being assessed and tested across the Group and addresses issues like personnel, manufacturing and disaster management.

Dermot Mulvihill
Finance Director

Kingspan Surface Water Run-off Solutions

Sustainable Drainage Systems (SuDS)



Chairman

Eugene Murtagh (Age 65)	is the founder and Non-executive Chairman of the Group.

Executives

Gene M. Murtagh (Age 36)	is the Chief Executive Officer, having previously been Chief Operating Officer from 2003 through 2004. 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 58)	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 51)	is Managing Director of the Group's Insulation business and has worked for the Group for twenty three years.
Russell Shiels (Age 46)	is responsible for 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 49)	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 (45)	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. (62)	is the Group's co-founder. He has been with the Group for 35 years, during which time he held a number of senior executive roles. He is also a Non-executive Director of Howard Holdings plc.
Brian Joyce B.A., B.Comm., F.C.M.A. (Age 67)	joined the Board in 2003. He was formerly Managing Director of the Irish Dairy Board, and is currently chairman of Clancourt Holdings Ltd. and a Director of Noonan Services Group, Galway University Foundation and other companies.
Tony McArdle (Age 59)	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 66)	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 60)	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 Non-executive Director of Irish Life 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 63)	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 50)	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.

Secretary

Lorcan Dowd (Age 39)	was appointed Group Company Secretary in 2005. He is a qualified solicitor since 1992.

Board Committees

Acquisitions	Brian Hill (Chairman), Tony McArdle, Gene M. Murtagh, Dermot Mulvihill.
Audit	Tony McArdle (Chairman), Brian Joyce, David Byrne, Helen Kirkpatrick.
Nominations	Eugene Murtagh (Chairman), Gene M. Murtagh, Brian Joyce, Tony McArdle.
Remuneration	Brian Joyce (Chairman), Brian Hill, Eoin McCarthy, David Byrne.
Senior Independent Director	Brian Joyce.

Company Information

Registered Office	Dublin Road, Kingscourt, Co. Cavan.		
Principal Bankers	IIB Bank	Bank of Ireland	Ulster Bank
	ABN AMRO Bank	Barclays Bank	Wachovia Bank
	Allied Irish Banks	Bayern LB	
Auditors	Grant Thornton, 24-26 City Quay, Dublin 2.		
Solicitors	McCann FitzGerald, Riverside One, Sir John Rogerson's Quay, Dublin 2. Macfarlanes, 10 Norwich Street, London, EC4A 1BD.		
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 2007.

Principal Activities

Kingspan Group is a leading manufacturer of a range of sustainable products for the construction industry. The Group's principal activities comprise the manufacture of insulated panels, rigid insulation boards, raised access floors, steel frame and timber frame off-site solutions, environmental and renewable fuel & water storage solutions and hot water systems.

Results and Dividends

Group turnover was €1,863.2mn (2006: €1,461.2mn), operating profit was €236.7mn (2006: €194.0mn), and earnings per share were 110.5 cent (2006: 89.8 cent).

An interim dividend of 8.00 cent (2006: 6.00 cent) was paid on 5 October 2007. The Directors recommend payment of a final dividend of 17.00 cent per share (2006: 13.00 cent). This will give a total dividend for the year of 25.00 cent (2006: 19.00 cent) per ordinary share. The final dividend (if approved at the Annual General Meeting) will be paid on 30 May 2008 to shareholders on the resister at close of business on 14 March 2008.

Business Review

Business Review and specific comments on the Principal Risks and Uncertainties are dealt with in the Chief Executive Review, Financial Review and Business Risk Analysis.

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 expenditure 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. 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 Social Responsibility

The Directors consider that Corporate Social Responsibility is an integral element of good business management. The Group's Corporate Social Responsibility statement is set out 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. Helen Kirkpatrick and Louis Eperjesi were appointed to the Board during the year as a Non-executive and Executive Director respectively, Kevin O'Connell, a Non-executive Director, retired from the Board, and Brendan Murtagh retired from his executive role but remains as a Non-executive Director.

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:

Details of the Director's share options are set out in the report of the Remuneration Committee.

Except as set out below there have been no changes in these interests between 31 December 2007 and 25 March 2008:

Gene M. Murtagh	Acquisition of 626,502 shares
Dermot Mulvihill	Acquisition of 1,502 shares
Russell Shiels	Exercise of 27,000 options
Lorcan Dowd	Acquisition of 1,502 shares

	31 December 2007	31 December 2006
Eugene Murtagh	**35,120,000**	35,120,000
Gene M. Murtagh	**476,164**	78,000
Brendan Murtagh	**5,126,629**	7,525,965
Dermot Mulvihill	**1,011,459**	701,795
Russell Shiels	**280,330**	280,330
Peter Wilson	**127,656**	100,670
Noel Crowe	**10,000**	-
Eoin McCarthy	**2,200,000**	3,000,000
Brian Joyce	**50,000**	20,000
Tony McArdle	**20,000**	14,250
David Byrne	**3,000**	2,200
Brian Hill	**11,000**	1,000
Louis Eperjesi	**11,500**	11,500
Helen Kirkpatrick	**-**	-
Lorcan Dowd	**1,170**	506
	44,448,908	46,856,216

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

The Company's principal subsidiary undertakings at 31 December 2007, country of incorporation and nature of business are listed in the notes to the financial statements.

Institution	Shares held	%
Capital Group	17,057,650	10.01
Invesco	10,360,627	6,08

Conflict 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 65 manufacturing sites, and bases in 33 countries worldwide.

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.

On behalf of the Board
Eugene Murtagh, Chairman
Gene M Murtagh, Chief Executive
3 March 2008

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 15 May 2008 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

Louis Eperjesi and Helen Kirkpatrick, who were both appointed to the Board on the 1 June 2007, offer themselves for election in accordance with the provisions of the Company's Articles of Association.

Russell Shiels, Peter Wilson and David Byrne retire by rotation, and offer themselves for re-election at the Annual General Meeting.

Eugene Murtagh, Brendan Murtagh and Eoin McCarthy, 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 2009, 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 being asked to renew, until the Annual General Meeting in 2009, 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.

Shareholders are being asked to approve, until the Annual General Meeting in 2009, 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.

Shareholders are being asked to approve the adoption of a new Performance Share Scheme details of which are set out in the report of the Remuneration Committee.
The proposed new scheme will replace the Company's 1998 Standard Share Option Scheme which expires this year. The Remuneration Committee consider that the proposed new Performance Share Scheme is necessary as part

of a remuneration strategy which is capable of attracting, retaining and incentivising the senior management team. The Company has consulted with the IAIM regarding the proposed new Performance Share Scheme, and the IAIM has approved its terms.

Shareholders are also being asked to approve a proposed amendment to the Group's 2001 Second Tier Share Option Plan (LTIP). The effect of the amendment is to substitute the FTSE 250 index as currently used, with the same comparator peer group as selected for the new Performance Share Scheme. The Remuneration Committee consider it to be a more relevant comparator peer group, and the proposed amendment will provide consistency between the two share schemes going forward. The IAIM have indicated that they have no objection to the proposal.

Finally, at the 2003 annual general meeting of the Company a resolution was adopted which amended the Company's articles of association so as to permit the Company to communicate with shareholders by electronic means, including notices of meetings, circulars, accounts and all other documents and information. Under the provisions of the Transparency Directive, which became law in June 2007, a company can, subject to certain conditions, treat its shareholders as having deemed to have given their consent to the receipt of communications by electronic means including via the Company's website. Accordingly, it is proposed under the last item of special business that the Company be authorised to take advantage of these new provisions relating to electronic communications. If the resolution is passed, shareholders should note that they can still opt to continue to receive communication in paper form.

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.

Financial Calendar

Preliminary Results announced:	3 March 2008
Annual General Meeting:	15 May 2008
Payment date for 2007 Final Dividend:	30 May 2008
Ex dividend date:	12 March 2008
Record date:	14 March 2008
Announcement of Interim Results for 2008:	27 August 2008
Payment date for 2008 Interim Dividend:	October 2008

Shareholder Analysis as at 3 March 2008

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1,000	4,079	55.41	2,056,484	1.21
1,001 - 10,000	2,801	38.05	8,643,656	5.07
10,001 - 100,000	362	4.92	10,592,984	6.22
100,001 - 1,000,000	95	1.29	31,690,881	18.59
Over 1,000,000	25	0.34	117,452,843	68.91
	7,362	100.00	170,436,848	100.00

Report of the Remuneration Committee

Role and Composition of the Remuneration Committee

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

- to establish the remuneration policy applicable to the Executive Directors, including bonuses and other incentive payments, 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 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 group and/or a divisional profit targets set at the start of the year by the Remuneration Committee. Two Directors were awarded an additional deferred bonus conditional on future performance targets being met.
- 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 Group share option scheme.

In addition, there is a long-term incentive plan for directors and senior executives. Details of both schemes are set out below.

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.

Directors' Remuneration

Executive Directors	Basic Salary €'000	Benefit in kind €'000	Performance related bonus €'000	Pension contributions €'000	2007 Total €'000	2006 Total €'000
Gene M. Murtagh	595	5	575	86	**1,261**	862
Brendan Murtagh[1]	439	46	-	319	**804**	1,118
Dermot Mulvihill	380	24	381	370	**1,155**	898
Russell Shiels	327	19	269	7	**622**	526
Peter Wilson	301	15	301	60	**677**	502
Noel Crowe	266	14	106	40	**426**	391
Louis Eperjesi[2]	301	33	241	48	**623**	-
	2,609	156	1,873	930	**5,568**	4,297

Non-executive Directors

	2007 Non-executive fees €'000	2006 Non-executive fees €'000
Eugene Murtagh[3]	**177**	158
Eoin McCarthy	**65**	58
Kevin O'Connell[4]	**27**	58
Brian Joyce	**65**	58
Tony McArdle	**65**	58
David Byrne	**65**	58
Brian Hill	**65**	58
Helen Kirkpatrick[5]	**38**	-
	567	506

1 The Company paid a termination payment to Mr. Brendan Murtagh on his retirement as an Executive Director of €439,000.
2 Mr. Louis Eperjesi was appointed as an Executive Director on 1 June 2007.
3 The Company paid a contribution to Mr. Eugene Murtagh's personal pension scheme of €132,750.
4 Mr. Kevin O'Connell retired as a Non-executive Director on 24 May 2007.
5 Ms. Helen Kirkpatrick was appointed as a Non-executive Director on 1 June 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 Mr 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. Such options are exercisable only when earnings per share (EPS) growth exceeds growth of the Irish Consumer Price Index over a three year period from the accounting period in which the options were granted, by at least 2% per annum compound. The percentage of share capital which can be issued under the scheme and individual grant limits comply with IAIM guidelines. Grants of share options are awarded annually to ensure a smooth progression over the life of the scheme and 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. 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, 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 plan are exercisable only if certain performance criteria are achieved in the three year period from the accounting period in which the options were granted. These conditions are:

- EPS growth must increase by at least the composite inflation 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 point in the FTSE 250 index of companies. If EPS growth is at the median, 50% of the award will vest, and if EPS growth is between the median and the seventy-fifth percentile point, between 50% and 100% of the award will vest on a sliding scale.

Otherwise the shares do not vest.

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

Director	At 31 Dec 2006	Granted during year	Exercised during year	At 31 Dec 2007	Option price Cent	Average option price Cent	Earliest exercise date	Expiry date
Gene M. Murtagh	62,500		-62,500[1]	-	267		25/09/2001	25/09/2008
	40,000		-40,000[1]	-	235		29/03/2002	29/03/2009
	40,000		-40,000[2]	-	310		28/04/2003	28/04/2010
	100,000		-100,000[3]	-	245		11/10/2004	11/10/2011
	100,000		-100,000[3]	-	135		09/10/2005	09/10/2012
	66,000		-66,000[2]	-	330		18/09/2006	18/09/2013
	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
	692,810	**93,650**	**-408,500**	**377,960**		**1055**		
Brendan Murtagh	120,000			120,000	245		11/10/2004	11/10/2011
	120,000			120,000	135		09/10/2005	09/10/2012
	125,000			125,000	330		18/09/2006	18/09/2013
	250,000			250,000	565		23/09/2007	23/09/2014
	10,097			10,097	1090		05/09/2008	05/09/2015
	625,097			**625,097**		**382**		
Dermot Mulvihill	100,000		-100,000[4]	-	245		11/10/2004	11/10/2011
	100,000		-100,000[4]	-	135		09/10/2005	09/10/2012
	125,000		125,000[4]	-	330		18/09/2006	18/09/2013
	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
	480,786	**90,000**	**-325,000**	**245,786**		**1181**		
Russell Shiels	100,000		-100,000[5]	-	245		11/10/2004	11/10/2011
	24,000		-24,000[5]	-	135		09/10/2005	09/10/2012
	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
	212,133	**70,000**	**-124,000**	**158,133**		**1315**		
Peter Wilson	100,000		-2,986[6]	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
	132,346	**70,000**	**-2,986**	**199,360**		**1153**		
Noel Crowe	30,000		-10,000[7]	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
	188,192	**37,726**	**-10,000**	**215,918**		**977**		
Louis Eperjesi	100,000			100,00	565		23/09/2007	23/09/2014
	29,298			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
	153,369	**50,777**		**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
	17,638	**15,000**		**32,638**		**1563**		

1 The share price on exercise date was €13.79.
2 The share price on exercise date was €9.95.
3 The share price on exercise date was €20.90.
4 The share price on exercise date was €20.75.
5 The share price on exercise date was €22.15.
6 The share price on exercise date was €9.93.
7 The share price on exercise date was €15.60.

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

Director	At 31 Dec 2006	Granted during year	Exercised during year	At 31 Dec 2007	Option price Cent	Average option price Cent	Earliest exercise date	Expiry date
Gene M. Murtagh	30,000		-30,000[1]		13		18/09/2006	18/09/2010
	37,000		-37,000[2]		13		23/09/2007	23/09/2011
	25,437			25,437	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
	115,963	**30,526**	**-67,000**	**79,489**		**13**		
Brendan Murtagh	35,000			35,000	13		18/09/2006	18/09/2010
	41,000			41,000	13		23/09/2007	23/09/2011
	23,689			23,689	13		05/09/2008	05/09/2012
	99,689			**99,689**		**13**		
Dermot Mulvihill	30,000		-30,000[3]		13		18/09/2006	18/09/2010
	29,000		-29,000[4]		13		23/09/2007	23/09/2011
	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
	93,279	**20,316**	**-59,000**	**54,595**		**13**		
Russell Shiels	30,000		-30,000[5]		13		18/09/2006	18/09/2010
	27,000			27,000	13		23/09/2007	23/09/2011
	15,977			15,977	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
	86,315	**15,896**	**-30,000**	**72,211**		**13**		
Peter Wilson	24,000		-24,000[6]		13		23/09/2007	23/09/2011
	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
	51,762	**16,230**	**-24,000**	**43,992**		**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
	43,926	**14,263**		**58,189**		**13**		
Louis Eperjesi	-	14,762		14,762	13		03/09/2010	03/09/2014
	-	**14,762**		**14,762**		**13**		
Lorcan Dowd	-	5,000		5,000	13		03/09/2010	03/09/2014
	-	**5,000**		**5,000**		**13**		

1 The share price on exercise date was €20.90.
2 The share price on exercise date was €13.79.
3 The share price on exercise date was €20.92.
4 The share price on exercise date was €9.95.
5 The share price on exercise date was €22.15.
6 The share price on exercise date was €9.92.

The Company's Register of Directors' Interests, which is open to inspection at the Company's registered office, contains full details of directors' shareholdings and share options.

New Performance Share Scheme

The Remuneration Committee is recommending to the shareholders a proposed new Performance Share Scheme. Under the terms of the proposed scheme performance shares (i.e. nil cost options) would be awarded to the Executive Directors and senior management team. The performance share options would be exercisable only if certain performance criteria are achieved in the three year period from the accounting period in which the options 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 options 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 proposed new Performance Share Scheme and individual grant limits comply with IAIM guidelines. The Company has consulted with the IAIM regarding the proposed new Performance Share Scheme, and its terms are in accordance with IAIM guidelines.

This scheme is intended to replace the 1998 Standard Share Option Scheme which has now expired. The Committee consider the proposed new Performance Share Scheme 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. It is the Committee's view that the proposed new Performance Share Scheme is necessary as part of a remuneration strategy which is capable of attracting, retaining and incentivising the senior management team, and accordingly the Committee recommends it to the shareholders for adoption at the Company's forthcoming Annual General Meeting.

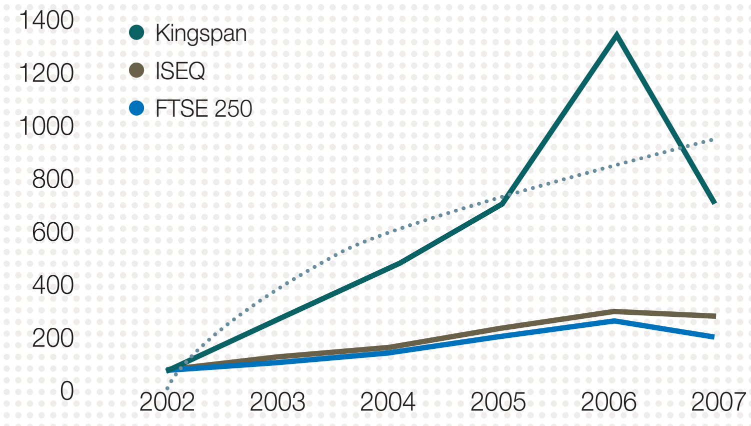
The Committee is also recommending to the shareholders to approve a proposed amendment to the 2001 Long-Term Incentive Plan.
The Committee recommends substituting the FTSE 250 index with the same comparator peer group as selected for the new Performance Share Scheme. This will have the benefit of being a more relevant comparator peer group, and will provide consistency between the two share schemes going forward, and the IAIM have indicated that they have no objection to the proposal.

Performance Graph

This graph shows the Company's TSR performance against the performance of the ISEQ and the FTSE 250 Indices over the five-year period to 31 December 2007.

Brian Joyce
Chairman, Remuneration Committee

Total Shareholder Returns



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. It met 4 times during the year. The external auditors attend 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 met the external auditors without management present to discuss matters relating to its remit and any issues arising from the audit generally.
The committee also periodically meets the Head of internal audit independent of Group management.

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

Functions of the Audit Committee

The committee discharges its responsibilities in the following manner:

- Prior to their release, it reviews the preliminary full year financial results announcements and Annual Report and questions the external auditor, the internal auditors 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.

- It reviews Group accounting policies on an ongoing basis.
- Prior to their release, it reviews the interim results announcements and Interim Report. It compares the results with management accounts and budgets,
- 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 auditors 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 Directors confirm that they have conducted an annual review of the effectiveness of the system of internal control up to and including the date of approval of the financial statements. 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.

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. 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.

Tony McArdle
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 meets formally 10 times a 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 meets separately 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.

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 leadership 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 Group to the Chief Executive. He is responsible for the strategic direction and overall performance of the Group.

Attendance at Board and Committee meetings

during the year ended 31 December 2007

	Board		Acquisition		Audit		Nomination		Remuneration	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Eugene Murtagh	10	10					2	1		
Gene M. Murtagh	10	10	4	4			2	1		
Brendan Murtagh	10	10								
Dermot Mulvihill	10	10	4	4						
Russell Shiels	10	6								
Peter Wilson	10	10								
Noel Crowe	10	10								
Louis Eperjesi	5	5								
Brian Joyce	10	9			4	3	2	2	4	4
Eoin McCarthy	10	10			1	1			4	4
Tony McArdle	10	10	4	4	4	4	2	2	1	1
David Byrne	10	10			4	4			3	2
Brian Hill	10	8	4	4					3	2
Helen Kirkpatrick	5	5			3	3				
Kevin O'Connell	4	4			1	0			1	1

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

Board Balance and Independence

The Board has determined the following Non-executive Directors to be independent: Brian Joyce, Brian Hill, David Byrne, Tony McArdle and Helen Kirkpatrick. Brian Joyce is currently nominated as the senior independent director of the Company. The Directors consider that there is a strong independent representation on the Board.

Appointments to the Board

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

Information and Professional Development

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

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

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 Company's internal financial controls.

The members of the Audit Committee bring considerable financial and accounting experience to the committee's work, and in particular the Board considers that the chairman of the Audit Committee 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.

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

The Company places great emphasis on maintaining regular and responsible dialogue with shareholders. This is achieved through meetings with institutional investors, presentations to brokers and analysts, and making relevant information available on the Company's website, www.kingspan.com in a timely fashion.

The Company encourages communication with all shareholders, and welcomes their participation at Annual General Meetings. All shareholders who attend the Company's Annual General Meeting are given the opportunity to question the Chairman and other members of the Board, including the chairmen of the committees, on any aspect of the Group's business.

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 2007 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. As a result it is not considered necessary to appoint an additional independent Non-executive Director.

Corporate Social Responsibility

Kingspan Group 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. The Group considers that corporate social responsibility is an integral element of good business management.

Sustainability Policy

To this end, Kingspan has formalised and adopted its sustainability policy which is in the process of being implemented across the Group. The vision is for Kingspan Group:

"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 Group 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.

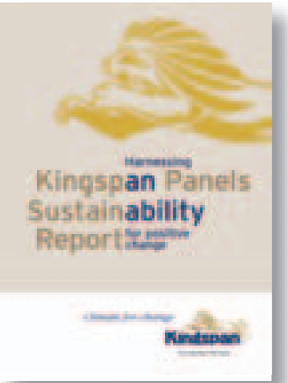
To deliver on this vision Kingspan Group will:

- Incorporate the ethos of sustainability into the vision and values of the organisation.
- Continually improve operational performance through the setting of long-term objectives and targets related to sustainability and review progress regularly.
- Comply with 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 the organisation (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 Sustainability Vision and 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.

Committed to Corporate Social Responsibility

Sustainability has for some time been very much to the fore in the decision making process of each division. This is clearly illustrated by examples of some of the initiatives which business units within Kingspan are already involved in.

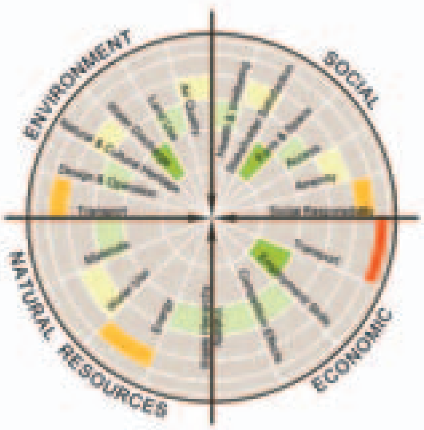
Sustainability Reporting – Insulated Panels (the largest business within the Kingspan Group) in the UK published its first sustainability report during 2007. Using the Global Reporting Initiatives (GRI) guidelines this report covers the social, economic and environmental dimensions of sustainability at three of the main Insulated Panels manufacturing operations, as well as at Insulated Panels Head Office at Holywell. The report outlines the sustainability strategy and provides detailed operations performance data. This is the first report in an annual sustainability reporting cycle which we hope will demonstrate performance improvements and an expanded scope. The full report is available to download at *http://www.kingspanpanels.com/Resource_Centre/Literature/Download/Various-Issues/2006-Sustainability-Report.aspx*



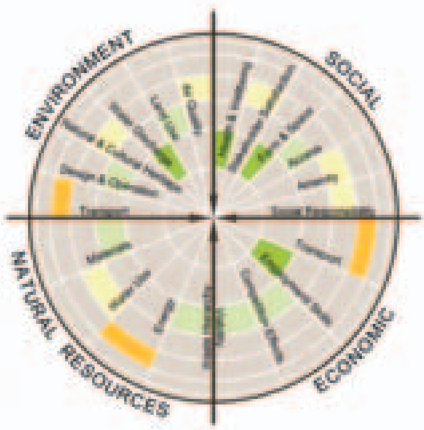
Independent Review of Business – Since 2004 Insulation Boards has commissioned Arup (a global firm of designers, engineers, planners and business consultants) to conduct annual sustainability appraisals of its largest manufacturing facility using the SPeAR (Sustainability Project Appraisal Routine) tool. This methodology developed by Arup allows for the sustainability of a project, plan or product to be appraised and illustrated graphically. Furthermore, Arup provides an action plan after each appraisal so that the manufacturing site can further optimise its key areas (environmental, social, economic and natural resource use), thereby ensuring continuing improvement of the sustainability of the site's manufacturing processes.

During 2007 Insulation Boards installed a Gas fired CHP plant at its Pembridge site. The CHP plant will provide on average up to 90% of the plants annual electrical requirements, up to 40% of all heating needs and reduce carbon dioxide emissions by 3,000 tonnes per annum.

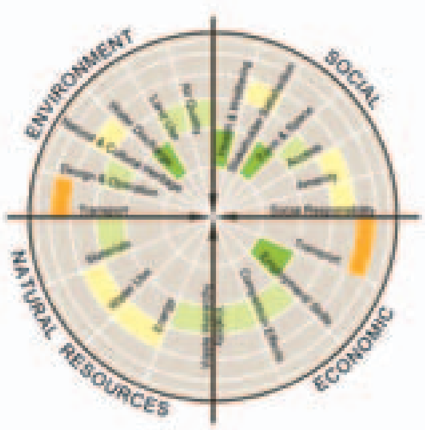
Arup SPeAR Appraisals for the Pembridge Insulation Manufacturing Site



2005 Appraisal



2006 Appraisal



2007 Appraisal

SPeAR® ARUP

In terms of rolling this out across the Group, the second largest plant within the Insulation Board business carried out its first SPeAR evaluation, during 2007 and is currently preparing its report.

Environmental Impact Measurement – Kingspan continues to work with BRE (Building Research Establishment) in the UK to measure the environmental profile of its key Insulated Panel and Insulation Board products. The BRE environmental profiling methodology was originally developed through a UK Government funded project to enable robust and reliable comparison between different construction systems. The methodology is ISO 14041 compliant and to date Certified Environmental profiles have been awarded to key insulated panel and insulation board products. 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 BREAM. Such a rating will enable customers of Kingspan to compare the environmental impact of the Group's products with alternatives and it will allow the Group to identify areas of improvement. Indeed, since the Insulation Boards business started this process in 2002 it has seen the score on the Kingspan Therma™ range of products improve by 43%.

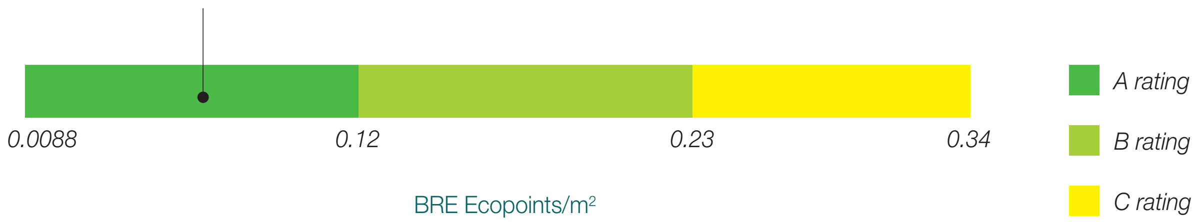
Rolling out ISO 14001 – In terms of striving for ongoing environmental improvement, 22% of the Group's manufacturing plants have now achieved the ISO 14001 environmental standard. A further 32% of the Group's sites are currently working towards achieving ISO 14001.

Health & Safety

The Group is committed to achieving the best practicable standards of health and safety for our employees, customers and any visitors to offices worldwide. Health and safety is considered to be an integral element in the overall management of our businesses and as a result is a daily priority of line management. Designated Health and Safety Officers are in place at each Division and actively work to identify and minimise health and safety risks. Where incidents occur they are thoroughly investigated and corrective action taken to ensure they do not reoccur.

BRE Ecopoint Rating for Kingspan Therma™

$1m^2$ 30 lb triplex foil faced 32mm Kingspan Therma™ rigid urethane building fabric insulation (R-value = $1.45m^2 \cdot K/W$) = 0.069 BRE Ecopoints/m^2 - (previously 0.071).



Health and Safety incidents for each Division are monitored and reported at each monthly Divisional Management meeting. They are also summarised and reported to the Group Board.

In 2007, for the Group as a whole, the number of accidents resulting in more than three days absence per 100 employees was 3.4 (2006: 3.3), compared to the EU-15 average for the construction sector of 6.5 (source: European Statistics on Accidents at Work publication by Eurostat)

To ensure the Group meets the highest standards it looks to achieve ISO 18001 accreditation across the Group. Currently 32% of the Group's manufacturing facilities have achieved ISO 18001 with a further 38% actively working for the standard.

Community

Building a strong relationship between Kingspan companies and the communities, in which they operate, has been a long tradition of the Group. These links have been forged in many and various ways. Through the sustainability programme, Kingspan actively promotes sourcing from local suppliers for business operations. Other community involvement includes:

- Supporting local initiatives
- Sponsoring local sport
- Contributing to a variety of good causes both locally and overseas where we feel we can make a difference.

Location	Total No. of sites	ISO 14001 (Environmental)			Accreditation ISO 18001 (Health & Safety)			ISO 9001 (Quality)		
		Achieved	Working for standard	%	Achieved	Working for standard	%	Achieved	Working for standard	%
Insulated Panels	17	5	2	41%	5	4	53%	6	2	47%
Insulation Boards	4	1	2	75%	2	1	75%	2	0	50%
Off-Site & Structural	13	4	4	62%	3	7	77%	8	1	80%
Environmental	26	4	11	58%	10	11	81%	20	0	90%
Raised Access Floors	5	1	0	20%	2	1	60%	3	0	100%
Total	65	15	19	52%	22	24	71%	39	3	68%

In October 2006 the Kingspan Insulation Community Trust was established by Insulation Board's largest plant in Pembridge (UK). During 2007 the Community Trust sponsored local community and environmental projects including enhancing Pembridge village green and helping conserve its wildlife, improving local school car parking and active play facilities, and funding youth sports kits and training equipment.

Further information on this initiative and the projects sponsored during 2007 can be accessed at the following web-site, *http://www.kingspaninsulation communitytrust.org.*

Kingspan Group is committed to corporate social responsibility and dedicated to supporting the implementation of the Sustainability policy. This is clearly demonstrated by some of the initiatives that are already taking place across the Group. The responsibility for implementing this vision and strategy lies with the Group's Chief Executive, Gene. M. Murtagh. This policy forms a framework for our activities, product design, services and decision-making and promotes engagement of the entire organisation and will be reviewed annually.

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 of Kingspan Group plc for the year ended 31 December 2007 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 43 and the audited section of the Financial Review. These financial statements have been prepared under the accounting policies set out in notes 1 to 4.

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 Directors' 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 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.

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 2007 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 2007;

- 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 2007 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
28 March 2008

FINANCIAL STATEMENTS

Consolidated Income Statement
for the year ended 31 December 2007

Note		Continuing Operations 2007 €'000	Acquisitions 2007 €'000	Total 2007 €'000	Total 2006 €'000
5	**REVENUE**	**1,819,654**	**43,585**	**1,863,239**	1,461,170
	COST OF SALES	**(1,266,178)**	**(34,282)**	**(1,300,460)**	(1,004,613)
	GROSS PROFIT	**553,476**	**9,303**	**562,779**	456,557
	Operating costs	**(317,105)**	**(9,010)**	**(326,115)**	(262,512)
	OPERATING RESULT	**236,371**	**293**	**236,664**	194,045
7	Finance costs			**(14,297)**	(11,620)
8	Finance income			**1,837**	2,775
9	**RESULT FOR THE YEAR BEFORE TAX**			**224,204**	185,200
11	Income tax expense			**(36,877)**	(33,520)
	NET RESULT FOR THE YEAR			**187,327**	151,680
	Profit attributable to:				
	Shareholders of Kingspan Group plc			**187,295**	151,032
	Minority interest			**32**	648
	NET RESULT FOR THE YEAR			**187,327**	151,680
	EARNINGS PER SHARE FOR THE YEAR				
12	Basic			**110.5c**	89.8c
12	Diluted			**108.5c**	87.8c

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Finance Director
3 March 2008

Consolidated Balance Sheet
as at 31 December 2007

Note		2007 €'000	2006 €'000
	ASSETS		
	NON-CURRENT ASSETS		
13	Goodwill	**303,966**	287,580
14	Other intangible assets	**14,164**	17,117
16	Property, plant and equipment	**398,688**	294,875
17	Financial assets	**209**	227
25	Deferred tax assets	**2,401**	2,694
		719,428	602,493
	CURRENT ASSETS		
18	Inventories	**152,140**	130,868
19	Trade and other receivables	**386,744**	357,966
	Cash and cash equivalents	**66,626**	69,060
		605,510	557,894
	TOTAL ASSETS	**1,324,938**	1,160,387
	LIABILITIES		
	CURRENT LIABILITIES		
20	Trade and other payables	**253,454**	259,112
24	Provisions for liabilities and charges	**54,670**	42,554
	Deferred consideration	**3,351**	5,659
21	Interest bearing loans and borrowings	**46,102**	34,631
	Current tax liabilities	**32,861**	26,130
		390,438	368,086
	NON-CURRENT LIABILITIES		
38	Pension and other employee obligations	**6,509**	20,958
21	Interest bearing loans and borrowings	**234,392**	205,979
25	Deferred tax liabilities	**12,933**	8,212
	Deferred consideration	**7,750**	10,355
		261,584	245,504
	TOTAL LIABILITIES	**652,022**	613,590
	NET ASSETS	**672,916**	546,797
	EQUITY		
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF KINGSPAN GROUP PLC		
26	Called-up share capital	**22,146**	22,161
27	Additional paid-in share capital	**31,917**	26,341
28	Other reserves	**(67,568)**	(25,601)
29	Revaluation reserve	**713**	713
30	Capital redemption reserve	**723**	513
31	Retained earnings	**681,755**	519,390
		669,686	543,517
33	Minority interest	**3,230**	3,280
	TOTAL EQUITY	**672,916**	546,797

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Finance Director
3 March 2008

Statement Of Recognised Income And Expense as at 31 December 2007

	2007 €'000	2006 €'000
GROUP		
Profit for financial year attributable to Group Shareholders	**187,295**	151,032
Currency translation	**(43,670)**	(4,657)
Cash flow hedging in equity	**1,702**	(337)
Actuarial gains/(losses) in defined benefit pension scheme	**9,203**	(685)
Income taxes relating to items charged or credited to equity	**(3,110)**	206
Total recognised income and expense for the year	**151,420**	145,559

	2007 €'000	2006 €'000
COMPANY		
Profit for financial year attributable to Company Shareholders	**1,997**	54,550
Total recognised income and expense for the year	**1,997**	54,550

Consolidated Cash Flow Statement
for the year ended 31 December 2007

Note		2007 €'000	2006 €'000
	OPERATING ACTIVITIES		
	Result for the year before tax	**224,204**	185,200
34	Adjustments	**62,350**	54,393
	Change in inventories	**(21,759)**	(18,446)
	Change in trade and other receivables	**(37,829)**	(68,313)
	Change in trade and other payables	**3,519**	48,669
	Pension contributions	**(3,447)**	(4,561)
	Cash generated from operations	**227,038**	196,942
	Taxes paid	**(26,985)**	(25,498)
	Net cash flow from operating activities	**200,053**	171,444
	INVESTING ACTIVITIES		
	Additions to property, plant and equipment	**(144,880)**	(59,420)
	Proceeds from disposals of property, plant and equipment	**7,310**	1,747
	Proceeds from financial assets	**-**	528
36	Purchase of subsidiary undertakings	**(48,647)**	(70,815)
	Net cash acquired with acquisitions	**2,284**	(7,073)
	Payment of deferred consideration in respect of acquisitions	**(2,163)**	(16,102)
	Dividends paid to minorities	**(24)**	(14)
	Interest received	**1,846**	2,654
	Net cash flow from investing activities	**(184,274)**	(148,495)
	FINANCING ACTIVITIES		
	Increase/(repayment) of bank loans	**35,487**	(35,998)
	Discharge of finance lease liability	**(246)**	(2,406)
	Proceeds from share issues	**4,644**	3,288
	Interest paid	**(14,188)**	(11,087)
	Dividends paid	**(35,546)**	(25,103)
	Net cash flow from financing activities	**(9,849)**	(71,306)
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**61,864**	110,231
	Net increase in cash and cash equivalents	**5,930**	(48,357)
	Translation adjustment	**(4,856)**	(10)
	CASH AND CASH EQUIVALENTS AT END OF YEAR	**62,938**	61,864
	Cash and cash equivalents as at 1 January were made up of:		
	Cash and cash equivalents	**69,060**	120,165
	Overdrafts	**(7,196)**	(9,934)
		61,864	110,231
	Cash and cash equivalents as at 31 December were made up of:		
	Cash and cash equivalents	**66,626**	69,060
	Overdrafts	**(3,688)**	(7,196)
		62,938	61,864

Company Balance Sheet
as at 31 December 2007

Note		2007 €'000	2006 €'000
	ASSETS		
	NON-CURRENT ASSETS		
17	Financial assets	**11,960**	11,960
	CURRENT ASSETS		
19	Trade and other receivables	**79,583**	96,348
		79,583	96,348
	TOTAL ASSETS	**91,543**	108,308
	LIABILITIES		
	CURRENT LIABILITIES		
20	Trade and other payables	**6,490**	-
	TOTAL LIABILITIES	**6,490**	-
	NET ASSETS	**85,053**	108,308
	EQUITY		
	Equity attributable to Shareholders of Kingspan Group plc		
26	Called-up share capital	**22,146**	22,161
27	Additional paid-in share capital	**30,383**	25,934
30	Capital redemption reserve	**723**	513
31	Retained earnings	**31,801**	59,700
	TOTAL EQUITY	**85,053**	108,308

Gene M. Murtagh, Chief Executive
Dermot Mulvihill, Finance Director
3 March 2008

Company Cash Flow Statement
for the year ended 31 December 2007

Note		2007 €'000	2006 €'000
	OPERATING ACTIVITIES		
	Result for the year before tax	**1,997**	54,550
	Adjustments - Employee equity-settled share options	**5,650**	3,492
	Change in trade and other receivables	**16,765**	2,813
	Change in trade and other payables	**6,490**	(40,480)
	Net cash flow from operating activities	**30,902**	20,375
	FINANCING ACTIVITIES		
	Proceeds from share issues	**4,644**	3,288
	Dividends paid	**(35,546)**	(25,103)
	Net cash flow from financing activities	**(30,902)**	(21,815)
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**-**	1,440
	Net increase in cash and cash equivalents	**-**	(1,440)
	CASH AND CASH EQUIVALENTS AT END OF YEAR	**-**	-
	Cash and cash equivalents as at 1 January were made up of:		
	Cash and cash equivalents	**-**	1,440
	Cash and cash equivalents as at 31 December were made up of:		
	Cash and cash equivalents	**-**	-

Notes to the Financial Statements
as at 31 December 2007

1. 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.

Kingspan Group plc is a public limited company registered and domiciled in Ireland.

2. STATEMENT OF COMPLIANCE

Standards adopted during the financial year
The Group has adopted the following standards during the financial year ended 31 December 2007:

IAS 1	Amendments to IAS 1 Presentation of Financial Statements: Capital Disclosures
IFRS 7	Financial Instruments: Disclosure
IFRIC 8	Scope of IFRS 2
IFRIC 10	Interim Financial Reporting and Impairment

The implementation of the above amendments to IAS have not given rise to any material adjustments.

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

IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC 9	Reassessment of Embedded Derivatives

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 results in the future.

IAS 27 Consolidated and Separate Financial Statements (effective from 1 July 2009)
The changes effected by the new version of this Standard are that:
- transactions with non controlling interests in which control is not gained or lost are accounted for as equity transactions. No income statement gain or loss is recorded and no adjustment is made to goodwill.
- on loss of control of a subsidiary, any retained investment is recognised at its fair value at the date control is lost. This fair value is included in the calculation of the gain or loss.

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

IAS 1 Presentation of Financial Statements (effective from 1 January 2009)
Changes in this Standard require a number of terminology changes. The term “equity holders” is replaced by “owners”. Owners are classified as “holders of instruments classified as equity”. All changes in equity arising from transactions with owners in their capacity as holders of equity instruments are termed “owner changes in equity".

There are also the following terminology changes:
- “Statement of financial position” replace the heading “Balance sheet”
- “Statement of cash flows” replace “Cash flow statement” and;
- “Statement of comprehensive income” replace “Statement of recognised income and expenditure”

The revisions to IAS 1 requires an entity to present all items of income and expense recognised in the period in a single “statement of comprehensive income” or in two statements: an “income statement” and a “statement of comprehensive income”. The income statement shall disclose income and expense recognised in profit and loss in the same way as the current version of IAS 1. The statement of comprehensive income shall disclose profit or loss for the period plus each component of income and expense recognised outside of profit and loss classified by nature. Changes in equity arising from transactions with owners are excluded from the statement of comprehensive income. These changes will be presented in a “statement of changes in equity".

Notes to the Financial Statements as at 31 December 2007

2. STATEMENT OF COMPLIANCE (cont'd)

The amended IAS 1 will also require dividends recognised as distributions to owners and related amounts per share to be presented in the statement of changes in equity or in the notes.

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

IFRS 8 Operating Segments (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.

IFRIC 11 IFRS 2 Group and Treasury Share transactions (effective from 1 March 2007)

This interpretation requires that in the separate financial statements of the subsidiaries, schemes in which the parent grants rights over its shares to the subsidiary's employees should be accounted for as equity settled. The “credit” to equity is treated as an equity contribution from the parent. This interpretation will not have any effect in the Group consolidated financial statements; the subsidiary company's financial statements will now show a charge through the income statement for the cost of the options granted by the parent company whereas previously the full charge would have been borne by the parent company.

IFRIC 14 IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction (effective from 1 January 2008)

This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. Management expects that this interpretation will have no impact on the financial position or performance of the Group as all defined benefit schemes are currently in deficit but there may be an impact if the schemes return to a surplus position in the future.

3. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings.

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 Group financial statements include the attributable results from or to the effective date of acquisition or disposal. All intra-group balances and transactions, including unrealised profit arising from intra-group transactions, are eliminated on consolidation.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The Group's share of results and net assets of jointly controlled entities are incorporated into the consolidated financial statements using the proportionate consolidation method.

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.

Business combinations are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the acquired business, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition.

On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets.

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, being the Group's functional and presentational currency.

Exchange rates of material entities used were as follows:

	Average rate		Closing rate	
Euro =	**2007**	2006	**2007**	2006
Pound Sterling	**0.685**	0.682	**0.738**	0.670
US Dollar	**1.371**	1.256	**1.471**	1.313
Canadian Dollar	**1.469**	1.425	**1.438**	1.525
Australian Dollar	**1.636**	1.668	**1.669**	1.670
Czech Koruna	**27.782**	28.367	**26.335**	27.590
Polish Zloty	**3.792**	3.906	**3.625**	3.840

4. SIGNIFICANT ACCOUNTING POLICIES

Goodwill

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

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

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. 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.

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

Intangible Assets (other than goodwill)

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

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

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

Impairment

The carrying values of non-financial assets are reviewed annually for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The recoverable amount of non-financial assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only if the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

Deferred Consideration

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

Revenue

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

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

No revenue is recognised if there is uncertainty regarding the recovery of the consideration due at the outset of the transaction, associated costs or the possible return of goods.

Notes to the Financial Statements as at 31 December 2007

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 of the risks and returns facing the Group and is thus the primary segment. Geographical segmentation is therefore the secondary segment.

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 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 Tax

Current tax:
Current tax for the current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount payable, the excess is recognised as an asset. The benefits relating to a tax loss that can be carried back to recover current tax of a previous period are held as an asset.

Deferred tax:
Deferred income taxes are calculated using the liability method on temporary differences.

In accordance with IAS 12 no deferred taxes are recognised in conjunction with goodwill. This applies also to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. Deferred tax liabilities are provided in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at the tax rates that are expected to apply to their respective periods of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets and liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets and liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leasing

Assets held under leasing arrangements, that transfer substantially all the risks and rewards of ownership to the Group, are capitalised. The capital element of the related rental obligation is shown on the balance sheet. The interest element of the rental obligation is charged to the income statement so as to produce a constant periodic rate of charge. Any liability associated with onerous leasing agreements is recognised immediately.

Rentals in respect of operating leases are charged to the income statement as incurred.

Pension Costs

The Group operates a number of defined benefit pension schemes which are closed to new members and a number of defined contribution pension schemes.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of fixed contributions.

The liability recognised in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of plan assets, together with adjustments for recognised actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected credit unit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. In accordance with IFRS actuarial gains and losses are recognised in the statement of recognised income and expense.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

Interest expenses related to pension obligations are included in "finance costs" in the income statement. All other pension related benefit expenses are included in "employee compensation and benefit expense".

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.

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.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate applicable on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and revenues, costs and non-monetary assets, at the exchange rates ruling at the dates of the transactions. Profits and losses arising from foreign currency are dealt with through the income statement. Monetary assets are amounts held or receivable in money; all other assets are non-monetary assets. On consolidation, the assets and liabilities of overseas subsidiary companies are translated into Euro at the rates of exchange ruling at the balance sheet date. Exchange differences arising from the restatement of the opening balance sheets of these subsidiary companies are dealt with through reserves. The operating results of overseas subsidiary companies are translated into Euro at the average rates applicable during the year.

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. 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.

Notes to the Financial Statements as at 31 December 2007

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Dividends

Final Dividend on Ordinary Shares will be recognised in the Group's financial statements as a charge in the following years reserves.

Interim Dividend paid Ordinary Shares is recognised in the Group's financial statements as a charge in the current year reserves.

Hedging

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 any gain or loss stemming from the re-measurement of the hedging instrument to fair value is reported in the income statement.

In the case of cash flow hedges the effective part of any gain or loss on the derivative financial instrument is recognised as a separate component of equity. Any ineffective or over effective portion of a cash flow hedge is reported in the income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or liability, the associated gains or losses that were recognised directly to equity shall be reclassified to the profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. To the extent it is expected that all or a portion of a loss recognised directly in equity will not be recovered in one or more future periods, the loss is reclassified into retained earnings.

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.

Borrowing Costs

The Group capitalises legal fees, arrangement fees and other issuance costs relating to the drawdown of new bank facilities. The capitalised borrowing costs are amortised over an appropriate period to reflect the life of the facility.

Financial Assets

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

- receivables
- held to maturity investments

Generally, Kingspan recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Significant receivables are considered for impairment on a case by case basis when they are past due at the balance sheet date or when objective evidence is received that a specific counterparty will default.

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held to maturity if it is the intention of the Group's management to hold them until maturity. Held to maturity investments are measured at amortised cost and if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of the estimated future cash flows. Any changes to the carrying value of the investment are recognised 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 transfer control of that asset.

4. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Financial Liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

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

Significant Judgements, Key Assumptions and Estimates

All of the following areas require the exercising of significant judgements and use of key assumptions and estimates.

Defined Benefit Pension Scheme (Note 38)

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

Share Based Payments (Note 6)

The Group grants options as part of certain employee's remuneration which under IFRS 2 are subject to valuation. The Group employs professional valuers to assess the cost of each option grant by use of the trinomial model and the key assumptions are set out in note 6.

Guarantees & Warranties (Note 24)

Certain products carry a formal guarantee 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.

Impairment (Note 13)

The Group is required to judge when there is sufficient objective evidence to record the impairment of non financial assets. It does this on the basis of a review of the budget and rolling 5 year strategic plans, which by their nature are based on a series of assumptions.

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 lives. The key assumptions associated with these reviews are detailed in note 13.

Deferred Consideration (Note 22)

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.

5. **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.
Off-Site & 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 the customer.

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

Notes to the Financial Statements as at 31 December 2007

5. 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 - 2007	1,047.8	326.8	291.5	197.1	**1,863.2**
Total Revenue - 2006	816.5	246.2	249.0	149.5	1,461.2

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 2007 €mn	TOTAL 2006 €mn
Operating result pre amortisation/impairment	169.6	23.0	13.9	34.0	**240.5**	-
Sale of property	3.9	-	-	-	**3.9**	-
Intangible Amortisation	(1.2)	(2.4)	(0.9)	(0.1)	**(4.6)**	-
Goodwill Impairment	-	-	(3.1)	-	**(3.1)**	-
Operating result - 2007	172.3	20.6	9.9	33.9	**236.7**	-
Operating result - 2006	128.0	27.5	20.9	17.6		194.0
Finance costs (net)					**(12.5)**	(8.8)
Result for the year before tax					**224.2**	185.2
Income tax expense					**(36.9)**	(33.5)
Net result for the year					**187.3**	151.7

Segment Assets and Liabilities

	Insulated Panels & Boards €mn	Off-Site & Structural €mn	Environ-mental & Renewables €mn	Access Floors €mn	TOTAL 2007 €mn	TOTAL 2006 €mn
Assets - 2007	659.9	204.3	249.4	142.3	**1,255.9**	-
Assets - 2006	534.8	216.0	201.2	136.6	**-**	1,088.6
Liabilities - 2007	(171.4)	(52.2)	(57.4)	(33.6)	**(314.6)**	-
Liabilities - 2006	(163.8)	(77.5)	(50.5)	(30.9)	**-**	(322.7)
Total assets less total liabilities					**941.3**	765.9
Cash and cash equivalents					**66.6**	69.1
Deferred tax asset					**2.4**	2.7
Interest bearing loans and borrowings (current and non-current)					**(280.5)**	(240.6)
Deferred consideration (current and non-current)					**(11.1)**	(16.0)
Income tax liabilities (current and deferred)					**(45.8)**	(34.3)
Total Equity as reported in Consolidated Balance Sheet					**672.9**	546.8

Notes to the Financial Statements as at 31 December 2007

5. 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 impairment	126.6	16.7	52.3	4.5	**200.1**
Goodwill impairment	-	-	(3.1)	-	**(3.1)**
Capital Investment - 2007	126.6	16.7	49.2	4.5	**197.0**
Capital Investment - 2006	77.8	56.4	21.8	8.8	164.8
Depreciation included in segment result - 2007	(21.6)	(7.8)	(6.8)	(3.7)	**(39.9)**
Depreciation included in segment result - 2006	(19.7)	(6.8)	(6.5)	(6.3)	(39.3)
Amortisation and impairment included in segment result - 2007	(1.2)	(2.4)	(4.0)	(0.1)	**(7.7)**
Amortisation included in segment result - 2006	(0.9)	(1.3)	(0.4)	(0.1)	(2.7)
Non cash items included in segment result - 2007	3.8	(0.1)	(0.4)	-	**3.3**
Non cash items included in segment result - 2006	(0.1)	-	-	-	(0.1)

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 - 2007	270.4	1,036.7	375.5	144.5	36.1	**1.863.2**
Revenue - 2006	261.5	822.1	272.1	78.9	26.6	1,461.2
Balance Sheet Items						
Assets - 2007	189.1	730.6	208.3	111.8	16.1	**1,255.9**
Assets - 2006	162.6	653.2	171.1	87.2	14.5	1,088.6
Other segmental information						
Capital Investment pre goodwill impairment	27.9	117.9	32.6	20.3	1.4	**200.1**
Goodwill impairment	-	(3.1)	-	-	-	**(3.1)**
Capital Investment - 2007	27.9	114.8	32.6	20.3	1.4	**197.0**
Capital Investment - 2006	21.6	87.5	21.1	21.5	13.1	164.8

6. EMPLOYEE COMPENSATION

a) Employee Numbers

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

	2007	2006
Production	**4,113**	3,322
Sales and distribution	**1,232**	974
Management and administration	**1,167**	794
	6,512	5,090

b) Employee Costs

The staff costs were:	**2007 €'000**	2006 €'000
Wages and salaries	**249,047**	186,846
Social welfare costs	**21,916**	18,179
Pension contributions - defined contribution	**8,326**	7,396
Share based payments	**5,650**	3,492
	284,939	215,913

Included in the finance costs (Note 7) is the interest cost attributable to the defined benefit pension scheme.

Notes to the Financial Statements as at 31 December 2007

6. EMPLOYEE COMPENSATION (cont'd)

c) Employee Share Based Compensation

As at 31 December 2007 the Group maintained two 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 details of both 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:

	2007 Number of options	**2007 Weighted average exercise price €**	2006 Number of options	2006 Weighted average exercise price €
Outstanding at 1 January	**7,133,252**	**6.64**	7,066,825	4.66
Granted	**2,057,067**	**17.07**	1,450,730	13.13
Cancelled	**(79,735)**	**8.93**	(160,997)	5.19
Exercised	**(1,553,113)**	**3.31**	(1,223,306)	2.69
Outstanding at 31 December	**7,557,471**	**10.15**	7,133,252	6.64

The weighted average share price during the year was €18.28 (2006 €14.07). All remaining share options as at 31 December 2007 have been accounted for under IFRS 2. Kingspan has granted the following outstanding share options and exercise prices:

Earliest exercise date	**2007 Number of options**	**2007 Weighted average exercise price €**		2006 Number of options	2006 Weighted average exercise price €
2008 Option range			2007 Option Range		
€0.13	**233,203**	**0.13**	€0.13	303,000	0.13
€1.35 - €2.95	**645,900**	**2.03**	€1.12 - €2.95	1,400,335	2.05
€3.10 - €5.65	**2,242,210**	**5.06**	€3.10 - €5.65	2,759,307	4.86
€9.35 - €10.90	**1,041,923**	**10.66**			
	4,163,236	**5.72**		4,462,642	3.65
2009 Option range			2008 Option Range		
€0.13	**77,731**	**0.13**	€0.13	110,203	0.13
€12.26 - €14.18	**1,259,437**	**14.09**	€9.35 - €10.90	1,150,115	10.68
	1,337,168	**13.28**		1,260,318	9.76
2010 Option range			2009 Option Range		
€0.13	**133,561**	**0.13**	€0.13	77,731	0.13
€17.82 - €21.10	**1,923,506**	**18.25**	€12.26 - €14.18	1,332,561	14.09
	2,057,067	**17.07**		1,410,292	13.32
	7,557,471	**10.15**		7,133,252	6.64

6. EMPLOYEE COMPENSATION (cont'd)

The fair values 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**	**03/09/2007**	**16/04/2007**	**06/03/2007**
Exercise price at grant	€17.82	€0.13	€19.00	€21.20	€19.20
Kingspan dividend yield	0.89%	0.83%	0.83%	0.74%	0.82%
Risk free rate at date of grant	3.81%	3.85%	3.85%	3.89%	3.44%
Expected volatility of the Kingspan share price	30.80%	31.80%	30.80%	31.80%	32.10%
The expected life of the option in years	5.5	5.5	5.5	5.5	5.5

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

7. FINANCE COSTS

	2007 **€'000**	2006 €'000
Bank loans	**14,176**	11,143
Hire purchase and finance leases	**51**	59
Net defined benefit pension scheme	**70**	418
	14,297	11,620

Borrowing costs capitalised during the year amounted to €nil (2006: €nil).

8. FINANCE INCOME

	2007 **€'000**	2006 €'000
Interest income	**1,837**	2,775

9. RESULT FOR THE YEAR BEFORE TAX

	2007 **€'000**	2006 €'000
The result for the year is stated after charging / (crediting):		
Distribution expenses	**94,746**	79,590
Operating lease payments	**2,796**	2,214
Non payroll product development costs	**7,482**	7,748
Depreciation	**39,831**	39,352
Amortisation of intangible assets	**4,647**	2,705
Impairment of Goodwill	**3,094**	-
(Profit)/Loss on sale of tangible assets	**(3,331)**	99
Auditors' Remuneration:		
Statutory Audit	**1,172**	960
Other services relating to tax	**399**	170
Services relating to Corporate Finance	**175**	350
All other services	**248**	190

Notes to the Financial Statements as at 31 December 2007

10. DIRECTORS' REMUNERATION

Executive Directors	**Basic Salary €'000**	**Benefit in kind €'000**	**Performance related bonus €'000**	**Pension contributions €'000**	**2007 Total €'000**	2006 Total €'000
Gene M. Murtagh	595	5	575	86	**1,261**	862
Brendan Murtagh[1]	439	46	-	319	**804**	1,118
Dermot Mulvihill	380	24	381	370	**1,155**	898
Russell Shiels	327	19	269	7	**622**	526
Peter Wilson	301	15	301	60	**677**	502
Noel Crowe	266	14	106	40	**426**	391
Louis Eperjesi[2]	301	33	241	48	**623**	-
	2,609	156	1,873	930	**5,568**	4,297

Non-executive Directors	**2007 Non-executive fees €'000**	2006 Non-executive fees €'000
Eugene Murtagh[3]	**177**	158
Eoin McCarthy	**65**	58
Kevin O'Connell[4]	**27**	58
Brian Joyce	**65**	58
Tony McArdle	**65**	58
David Byrne	**65**	58
Brian Hill	**65**	58
Helen Kirkpatrick[5]	**38**	-
	567	506

1 The Company paid a termination payment to Mr. Brendan Murtagh on his retirement as an Executive Director of €439,000.
2 Mr. Louis Eperjesi was appointed as an Executive Director on 1 June 2007.
3 The Company paid a contribution to Mr. Eugene Murtagh's personal pension scheme of €132,750.
4 Mr. Kevin O'Connell retired as a Non-executive Director on 24 May 2007.
5 Ms. Helen Kirkpatrick was appointed as a Non-executive Director on 1 June 2007.

Number of Directors at year-end

	2007	2006
Executive Directors	**6**	6
Non-executive Directors	**7**	7
Total	**13**	13

Average number of Directors during the year

	2007	2006
Executive Directors	**7**	6
Non-executive Directors	**7**	7
Total	**14**	13

- 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.

Notes to the Financial Statements as at 31 December 2007

11. INCOME TAX EXPENSE

	2007 €'000	2006 €'000
Current tax expense		
- Irish	**10,685**	8,898
- Overseas	**24,314**	27,325
Adjustment in respect of prior years	**(956)**	(1,999)
	34,043	34,224
Deferred taxation	**2,834**	(704)
	36,877	33,520

Reconciliation of average effective tax rate to applicable tax rate	**2007 €'000**	2006 €'000
Profit before tax	**224,204**	185,200
Tax charge expressed as a percentage of profit before tax:		
- current tax expense only	**15.2%**	18.5%
- total income tax expense (current and deferred)	**16.4%**	18.1%

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	**10.1%**	5.6%
Items not subject to tax	**(6.6%)**	(4.4%)
Manufacturing relief	**(0.3%)**	(0.5%)
Net effect of differing tax rates	**1.1%**	5.3%
Other items	**(0.4%)**	(0.4%)
Total effective tax rate	**16.4%**	18.1%

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.

12. EARNINGS PER SHARE

The calculations of earnings per share are based on the following:	**2007 €'000**	2006 €'000
Profit attributable to ordinary shareholders	**187,295**	151,032

	Number of shares ('000) 2007	Number of shares ('000) 2006
Weighted average number of ordinary shares for the calculation of basic earnings per share	**169,567**	168,149
Dilutive effect of share options	**3,118**	3,936
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**172,685**	172,085

Notes to the Financial Statements as at 31 December 2007

12. EARNINGS PER SHARE (cont'd)

	2007 €cent	2006 €cent
Basic earnings per share	**110.5**	89.8
Diluted earnings per share	**108.5**	87.8

13. GOODWILL

As at 31 December 2007	**Goodwill €'000**
At 1 January	**287,580**
Additions relating to current year acquisitions	**34,306**
Additions relating to prior year acquisitions	**2,045**
Impairment loss recognised	**(3,094)**
Net exchange difference	**(16,871)**
At 31 December 2007	**303,966**

As at 31 December 2006	**Goodwill €'000**
At 1 January	217,736
Additions	72,784
Impairment loss recognised	-
Net exchange difference	(2,940)
At 31 December 2006	287,580

IMPAIRMENT TESTING OF GOODWILL

An impairment review is performed annually for each cash-generating unit (CGU) to which the carrying amount of goodwill has been allocated, and whenever there is an indication that the unit may be impaired. The cash generating units represent the lowest level within the Group at which the associated goodwill is monitored for internal management purposes and are not larger than the primary and secondary segments determined in accordance with IAS 14 Segment Reporting.

All cash-generating units have been subject to an annual impairment review performed on a Value-in-Use basis incorporating a 5 year forecast, with year 1 extracted from budget, and years 2-5 from the strategic plan. All forecasts incorporate a 1% terminal growth factor.

The key assumptions used in the value-in-use calculations and used to assess impairment include management's estimates of future profitability, replacement capital expenditure requirements and trade working capital investment needs. The cash flow projections are based on current operating results of the individual cash generating units and a conservative assumption regarding future organic growth. For the purposes of the calculation of Value-in-Use, the cash flows are projected over a 5 year period with additional cash flows in subsequent years calculated using a terminal value methodology.

The cash-generating units which have a carrying amount of goodwill allocated to that unit which is deemed significant in comparison with the Group's total carrying amount of goodwill or intangible assets with indefinite useful lives were the following: Structural & Offsite, Access Floors, Hot Water Storage and Cold Store, which represent more than 65% of the net book value of goodwill at 31 December 2007.

- Structural & Offsite – Goodwill related to the acquisition of the UK and Irish timber frame and steel frame companies have been allocated for the impairment test to the Structural & Offsite CGU. The carrying amounts of all goodwill items allocated to this CGU are expressed in various currencies for an equivalent of €81.3mn as at 31 December 2007.
- Access Floors – Goodwill related to the acquisition of the US and UK access floor companies have been allocated for the impairment test to the Access Floors CGUs. The carrying amounts of all goodwill items allocated to these CGUs are expressed in various currencies for an equivalent of €63.3mn as at 31 December 2007.

13. GOODWILL (cont'd)

- Hot Water Storage – Goodwill related to the acquisition of the UK hot water storage companies within the Environmental & Renewables division have been allocated to the Hot Water Storage CGU. The carrying amounts of all goodwill items allocated to this CGU are expressed for an equivalent of €27.8mn as at 31 December 2007.
- Cold Store – Goodwill for an equivalent of €23.7mn related to the acquisition of the UK coldstore company within Insulated Panels division.

The discount factor, determined specifically for each jurisdiction, is based on a weighted average cost of capital incorporating relevant government bonds for risk-free rate, and using an appropriate beta as a proxy for the particular asset, applied to 5% as the premium over risk-free. The before-tax discount rates calculated range from 8.3% to 9.5%. The key sensitivity for the impairment test is the growth in sales and EBIT margin.

It is deemed that there is no material change in a key assumption on which management has based its determination of the unit's (group of units) recoverable amount which would cause the unit's (group of units) carrying amount to exceed its recoverable amount with the exception of the impairment loss detailed below. The Group holds the view that the above values broadly reflect past experience.

An impairment of €3.1mn has been identified as part of this review. No impairment losses were recognised by the Group in 2006.

14. OTHER INTANGIBLE ASSETS

As at 31 December 2007

	Patents €'000	Brands €'000	Technical Know-how €'000	Other Intangibles €'000	Total €'000
At 1 January	923	13,965	976	1,253	**17,117**
Additions	-	54	-	1,874	**1,928**
Amortisation	(424)	(3,155)	(122)	(946)	**(4,647)**
Net exchange difference	-	(194)	31	(71)	**(234)**
At 31 December	499	10,670	885	2,110	**14.164**

As at 31 December 2006

	Patents €'000	Brands €'000	Technical Know-how €'000	Other Intangibles €'000	Total €'000
At 1 January	1,347	9,599	1,099	220	12,265
Additions	-	6,305	-	1,323	7,628
Amortisation	(424)	(1,873)	(119)	(289)	(2,705)
Net exchange difference	-	(66)	(4)	(1)	(71)
At 31 December	923	13,965	976	1,253	17,117

Notes to the Financial Statements as at 31 December 2007

15. JOINTLY CONTROLLED ENTITIES

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

Kingspan Tarec Industrial Insulation Limited
Kingspan Tarec Industrial Insulation NV

The aggregate amounts relating to these entities that have been included in the consolidated financial statements are as follows:

	2007 €'000	2006 €'000
Non-current assets	**6,780**	5,365
Current assets	**6,134**	6,865
	12,914	12,230
Non-current liabilities	**(1,611)**	(1,097)
Current liabilities	**(8,434)**	(6,701)
	(10,045)	(7,798)
Income	**19,267**	18,120
Expenses	**(19,401)**	(16,280)
Net result for the year	**(134)**	1,840

16. PROPERTY, PLANT AND EQUIPMENT

GROUP - As at 31 December 2007	**Land and buildings**	**Plant and machinery**	**Motor vehicles**	**Total**
Cost or valuation	**€'000**	**€'000**	**€'000**	**€'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**

Included within the net book value is €3,529,053 (2006: €676,699) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to €457,503 (2006: €255,594).

Notes to the Financial Statements
as at 31 December 2007

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

GROUP - As at 31 December 2006	Land and buildings	Plant and machinery	Motor vehicles	Total
Cost or valuation	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January	134,211	298,917	8,654	441,782
Acquisitions of business entities	9,417	30,327	2,345	42,089
Additions	23,697	34,677	2,051	60,425
Disposals	(487)	(7,530)	(1,690)	(9,707)
Translation adjustment	596	(1,117)	51	(470)
At 31 December	167,434	355,274	11,411	534,119
Depreciation				
At 1 January	(23,006)	(164,466)	(3,553)	(191,025)
Acquisitions of business entities	(1,551)	(15,167)	(1,450)	(18,168)
Provision for year	(4,323)	(33,049)	(1,880)	(39,252)
Disposals	105	6,520	1,236	7,861
Translation adjustment	163	1,233	(56)	1,340
At 31 December	(28,612)	(204,929)	(5,703)	(239,244)
Net book value at 31 December 2006	138,822	150,345	5,708	294,875

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:

	2007	2006
	€'000	€'000
Cost	**230,700**	166,631
Accumulated depreciation	**(30,184)**	(27,017)
Net book value	**200,516**	139,614

17. FINANCIAL ASSETS

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	€'000	€'000	**€'000**	€'000
Unlisted investments (at fair value)	**209**	227	**-**	-
Shares in subsidiaries at cost - unlisted	**-**	-	**11,960**	11,960
	209	227	**11,960**	11,960

Notes to the Financial Statements as at 31 December 2007

18. INVENTORIES

	2007	2006
	€'000	€'000
Raw materials and consumables	**106,423**	94,750
Work in progress	**5,985**	2,973
Finished goods	**44,571**	36,901
Inventory provision	**(4,839)**	(3,756)
	152,140	130,868

The replacement cost of stock is not considered to be materially different from the amounts shown above.

19. TRADE AND OTHER RECEIVABLES

	GROUP		**COMPANY**	
	2007	2006	**2007**	2006
	€'000	€'000	**€'000**	€'000
Amounts falling due within one year				
Trade receivables	**352,583**	329,183	**-**	-
Other receivables	**19,724**	20,209	**-**	-
Prepayments	**14,437**	8,574	**-**	-
Amounts due from subsidiaries	**-**	-	**79,583**	96,348
	386,744	357,966	**79,583**	96,348

In the normal course of business, all of the Group's trade receivables are reviewed for impairment. As a result of this review, there has been an increase of €108,000 in the provision for doubtful debts to €13,389,000 (2006: €13,281,000).

In addition, the ageing of trade receivables which are past due but against which no provision has been made is as follows:

	GROUP	
	2007	2006
	€'000	€'000
Not more than 3 months	**164,516**	150,974
Greater than 3 months	**9,357**	8,888
	173,873	159,862

The Group's comprehensive credit insurance policy will cover the vast majority of any of the overdue receivables that prove to be irrecoverable.

20. TRADE AND OTHER PAYABLES

	GROUP		**COMPANY**	
	2007	2006	**2007**	2006
	€'000	€'000	**€'000**	€'000
Amounts falling due within one year				
Trade payables	**122,098**	139,503	**-**	-
Accruals and deferred income	**101,909**	90,356	**-**	-
Irish income tax and social welfare	**483**	861	**-**	-
Other income tax and social welfare	**8,907**	8,391	**-**	-
Value Added Tax	**20,057**	20,001	**-**	-
Amount due to subsidiaries	**-**	-	**6,490**	-
	253,454	259,112	**6,490**	-

21. INTEREST BEARING LOANS AND BORROWINGS

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	€'000	€'000	**€'000**	€'000
Current financial liabilities				
Bank loans and overdrafts	**42,733**	34,110	**-**	-
Finance lease and hire purchase obligations	**3,369**	521	**-**	-
	46,102	34,631	**-**	-
Non-current financial liabilities				
Bank loans repayable:				
- between one and two years	**25,000**	25,000	**-**	-
- between two and three years	**53,271**	28,207	**-**	-
- between three and four years	**-**	-	**-**	-
- between four and five years	**-**	-	**-**	-
- after more than five years	**156,121**	152,772	**-**	-
	234,392	205,979	**-**	-

22. DEFERRED CONSIDERATION

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

Of the opening balance on the deferred consideration account of €5,659,000 due within one year (2006 €16,777,000) and €10,355,000 due after one year (2006 €1,241,000) €5,929,000 was released (2006: nil), €2,163,000 was paid (2006: €13,907,000), there were additions of €3,889,000 (2006: €11,890,000) with a translation impact of €710,000 (2006: €11,000) to arrive at a closing balance of €3,351,000 due within one year and €7,750,000 due after one year.

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.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Terms, conditions and risk management policies
Exposure to foreign currency, interest rate, and credit risk arises in the normal course of Kingspan's business. The Group's focus is to understand these risks and to define strategies to manage the economic impact on the Group's performance. Regular meetings are held to review the results of the risk assessment, approve recommended risk management strategies and monitor the financial risk management policies.

Some of the Group's risk management strategies include the usage of derivatives, mainly forward exchange contracts, interest rate swaps, and cross currency interest rate swaps. Kingspan's policy prohibits the use of derivatives in the context of trading.

Funding and liquidity risks
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 holds the following committed syndicated bank facilities:

- A €50mn multi-currency amortising term facility expiring in December 2009
- A €225mn multi-currency revolving credit facility expiring in December 2009

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements.

Foreign exchange risks
The Group is exposed to foreign currency risks on sales, purchases and borrowings that are denominated in a currency other than the Euro. The currencies giving rise to this risk are primarily Pounds Sterling and U.S. Dollars.

The Group hedges an appropriate proportion of its estimated foreign currency exposure in respect of forecasted sales and purchases over the following twelve months. The Group uses forward exchange contracts to hedge its foreign currency risk. The Group's forward exchange contracts are classified as cash flow hedges and are stated at fair value.

Notes to the Financial Statements as at 31 December 2007

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

Balance sheet exposure in relation to foreign currency is hedged as far as possible by borrowing in the same currency.

The table below provides an indication of the company's net foreign currency positions as regards firm commitments and forecasted transactions per 31 December 2007 for the most important currency pairs. The open positions are the result of the application of Kingspan's risk management policy. Positive amounts indicate that the company is long (net future cash inflows) in the first currency of the currency pair while negative amounts indicate that the company is short (net future cash outflows) in the first currency of the currency pair.

	(EUR)/GBP in €'mn	(USD)/GBP in US$'mn
Net internal exposure	(55)	(24)
External hedges	40	16
Residual exposure	(15)	(8)

Cash flow hedge accounting

The Group enters into forward foreign exchange contracts as hedging instruments related to the underlying gross risk of the hedged item. In conformity with the IAS 39 hedge accounting rules, hedges of firm commitments and highly probable forecasted transactions are designated as cash flow hedges. Consequently, the portion of the gain or loss on the hedging instrument that qualifies as an effective hedge is recognised directly in equity. On these cash flow hedges a net profit before tax of €1,702,149 has been recognised directly in equity during 2007 and recognised within accruals and deferred income (2006: Loss €336,700).

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 on a fixed rate basis. Interest rate swaps are entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy.

US Dollar Loan Notes

The Group had a private placement of US$158mn fixed interest 10 year bulletin repayment loan notes maturing on 29 March 2015, and US$42mn fixed interest 12 year bulletin 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 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. In conformity with the IAS 39 hedge accounting rules these hedges 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 fair value of the private placement are recognised in the income statement.

Analysis of interest rate exposure

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 2007

	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	5.50%	3,688	-	3,688	3,688	-
Bank loans	6.74%	96,907	-	96,907	96,907	-
Loan notes	4.15%	151,458	151,458	-	-	151,458
Other loans	5.86%	25,072	-	25,072	25,072	-
		277,125	151,458	125,667	125,667	151,458

	Total €'000	At fixed interest rate €'000	At floating interest rate €'000
Sterling	83,301	-	83,301
Euro	192,792	151,458	41,334
Others	1,032	-	1,032
	277,125	151,458	125,667
Weighted average fixed period	7.67		

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

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, and working within agreed counterparty limits. Based on these factors, Kingspan considers the risk of counterparty default at 31 December 2007 to be minimal.

Kingspan has established minimum counterparty credit ratings and enters into transactions only with financial institutions with the designated rating, or better. To minimise the concentration of counterparty credit risk, the company enters into derivative transactions with a portfolio of financial institutions. There was no significant concentration of credit risks with any single counterparty at 31 December 2007.

In order to efficiently manage funding requirements, the Group has a series of master netting agreements with bilateral providers of working capital facilities, at the year end such agreements did not materially impact on the Group's credit risk.

Fair Value

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In conformity with IAS 39 all derivatives are recognised at fair value in the balance sheet. The fair value of derivative financial instruments is either the quoted market price or is calculated using pricing models taking into account current market rates. These pricing models also take into account the current creditworthiness of the counterparties.

The fair value of these instruments generally reflects the estimated amount that Kingspan would receive on the settlement of favorable contracts or be required to pay to terminate unfavorable contracts at the balance sheet date, and thereby takes into account any unrealised gains or losses on open contracts.

Trade Receivables

Trade receivables do not bear any effective interest rate. All trade receivables are subject to credit risk exposure, which where appropriate is managed by having credit insurance policies. However, Kingspan does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers.

The Group is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this on the basis of a regular review of aged receivables, which incorporates the insured trading limits derived from the Group's credit insurance policy.

Cash and cash equivalents

Cash and cash equivalents have a maturity range from daily deposits to 1 month and are eligible for immediate cancellation without receiving any interest for the last deposit period.

24. 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							
2007	42,554	4,272	27,851	(12,748)	(4,372)	(2,887)	**54,670**
2006	30,252	2,142	29,664	(16,425)	(2,802)	(277)	42,554

Guarantees and Warranties

Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers. Provision is made for the estimated cost of honouring unexpired warranties, firstly in relation to claims already received and secondly management evaluate, by product, the history of claims and the output from quality control evaluations, to determine an unexpired warranty provision.

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 a dividend. The company has accrued its estimate of probable loss at 31 December 2007.

Notes to the Financial Statements as at 31 December 2007

25. 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	
	2007	2006	**2007**	2006	**2007**	2006
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Plant, machinery and equipment	**(1,434)**	(1,719)	**(14,648)**	(14,093)	**(16,082)**	(15,812)
Other timing differences	**3,835**	4,411	**(456)**	(577)	**3,379**	3,834
Pension obligations	**-**	2	**2,100**	6,418	**2,100**	6,420
Unused tax losses	**-**	-	**71**	40	**71**	40
	2,401	2,694	**(12,933)**	(8,212)	**(10,532)**	(5,518)

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 2007 (2006: €0.2mn asset).

Deferred tax debited to equity during 2007 was €3,110,000, (2006: credit of €206,000) representing the tax effect of the movement in the defined benefit pension liability. An amount of €2,834,000, (2006: €704,000) was debited/(credited) to the income statement with the remaining movement of €930,000 (2006: €3,621,000) representing the effect of acquisitions and foreign exchange movements.

26. CALLED-UP SHARE CAPITAL

	2007	2006
	€'000	€'000
Authorised		
220,000,000 Ordinary shares of €0.13 each (2006: 220,000,000 Ordinary shares of €0.13 each)	**28,600**	28,600
Issued and fully paid		
Ordinary shares of €0.13 each		
At 1 January - 170,468,735 shares	**22,161**	22,003
Share options exercised - 1,505,127 shares	**195**	158
Treasury shares redeemed - 1,620,000 shares	**(210)**	-
At 31 December - 170,353,862 shares	**22,146**	22,161

At 31 December 2007, the Group held nil (2006: 1,620,000) of the Company's shares.

27. ADDITIONAL PAID-IN SHARE CAPITAL

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	€'000	€'000	**€'000**	€'000
At 1 January	**26,341**	22,803	**25,934**	22,803
Employee share based compensation released on exercise (Note 31)	**1,127**	407	**-**	-
Premium on shares issued	**4,449**	3,131	**4,449**	3,131
At 31 December	**31,917**	26,341	**30,383**	25,934

Notes to the Financial Statements as at 31 December 2007

28. OTHER RESERVES

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	€'000	€'000	**€'000**	€'000
At 1 January	**25,601**	23,650	**-**	-
Reanalysed to Retained Earnings (Note 31)	**-**	(3,043)	**-**	-
Exchange adjustments	**43,669**	4,657	**-**	-
Cash flow hedging in equity	**(1,702)**	337	**-**	-
At 31 December	**67,568**	25,601	**-**	-

29. REVALUATION RESERVE

	2007	2006
	€'000	€'000
At beginning and end of year	**713**	713

30. CAPITAL REDEMPTION RESERVE

	2007	2006
	€'000	€'000
At 1 January	**513**	513
Redemption of Treasury shares	**210**	-
At 31 December	**723**	513

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

31. RETAINED EARNINGS

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	€'000	€'000	**€'000**	€'000
At 1 January	**519,390**	393,898	**59,700**	26,761
Reanalysed from Other Reserves (Note 28)	**-**	(3,043)	**-**	-
Retained profit for the year	**187,295**	151,032	**1,997**	54,550
Defined benefit pension scheme	**9,203**	(685)	**-**	-
Income tax relating to items charged or credited to equity	**(3,110)**	206	**-**	-
Employee share based compensation	**5,650**	3,492	**5,650**	3,492
Employee share based compensation released on exercise	**(1,127)**	(407)	**-**	-
Dividends	**(35,546)**	(25,103)	**(35,546)**	(25,103)
At 31 December	**681,755**	519,390	**31,801**	59,700

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.

Notes to the Financial Statements as at 31 December 2007

32. DIVIDENDS

The Final Dividend on Ordinary Shares for 2006 (€22.0mn) was approved by shareholders in May 2007 and, in accordance with IFRS, was recognised as a charge to reserves in the year ended 31 December 2007. The Interim Dividend on Ordinary Shares for 2007 (€13.5mn) was recognised as a charge to reserves in the year ended 31 December 2007.

The Final Dividend on Ordinary Shares for 2007 (€29.0mn) is being proposed at the Group's AGM and, in accordance with IFRS, will be recognised as a charge to reserves in the year ending 31 December 2008.

DIVIDENDS

Ordinary dividends

		2007	2006
		€'000	€'000
Paid:	2006 Final dividend 13.00c per share (2005: 8.95c per share) on 169,827,909 shares	**22,000**	15,007
	2007 Interim dividend 8.00c per share (2006: 6.00c per share) on 168,893,070 shares	**13,546**	10,096
		35,546	25,103

33. MINORITY INTEREST

	2007	2006
	€'000	€'000
At 1 January	**3,280**	362
Arising on acquisition	**-**	2,284
Dividends paid to minorities	**(24)**	(14)
Profit and loss account	**32**	648
Translation adjustment	**(58)**	-
At 31 December	**3,230**	3,280

34. 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:

	2007	2006
	€'000	€'000
Depreciation, amortisation and impairment charges of fixed and intangible assets	**47,572**	41,957
Employee equity-settled share options	**5,650**	3,492
Finance income	**(1,837)**	(2,775)
Finance cost	**14,297**	11,620
(Profit)/Loss on sale of tangible assets	**(3,332)**	99
Total	**62,350**	54,393

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

	2007	2006
	€'000	€'000
Increase/(decrease) in cash and bank overdrafts	**5,930**	(48,357)
(Increase)/decrease in debt, lease finance and deferred consideration	**(33,078)**	54,506
Change in net debt resulting from cash flows	**(27,148)**	6,149
Loans and lease finance acquired with subsidiaries	**(5,469)**	(15,365)
Deferred consideration arising on acquisitions in the period	**2,035**	(14,086)
New finance leases	**(2,704)**	(67)
Translation movement	**(4,119)**	(679)
Net movement	**(37,405)**	(24,048)
Net debt at start of the year	**(187,564)**	(163,516)
Net debt at end of the year	**(224,969)**	(187,564)

36. ACQUISITIONS

During the year the Group completed 7 acquisitions, the principal ones being Coldmatic (Canadian based manufacturer of insulated panels), Tate ASP Maxcess (Canadian based manufacturer of raised access floors), Atlas Tanks (Irish based environmental tank manufacturer) and Thermomax (UK based manufacturer of advanced solar thermal systems).
Tate ASP Maxcess and Atlas Tanks involved the acquisition of a 100% stake.

A summary of the effect of acquisitions during the year is as follows:

	2007 Book value at acquisition €'000	**2007 Fair value adjustments €'000**	**2007 Fair value to the Group €'000**
Property, plant and equipment	18,841	(2,775)	**16,066**
Financial assets	3,395	-	**3,395**
Inventories	6,670	(1,161)	**5,509**
Trade and other receivables	8,913	(213)	**8,700**
Cash and cash equivalents	2,355	-	**2,355**
Trade and other payables	(13,359)	(4,510)	**(17,869)**
Finance leases	(418)	-	**(418)**
Interest bearing loans and borrowings	(5,122)	-	**(5,122)**
Minority interest	-	-	**-**
Total net assets acquired	21,275	(8,659)	**12,616**
Effects of revisions of fair values above			
Goodwill			**34,306**
Other intangible assets			**1,928**
Consideration			**48,850**
Satisfied by:			
Consideration paid			**44,019**
Associated acquisition costs			**1,121**
Deferred consideration			**3,710**
			48,850

The goodwill arising on the above acquisitions relates primarily to identified synergies with existing businesses and growth potential.

The initial assignment of fair value to identifiable net assets acquired has been performed on a provisional basis in respect of a number of business combinations disclosed above given the timing of these deals. Any amendments to these fair values and formal evaluation of intangible assets acquired, 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 2008 Annual Report.

The total adjustments processed to the fair values of business combinations completed during 2006 where those fair values were not readily or practicably determinable as at 31 December 2006 amounted to €4,406,000.

A further €3,385,000 of costs were incurred in respect of these acquisitions and there was also a reduction of €5,746,000 in the consideration payable. The net result of these adjustments is that goodwill increased by €2,045,000.

	2007 €'000
The business combinations have reported the following post acquisition profits which have been consolidated into these financial statement	293

Notes to the Financial Statements as at 31 December 2007

36. ACQUISITIONS (cont'd)

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
73,100	913

As is the norm with Kingspan's development strategy, certain business combinations have been completed after the balance sheet date, none of which are material to the Group thereby not requiring disclosure either under IFRS 3, Business Combinations or IAS 10, Events After the Balance Sheet Date.

37. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

(i) Government grants
In certain circumstances, as set out in the grant agreements (the most significant of which are ceasing to trade, or the disposal of grant aided assets), grants may be repayable up to a maximum amount of €2,022,955 (2006: €1,279,534).

(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 2007.

(iii) Leasing and hire purchase	**2007 €'000**	2006 €'000
Finance lease and hire purchase obligations net of interest are due as follows:		
- within one year	**3,369**	521

The above finance lease is net of future interest costs of €265,000 (2006: €41,000)

Operating lease obligations are due as follows:		
- within one year	**2,895**	3,565
- after more than one year	**3,020**	4,076
	5,915	7,641

(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:

	2007 €'000	2006 €'000
Contracted for	**41,412**	23,950
Not contracted for	**81,392**	35,168
	122,804	59,118

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:

	2007 €'000	2006 €'000
Contracted for	**2,439**	1,921
Not contracted for	**-**	-
	2,439	1,921

38. PENSION OBLIGATIONS

The Group operates three defined benefit and a number of defined contributions schemes, the assets of which are administered by trustees in funds independent from those of the Group. The plan assets held for the defined benefit obligations do not include any of Kingspan Group plc's shares or any assets used by the Group.

Total pension contributions for the year amounted to €11,773,000 (2006: €11,957,000) of which €3,447,000 (2006: €4,561,000) related to defined benefit schemes.

During the year €1,733,000 (2006: €1,569,000) of benefits were paid to members of the defined benefit pension scheme.

The amount recognised in the income statement relating to the defined benefit schemes has been disclosed in Note 7.

The expected contributions into the defined benefit pensions schemes during 2008 is €2,682,000.

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

At the year end €2,805,000 (2006: €2,296,000) was included in creditors in respect of pension liabilities and €Nil (2006: €Nil) included in debtors in respect of pension prepayments.

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

The major assumptions used by the actuary at each year end were:

	2007	2006	2005	2004	2003
Rate of increase in salaries	**0.00%**	0.00%	0.00%	0.00%	1.73%
Rate of increase of pensions in payment	**3.40%**	3.06%	2.81%	2.77%	2.60%
Discount rate	**5.81%**	5.12%	4.75%	5.26%	5.37%
Inflation assumption	**3.40%**	3.06%	2.81%	2.77%	2.60%

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

	2007	2006	2005	2004	2003
Equities	**7.62%**	7.14%	7.17%	7.15%	7.35%
Bonds	**5.00%**	5.00%	5.00%	5.00%	5.00%
Cash	**-**	4.50%	4.75%	4.00%	4.65%
Other	**-**	7.00%	7.00%	7.00%	7.00%

	2007 €'000	2006 €'000	2005 €'000	2004 €'000	2003 €'000
Equities	**45,768**	44,502	33,321	26,473	23,063
Bonds	**15,603**	16,001	18,554	15,066	13,214
Cash	**-**	621	462	469	184
Other	**-**	160	77	61	47
Total market value of assets	**61,371**	61,284	52,414	42,069	36,508
Actuarial value of liability	**(67,880)**	(82,242)	(76,423)	(64,733)	(53,732)
Recoverable deficit in the scheme	**(6,509)**	(20,958)	(24,009)	(22,664)	(17,224)
Related deferred tax asset	**1,953**	6,287	7,203	6,799	5,167
Net pension liability	**(4,556)**	(14,671)	(16,806)	(15,865)	(12,057)

Notes to the Financial Statements as at 31 December 2007

38. PENSION OBLIGATIONS (cont'd)

Movement in deficit during the year	2007 €'000	2006 €'000	2005 €'000	2004 €'000	2003 €'000
Deficit in fund at beginning of year	**(20,958)**	(24,009)	(22,664)	(17,224)	(15,141)
Movement during year:					
Current service cost	**(33)**	(35)	(29)	(27)	-
Contributions paid by the employer	**3,447**	4,561	2,876	2,885	170
Net return on assets/(interest cost)	**(70)**	(418)	(711)	(590)	(464)
Translation adjustment	**1,902**	(372)	(502)	(300)	1,173
Actuarial gain/(loss)	**9,203**	(685)	(2,979)	(7,408)	(2,962)
Deficit in fund at end of year	**(6,509)**	(20,958)	(24,009)	(22,664)	(17,224)

Included in the Financial Review in the section entitled 'Pension Deficit' is the analysis of the movement in the market value of assets and actuarial value of liabilities during 2007. No comparative analysis has been provided as the movements were not material; the reason being that in 2007 there was revisions of the assumptions which gave rise to the material reduction in the net deficit recorded.

History of experience gains and losses	2007 €'000	2006 €'000	2005 €'000	2004 €'000	2003 €'000
Difference between expected and actual return on fund assets:					
amount	**347**	2,075	5,202	1,323	2,747
percentage of fund assets	**0.57%**	3.4%	10.0%	3.0%	8.0%
Experience gains and losses on fund liabilities:					
amount	**13,763**	(2,731)	(6,853)	(3,727)	(72)
percentage of fund liabilities	**20.3%**	3.3%	9.0%	6.0%	0.1%
Total amount recognised in statement of recognised income and expenditure:					
amount	**9,203**	(685)	(2,979)	(7,408)	(2,962)
percentage of fund liabilities	**14%**	0.8%	4.0%	11.0%	6.0%

39. RELATED PARTY TRANSACTIONS

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

	2007 €'000	2006 €'000
Travel services	**672**	535
Hotel	**25**	29
	697	564

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

	2007 €'000	2006 €'000
Travel services	**196**	83

There was no balance owed to or from any related parties at 31 December 2007 (2006: no balances).

The Company received dividends from subsidiaries of €7,664,000, and there was a movement of inter company balances of €23,255,000.

40. RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management objectives and policies

The Group is exposed to market currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The Group actively manages these risks to minimise its exposures as explained in the following paragraphs. In respect of 2006, the risks were not deemed sensitive and therefore would have had no material impact on the results.

Foreign currency risk

The Group is exposed to foreign currency risks on sales, purchases and borrowings that are denominated in a currency other than the Euro. The currency giving rise to this risk is primarily Pounds Sterling.

To mitigate the Group's exposures to foreign currency risk, the Group uses foreign exchange contracts to hedge an appropriate proportion of its estimated foreign currency exposure in respect of forecasted sales and purchases.

Sensitivity analysis of foreign currency denominated net financial assets
The identified material Pounds Sterling denominated net financial assets (net of Pounds Sterling financial liabilities) at 31 December 2007 amounted to approximately £110mn. Using a 2% volatility in the Euro Pound Sterling exchange rate, management has concluded that there would have been no material impact on the net result for the year had the identified Pounds Sterling net financial assets at 31 December 2007 been converted at a rate +/- 2% to the closing Euro:Pounds Sterling rate.

Interest rate risk

The Group has a policy of minimising its exposure to interest rate movements by ensuring that an appropriate proportion of its borrowings are on 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. To this end, the loan notes, which represent 60% of the drawn down facilities (per note 23), are fixed out to maturity in Euro at 4.15%. The remainder of the drawn down facilities are subject to floating rates.

Based on the level of fixed interest rate debt, management is of the view that the net result for the year would not have been materially affected by any increase or decrease – with effect from the beginning of the year - that could be considered reasonable based on current market conditions.

Credit risk analysis

Counterparty risk in relation to financial instruments
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. The Group mitigates its exposure to counterparty credit risk through minimum counterparty credit guidelines, diversification of counterparties, working within agreed counterparty limits and restricting transactions to financial institutions which have a minimum designated rating. Based on these factors the Group considers the risk of counterparty default at 31 December 2007 to be minimal.

Trades and other receivables
In respect of trade and other receivables, the combination of a tight credit control policy and the existence of a comprehensive credit insurance policy, leads management to conclude that the Group is not exposed to any material credit risk to any single counterparty.

Notes to the Financial Statements as at 31 December 2007

Liquidity risk analysis

The Group operates a prudent approach to liquidity management using a mixture of long-term together with short-term debt, cash and cash equivalents to meet its liabilities when they fall 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 of US$250mn. In addition the Group has syndicated facilities comprising a €50mn term loan with repayments of €25mn per annum to December 2009, and a €225mn revolving credit facility which also matures on the same date.

Management has considered the Group's liquidity risk in the context of the contractual maturities for loans (per note 23), trade payables (per note 20, all of which are current liabilities) and deferred consideration (note 22), and in light of the Group's available credit facilities and free-cashflow generation, this risk is considered not to be material. In relation to provisions, as these represent estimates of potential liabilities rather than contractual liabilities with known maturity dates, it is not possible to determine when any payments will become due. However management's view is that the level of committed funding in place together with the Group's free-cashflow generating capacity, renders the liquidity risk associated with these provisions as immaterial.

41. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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 long term debt), and targets a dividend level that is compatible with industry norms.

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

At the forthcoming AGM, the Group will seek shareholder approval for permission to repurchase up to 10% of the issued share capital, although there are no share buyback plans at the moment.

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

Notes to the Financial Statements as at 31 December 2007

42. GROUP COMPANIES

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

	Shareholding %	Nature of Business
Ireland		
Coppercraft Limited	100	Manufacturing
Envirocare Pollution Control Limited	100	Sales & Marketing
Kingspan Century Limited	100	Manufacturing
Kingspan Europe	100	Holding Company
Kingspan Fabrik Limited	100	Manufacturing
Kingspan Funding Europe	100	Finance Company
Kingspan Holdings (Irl) Limited	100	Administration
Kingspan Holdings (Overseas) Limited	100	Holding Company
Kingspan Insulation Limited	100	Manufacturing
Kingspan Investments Europe	100	Finance Company
Kingspan Limited	100	Manufacturing
Kingspan Research & Development Limited	100	Product Development
Kingspan Securities Limited	100	Finance Company
Thermal Product Developments Limited	100	Product Development
Titan Environmental Limited	100	Manufacturing
Registered Office: Dublin Road, Kingscourt, Co. Cavan, Ireland		
Kingspan Finance	100	Finance Company
Kingspan International Finance	100	Finance Company
Registered Office: AIB International Centre, IFSC, Dublin 1, Ireland		
United Kingdom		
Kingspan Environmental and Renewables Limited	100	Holding Company
Kingspan Renewables Limited	100	Manufacturing
Sensor Systems (Watchman) Limited	100	Manufacturing
Titan Environmental Limited	100	Manufacturing
Registered Office: Seapatrick, Banbridge, Co. Down, Northern Ireland		
Environmental Treatment Systems Limited	100	Manufacturing
Registered Office: College Road, Aston Clinton, Aylesbury, Buckinghamshire, UK		
Albion Water Heaters Limited	100	Manufacturing
Banro Sections Limited	100	Manufacturing
Copperform 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	Manufacturing
Manchester Coppersmiths Limited	100	Manufacturing
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, Herefordshire, UK		

Notes to the Financial Statements as at 31 December 2007

	Shareholding %	Nature of Business
Australia		
Kingspan Insulated Panels Pty	51	Sales & Marketing
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, British Columbia, 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, British Columbia, 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		
Germany		
Kingspan Tek GmbH	100	Manufacturing
Registered Office: Beusterstrasse 1a, 16348 Klosterfelde, Germany		
Kingspan GmbH	100	Sales & Marketing
Kingspan Holding GmbH	100	Holding Company
Registered Office: Am Schornacker 2, 46485 Wesel, Germany		
Hong Kong		
Kingspan China Limited	100	Manufacturing
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	Manufacturing
Registered Office: Volguntes iela 32-201, Ryga, Latvia		
Lithuania		
UAB Kingspan	100	Sales & Marketing
Registered Office: Draugystes g.19, Kaunas, Lithuania		

	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 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: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, DE, 19801, USA		
Kingspan Holdings US Inc.	100	Holding Company
Registered Office: c/o Entity Services Group LLC, 103 Foulk Road, Suite 202, Wilmington Delaware, 19803, USA		
Tate Access Floors, Inc.	100	Manufacturing
Registered Office: 7510 Montevideo Road, Jessup, Maryland, 20794, USA		

43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 3 March 2008.

Group Five Year Summary

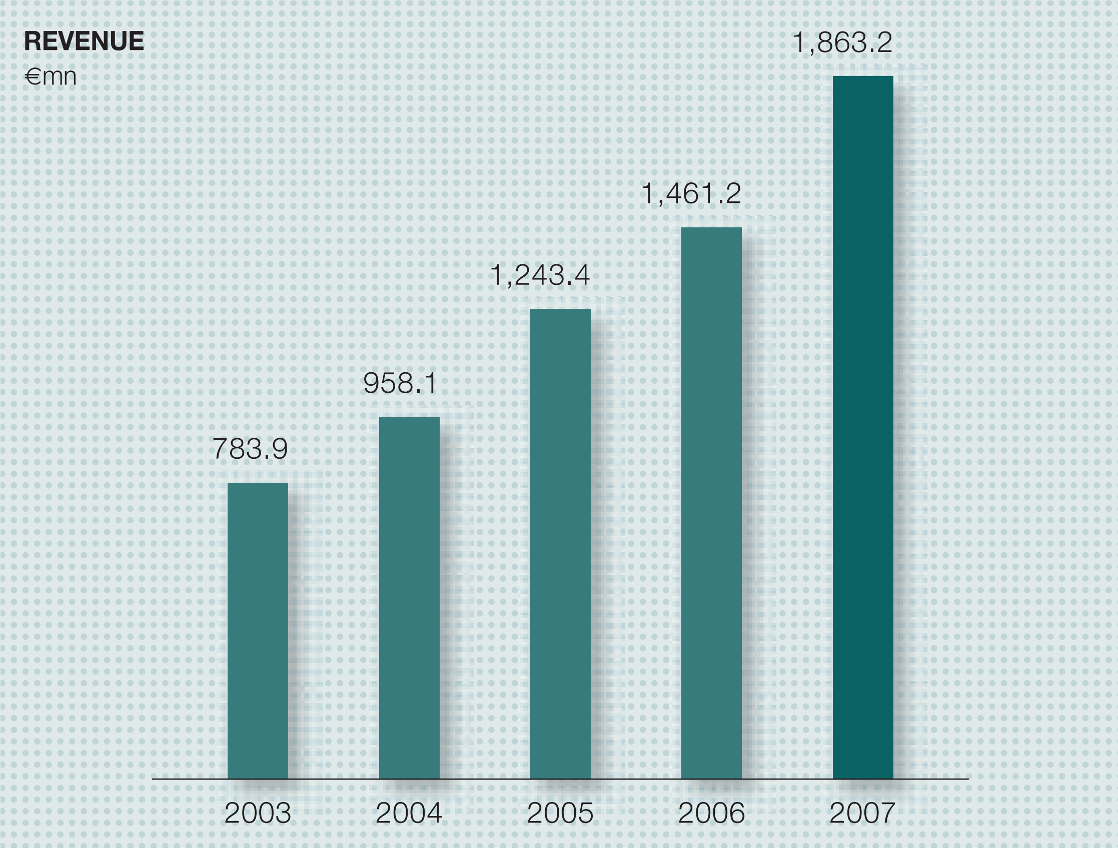
RESULTS (Amounts in €mn)	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	IRISH GAAP 2003
Revenue	1,863.2	1,461.2	1,243.4	958.1	783.9
Operating income	236.7	194.0	145.1	103.3	71.5
Net result before tax	224.2	185.2	135.0	96.4	65.4
Operating cash flow	230.5	201.5	179.6	105.4	75.7

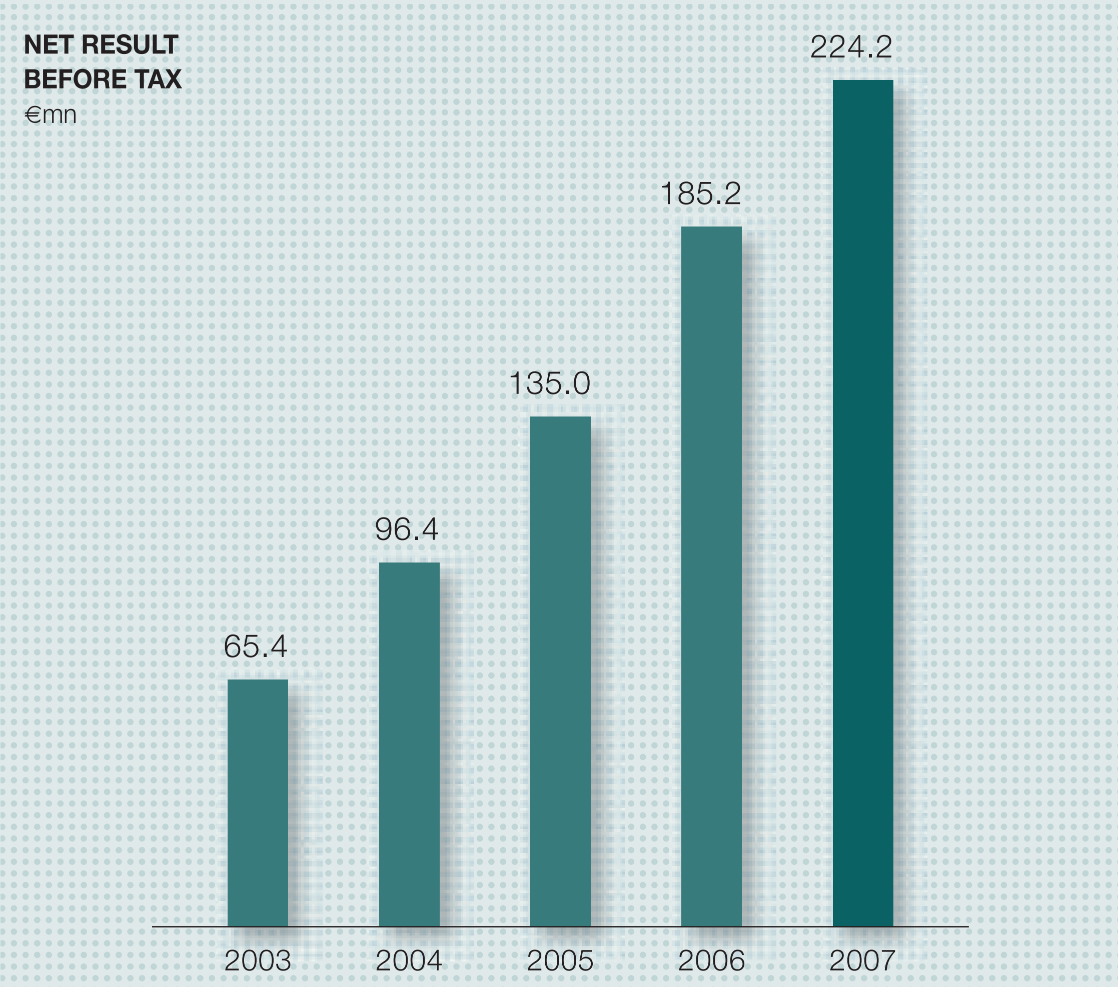
EQUITY (Amounts in €mn)	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	IRISH GAAP 2003
Gross assets	1,324.9	1,160.4	969.5	722.6	592.1
Working capital (inventory/receivables/payables)	285.4	229.7	172.1	152.9	113.5
Ordinary shareholders equity	669.7	543.5	416.3	304.6	248.4
Bank debt and lease obligations (net)	225.0	187.6	163.5	108.1	120.8

RATIOS	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	IRISH GAAP 2003
Net debt as % of shareholders' equity	33.6%	34.5%	39.2%	35.4%	48.6%
Current assets / current liabilities	1.55	1.52	1.64	1.31	1.52

PER ORDINARY SHARE (Amounts in €cent)	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	IRISH GAAP 2003
Earnings	110.5	89.8	66.4	47.1	31.2
Operating cash flows	135.9	119.8	107.2	63.6	45.9
Net assets	396.8	325.2	248.6	184.2	151.3
Ordinary dividends	25	19.0	13.4	9.60	7.20

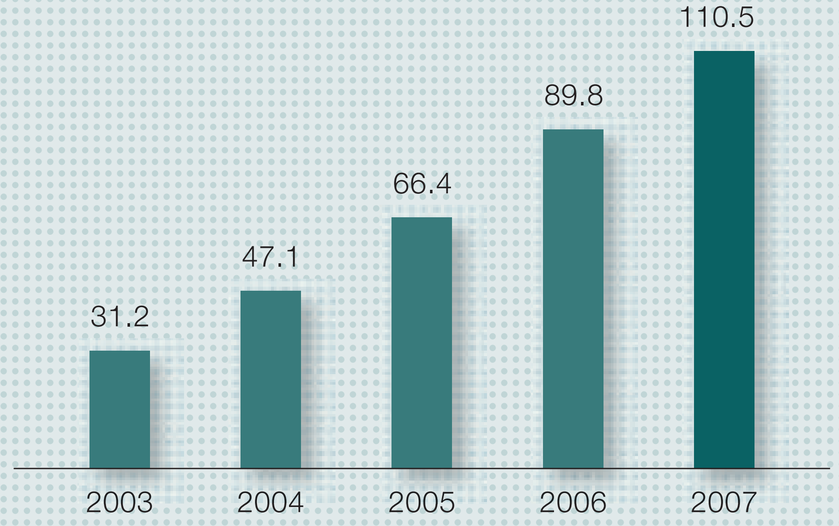
AVERAGE NUMBER OF EMPLOYEES	6,512	5,090	4,436	3,351	3,180





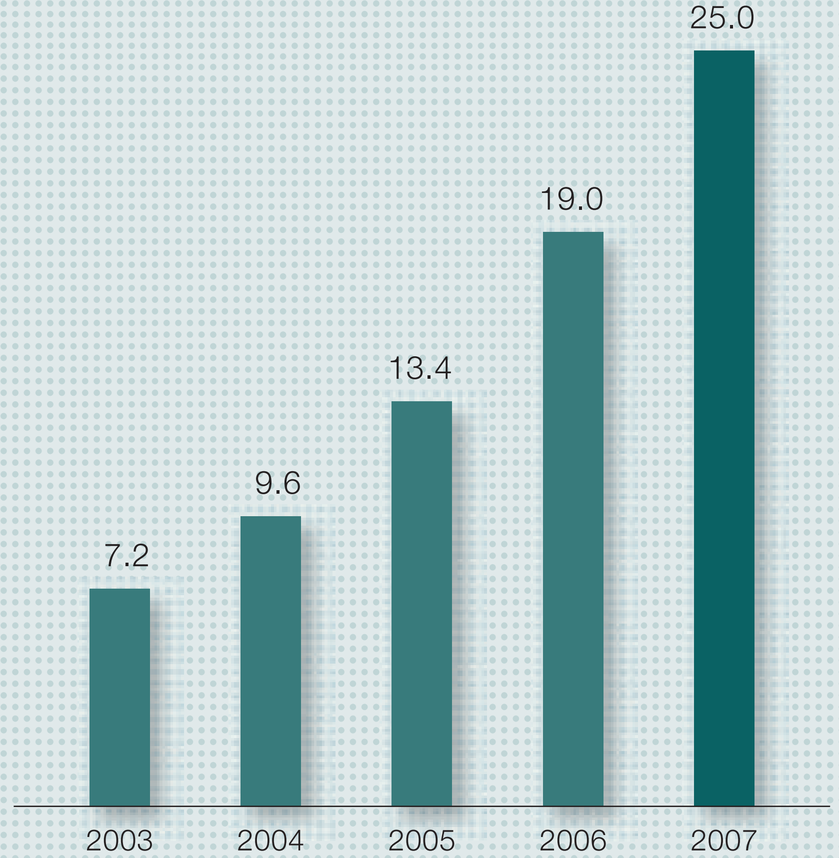
Revenue and results above for 2007, 2006, 2005 and 2004 are presented under IFRS with the other year presented under Irish GAAP.

EARNINGS PER SHARE
€ Cent



Earnings per share above for 2007, 2006, 2005 and 2004 are presented under IFRS with the other year presented under Irish GAAP.

DIVIDENDS PER SHARE
€ Cent



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