

KINGSPAN GROUP PLC
HALF-YEARLY FINANCIAL REPORT
for the period ended 30 June 2015





KINGSPAN GROUP PLC

RESULTS FOR THE HALF YEAR 30 JUNE 2015

Kingspan the global leader in high performance insulation and building envelope solutions issues its half-yearly financial report for the six month period ended 30 June 2015.

Financial Highlights:

- Revenue up 39% to €1.24bn, (pre-currency, up 29%).
- Trading profit up 61% to €111.7m, (pre-currency up 44%).
- Acquisitions contributed 26% to sales growth and 31% to trading profit growth in the period.
- Group trading margin of 9.0%, an increase of 120bps versus the same period in 2014.
- Net debt of €449.3m (H1 2014: €113.4m). Net debt to EBITDA of 1.9x (H1 2014: 0.7x), with pro-forma net debt to EBITDA being 1.6x.
- Basic EPS up 59% to 46.5 cent (H1 2014: 29.2 cent).
- Interim dividend per share up 28% to 8.0 cent (H1 2014: 6.25 cent).
- 11.3% ROCE (H1 2014: 12.4%) with annualised ROCE of 14.4% post the full year contribution of recent acquisitions.

Business Highlights:

- Strong delivery overall with encouraging organic growth complemented by significant development activity.
- Insulated Panel revenue growth of 43% to €753m, reflecting solid organic growth in key markets, combined with the acquired sales of Joris Ide and Vicwest.
- Insulation Boards revenue growth of 44% to €319m, largely driven by the Pactiv and PAL acquisitions late in 2014, as well as robust sales growth in the UK and Western Europe.
- Environmental sales were slightly ahead and profitability has recovered significantly.
- Access Floors delivered a solid performance in North America, countered by slightly weaker EU sales. Sales overall were ahead by 22%.
- Organic capacity expansion and plant upgrades planned in Belgium, France, the Nordics, UAE, Mexico, US, Australia and Russia. These facilities, across both Insulated Panels and Insulation Boards will come on stream progressively between now and 2020.

Summary Financials:

	<i>H1'15</i>	<i>H1'14</i>	<i>% Change</i>
	<i>€m</i>	<i>€m</i>	
Revenue	1,235.3	889.3	+39%
EBITDA	137.9	88.9	+55%
Trading Profit*	111.7	69.2	+61%
Trading Margin	9.0%	7.8%	+120bps
EPS (cent per share)	46.5	29.2	+59%

**Operating profit before amortisation of intangibles*

Gene Murtagh, Chief Executive of Kingspan commented:

“Kingspan has had an exceptionally strong start to the year, underpinned by solid organic growth. Good progress has also been made with the integration of the Joris Ide and Vicwest businesses acquired during the period, both of which contribute significantly to the global evolution of Kingspan. With reduced levels of economic uncertainty in Continental Europe, and improving levels of building activity in the UK and US, we are optimistic about the outlook for the full year.”

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Business Review

The first half of 2015 has been a record period for Kingspan which resulted in revenue growth of 39% to €1,235.3m and trading profit growth of 61% to €111.7m. Pre-acquisitions, these growth rates were 13% and 30% respectively, benefitting also from significant year-on-year currency and raw material gains. Trading margin was 9.0%, ahead of prior year by 120bps reflecting the strong leverage in core markets and complemented partly by the timing of recent acquisitions which did not include their typically lower winter trading period.

Revenue in Mainland Europe, our largest market, grew by 46% and represented 37% of total Group turnover in the period. The Joris Ide acquisition, completed in March 2015 for a consideration of €320m, contributed €138m to revenue in the period. More generally, our sales performance in Germany has continued to improve, as it has in the Benelux, whilst France has been stable at an organic level. Central Europe has been mixed although broadly flat in aggregate. Underlying revenue in the Gulf region was steady, and order intake improved notably which should translate into sales over the latter half of the year. North America has been performing well, and Australasia has hit a more challenging patch on revenues as we prioritise margin over volume.

During the first half of the year, we completed two substantial deals for a total outlay of €459m. Joris Ide, the larger of the two, is a Belgium based manufacturer of Insulated Panels and related products with further facilities in France, Germany, Romania and Russia. The Joris Ide brand and business model are distinct and are complementary to Kingspan. We intend growing this business and brand independently from our existing presence in Continental Europe and, in time, further afield. Vicwest, a Canadian based manufacturer of Insulated Panels and metal profiles was

acquired in May. In addition to its Canadian facilities, it also has two Insulated Panel plants in the US, addressing a tier of the market previously not serviced by the Kingspan brand. As with Joris Ide, it is our intention to grow this business along the lines it has been developed to-date, while simultaneously consolidating the Canadian manufacturing footprint. Both businesses are integrating smoothly and are already seeing some of the Kingspan operational and material cost benefits.

Since the period end we have completed the acquisition of SPU Oy, a Finnish based rigid insulation boards business. Revenues are in the order of €25m and it represents our first manufacturing step into the Nordics insulation sector. The business is currently undergoing a complete brand migration to “Kingspan Insulation”.

Insulated Panels

	<i>HI '15</i> €m	<i>HI '14</i> €m	% Change
Turnover	752.9	526.1	+43%(1)
Trading Profit	70.3	43.7	+61%
Trading Margin	9.3%	8.3%	+100bps

(1) Comprising volume +3%, price/mix -1%, currency impact +9% and acquisitions +32%

UK

Activity in the UK has continued to improve through the early part of 2015, and our project pipeline indicates that this is the likely trend for the foreseeable future. Despite continental competition having a currency advantage at present, Kingspan’s volume has grown solidly owing largely to the specification nature of our business, and the unparalleled product suite offered in this market. In addition to that, Kingspan Energy, our roof and photovoltaic combination, has continued to gain traction within and beyond the UK with an active presence now in North America.

Mainland Europe and the Middle East

Our end markets remain mixed across Continental Europe. We have continued to grow our position in Germany, despite a relatively poor start to the year in the general market. Our Insulated Panel sales in the Benelux continue to recover, aided somewhat by the macro improvements in The Netherlands, while France has performed solidly across all of our brands. Central Europe remains broadly flat and volume in the Nordics market has grown well. Turkey is showing some recent signs of improvement and the project pipeline is increasingly encouraging, albeit from a low base. The Gulf region has been relatively slow on deliveries in the first half, although a growing orderbook is likely to pave the way to revenue improvement in the second half and early 2016, which will be supported by an investment in a new insulated panel line at our Dubai factory.

In its first few months under our ownership, the Joris Ide business has performed as expected. To support the further evolution of this distinct brand, we plan to install new insulated panel capacity in Belgium, France and Russia, phased over the coming two years.

Americas

Growing conversion from traditional systems, and our position at the forefront of this dynamic, has delivered another period of double-digit sales growth across North America. Canada, having had a relatively weak start to the year, has picked up notably in the second quarter. The outlook for the second half is encouraging, and we are finalising plans to enter the Mexican market, through a greenfield expansion over 2016/2017.

Australasia

This region has delivered strong sales on the back of a strong orderbook at the end of 2014. Order intake has been more challenging as we prioritise margins over volume. This is likely to lead to sluggish second half sales with a current emphasis on rebuilding a strong specification led pipeline for 2016.

Ireland

Volumes in Ireland are ahead of prior year as the market slowly recovers.

Insulation Boards

	<i>HI '15</i> €m	<i>HI '14</i> €m	% Change
Turnover	319.2	221.1	+44% (1)
Trading Profit	28.3	17.7	+60%
Trading Margin	8.9%	8.0%	+90bps

(1) Comprising volume +2%, price/mix +3%, currency impact +11% and acquisitions +28%

UK

Insulation Board sales volume grew ca. 5% in the first half, owing mainly to continued growth in penetration of Kooltherm®, and the general construction recovery across the UK. The operating result has also been complemented by significant purchase price improvements, and the strength of sterling. As with Insulated Panels, these raw material benefits will unwind over time. Specifications for Optim-R®, our leading edge vacuum insulation, have been steadily increasing albeit still at relatively embryonic levels.

Mainland Europe and the Middle East

Our position in Continental Europe continues to develop into a meaningful presence across much of the region. Revenue has grown consistently in Belgium and France, and after a few years of stagnation in the Netherlands growth has resumed there also. Germany, particularly in the agri-sector, has hit a tough patch, however our volumes of Kooltherm® have continued growing in the residential segment. The Nordics, another key area of focus for Kingspan, has received a boost following the acquisition in July of SPU Oy, now rebranded to Kingspan Insulation. This represents our first manufacturing presence in the region, and will serve as a platform for expanding our PIR, Kooltherm® and Optim-R® technologies.

Our Insulation Board business in the Middle East has performed strongly in the first half and the developing specification bank has been very encouraging.

Americas

Almost one year into the acquisition of Pactiv Insulation, now rebranded as Kingspan, the business has developed well in its core XPS product category, which is manufactured at the Winchester facility in Virginia. This plant is effectively now at full capacity and our focus is on refining an investment plan that will see capacity rise by the annual revenue equivalent of \$40m. We expect to commission the new line by mid 2017. In the meantime, we are developing a specification presence around growing our Kooltherm® product range across North America. This should become an increasingly attractive proposition as the market becomes ever-more receptive to low-energy building solutions.

Ireland

Sales revenue in Ireland has grown significantly in the first half, driven by Kooltherm® as well as a gradually improving construction backdrop. This trend can be expected to continue for the foreseeable future.

Environmental

	<i>HI '15</i> €m	<i>HI '14</i> €m	% Change
Turnover	77.5	71.6	+8%
Trading Profit	3.3	0.2	
Trading Margin	4.3%	0.3%	+400bps

This recent period at the Environmental Division has proved one of the more encouraging in recent years. Following a relatively prolonged spell of either stagnant or declining sales, activity has now stabilised. With the additional leverage benefits of a shrunken overhead base, profitability has grown markedly in the period.

Growing this business more internationally is now key, with particular emphasis on environmental fuel storage solutions, water and treatment applications.

Access Floors

	<i>HI '15</i> €m	<i>HI '14</i> €m	% Change
Turnover	85.7	70.5	+22% (1)
Trading Profit	9.8	7.6	+29%
Trading Margin	11.4%	10.8%	+60bps

(1) Comprising volume -6%, price/mix +10% and currency impact +18%

This division has experienced mixed performances by geography during the first half of 2015. In North America revenue grew significantly, driven largely by the expanded datacentre product suite that has been developed under the Tate brand as well as a comparison against a tough start to 2014. This product category will provide significant longer-term scope for this division, at a time when the traditional office floor market still remains somewhat subdued. This segment too should, in time, see the resumption of growth in high rise office across North America.

Despite a very strong orderbook in the UK, deliveries in the early part of the year declined marginally from prior year. This trend is not expected to continue with sales into London, in particular, expected to show significant growth towards year-end and into early 2016.

Financial Review

Overview of results

Group revenue increased by 39% to €1,235.3m (H1 2014: €889.3m) and trading profit increased by 61% to €111.7m (H1 2014: €69.2m). This represented a 29% increase in sales and a 44% increase in trading profit on a constant currency basis. The Group's trading margin increased by 120bps to 9.0% (H1 2014: 7.8%). The amortisation charge in respect of intangibles was €3.7m compared to €2.2m in the first half of 2014 with the increase reflecting, primarily, intangible assets acquired in respect of Joris Ide in March 2015 and Pactiv Insulation in October 2014. Group operating profit after amortisation grew 61% to €108.0m. Profit after tax was €82.4m compared to €49.9m in the first half of 2014 driven, in the main, by the growth in trading profit. Basic EPS for the period was 46.5 cent, representing an increase of 59% on the first half of 2014 (H1 2014: 29.2 cent).

The Group's underlying sales and trading profit performance by division is set out below:

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+2%	+9%	+32%	+43%
Insulation Boards	+5%	+11%	+28%	+44%
Access Floors	+4%	+18%	-	+22%
Environmental	-1%	+9%	-	+8%
Group	+3%	+10%	+26%	+39%

The Group's trading profit measure is earnings before interest, tax and amortisation of intangibles:

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+12%	+15%	+34%	+61%
Insulation Boards	+2%	+20%	+38%	+60%
Access Floors	+7%	+22%	-	+29%
Environmental	n/a	n/a	n/a	n/a
Group	+13%	+17%	+31%	+61%

Finance costs (net)

Finance costs for the period were modestly higher than the same period last year at €7.6m (H1 2014: €7.0m). Finance costs include a non-cash charge of €0.1m (H1 2014: €0.1m) in respect of the Group's legacy defined benefit pension schemes. A net non-cash charge of €0.4m was recorded in respect of swaps on the Group's USD private placement notes (H1 2014: Nil). The Group's net interest expense on borrowings (bank and loan notes) was €7.1m compared to €6.9m in the first half of 2014. The flat interest charge, despite the higher level of debt, reflects favourable financing initiatives carried out in 2014 and the repayment of a higher coupon private placement loan note on maturity in March 2015.

Taxation

The tax charge for the first half of the year was €18.0m (H1 2014: €10.1m) which represents an effective tax rate of 18% on profit before tax and amortization (H1 2014: 16.2%). The increase in the effective rate reflects the global mix of earnings year on year.

Retirement benefits

The Group has two legacy defined benefit schemes which are closed to new members and to future accrual. In addition, the Group assumed a defined benefit obligation in respect of certain current and former employees of ThyssenKrupp Construction acquired during 2012. The net pension liability in respect of all the Group's defined benefit obligations was €9.9m as at 30 June 2015 (30 June 2014: €6.4m).

Acquisitions

The Group completed two significant acquisitions during the period. In March 2015, the Group completed the acquisition of Joris Ide. Joris Ide is a pan European manufacturer and supplier of insulated panels, profiles and related accessories, with leading market positions in France and the Benelux. It has five insulated panel manufacturing facilities in Belgium, Germany, Romania and Russia, and eleven regional manufacturing sites across Europe. The consideration was €320m, satisfied on completion partly in cash and by the assumption of net debt, with the balance of the consideration satisfied by the issue of three million shares in Kingspan Group plc. The completion balance sheet has been the subject of a fair value exercise and this is set out in note 15 in the accounts.

In May 2015, the Group completed the acquisition of the Building Products ("BP") division of Vicwest Inc. ("Vicwest"). It comprises three Insulated Panel manufacturing plants, one of which is to be disposed of under an arrangement with the Canadian anti-trust authorities, in addition to a number of profiling facilities across Canada and the US. The total consideration was €139m, including the assumption of net debt. Given the proximity of completion of the acquisition to the period end the fair value exercise has not yet been completed.

Free cashflow

<i>Free cashflow</i>	H1'15 €'m	H1'14 €'m
EBITDA*	137.9	88.9
Movement in working capital **	17.1	(29.5)
Net capital expenditure	(34.2)	(21.0)
Pension contributions	(1.4)	(1.2)
Net finance costs paid	(7.7)	(7.6)
Income taxes paid	(9.5)	(6.0)
Other including non-cash items	3.5	5.1
Free cashflow	105.7	28.7

*Earnings before finance costs, income taxes, depreciation and amortization

**Excludes working capital on acquisition but includes working capital movements since that point

Working capital at 30 June 2015 was €332m, an increase of €68.7m in the period. This increase is driven by the working capital on acquisitions in the period, partly offset by a reduction in working capital in the underlying businesses.

The average working capital to sales % was 14.2% (11.5% when adjusted to reflect the annualized sales of the current period acquisitions) in H1 2015 compared to 12.7% in H1 2014 and was helped in 2015 by an untypical working capital mix some of which will unwind in the second half.

Net Debt

Net debt increased by €323.8m during the first half to €449.3m (31 December 2014: €125.5m) due to acquisitions completed in the period. This is analysed in the table below:

<i>Movement in net debt</i>	H1'15 €'m	H1'14 €'m
Free cashflow	105.7	28.7
Acquisitions	(414.8)	(23.4)
Share issues	7.2	4.3
Dividends paid	(17.6)	(14.6)
Cashflow movement	(319.5)	(5.0)
Exchange movements on translation	(4.3)	(1.7)
Increase in net debt	(323.8)	(6.7)
Net debt at start of period	(125.5)	(106.7)
Net debt at end of period	(449.3)	(113.4)

Capital Structure and Group Financing

The Group funds itself through a combination of equity and debt. Debt is funded through a combination of syndicated bank facilities and private placement loan notes. The primary bank debt facility is a €300m revolving credit facility, with a syndicate of international banks, with a term to March 2019.

In December 2014, the Group agreed a €127.5m private placement loan note with equal maturities of 6, 8 and 10 years. These notes were drawn in March 2015 to fund the repayment of maturing loan notes of \$158m.

Also in December 2014, the Group agreed bi-lateral facilities of €190m with three banks with a two year maturity, of which €150m was drawn at period-end.

The Group has two US Private Placement loan notes in issue and the total US Private Placement debt outstanding at period-end was \$242m. \$42m matures in March 2017 with the balance of \$200m maturing in August 2021.

The Group has significant available undrawn facilities which provide appropriate headroom for ongoing operational requirements and development funding.

Related Party Transactions

There were no changes in related party transactions from the 2014 Annual Report that could have a material effect on the financial position or performance of the Group in the first half of the year.

Principal Risks & Uncertainties

Details of the principal risks and uncertainties facing the Group can be found in the 2014 Annual Report. These risks, namely volatility in the macro environment, failure to innovate, product failure, business interruption (including IT continuity), credit risks and credit control, remain the most likely to affect the Group in the second half of the current year. The Group actively manages these and all other risks through its control and risk management processes.

Dividend

The Board has proposed an interim dividend of 8.0 cent per ordinary share, an increase of 28% on the 2014 interim dividend of 6.25 cent per share. The interim dividend will be paid on 25 September 2015 to shareholders on the register on the record date of 4 September 2015.

Outlook

Building activity in the UK and US in particular has been gradually improving over the past year, and it is likely this trend will broadly continue for the time being, although we have seen some easing of activity in the UK in recent months. European markets, in general, have underperformed relatively with trading nonetheless stable in most continental markets. With the backdrop of broader Eurozone uncertainty now dwindling, any improvement in consumer confidence should give way to a form of gradual and sustained market recovery, ultimately reflected on building sites and in our volumes. In contrast to this our input environment has been at a cyclical low in recent months. Given past experience we anticipate this situation to harden over time. Similary, the impact of Euro denominated exchange rates is significantly better than the average rates over the last ten years.

These factors, combined with our well established energy driven conversion model, should see Kingspan grow steadily over time and into the future.

RESPONSIBILITY STATEMENT

Directors' Responsibility Statement in respect of the half-yearly financial report for the six month period ended 30 June 2015

Each of the directors of Kingspan Group plc confirm our responsibility for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Republic of Ireland's Financial Regulator and with IAS 34 "Interim Financial Reporting" as adopted by the EU. We confirm that to the best of our knowledge:

a) The condensed consolidated half-yearly financial statements comprising the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Republic of Ireland's Financial Regulator and with IAS 34 "Interim Financial Reporting" as adopted by the EU.

b) The interim management report includes a fair review of the information required by:

i) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

ii) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of Kingspan Group plc, and their functions, are as listed in the 2014 Annual Report, with the exception of the following changes during the period:

- Kieran Murphy retired as a non-executive director on 7 May 2015;
- Bruce McLennan was appointed as a non-executive director on 26 June 2015.

On behalf of the Board

Gene Murtagh
Chief Executive Officer

24 August 2015

Geoff Doherty
Chief Financial Officer

24 August 2015

Independent Review Report to Kingspan Group PLC

Introduction

We have been engaged by the company to review the condensed consolidated financial statements for the six months ended 30 June 2015 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Transparency (Directive 2004/109/EC) Regulations 2007 as amended (“the TD Regulations”) and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the TD Regulations and the Transparency Rules of the Central Bank of Ireland.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for ensuring that the condensed consolidated financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the Financial Reporting Council’s International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of

all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements for the six months ended 30 June 2015 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU, the TD Regulations and the Transparency Rules of the Central Bank of Ireland.

Roger Gillespie
for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

24 August 2015

Kingspan Group plc

Condensed consolidated income statement (unaudited) for the 6 month period ended 30 June 2015

		6 months ended 30 June 2015	6 months ended 30 June 2014
	<i>Note</i>	€m	€m
Revenue	4	1,235.3	889.3
Cost of Sales		<u>(874.2)</u>	<u>(648.6)</u>
Gross Profit		361.1	240.7
Operating Costs, excluding intangible amortisation		<u>(249.4)</u>	<u>(171.5)</u>
Trading Profit	4	111.7	69.2
Intangible amortisation		<u>(3.7)</u>	<u>(2.2)</u>
Operating Profit		108.0	67.0
Finance expense	6	(7.7)	(7.1)
Finance income	6	<u>0.1</u>	<u>0.1</u>
Profit for the period before income tax		100.4	60.0
Income tax expense	7	<u>(18.0)</u>	<u>(10.1)</u>
Net Profit for the period		82.4	49.9
Attributable to owners of Kingspan Group plc		81.7	49.8
Attributable to non-controlling interests		<u>0.7</u>	<u>0.1</u>
		82.4	49.9
Earnings per share for the period			
Basic	11	46.5c	29.2c
Diluted	11	45.7c	28.6c

Kingspan Group plc

Condensed consolidated statement of comprehensive income (unaudited) for the 6 month period ended 30 June 2015

	6 months ended 30 June 2015	6 months ended 30 June 2014
	€m	€m
Net profit for financial period	82.4	49.9
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	66.3	21.8
Effective portion of changes in fair value of cash flow hedges	(2.0)	(2.3)
Income taxes relating to changes in fair value of cash flow hedges	0.2	0.3
Items that will not be reclassified to profit or loss		
Actuarial losses on defined benefit pension schemes	-	-
Income taxes relating to actuarial losses on defined benefit pension schemes	-	-
Total comprehensive income for the period	146.9	69.7
Attributable to owners of Kingspan Group plc	145.5	69.6
Attributable to non-controlling interests	1.4	0.1
	146.9	69.7

Kingspan Group plc
Condensed consolidated statement of financial position
as at 30 June 2015

	At 30 June 2015 (unaudited) €m	At 30 June 2014 (unaudited) €m	At 31 December 2014 (audited) €m
Assets			
Non-current assets			
Goodwill	12 809.8	399.0	475.3
Other intangible assets	63.7	19.2	31.2
Property, plant and equipment	13 638.4	495.0	497.0
Investment in joint ventures	-	9.0	8.4
Derivative financial instruments	19.6	1.4	15.4
Retirement benefit assets	6.2	7.3	4.7
Deferred tax assets	6.9	7.1	7.0
	<u>1,544.6</u>	<u>938.0</u>	<u>1,039.0</u>
Current assets			
Inventories	364.6	228.0	236.5
Trade and other receivables	549.6	390.7	364.0
Derivative financial instruments	0.1	-	11.3
Cash and cash equivalents	9 170.6	192.7	185.7
	<u>1,084.9</u>	<u>811.4</u>	<u>797.5</u>
Total assets	<u>2,629.5</u>	<u>1,749.4</u>	<u>1,836.5</u>
Liabilities			
Current liabilities			
Trade and other payables	582.2	373.5	337.2
Provisions for liabilities	37.0	37.1	29.6
Derivative financial instruments	2.6	5.0	0.6
Deferred contingent consideration	8.3	7.2	0.6
Interest bearing loans and borrowings	287.4	4.3	132.7
Current income tax liabilities	60.2	39.0	42.6
	<u>977.7</u>	<u>466.1</u>	<u>543.3</u>
Non-current liabilities			
Retirement benefit obligations	16.1	13.7	16.4
Provisions for liabilities	31.5	16.4	26.2
Interest bearing loans and borrowings	352.1	297.0	204.6
Derivative financial instruments	-	3.3	-
Deferred tax liabilities	46.7	24.7	22.1
Deferred contingent consideration	1.3	5.2	14.8
	<u>447.7</u>	<u>360.3</u>	<u>284.1</u>
Total liabilities	<u>1,425.4</u>	<u>826.4</u>	<u>827.4</u>
Net Assets	<u>1,204.1</u>	<u>923.0</u>	<u>1,009.1</u>
Equity			
Share capital	23.2	22.9	23.0
Share premium	55.4	47.2	48.4
Capital redemption reserve	0.7	0.7	0.7
Treasury shares	(11.3)	(30.7)	(30.7)
Other reserves	(5.5)	(105.4)	(63.2)
Retained earnings	1,132.2	980.3	1,022.9
	<u>1,194.7</u>	<u>915.0</u>	<u>1,001.1</u>
Equity attributable to owners of Kingspan Group plc	<u>1,194.7</u>	<u>915.0</u>	<u>1,001.1</u>
Non-controlling interests	9.4	8.0	8.0
Total Equity	<u>1,204.1</u>	<u>923.0</u>	<u>1,009.1</u>

Kingspan Group plc

Condensed consolidated statement of changes in equity (unaudited) for the 6 month period ended 30 June 2015

	Share capital	Share premium	Capital redemption reserve	Treasury shares	Translation reserve	Cash flow hedging reserve	Share based payment reserve	Revaluation reserve	Retained Earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2015	23.0	48.4	0.7	(30.7)	(90.6)	(0.2)	26.9	0.7	1,022.9	1,001.1	8.0	1,009.1
Transactions with owners recognised directly in equity												
Shares issued	0.2	7.0	-	-	-	-	-	-	-	7.2	-	7.2
Employee share based compensation	-	-	-	-	-	-	4.0	-	-	4.0	-	4.0
Exercise or lapsing of share options	-	-	-	-	-	-	(10.1)	-	10.1	-	-	-
Transfer of shares ¹	-	-	-	19.4	-	-	-	-	35.1	54.5	-	54.5
Dividends	-	-	-	-	-	-	-	-	(17.6)	(17.6)	-	(17.6)
<i>Transactions with non-controlling interests:</i>												
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners	0.2	7.0	-	19.4	-	-	(6.1)	-	27.6	48.1	-	48.1
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	81.7	81.7	0.7	82.4
Other comprehensive income												
<i>Items that may be reclassified subsequently to profit or loss</i>												
Cash flow hedging in equity	-	-	-	-	-	(2.0)	-	-	-	(2.0)	-	(2.0)
- current year	-	-	-	-	-	-	-	-	-	-	-	-
- reclassification to profit	-	-	-	-	-	-	-	-	-	-	-	-
- tax impact	-	-	-	-	-	0.2	-	-	-	0.2	-	0.2
Exchange differences on translating foreign operations	-	-	-	-	65.6	-	-	-	-	65.6	0.7	66.3
<i>Items that will not be reclassified to profit or loss</i>												
Defined benefit pension scheme	-	-	-	-	-	-	-	-	-	-	-	-
Income taxes relating to actuarial gains/(losses) on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	65.6	(1.8)	-	-	81.7	145.5	1.4	146.9
Balance at 30 June 2015	23.2	55.4	0.7	(11.3)	(25.0)	(2.0)	20.8	0.7	1,132.2	1,194.7	9.4	1,204.1

¹ The transfer of shares relates to the 3m treasury shares issued as part of the Joris Ide acquisition. See note 15.

Kingspan Group plc

Condensed consolidated statement of changes in equity (unaudited)

for the 6 month period ended 30 June 2014

	Share capital	Share premium	Capital redemption reserve	Treasury shares	Translation reserve	Cash flow hedging reserve	Share based payment reserve	Revaluation reserve	Retained Earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2014	22.7	43.1	0.7	(30.7)	(148.0)	(0.7)	21.9	0.7	942.0	851.7	7.9	859.6
Transactions with owners recognised directly in equity												
Shares issued	0.2	4.1	-	-	-	-	-	-	-	4.3	-	4.3
Employee share based compensation	-	-	-	-	-	-	3.9	-	-	3.9	-	3.9
Exercise or lapsing of share options	-	-	-	-	-	-	(3.0)	-	3.0	-	-	-
Dividends	-	-	-	-	-	-	-	-	(14.5)	(14.5)	-	(14.5)
<i>Transactions with non-controlling interests:</i>												
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners	0.2	4.1	-	-	-	-	0.9	-	(11.5)	(6.3)	-	(6.3)
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	49.8	49.8	0.1	49.9
Other comprehensive income												
<i>Items that may be reclassified subsequently to profit or loss</i>												
Cash flow hedging in equity	-	-	-	-	-	(2.3)	-	-	-	(2.3)	-	(2.3)
- current year	-	-	-	-	-	0.3	-	-	-	0.3	-	0.3
- tax impact	-	-	-	-	21.8	-	-	-	-	21.8	-	21.8
<i>Items that will not be reclassified subsequently to profit or loss</i>												
Defined benefit pension scheme	-	-	-	-	-	-	-	-	-	-	-	-
Income taxes relating to actuarial gains/(losses) on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	21.8	(2.0)	-	-	49.8	69.6	0.1	69.7
Balance at 30 June 2014	22.9	47.2	0.7	(30.7)	(126.2)	(2.7)	22.8	0.7	980.3	915.0	8.0	923.0

Kingspan Group plc

Condensed consolidated statement of changes in equity (audited) for the financial year ended 31 December 2014

	Share Capital	Share Premiu m	Capital Redemption Reserve	Treasury Shares	Translation Reserve	Cash flow Hedging Reserve	Share Based Payment Reserve	Revaluation Reserve	Retained Earnings	Total attributable to owners of the parent	Non Controlling Interests	Total Equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2014	22.7	43.1	0.7	(30.7)	(148.0)	(0.7)	21.9	0.7	942.0	851.7	7.9	859.6
Transactions with owners recognised directly in equity												
Shares issued	0.3	5.3	-	-	-	-	-	-	-	5.6	-	5.6
Employee share based compensation	-	-	-	-	-	-	7.7	-	-	7.7	-	7.7
Tax on employee share based compensation	-	-	-	-	-	-	1.1	-	1.1	2.2	-	2.2
Exercise or lapsing of share options	-	-	-	-	-	-	(3.8)	-	3.8	-	-	-
Dividends	-	-	-	-	-	-	-	-	(25.3)	(25.3)	-	(25.3)
<i>Transactions with non-controlling interests:</i>												
Buy out of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners	0.3	5.3	-	-	-	-	5.0	-	(20.4)	(9.8)	-	(9.8)
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	107.2	107.2	(0.7)	106.5
Other comprehensive income												
<i>Items that may be reclassified subsequently to profit or loss</i>												
Cash flow hedging in equity												
- current year	-	-	-	-	-	0.6	-	-	-	0.6	-	0.6
- reclassification to profit	-	-	-	-	-	-	-	-	-	-	-	-
- tax impact	-	-	-	-	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Exchange differences on translating foreign operations	-	-	-	-	57.4	-	-	-	-	57.4	0.8	58.2
<i>Items that will not be reclassified subsequently to profit or loss</i>												
Defined benefit pension scheme	-	-	-	-	-	-	-	-	(6.7)	(6.7)	-	(6.7)
Income taxes relating to actuarial gains/ (losses) on defined benefit pension scheme	-	-	-	-	-	-	-	-	0.8	0.8	-	0.8
Total comprehensive income for the year	-	-	-	-	57.4	0.5	-	-	101.3	159.2	0.1	159.3
Balance at 31 December 2014	23.0	48.4	0.7	(30.7)	(90.6)	(0.2)	26.9	0.7	1,022.9	1,001.1	8.0	1,009.1

Kingspan Group plc

Condensed consolidated statement of cash flows (unaudited) for the 6 month period ended 30 June 2015

	6 months ended 30 June 2015	6 months ended 30 June 2014
	€m	€m
Operating activities		
Net profit for the period	82.4	49.9
Income tax	18.0	10.1
Depreciation of property, plant and equipment	26.2	19.7
Amortisation of intangible assets	3.7	2.2
Impairment of non-current assets	5.3	-
Employee equity-settled share options	4.0	3.9
Finance income	(0.1)	(0.1)
Finance expense	7.7	7.1
Non-cash items	0.9	1.7
Profit on sale of property, plant and equipment	(0.2)	(0.1)
Change in inventories	(6.6)	(33.5)
Change in trade and other receivables	(91.8)	(72.3)
Change in trade and other payables	115.5	76.4
Pension contributions	(1.4)	(1.2)
Cash generated from operations	<u>163.6</u>	<u>63.8</u>
Taxes paid	(9.5)	(6.0)
Net cash flow from operating activities	<u>154.1</u>	<u>57.8</u>
Investing activities		
Additions to property, plant and equipment	(36.7)	(21.5)
Proceeds from disposals of property, plant and equipment	2.5	0.5
Purchase of subsidiary undertakings (including net debt/cash acquired)	(414.8)	(23.4)
Payment of deferred consideration in respect of acquisitions	(4.2)	(0.4)
Interest received	0.2	0.2
Net cash flow from investing activities	<u>(453.0)</u>	<u>(44.6)</u>
Financing activities		
Drawings / (Repayment) of bank loans	294.9	(2.5)
Change in finance lease liability	(0.1)	(0.2)
Proceeds from share issues	7.2	4.3
Interest paid	(7.9)	(7.8)
Dividends paid	(17.6)	(14.6)
Net cash flow from financing activities	<u>276.5</u>	<u>(20.8)</u>
Decrease in cash and cash equivalents	(22.4)	(7.6)
Translation adjustment	7.3	3.7
Cash and cash equivalents at the beginning of the period	<u>185.7</u>	<u>196.6</u>
Cash and cash equivalents at the end of the period	<u>170.6</u>	<u>192.7</u>
Cash and cash equivalents at beginning of period were made up of:		
- Cash and cash equivalents	185.7	196.6
- Overdrafts	-	-
	<u>185.7</u>	<u>196.6</u>
Cash and cash equivalents at end of period were made up of:		
- Cash and cash equivalents	170.6	192.7
- Overdrafts	-	-
	<u>170.6</u>	<u>192.7</u>

Kingspan Group plc

Notes

forming part of the financial statements

1 Reporting entity

Kingspan Group plc (“the Company” or “the Group”) is a public limited company registered and domiciled in Ireland. The condensed consolidated interim financial statements of the Company as at and for the six month period ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities.

The Group is primarily involved in the manufacture of high performance insulation and building envelope solutions.

The financial information presented in the half-yearly report does not represent full statutory accounts. Full statutory accounts for the year ended 31 December 2014 prepared in accordance with IFRS, as adopted by the EU, upon which the auditors have given an unqualified audit report, are available on the Group's website (www.kingspan.com).

2 Basis of preparation

This Half-Yearly Financial Report is unaudited but has been reviewed by the auditors.

(a) Statement of compliance

These condensed consolidated interim financial statements (the Interim Financial Statements) have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements.

The Interim Financial Statements were approved by the Board of Directors on 21 August 2015.

(b) Significant accounting policies

The accounting policies applied by the Group in the Interim Financial Statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014, except for the adoption of the Annual Improvements to IFRSs 2011 to 2013 Cycle which became effective in the current period.

The effect of the adoption of the Annual Improvements to IFRSs 2011 to 2013 Cycle in the current period did not have any significant impact on the Interim Financial Statements.

(c) Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

The Interim Financial Statements are available on the Group's website (www.kingspan.com).

(d) Going concern

The Directors have reviewed forecasts and projected cash flows for a period of not less than 12 months from the date of these Interim Financial Statements, and considered its net debt position, available committed banking facilities and other relevant information including the economic conditions currently affecting the building environment generally. On the basis of this review the Directors have concluded that there are no material uncertainties that would cast significant doubt over the Group's ability to continue as a going concern. For this reason, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

3 Reporting currency

The Interim Financial Statements are presented in euro which is the functional currency of the Company and presentation currency of the Group.

Results and cash flows of foreign subsidiary undertakings have been translated into euro at the average exchange rates for the period, as these approximate the exchange rates at the dates of the transactions. The related assets and liabilities have been translated at the closing rates of exchange ruling at the end of the reporting period.

The following significant exchange rates were applied during the period:

	Average rate			Closing rate		
	H1 2015	H1 2014	FY 2014	30.06.15	30.06.14	31.12.14
Euro =						
Pound Sterling	0.733	0.822	0.806	0.713	0.800	0.780
US Dollar	1.117	1.371	1.328	1.120	1.362	1.215
Canadian Dollar	1.378	1.504	1.467	1.386	1.457	1.409
Australian Dollar	1.427	1.499	1.473	1.447	1.446	1.483
Czech Koruna	27.503	27.443	27.534	27.271	27.468	27.744
Polish Zloty	4.139	4.175	4.185	4.173	4.154	4.259
Hungarian Forint	307.24	306.79	308.69	311.88	308.55	314.85

4 Operating segments

The Group has the following four reportable segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal facades.
Insulation Boards	Manufacture of rigid insulation boards, building services insulation and engineered timber systems.
Environmental	Manufacture of distributed energy, water and environmental management solutions.
Access Floors	Manufacture of raised access floors.

Analysis by class of business

Segment revenue

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Total revenue - H1 2015	752.9	319.2	77.5	85.7	1,235.3
Total revenue - H1 2014	526.1	221.1	71.6	70.5	889.3

Segment result (profit before finance expense)

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Trading profit - H1 2015	70.3	28.3	3.3	9.8	111.7
Intangible amortisation	(2.1)	(1.6)	-	-	(3.7)
Operating result - H1 2015	68.2	26.7	3.3	9.8	108.0
Net finance expense					(7.6)
Profit for the period before income tax					100.4
Income tax expense					(18.0)
Profit for the period - H1 2015					82.4
	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Trading profit - H1 2014	43.7	17.7	0.2	7.6	69.2
Intangible amortisation	(1.4)	(0.7)	(0.1)	-	(2.2)
Operating result - H1 2014	42.3	17.0	0.1	7.6	67.0
Net finance expense					(7.0)
Profit for the period before income tax					60.0
Income tax expense					(10.1)
Profit for the period - H1 2014					49.9

Segment assets and liabilities

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 30 June 2015 €m	Total 30 June 2014 €m
Assets - H1 2015	1,513.2	593.2	165.2	160.8	2,432.4	
Assets - H1 2014	804.6	451.0	156.3	136.2		1,548.1
Derivative financial instruments					19.6	1.5
Cash and cash equivalents					170.6	192.7
Deferred tax asset					6.9	7.1
Total assets					2,629.5	1,749.4
Liabilities - H1 2015	(452.9)	(152.6)	(46.2)	(24.7)	(676.4)	
Liabilities - H1 2014	(282.1)	(106.1)	(39.5)	(25.4)		(453.1)
Interest bearing loans and borrowings (current and non-current)					(639.5)	(301.3)
Derivative financial instruments (current and non-current)					(2.6)	(8.3)
Income tax liabilities (current and deferred)					(106.9)	(63.7)
Total liabilities					(1,425.4)	(826.4)

Other segment information

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Capital Investment - H1 2015	136.6	11.4	2.1	3.1	153.2
Capital Investment - H1 2014	11.0	8.7	1.1	0.7	21.5
Depreciation included in segment result - H1 2015	(15.6)	(7.8)	(1.7)	(1.1)	(26.2)
Depreciation included in segment result - H1 2014	(11.5)	(5.7)	(1.6)	(0.9)	(19.7)
Non cash items included in segment result - H1 2015	(2.2)	(1.0)	(0.3)	(0.5)	(4.0)
Non cash items included in segment result - H1 2014	(2.0)	(1.2)	(0.4)	(0.4)	(4.0)

Analysis of segmental data by geography

	Republic of Ireland €m	United Kingdom €m	Rest of Europe €m	Americas €m	Others €m	Total €m
Income Statement Items						
Revenue - H1 2015	40.4	399.7	459.0	225.9	110.3	1,235.3
Revenue - H1 2014	35.1	335.3	314.2	113.7	91.0	889.3
Statement of Financial Position Items						
Non-current assets - H1 2015	48.4	365.4	614.5	384.6	105.2	1,518.1
Noncurrent assets - H1 2014	51.8	336.4	298.8	177.2	65.2	929.4
Capital Investment - H1 2015	2.6	13.1	97.6	32.8	7.1	153.2
Capital Investment - H1 2014	1.1	6.0	10.7	2.0	1.7	21.5

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

5 Seasonality of operations

Activity in the global construction industry is characterised by cyclical nature and is dependent to a significant extent on the seasonal impact of weather in some of the Group's operating locations. Activity is second half weighted and is likely to be more pronounced in the future due to the activity profile of recent acquisitions.

6 Finance expense and finance income

	6 months ended 30 June 2015 €m	6 months ended 30 June 2014 €m
<i>Finance expense</i>		
Bank loans	1.7	1.1
Private placement	5.5	5.9
Net defined benefit pension scheme	0.1	0.1
Fair value movement on derivative financial instruments	(2.9)	(1.8)
Fair value movement on private placement debt	3.3	1.8
	<u>7.7</u>	<u>7.1</u>
<i>Finance income</i>		
Interest earned	(0.1)	(0.1)
	<u>(0.1)</u>	<u>(0.1)</u>
Net finance cost	<u>7.6</u>	<u>7.0</u>

No borrowing costs were capitalised during the period (H1 2014: Nil).

7 Taxation

Taxation provided for on profits is €18.0m which represents 18% of the profit before tax and amortization for the period (H1 2014: 16.2%). The full year effective tax rate in 2014 was 16.4%. The taxation charge for the six month period is accrued using an estimate of the applicable rate for the year as a whole.

8 Analysis of net debt

	At 30 June 2015 €m	At 30 June 2014 €m
Cash and cash equivalents	170.6	192.7
Derivative financial instruments	19.6	(4.8)
Current borrowings	(287.4)	(4.3)
Non-current borrowings	(352.1)	(297.0)
Total net debt	<u>(449.3)</u>	<u>(113.4)</u>

Net debt, which is a non GAAP measure, is stated net of interest rate and currency hedges which relate to hedges of debt. Foreign currency derivatives which are used for transactional hedging are not included in the definition of net debt.

9 Financial instruments

The following table outlines the components of net debt by category:

	Loans & Receivables & Other Financial Assets/(Liabilities) at Amortised Cost €m	Liabilities at Fair Value through Profit or Loss €m	Derivatives Designated as Hedging Instruments €m	Total Net Debt by Category €m
Assets:				
Interest rate swaps	-	-	19.6	19.6
Cash at bank and in hand	170.6	-	-	170.6
Total assets	<u>170.6</u>	<u>-</u>	<u>19.6</u>	190.2
Liabilities:				
Interest rate swaps	-	-	-	-
Private placement notes	(202.0)	(145.5)	-	(347.5)
Other loans	(292.0)	-	-	(292.0)
Total liabilities	<u>(494.0)</u>	<u>(145.5)</u>	<u>-</u>	(639.5)
At 30 June 2015	<u>(323.4)</u>	<u>(145.5)</u>	<u>19.6</u>	<u>(449.3)</u>

	Loans & Receivables & Other Financial Assets/(Liabilities) at Amortised Cost €m	Liabilities at Fair Value through Profit or Loss €m	Derivatives Designated as Hedging Instruments €m	Total Net Debt by Category €m
Assets:				
Interest rate swaps	-	-	1.5	1.5
Cash at bank and in hand	192.7	-	-	192.7
Total assets	<u>192.7</u>	<u>-</u>	<u>1.5</u>	194.2
Liabilities:				
Interest rate swaps	-	-	(6.4)	(6.4)
Private placement notes	(177.2)	(119.4)	-	(296.6)
Other loans	(4.6)	-	-	(4.6)
Total liabilities	<u>(181.8)</u>	<u>(119.4)</u>	<u>(6.4)</u>	(307.6)
At 30 June 2014	<u>10.9</u>	<u>(119.4)</u>	<u>(4.9)</u>	(113.4)

For information on the currency and maturity profile of net debt please refer to note 20 in the 2014 Annual Report.

Fair value of financial instruments carried at fair value

Financial instruments recognised at fair value are analysed between those based on quoted prices in active markets for identical assets or liabilities (Level 1), those involving inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly (Level 2); and those involving inputs for the assets or liabilities that are not based on observable market data (Level 3).

The following table sets out the fair value of all financial instruments whose carrying value is at fair value:

	Level 1 30 June 2015 €m	Level 2 30 June 2015 €m	Level 3 30 June 2015 €m
Financial assets			
Interest rate swaps	-	19.6	-
Foreign exchange contracts for hedging	-	0.1	-
Financial liabilities			
Deferred contingent consideration	-	-	(9.6)
Interest rate swaps	-	-	-
Foreign exchange contracts for hedging	-	(2.6)	-
At 30 June 2015	-	17.1	(9.6)
<hr/>			
	Level 1 30 June 2014 €m	Level 2 30 June 2014 €m	Level 3 30 June 2014 €m
Financial assets			
Interest rate swaps	-	1.5	-
Foreign exchange contracts for hedging	-	-	-
Financial liabilities			
Deferred contingent consideration	-	-	(12.4)
Interest rate swaps	-	(6.4)	-
Foreign exchange contracts for hedging	-	(2.0)	-
At 30 June 2014	-	(6.9)	(12.4)

All derivatives entered into by the Group are included in Level 2 and consist of foreign currency forward contracts, interest rate swaps and cross currency interest rate swaps.

Where derivatives are traded either on exchanges or liquid over-the-counter markets, the Group uses the closing price at the reporting date. Normally, the derivatives entered into by the Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates.

Deferred contingent consideration is included in Level 3. Further details on deferred contingent consideration is set out in notes 19 and 23 of the 2014 Annual Report. The movement in the period primarily relates to payments made on the PAL International and Dri-Design Inc. acquisitions, both of which were carried out in 2014. The contingent element is measured on a series of trading performance targets, and is adjusted by the application of a range of outcomes and associated probabilities.

During the period ended 30 June 2015, there were no significant changes in the business or economic circumstances that affect the fair value of financial assets and liabilities, no reclassifications and no transfers between levels of the fair value hierarchy used in measuring the fair value of the financial instruments.

Fair value of financial instruments at amortised cost

Except as detailed below, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Interim Financial Statements approximate their fair values.

Private placement notes	Carrying amount	Fair value
	€m	€m
At 30 June 2015	347.5	366.3
At 30 June 2014	296.6	313.3

10 Dividends

A final dividend on ordinary shares of 10.0 cent per share in respect of the year ended 31 December 2014 (31 December 2013: 8.5c) was paid on 15 May 2015.

The Directors are proposing an interim dividend of 8.0 cent (2014: 6.25 cent) per share in respect of 2015, which will be paid on 25 September 2015 to shareholders on the register on the record date of 4 September 2015.

11 Earnings per share

	6 months ended 30 June 2015 €m	6 months ended 30 June 2014 €m
The calculations of earnings per share are based on the following:		
Profit attributable to owners of the Company	<u>81.7</u>	<u>49.8</u>
	Number of shares ('000) 6 months ended 30 June 2015	Number of shares ('000) 6 months ended 30 June 2014
Weighted average number of ordinary shares for the calculation of basic earnings per share	175,706	170,790
Dilutive effect of share options	<u>3,117</u>	<u>3,605</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per share	<u>178,823</u>	<u>174,395</u>
	€ cent	€ cent
Basic earnings per share	46.5	29.2
Diluted earnings per share	45.7	28.6
Adjusted basic (pre amortisation) earnings per share	48.6	30.5

There are no options which are anti-dilutive included in the above calculations. At 30 June 2015, there were no anti-dilutive shares (30 June 2014: 613,012) included in the above calculations.

12 Goodwill

	At 30 June 2015 €m	At 30 June 2014 €m	At 31 Dec 2014 €m
At 1 January	475.3	368.5	368.5
Additions relating to current year acquisitions	306.4	21.8	78.9
Impairment	-	-	(2.1)
Net exchange difference	28.1	8.6	30.0
Carrying amount 30 June	<u>809.8</u>	<u>398.9</u>	<u>475.3</u>
At 30 June			
Cost	875.4	462.4	540.9
Accumulated impairment losses	(65.6)	(63.5)	(65.6)
Net carrying amount	<u>809.8</u>	<u>398.9</u>	<u>475.3</u>

The movement in the period relates primarily to the Joris Ide acquisition which gave rise to €208m of goodwill and the Vicwest acquisition which gave rise to a preliminary and pre-fair value review goodwill figure of €87m.

13 Property, plant & equipment

	At 30 June 2015 €m	At 30 June 2014 €m	At 31 Dec 2014 €m
Cost or valuation	1,447.7	1,116.7	1,123.3
Accumulated depreciation and impairment charges	(809.3)	(621.7)	(626.3)
Net carrying amount	<u>638.4</u>	<u>495.0</u>	<u>497.0</u>
Opening net carrying amount	497.0	487.7	487.7
Acquisitions through business combinations	118.3	0.2	10.2
Additions	36.4	21.3	45.6
Disposals	(2.3)	(0.5)	(17.4)
Depreciation charge	(26.2)	(19.7)	(40.8)
Impairment charge	(5.3)	(1.2)	(3.3)
Effect of movement in exchange rates	20.5	7.2	15.0
Closing net carrying amount	<u>638.4</u>	<u>495.0</u>	<u>497.0</u>

The disposals generated a profit of €0.2m (H1 2014: €0.1m profit) which has been included within Operating Costs.

14 Reconciliation of net cash flow to movement in net debt

	6 months ended 30 June 2015 €m	6 months ended 30 June 2014 €m	Year ended 31 December 2014 €m
(Decrease)/increase in cash and bank overdrafts	(15.1)	(7.6)	(19.9)
(Increase)/decrease in debt	(302.2)	2.5	4.3
(Increase)/decrease in lease finance	(2.2)	0.1	0.1
Change in net debt resulting from cash flows	(319.5)	(5.0)	(15.5)
Translation movement - relating to US dollar loans	(5.2)	(6.2)	(43.6)
Translation movement - other	7.4	3.7	8.5
Derivative financial instruments movement	(6.5)	0.8	31.8
Net movement	(323.8)	(6.7)	(18.8)
Net debt at start of the period	(125.5)	(106.7)	(106.7)
Net debt at end of the period	(449.3)	(113.4)	(125.5)

15 Acquisitions

On 17 February 2015, the Group acquired the remaining 50% of a previously held joint venture, Kingspan Industrial Insulation (“KII”). KII forms part of the Insulation division and operates mainly in the Benelux countries and the UK. In line with IFRS 3, this transaction has been treated as a disposal of the group’s share of the joint venture and acquisition of the full 100% of the business.

In March 2015, the Group acquired 100% of the share capital of Steel Partners NV, the holding company of the Joris Ide. Joris Ide is a pan European manufacturer and supplier of insulated panels, profiles and related accessories.

The provisional fair values of the acquired assets and liabilities at the respective acquisition dates are set out below:

	Joris Ide €'m	Kingspan Industrial Insulation €'m	Total €'m
Non-current assets			
Intangible assets	34.5	-	34.5
Property, plant and equipment	84.5	4.8	89.3
Current assets			
Inventories	79.6	3.0	82.6
Trade and other receivables	37.2	6.6	43.8
Current liabilities			
Trade and other payables	(91.7)	(6.4)	(98.1)
Provisions for liabilities	(9.8)	(2.1)	(11.9)
Non-current liabilities			
Deferred tax liabilities	(21.9)	(0.2)	(22.1)
Total identifiable assets	112.4	5.7	118.1
Goodwill	208.0	9.8	217.8
Total consideration	320.4	15.5	335.9
Satisfied by:			
Cash (net of cash/debt acquired)	265.9	7.7	273.6
Share capital issued	54.5	-	54.5
Value attributed to initial 50% of the business	-	7.8	7.8
Total consideration	320.4	15.5	335.9

Since the valuation of the fair value of assets and liabilities recently acquired is still in progress, the above values are determined provisionally.

Both the Joris Ide and KII goodwill is attributable principally to the profit generating potential of the business, together with a strong workforce and synergies expected to be achieved from integrating these businesses into Kingspan’s existing structure.

15 Acquisitions *(continued)*

VicWest Inc.

In May 2015, Kingspan received regulatory approval for the acquisition of the Building Products division of Vicwest Inc. (“Vicwest”). Vicwest is a Canadian listed company and its BP

division comprises three Insulated Panel manufacturing plants, in addition to a number of profiling facilities across Canada and the US. The total consideration including debt and related costs amounts to €139m.

Due to the close proximity of the acquisition to 30 June 2015, the fair value of the Vicwest balance sheet on acquisition cannot be ascertained at this point, however, the fair value exercise will be completed prior to year end.

In the post-acquisition period to 30 June 2015, the businesses acquired in the current period contributed total revenue of €184m and a trading profit of €16.2m to the Group’s results.

16 Capital and reserves

Issues of ordinary shares

1,808,084 ordinary shares (H1 2014: 1,283,257) were issued as a result of the exercise of vested options arising from the Group’s share option schemes (see the 2014 Annual Report for full details of the Group’s share option schemes). Options were exercised at an average price of €3.99 per option.

As part of the consideration for the acquisition of Joris Ide, 3 million shares were issued to the vendors.

17 Significant events and transactions

There were no individually significant events or transactions in the period which contributed to the material changes in the Statement of Financial Position; the more significant movements are described below:

- the changes in Inventories, Trade & other receivables and Trade & other payables reflect the normal business cycle;
- the fair value of derivatives moved as a result of the movements in the US dollar exchange rate against both sterling and the euro; and
- the positive currency translation movement of €66.3m reflected in the Consolidated Statement of Comprehensive Income reflects primarily the strengthening of sterling and the US dollar.

18 Related party transactions

There were no changes in related party transactions from the 2014 Annual Report that could have a material effect on the financial position or performance of the Group in the first half of the year.

19 Subsequent events

On 1 July 2015, Kingspan completed the acquisition of SPU Oy (“SPU”), a Finnish based Insulation boards business, for consideration of €22.5m. Further disclosure on the SPU acquisition has not been provided on the grounds of materiality. Since acquisition, SPU has been integrated into Kingspan’s existing Insulation Boards division.