

report of the directors
 > principal activities
 > results and dividends
 > research & development
 > accounting records
 > corporate governance

Report of the Directors

The Directors have pleasure in presenting their report with the audited financial statements for the year ended 31st December 2006 which are set out on pages 58 to 95.

Principal Activities

Kingspan Group is a leading manufacturer of an integrated range of 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, and environmentally protective fuel and water storage solutions.

Results and Dividends

Group turnover was €1,461.2 million (2005: €1,243.4 million), operating profit was €194.0 million (2005: €145.1 million), and earnings per share were 89.8 cent (2005: 66.4 cent).

An interim dividend of 6.00 cent (2005: 4.45 cent) was paid on the 6th October 2006. The Directors recommend payment of a final dividend of 13.00 cent per share (2005: 8.95 cent). This will give a total dividend for the year of 19.00 cent (2004: 13.4 cent) per ordinary share. The final dividend (if approved at the Annual General Meeting) will be paid on the 8th June 2007 to shareholders on the register at close of business on the 23rd March 2007.

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 processes. This enables the Group to differentiate itself from its competitors, reduce production costs, and give its customers an improved product offering.

Accounting Records

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

Corporate Governance

The Directors are committed to achieving the highest standards of corporate governance and a detailed statement describing how the Principles of Good Governance set out in the Combined Code on Corporate Governance have been applied by the Company is set out on pages 43 to 46.

report of the directors
 > corporate social responsibility
 > directors and secretary
 > directors' & secretary's interests in shares
 > conflicts of interests

Corporate Social Responsibility

The Group's Corporate Social Responsibility Statement is set out on pages 47 to 51 of the Annual Report.

Directors and Secretary

The Directors and Secretary of the Company at the date of this report are shown on page 26. There were no Board appointments or resignations during the year.

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:

	31st December 2006	31st December 2005
Eugene Murtagh	35,120,000	35,000,000
Gene M. Murtagh	78,000	78,000
Brendan Murtagh	7,525,965	7,525,000
Dermot Mulvihill	701,795	900,830
Russell Shiels	280,330	280,330
Peter Wilson	100,670	100,670
Noel Crowe	-	-
Eoin McCarthy	3,000,000	3,000,000
Kevin O'Connell	26,130	26,130
Brian Joyce	20,000	-
Tony McArdle	14,250	14,250
David Byrne	2,200	200
Brian Hill	1,000	1,000
Lorcan Dowd	506	-
	46,870,846	46,926,410

There have been no changes in these interests between 31st December 2006 and the date of this report.

Details of the Directors share options are set out in the report of the Remuneration Committee on pages 36 and 37.

report of the directors
 > political donations
 > significant events since year end
 > subsidiary companies
 > going concern
 > auditors

The Directors have been notified of the following other substantial shareholdings as at 23rd March 2007:

Institution	Shares held	%
Capital Group	8,085,000	4.74
Bank of Ireland Asset Management	7,175,111	4.21
AIB Investment Managers	6,263,416	3.67
Davy, Stockbrokers	5,368,901	3.15

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 57 manufacturing sites and bases in 30 countries worldwide.

The Company's principal subsidiary undertakings at 31st December 2006, country of incorporation and nature of business are listed on pages 93 to 95.

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

Gene M. Murtagh, Chief Executive

Dermot Mulvihill, Finance Director

5th March 2007