

COMPANY REGISTRATION NUMBER 02897799

KOOLTHERM HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR
31ST DECEMBER 2006

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KOOLTHERM HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the shareholders	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

KOOLTHERM HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Dermot Mulvihill
Peter Wilson
Peter Charles Keeling

Company secretary

Kingspan Group Limited

Registered office

Greenfield Business Park No 2
Greenfield
Holywell
Flintshire
North Wales
CH8 7GJ

Auditor

Grant Thornton
Chartered Accountants
& Registered Auditors
24 - 26 City Quay
Dublin 2

Bankers

Barclays Bank plc
Northwest Larger Business Team
6th Floor
1 Marsden Street
Manchester M2 1HW

KOOLTHERM HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2006

The directors present their report and the financial statements of the company for the year ended 31st December 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of investment holding

The directors consider the results and the year end financial position to be satisfactory

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements

Dividend of GBP£1,710,071 has been paid for the year ended 31st December 2006

FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Directors confirm that the company's ongoing process for identifying, evaluating and managing its significant risks is in accordance with best practice guidance. 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 Board reviewed the company's internal assessment of the risks to the business under a wide range of headings that included business and acquisition strategy, financial including transactional and translation FX risks, compliance, human resources, operational, inventory, sales and purchasing, product development, R&D and quality control, fixed assets, IT, and others including macro economic issues. The Board identified and reported on the principal risks facing the business, and whilst recognising that these risks cannot be wholly eliminated, the Board is of the view that the risks are being appropriately addressed by the company's internal financial and management controls

DIRECTORS

The directors who served the company during the year were as follows

Dermot Mulvihill

Peter Wilson

Peter Charles Keeling

(Appointed 12th September 2006)

Brendan Murtagh

(Resigned 12th September 2006)

John Treanor

(Resigned 12th September 2006)

The company is a wholly owned subsidiary of the ultimate parent Kingspan Group plc, being a company incorporated in the Republic of Ireland. The interests of the directors and secretary in the ultimate parent are not disclosed as Kingspan Group plc is incorporated outside Great Britain

KOOLTHERM HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2006

REORGANISATION

In September 2006 the company's immediate parent, Kingspan Group Ltd, undertook a corporate reorganisation. Under the reorganisation, Kingspan Group Ltd's shareholdings in its principal subsidiary and associated companies were separated into five divisions, including the Insulated Boards Division (for which the Company is the holding company), and this involved the acquisition of the Insulated Boards companies by the Company.

The purpose of the reorganisation was primarily to align the legal structure of the UK group with the reporting structure, and also to eliminate inconsistencies within the legal structure, to aid divisional performance measurement and to present a clearer organisation structure to third parties.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law 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 profit or loss of the company for that year. In preparing those financial statements, the directors are required to

select suitable accounting policies, as described on page 9, and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

there is no relevant audit information of which the company's auditors are unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

KOOLTHERM HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2006

AUDITOR

A resolution to re-appoint Grant Thornton as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Signed on behalf of the directors



Peter Wilson
Director

Approved by the directors on 5th March 2007

KOOLTHERM HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KOOLTHERM HOLDINGS LIMITED

YEAR ENDED 31ST DECEMBER 2006

We have audited the financial statements of Kooltherm Holdings Limited for the year ended 31st December 2006 on pages 7 to 13 which have been prepared on the basis of the accounting policies set out on page 9

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2006 and of its loss for the year then ended,


the financial statements have been properly prepared in accordance with the Companies Act 1985, and

KOOLTHERM HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KOOLTHERM HOLDINGS LIMITED *(continued)*

YEAR ENDED 31ST DECEMBER 2006

the information given in the Directors' Report is consistent with the financial statements year ended 31st December 2006


GRANT THORNTON
Chartered Accountants
& Registered Auditors

24 - 26 City Quay
Dublin 2

5th March 2007

KOOLTHERM HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2006

	Note	2006 GBP£	2005 GBP£
TURNOVER		—	—
Administrative expenses		66,704	700
Other operating income		(845,069)	(6,891)
OPERATING PROFIT	2	778,365	6,191
Loss on disposal of fixed assets	4	(230,595)	—
		547,770	6,191
Interest receivable		66	—
Interest payable and similar charges	5	(874,352)	—
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(326,516)	6,191
Tax charge/(credit) on ordinary activities	6	(304,974)	—
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(21,542)	6,191
Balance brought forward		1,678,907	1,672,716
Equity dividends paid		(1,710,071)	—
Balance carried forward		<u>(52,706)</u>	<u>1,678,907</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on page 7 form part of these financial statements.

KOOLTHERM HOLDINGS LIMITED

BALANCE SHEET

31ST DECEMBER 2006

	Note	GBP£	2006 GBP£	GBP£	2005 GBP£
FIXED ASSETS					
Investments	8		150,802,401		3,231,996
CURRENT ASSETS					
Debtors due within one year	9	3,131,155		2,003,777	
Cash at bank		63		–	
		3,131,218		2,003,777	
CREDITORS: Amounts falling due within one year	10	5,244,973		3,556,865	
NET CURRENT LIABILITIES			(2,113,755)		(1,553,088)
TOTAL ASSETS LESS CURRENT LIABILITIES			148,688,646		1,678,908
CREDITORS: Amounts falling due after more than one year	11		57,512,420		–
			91,176,226		1,678,908
CAPITAL AND RESERVES					
Called-up equity share capital	13		828,671		1
Share premium account	14		82,038,330		–
Equity instrument reserve	15		8,361,931		–
Profit and loss account			(52,706)		1,678,907
SHAREHOLDERS' FUNDS	16		91,176,226		1,678,908

These financial statements were approved by the directors on the 5th March 2007 and are signed on their behalf by



Peter Wilson
Director

The notes on page 8 form part of these financial statements.

KOOLTHERM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow statement

The directors have availed of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Fixed assets

All fixed assets are initially recorded at cost.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. OPERATING PROFIT

Operating profit is stated after charging

	2006 GBP£	2005 GBP£
Directors' emoluments	—	—
Auditor's remuneration - as auditor	700	700
Net loss on foreign currency translation	<u>66,000</u>	<u>—</u>

3. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

4. LOSS ON DISPOSAL OF FIXED ASSETS

	2006 GBP£	2005 GBP£
Loss on disposal of fixed assets	<u>(230,595)</u>	<u>—</u>

KOOLTHERM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 GBP£	2005 GBP£
Other similar charges payable	<u>874,352</u>	<u>-</u>

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006 GBP£	2005 GBP£
Current tax		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	(283,000)	-
Over/under provision in prior year	<u>(21,974)</u>	<u>-</u>
Total current tax	<u>(304,974)</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 GBP£	2005 GBP£
(Loss)/profit on ordinary activities before taxation	<u>(326,516)</u>	<u>6,191</u>
Profit/(loss) on ordinary activities by rate of tax	(97,955)	1,857
Expenses not deductible for tax purposes	68,475	(1,857)
Profits not subject to tax	(253,520)	-
Adjustments to tax in respect of previous periods	<u>(21,974)</u>	<u>-</u>
Total current tax (note 6(a))	<u>(304,974)</u>	<u>-</u>

7 DIVIDENDS

A dividend of GBP£1,710,071 has been paid for the year ended 31st December 2006

KOOLTHERM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

8. INVESTMENTS

	2006
Investments in subsidiaries at cost	GBP£
COST	
At 1st January 2006	3,231,996
Additions	147,801,000
Disposals	(230,595)
At 31st December 2006	<u>150,802,401</u>
NET BOOK VALUE	
At 31st December 2006	<u>150,802,401</u>
At 31st December 2005	<u>3,231,996</u>

The principle subsidiary companies and percentage shareholdings held at the balance sheet date are as follows,

The company owns 100% of the issued share capital of Kingspan Industrial Insulations Limited whose registered office is Greenfield Business Park No 2, Greenfield, Holywell, Flintshire, North Wales

The company owns 100% of the issued share capital of Kooltherm Properties Limited whose registered office is Greenfield Business Park No 2, Greenfield, Holywell, Flintshire, North Wales

The company disposed of its total shareholding in Kingspan China Limited, whose registered office is 26 Wong Chuk Hang Road, Aberdeen, China The investment represented 80% of the issued share capital of Kingspan China Limited

The company acquired 100% of the issued share capital of Kingspan Insulation Limited during the current year Its registered office is Pembridge, Leominster, Herefordshire, England

In addition the company acquired 99.95% of the issued share capital of Kingspan Insulation Limited during the current year Its registered office is Dublin Road, Kingscourt, Co Cavan, Ireland

9. DEBTORS

	2006	2005
	GBP£	GBP£
Trade debtors	–	1
Amounts owed by group undertakings	2,848,155	2,003,776
Corporation tax repayable	283,000	–
	<u>3,131,155</u>	<u>2,003,777</u>

KOOLTHERM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

10. CREDITORS: Amounts falling due within one year

	2006	2005
	GBP£	GBP£
Amounts owed to group undertakings	5,244,263	3,556,165
Accruals and deferred income	710	700
	<u>5,244,973</u>	<u>3,556,865</u>

11. CREDITORS: Amounts falling due after more than one year

	2006	2005
	GBP£	GBP£
Amounts owed to group undertakings	<u>57,512,420</u>	<u>-</u>

12. RELATED PARTY TRANSACTIONS

The company has availed of the exemption under Financial Reporting Standard No 8 paragraph 3(c) which allows non-disclosure with other group companies

13. SHARE CAPITAL

Authorised share capital:

	2006	2005
	GBP£	GBP£
1,000,000 Ordinary shares of GBP£1 each	1,000,000	100
7,500,000,000 Floating Rate Irredeemable Preference shares of GBP£0.01 each	<u>75,000,000</u>	<u>-</u>
	<u>76,000,000</u>	<u>100</u>

Allotted and called up:

	2006	2005
	No	No
	GBP£	GBP£
Ordinary shares fully paid of GBP£1 each	<u>828,671</u>	<u>1</u>
	<u>828,671</u>	<u>1</u>

KOOLTHERM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

14. SHARE PREMIUM ACCOUNT

	2006 GBP£		2005 GBP£
Premium on shares issued in the year	82,038,330	—	—
Balance carried forward	<u>82,038,330</u>	<u>—</u>	<u>—</u>

16. EQUITY INSTRUMENT RESERVE

	2006 GBP£		2005 GBP£
Equity instrument reserve	8,361,931		—
Balance carried forward	<u>8,361,931</u>		<u>—</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	GBP£	2006 GBP£	GBP£	2005 GBP£
(Loss)/Profit for the financial year		(21,542)		6,191
New equity share capital subscribed	828,670		—	
Premium on new share capital subscribed	<u>82,038,330</u>	82,867,000	—	
Equity dividends paid		(1,710,071)		—
Equity instrument reserve		8,361,931		—
Net addition to shareholders' funds		<u>89,497,318</u>		6,191
Opening shareholders' funds		1,678,908		<u>1,672,717</u>
Closing shareholders' funds		<u>91,176,226</u>		<u>1,678,908</u>

17 ULTIMATE PARENT COMPANY

The ultimate parent company is Kingspan Group plc, a company incorporated in the Republic of Ireland