Kingspan Group plc
Annual Report & Financial Statements 2015

Our 2020 Net-Zero Energy vision

Kingspan is the global leader in high performance insulation and building energy solutions. At Kingspan, our commitment to achieving Net-Zero Energy status by 2020 has led to our recognition as a leader for corporate action on climate change by being awarded a position on the CDP's global Climate 'A' List – the only Irish listed company to do so. Our actions and strategies to reduce carbon emissions mean we are currently on track to exceed an interim target of 50% energy usage from renewable sources in 2016.


Public Library, Toronto, Canada

Summary Financials

Revenue up 47%	EBITDA[1] up 67%	Trading Profit[2] up 72%
€2.77bn	€316.4m	€255.9m
2014: €1.89bn	2014: €189.3m	2014: €148.5m

1 Earnings before finance cost, income taxes, depreciation, intangible amortisation and non trading items
2 Earnings before finance cost, income taxes, intangible amortisation and non trading items

Adobe Systems, Utah, USA

Trading Margin up 130bps
9.2%
2014: 7.9%

Profit After Tax up 79%
€190.6m
2014: €106.5m

EPS up 70%
106.7c
2014: 62.6 cent

Kingspan

Chairman's Statement

Kingspan delivered a superb performance in 2015, with turnover up 47% to €2.77bn and trading profit increasing by 72% to a record €256m. This has been achieved while maintaining a prudent balance sheet, with net debt of €328m representing 1.04 x EBITDA.

This excellent performance is rooted in the strategy we have been pursuing, based on the three pillars of Innovation, Penetration and Geographic reach. In 2015 we took great strides forward based on these three principles.

Innovation

In July we launched the revolutionary IPN-QuadCore™ which is a scientific breakthrough that has led to a completely new core material for our insulated panels which delivers the industry's highest thermal performance, superior fire protection and enhanced environmental credentials, backed up by a 40 year thermal and structural guarantee that is unique in the industry. In 2016 we plan to roll out IPN-QuadCore™ across our many markets, as well as continuing to invest in developing the next generation insulation products of the future.

Penetration

Organic growth and increased penetration is a constant theme in all of our businesses. Having first ventured into the North American insulated panel market in 2008, when penetration levels were at 5%, it is very encouraging to report that market penetration has now reached 12%. Whilst we continue to increase penetration in our more mature markets, we are also building platforms for the future in markets like the Nordics and South East Asia.

Geography

Perhaps most significantly during the year, we completed two major acquisitions which have greatly transformed Kingspan's geographic footprint. The acquisition of Joris Ide in March not only augments our Western European presence in Belgium, France and Germany, but also provides entry into new markets such as Russia. In May, the acquisition of Vicwest Building Products similarly extended our footprint in North America, and this market now represents 20% of total Group revenues.

Aldar Headquarters, Abu Dhabi, UAE

Chairman's Statement

Management and employees

On behalf of the Board, I want to thank the management team, and each and every one of the 8,732 employees across Kingspan, for their dedicated hard work in delivering these results, and I know that they have already started into the challenges of 2016 with the same commitment and enthusiasm.

Dividend

The Board is recommending a final dividend of 17 cent per share, which if approved at the Annual General Meeting, will give a total dividend for the year of 25 cent, an increase of 54% on prior year. This will be the sixth consecutive year of growth in the shareholders' dividend, and demonstrates the board's confidence in the long-term sustainability of the profitability and growth of the business.

If approved, the final dividend will be paid (subject to Irish withholding tax rules) on 13 May 2016 to shareholders on the register at close of business on 22 April 2016.

Board changes

Following last year's Annual General Meeting, Kieran Murphy retired from the Board and once again I'd like to thank him for his contribution to Kingspan over the previous three years. In June we were very pleased to welcome Bruce McLennan as a non-executive director, who brings his broad experience in investment banking, international capital markets and strategic and corporate planning to the Board. I look forward to his on-going contribution to Kingspan.

Looking ahead

Whilst the start of 2016 has been beset by lingering political and fiscal uncertainty in some of our core markets, momentum in the early months of the year for Kingspan has been positive.

> Looking ahead through 2016 and beyond, Kingspan is well positioned to continue developing the business and take advantage of new opportunities as they arise. I remain confident that management's sustained focus on the three strategic pillars will continue to deliver enhanced shareholder value over the longer term.

Eugene Murtagh
Chairman

22 February 2016

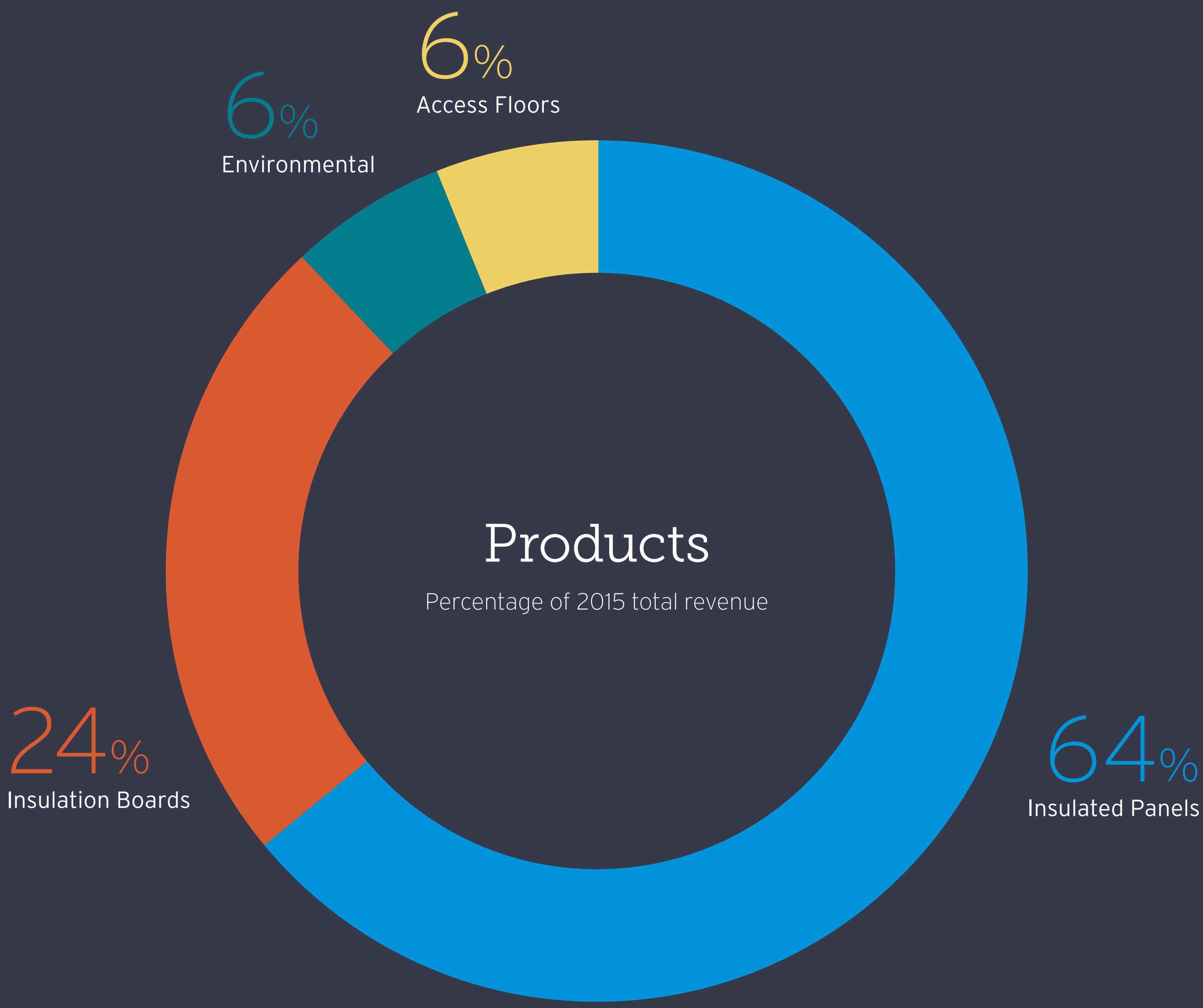
Te Papa Tongarewa Museum, Wellington, New Zealand

Geelong Library & Heritage Centre, Geelong, Australia

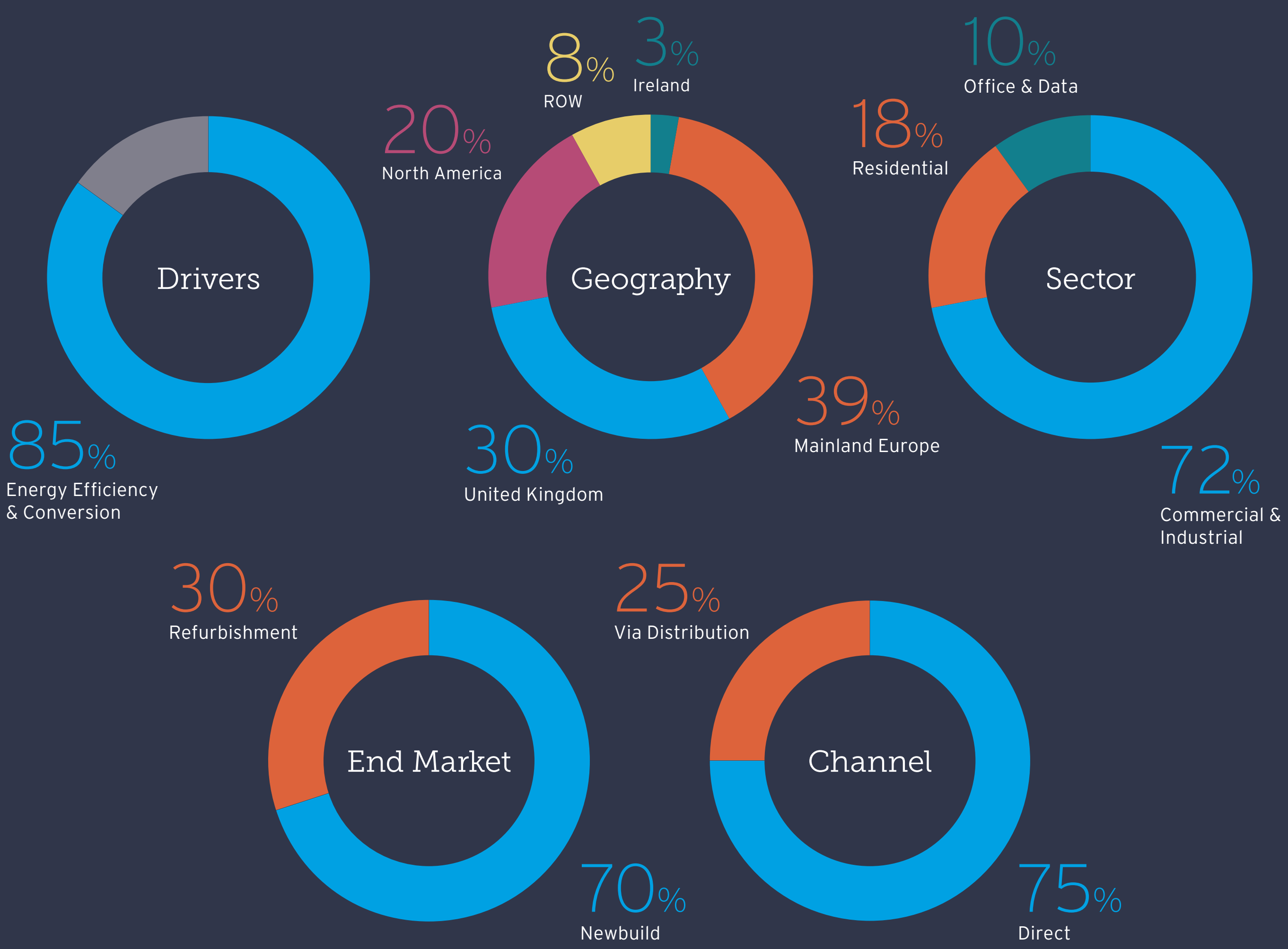
Business & Strategy Review

The Business

- Kingspan is a global leader in high performance insulation and building envelopes
- Kingspan has market leading positions in UK, Mainland Europe, North America and Australasia
- Kingspan's proprietary technology drives differentiation in product performance



Brand > Specification > Differentiation



Strategic Goals

- To lead the field in high performance insulation globally with proprietary and differentiating technologies
- To become the world's leading provider of low energy building solutions – Insulate & Generate
- To achieve greater geographic balance, primarily focusing on the Americas, Europe and appropriate developing markets

Business & Strategy Review

The 3 Pillars

to achieve an average annual return on investment of ca.

15%

Innovation

Differentiated & proprietary

Penetration

Structural growth of high performance buildings

Geography

Globalisation of primary product set

Strategy in Action

Innovation

- Launch of IPN-QuadCore™ in Q4 representing a game changing step forward in the thermal and fire performance of the insulated panel. Global roll-out planned for 2016.
- Kooltherm®. Dedicated research effort underway with a targeted launch of next generation by 2017.
- Continuing growth during 2015 in specification for Optim-R™ in space constrained applications.

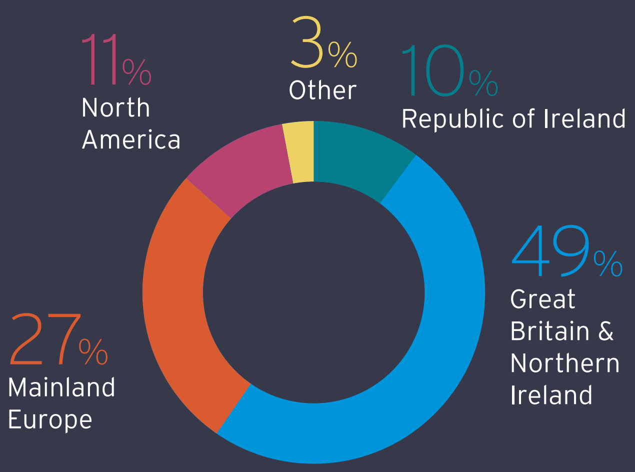
Penetration

- Specification teams continue to build globally.
- Further progress recorded in penetration gains in all major markets. A particular highlight was the 12% market penetration threshold reached during 2015 for insulated panels in North America. This has grown strongly from the level of 5% when Kingspan first entered the market in 2008.
- Platform acquisition made in the Nordics to advance and drive penetration of Kingspan's high performance proposition against traditional alternatives over time.

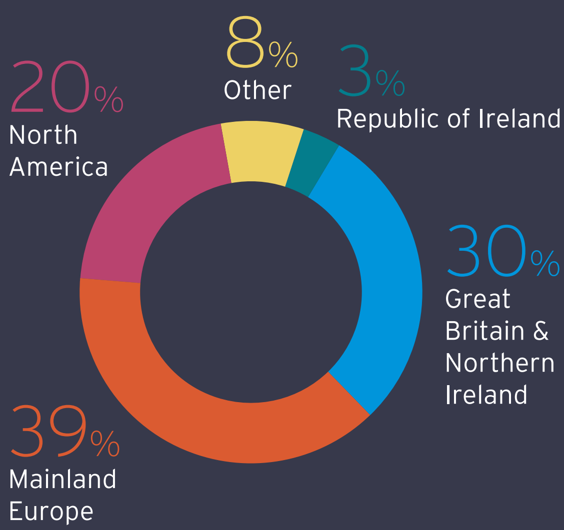
Geography

- Increasingly diversified geography base. UK sales comprised 30% of Group sales during 2015 compared to 49% in 2008.
- North American sales reached 20% of Group sales during 2015 as a consequence of organic growth but also the acquisition of Vicwest building products during the year.
- Acquisitions made during the year further extend the geographic reach of Kingspan. For example Joris Ide gives an initially small presence in Russia from which to develop over time. Our business in the Middle East continues to develop strongly from initially acquired positions in the region.

Sales by Geography 2008



Sales by Geography 2015



Dr. Chau Chak Wing, University of Technology, Sydney, Australia
Photo: Andrew Worssam

Leedon Residential, Singapore

Operational Highlights

- Strong performance in the larger core markets of the UK and US, with a relatively stable European performance.
- Insulated Panels in the UK had its strongest year since 2007, and the North American market continued on its path of penetration growth. European sales were largely flat.
- Insulation Boards had a strong year in the UK and US, as well as across the Middle East where our position is developing strongly. Europe was somewhat tougher.
- Environmental continued to improve profitability with momentum improving through the year.
- Access Floors remains a challenge in North America, but is growing strongly in the UK which can be expected to continue through 2016.
- The acquisitions of Joris Ide and Vicwest, for a combined consideration of €459m, have been integrating well, and both delivered underlying profits ahead of plan.

Chief Executive's Review

2015 was a record year for Kingspan in revenue, trading profit and investment in strategic platforms for the future. Revenue grew by 47% to €2.77bn, trading profit rose by 72% to €256m, and we invested €570m in acquisitions and capex across multiple geographies worldwide.

Financial Highlights

- Revenue up 47% to €2.8bn, (pre-currency, up 38%).
- Trading profit up 72% to €255.9m, (pre-currency, up 57%).
- Acquisitions contributed 35% to sales growth and 35% to trading profit growth in the year.
- Group trading margin of 9.2%, an increase of 130bps.
- Basic EPS up 70% to 106.7 cent.
- Final dividend per share of 17.0 cent. Total dividend for the year up 54% to 25.0 cent.
- Year-end net debt of €328.0m (2014: €125.5 m). Net debt to EBITDA of 1.04x (2014: 0.66x).
- Increase in ROCE by 180bps to 15.2% (2014: 13.4%).

Strong organic growth was achieved in our major businesses in the UK, North America, Turkey and the Middle East, more than offsetting the more challenging experience we had in some European markets and in Australasia. Acquisitions contributed significantly to the out-turn adding 35%, or €654m, in revenue to the Group with a commensurate growth in profit performance. Joris Ide, the largest acquisition completed by Kingspan to-date, gives us a significantly enhanced market presence and a manufacturing platform across Western Europe, South East Europe and Russia. Vicwest has greatly increased our presence across North America, with the territory now representing 20% of total Group revenue.

Raw material trends also featured prominently during the year with the downward pressure on commodities making its way into both our steel and chemical inputs. This situation is likely to prevail for much of the first half of 2016 although it is difficult to predict beyond that point.

On the technology side, we launched IPN-QuadCore™, a potentially game-changing performance improvement in our Insulated Panel offering. This innovation provides significantly enhanced fire and thermal properties to our existing product range and will be rolled out across most of our manufacturing locations globally over the coming three years. This innovation adds to the Group's existing performance differentiating technology which includes Kooltherm® and Optim-R®.

Chief Executive's Review

Insulated Panels

UK

Sales volume of Insulated Panels in the UK has been at their strongest for a number of years and we have experienced good growth across most segments of the market in 2015. Insulated Panel penetration in the UK is at the most advanced level of any market, and our range continues to evolve across the entire spectrum from basic roofing to the most architecturally discerning insulated office façades. Our proposition has been developing progressively, towards a model whereby we deliver the more complete building envelope solution including, for example, daylighting and solar integration. This wider offering will be rolled-out across other markets over time and is both central to our strategy and a natural evolution of our energy efficient proposition. Customers' appetite for low energy, highly efficient buildings is increasing and we are intent on being the key force globally in enabling the delivery of this across the broadest range of building types.

Mainland Europe & Middle East

This region is now the largest source of revenue for our Insulated Panels business. Germany and France, where our presence is largest, were both modestly ahead of last year, including Joris Ide on a like-for-like basis. Clear improvement was evident in the Netherlands market whilst underlying sales in Belgium increased by low single digits.

Central Europe has been mixed, with Poland and the Czech Republic solid and Hungary and the Balkans somewhat weaker. South Central Europe will be a key focus for organic market share improvement during 2016, as will Russia.

The performance in Turkey and its adjacent markets improved notably during the year, somewhat in contrast to the UAE, which was impacted to an extent by site delays on some large scale projects. This is likely to alleviate during 2016. Operationally, our businesses in the region have merged into a single integrated business in order to fully capitalize on the wider regional opportunity. The Nordics, where we will be investing in a new facility during the current year, will also be a key area of focus in the future.

Americas

Sales in this region grew at an organic level by 14% in the year. Layering on the acquisition of Vicwest, sales in the region grew by 89% over 2014.

The penetration rate of Insulated Panels in North America stands at approximately 12%, a notable progression from the 5% level in 2006 when we first entered that market. Our ambition is to significantly grow the presence of low energy building envelopes, a space that remains dominated by highly inefficient legacy alternatives such as poorly insulated concrete and built-up metal systems. The advance will be gradual in North America, with the appetite for "gas-guzzling buildings" slowly but surely abating. Mexico and South America are regions in which we have yet to develop any meaningful presence in and we remain committed to developing those markets as a medium term goal.

Australasia

Following several years of growth, our business in Australia had its challenges in 2015, owing largely to the waning resources sector that has long been an attractive end market for Insulated Panels. In its absence, the focus remains on growing penetration in the more regular building environment, and steady progress is being made.

New Zealand has grown robustly for Kingspan over a number of years, and our emerging presence in South East Asia will become an area of focus for progress over the coming five years. A manufacturing presence will be key to gaining a foothold in the region and we are at the early stages of assessing options.

Ireland

Sales volume in Ireland grew by just over 10% in 2015, reflecting a continuation of the recovery in the local market, and an indication of the growing investment in industry by both indigenous and international enterprises. 2016 is likely to see this pattern improve further.

Insulated Panels

Turnover up 60%[1]

€1,776.6m

2014: €1,111.4m

Trading Profit up 85%

€165.2m

2014: €89.2m

Trading Margin up 130bps

9.3%

2014: 8%

1 Comprising acquisition impact +48%, volume +5%, price/mix -1% and currency impact +8%

> "Insulated Panel penetration in the UK is at the most advanced level of any market, and our range continues to evolve across the entire spectrum from basic roofing to the most architecturally discerning insulated office façades."

Central Boathouse, University of Central Oklahoma, USA

Insulation Boards

Turnover up 39%[1]	Trading Profit up 54%	Trading Margin up 80bps
€662.8m	€61.3m	9.2%
2014: €477.1m	2014: €39.9m	2014: 8.4%

1 Comprising growth from acquisition impact +26%, volume +4%, price/mix nil and currency impact +9%

" The Netherlands is the Insulation division's largest single market in Western Europe, and notably growth was experienced there in 2015, bucking the challenging trends of the preceding three years or so. "

Van Gogh Museum, Amsterdam, Netherlands

Chief Executive's Review

Insulation Boards

UK

Our Insulation business in the UK made strong gains during 2015, particularly in the first half. Underlying improvement in building activity across virtually all segments created an attractive backdrop in the UK as rigid insulation continued to make inroads against traditional alternatives.

Kooltherm®, one of our unique insulation technologies, maintained its central role in our conversion strategy with significant R&D underway to deliver its next iteration during 2017, focusing on advancing the already market leading thermal properties of Kooltherm®. Optim-R™, our vacuum insulation solution, had a successful first full year of specification which is expected to convert progressively through 2016 and beyond.

Mainland Europe

The Netherlands is the Insulation division's largest single market in Western Europe, and notably growth was experienced there in 2015, bucking the challenging trends of the preceding three years or so. General building activity improved, as did the traction of high performance insulation, a pattern which thus far has lagged that of the UK and Ireland markets. During the year, a significant legislative upgrade in Dutch insulation codes was put into effect, and should create an impetus for rigid insulation to grow further.

Belgium and France were weaker, mainly in the second half, and can be expected to remain tough for the foreseeable future as sizeable industry over-capacity is absorbed over time. Germany, to date, has been somewhat slow in the pace of conversion towards our solutions, although we expect to address this more aggressively in the future.

In 2015 we entered the Nordics market with the acquisition of SPU Oy in Finland, which is now a fully Kingspan branded business. This will act as our launch vehicle for a pan-Nordics strategy over the coming years, producing PIR insulation locally, as well as marketing the wider range of our products across the region.

Americas

2015 was a year of great progress for our Insulation business in the US. Revenue and profitability improved, and our facility in Winchester, Virginia, has now reached full capacity. Over the next twelve months, a significant expansion of the manufacturing capability of this plant will be completed, addressing both the volume requirement and also broadening the range of applications that our Insulation offering can satisfy across North America.

Australasia

It was a challenging year for the business in Australia, particularly in the earlier part of the year. Momentum picked up considerably towards year-end, with significant year on year growth in Kooltherm®, now key in the run up to our greenfield facility in Melbourne coming on-stream in early 2017. This will be the first facility of its kind anywhere across Australasia and, in addition to the local market, it will supply New Zealand, Indonesia and all other South East Asian markets where we have been progressively growing our specification and commercial resources.

Ireland

Growth in general activity, combined with our Kooltherm® conversion strategy, delivered strong growth in 2015 and this momentum has continued into the current year. Housing starts, in particular, remained relatively constrained and at a time of acute supply shortage, we expect gradual and prolonged growth in this segment.

Chief Executive's Review

Environmental

This Division has had its share of challenges since 2009, owing largely to its over-riding exposure to the residential market in the UK.

Over the last couple of years it has undergone a deep restructuring programme. An integral part of this was a re-assessment of the business strands that will be important into the future. The focus of this division is now centered around Energy Storage Solutions, Water (rain, hot, and effluent), Microwind and all service activities associated with these areas.

This refined approach is already delivering results, with revenue having stabilised, and profits rebounding significantly in the last year. We expect this momentum to continue through 2016, and for the business to develop an increasing international dimension progressively.


Kingspan Titan are global market leaders in the design and manufacture of trusted, quality and environmentally responsible Energy Storage Solutions.

Turnover up 8%
€159.0m
2014: €147.6m

Trading Profit up 575%
€8.1m
2014: €1.2m

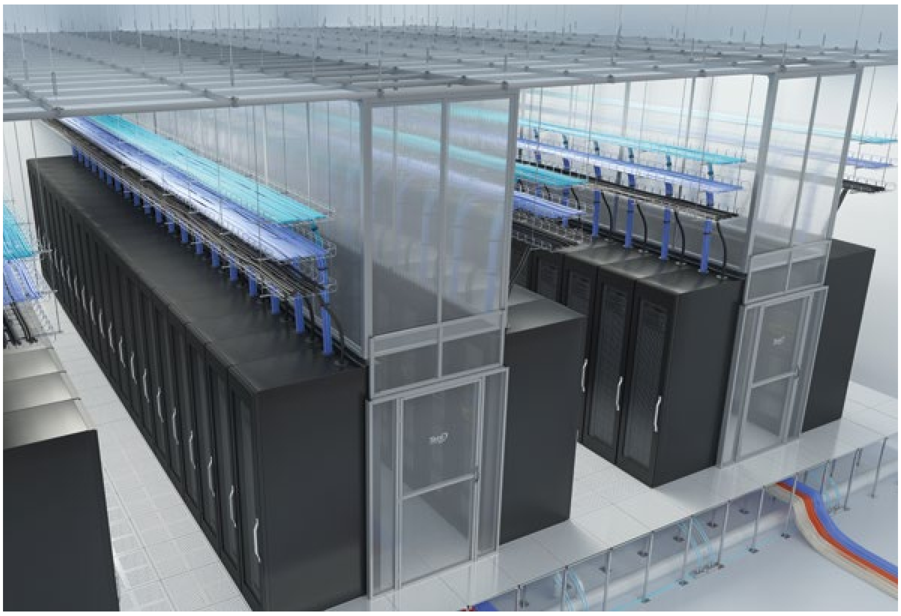
Trading Margin up 430bps
5.1%
2014: 0.8%

Access Floors

Our largest markets for Access Floors are the US and UK. Whilst we are expanding in Australasia, South East Asia and the Middle East, these core markets remain the key determinant of performance at present.

US office market starts remained very subdued in 2015 and are forecast at similar levels for 2016. Growth, therefore, has to be drawn from the data centre market, hence the range of solutions we have launched into this segment over the past couple of years. These solutions, combined with our ongoing investment in an exposed concrete finish for niche applications, should ensure stability for the business pending a resumption of growth in the office market.

In contrast, our UK business gained momentum through 2015, and with London office vacancy rates now at 4%. This pattern is expected to continue at least through the current year.



Turnover up 13%[1]
€175.9m
2014: €155.1m

Trading Profit up 17%
€21.3m
2014: €18.2m

Trading Margin up 40bps
12.1%
2014: 11.7%

1 Comprising volume -4%, price/mix +3% and currency impact +14%

Organic Expansion

Whilst much of the expansion in the Group's footprint in recent years has been acquisition driven, our core model is grounded in organic growth. This has naturally been a challenge in our prime markets over the last number of years. However, we have embarked on a number of organic development projects aimed at both extending our global exposure, and ensuring all our existing operations remain industry leading globally. A selection of these projects and their expected year of completion is outlined below:

Dubai, UAE
IPN-QuadCore™
Insulated Panel Line
2016

Zwevezele, Belgium
PIR Roof Panel Line
2016

Perpignan, France
PIR Roof Panel Line
2016

Leuze, Belgium
Door Panel Line
2016

Kankaanpää, Finland
IPN-QuadCore™
Insulated Panel Line
2017

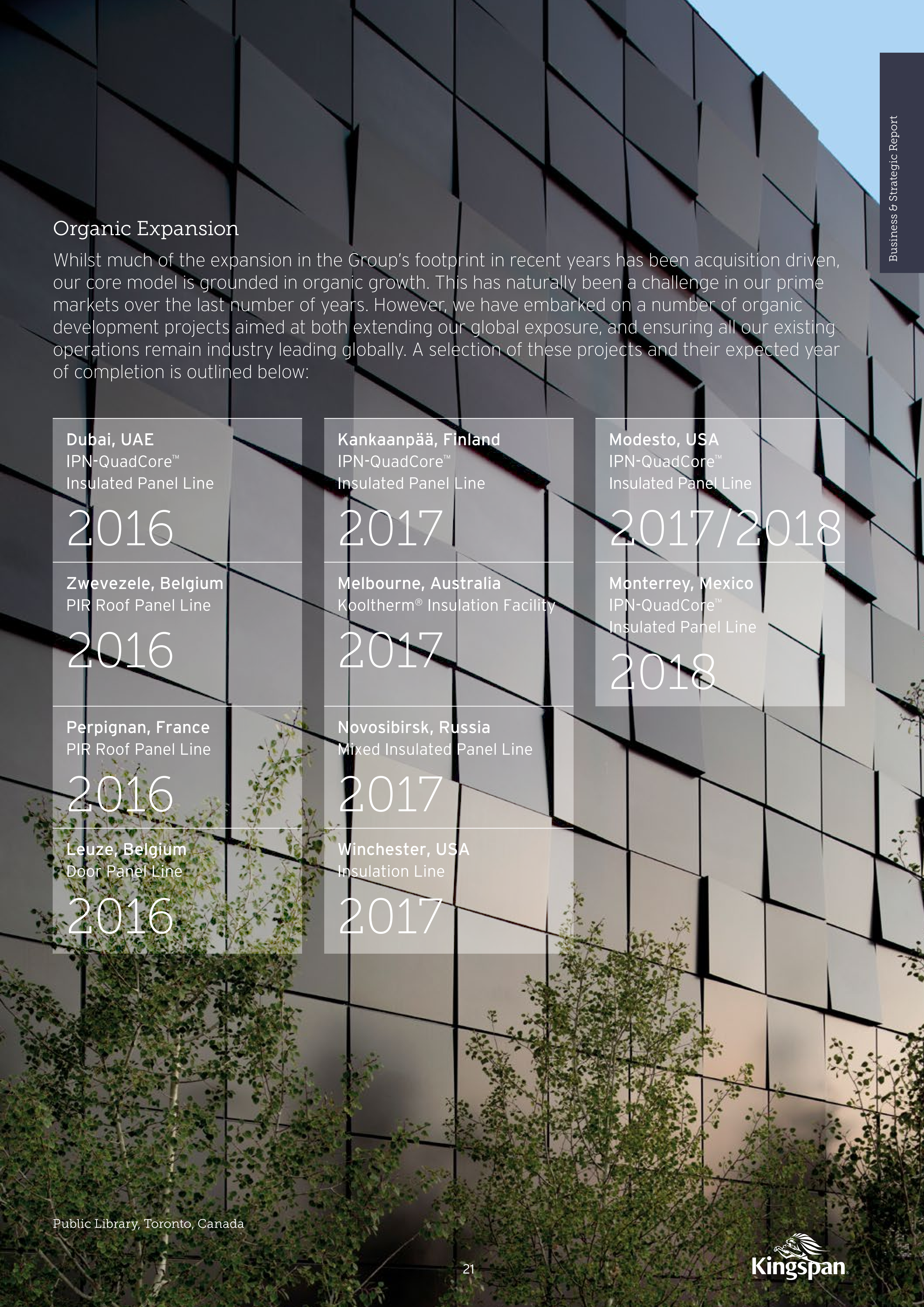
Melbourne, Australia
Kooltherm® Insulation Facility
2017

Novosibirsk, Russia
Mixed Insulated Panel Line
2017

Winchester, USA
Insulation Line
2017

Modesto, USA
IPN-QuadCore™
Insulated Panel Line
2017/2018

Monterrey, Mexico
IPN-QuadCore™
Insulated Panel Line
2018



Public Library, Toronto, Canada

Kingspan

Chief Executive's Review

Net-Zero Energy

In 2011 the Kingspan Group embarked on its Net-Zero Energy Initiative committing to ensure that all its facilities worldwide are Net-Zero Energy by the year 2020, with an interim target of achieving 50% by 2016.

The Group recognises the significance of climate change to global society and the central importance of addressing the built environment as part of efforts to mitigate greenhouse gas emissions. This effort will not only be reliant on solutions for new buildings, but also on the ability to renovate existing buildings. Kingspan is committed to providing solutions in both areas, not only for the market place but also for its own facilities.

We have a three step strategy for achieving our goal –
'Save More' – 'Generate More' – 'Buy More'

Save More

We believe that it's crucial to minimise energy use as the first step of the process. We have invested in energy efficiency on many of our sites.

Generate More

On-site generation is a key priority. Projects completed or underway include solar PV, solar hot water, biomass and wind.

Buy More

The purchase of renewable energy is a necessary part of delivering our target. We aim to procure fully certificated renewable energy as far as possible.

Primark, Fort Kinnaird, UK

Chief Executive's Review

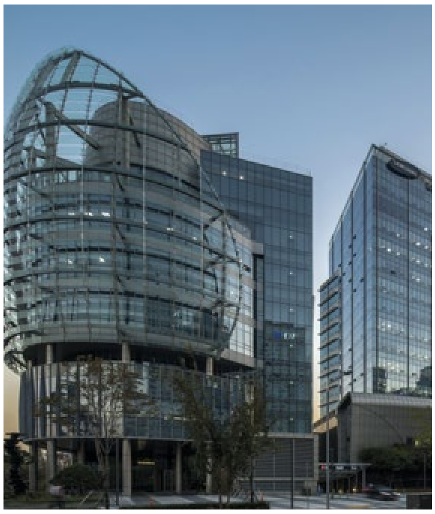
The implementation of Kingspan systems and solutions at our sites has played a key role in making progress towards our target. The success of these measures at our own sites provides evidence that these same measures will also pay dividends for our customer base in terms of cost savings, carbon emission reduction and energy security, thereby underpinning our current business strategy.

Our positive progress in moving towards our goal has enabled us to demonstrate the business case for investment in energy efficiency and renewable energy generation to stakeholders across the building sector. It helps demonstrate the value proposition for our products and solutions.

"The Group recognises the significance of climate change to global society and the central importance of addressing the built environment as part of efforts to mitigate greenhouse gas emissions."

Year	Total Energy Use GWh	Total Renewable Energy GWh	NZE %
2012A	317	27	9
2013A	327	60	18
2014A	312	88	28
2015A	383	126	33
2016P	413	236	57

A=Actual; P=Plan



Samsung Global Engineering Centre, Seoul, South Korea

Group Strategy

For some time now, we have been pursuing a three pillar strategy:

- Conversion from traditional insulation and building techniques to high performance solutions.
- Innovating within our space to consistently maintain a competitive edge.
- Broadening our geographies, with primary focus on Mainland Europe, the Americas, Gulf & Middle East and Australasia.

The delivery of these objectives, within the scope of a conservatively managed balance sheet which has served the Group well, will remain the focus of our execution for the foreseeable future.

Looking Ahead

2016 has got off to a strong start for us, owing to the healthy order book on exiting last year and aided by an untypically mild season so far in most of our markets. Exchange rates, which were particularly supportive to Kingspan during 2015, have begun to drift somewhat from those levels, and the course they may take for the remainder of the year remains uncertain.

We note the current noise in capital markets, and whilst not distracted by that we are conscious of the potential for that to influence our end markets in time. We remain firmly focused on the factors we can control and the combination of Kingspan's diverse range of end markets, innovative product set and strong balance sheet position the Group well for the year ahead.

Gene M. Murtagh
Chief Executive Officer

22 February 2016

Centennial College, Toronto, Canada

Financial Review

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2015 and of the Group's financial position at that date.

Overview of results

Group revenue increased by 47% to €2.77bn (2014: €1.89bn) and trading profit increased by 72% to €255.9m (2014: €148.5m) resulting in an improvement of 130 basis points in the Group's trading profit margin to 9.2% (2014: 7.9%). Basic EPS for the year was 106.7 cent (2014: 62.6 cent), representing an increase of 70%.

The Group's underlying sales and trading profit growth by division are set out below:

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+4%	+8%	+48%	+60%
Insulation Boards	+4%	+9%	+26%	+39%
Environmental	-	+8%	-	+8%
Access Floors	-1%	+14%	-	+13%
Group	**+3%**	**+9%**	**+35%**	**+47%**

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

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+26%	+13%	+46%	+85%
Insulation Boards	+8%	+17%	+29%	+54%
Environmental	+537%	+38%	-	+575%
Access Floors	-	+17%	-	+17%
Group	**+23%**	**+14%**	**+35%**	**+72%**

The key drivers of sales and trading profit performance in each division are set out in the Chief Executive's Review.

Finance costs (net)

Finance costs for the year increased by €0.8m to €14.8m (2014: €14.0m). Finance costs included a non-cash charge of €0.1m (2014: €0.1m) in respect of the Group's legacy defined benefit pension schemes. A net non-cash charge of €0.5m (2014: charge of €0.8m) was recorded in respect of swaps on the Group's USD private placement notes. The Group's net interest expense on borrowings (bank and loan notes) was €14.2m compared to €13.1m in 2014. This increase reflects higher average net debt levels in 2015, due to acquisition spend, offset by favourable financing initiatives undertaken in both 2015 and 2014. The interest expense is driven extensively by gross debt balances with cash yields negligible in the current environment.

Taxation

The tax charge for the year was €41.4m (2014: €21.0m) which represents an effective tax rate of 17.8% (2014: 16.4%) on earnings before amortisation. The increase in the effective rate reflects, primarily, the change in geographic mix of earnings year on year.

Dividends

The Board has proposed a final dividend of 17.0 cent per ordinary share payable on 13 May 2016 to shareholders registered on the record date of 22 April 2016. When combined with the interim dividend of 8.0 cent per share, the total dividend for the year increased to 25.0 cent (2014: 16.25 cent), an increase of 54%.

Financial Review

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 pension liability in respect of current and former employees of ThyssenKrupp Construction acquired during 2012. The net pension liability in respect of these schemes and obligations was €7.3m (2014: €11.7m) as at 31 December 2015. The primary method of pension provision for current employees is by way of defined contribution arrangements.

Intangible assets and goodwill

Intangible assets and goodwill increased during the year by €393.1m to €899.6m (2014: €506.5m). Intangible assets and goodwill of €383.3m were recorded in the year relating to acquisitions completed by the Group, offset by annual amortisation of €9.1m, with an additional increase of €18.9m due to a release of previously recognised goodwill offset by an increase due to year end exchange rates used to translate intangible assets and goodwill other than those denominated in Euro.

Key performance indicators – financial

The Group has a set of financial key performance indicators (KPIs) which are set out in the table below. These KPIs are used to measure the financial and operational performance of the Group and are used to track progress in achieving medium and long term targets.

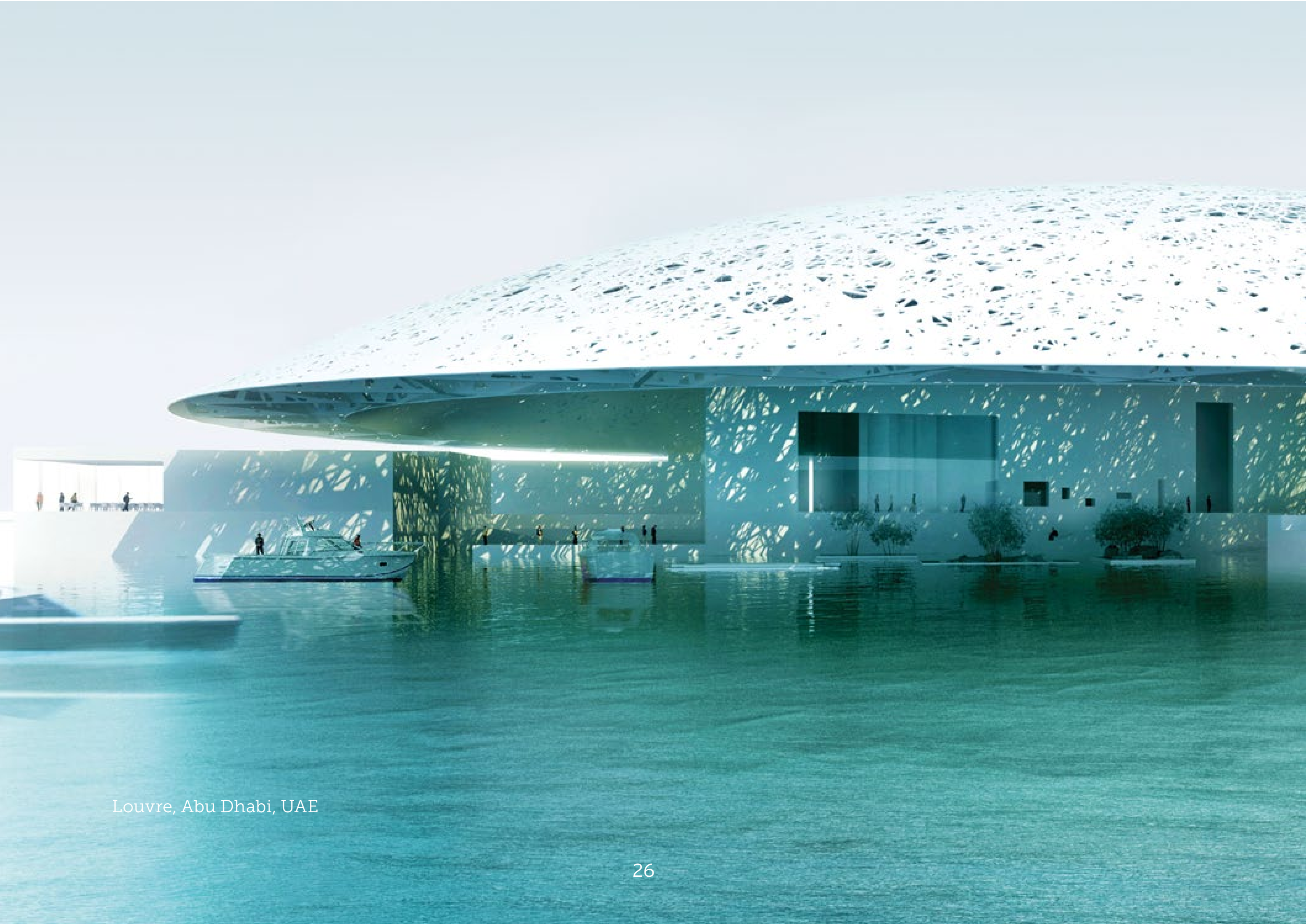
Key performance indicators	2015	2014
Basic EPS growth	70%	21%
Sales growth	47%	6%
Trading margin	9.2%	7.9%
Free cashflow (€m)	267.0	109.3
Return on capital employed	15.2%	13.4%
Net debt/EBITDA	1.04x	0.66x

(a) Basic EPS growth. The growth in EPS is accounted for by the 72% increase in trading profit, generating a 79% increase in profit after tax.

(b) Sales growth of 47% (2014: 6%) was driven by a 35% contribution from acquisitions, a 3% increase in underlying sales and a 9% increase due to the effect of currency translation.

(c) Trading margin
by division is set out below:

	2015	2014
Insulated Panels	9.3%	8.0%
Insulation Boards	9.2%	8.4%
Environmental	5.1%	0.8%
Access Floors	12.1%	11.7%



Louvre, Abu Dhabi, UAE

The Insulated Panels division trading margin reflects a continuing improvement in the higher margin architectural and industrial insulated panel mix as well as the impact of more subdued input prices. The trading margin improvement in the Insulation Boards division reflects a positive Kooltherm® mix, a positive geographic mix and more favourable input prices. The increase in the Environmental trading margin reflects the benefit of restructuring initiatives undertaken in previous years, a tighter product set and a widening of the geographic base. The increase in trading margin in Access Floors reflects a positive market mix and the benefit of higher margin new product lines introduced in the last eighteen months.

(d) Free cashflow is an important indicator and it reflects the amount of internally generated capital available for re-investment in the business or for distribution to shareholders.

	2015 €'m	2014 €'m
EBITDA*	316.4	189.3
Non-cash items	21.1	16.2
Movement in working capital	37.9	(27.7)
Pension contributions	(2.8)	(2.4)
Movement in provisions	7.1	(6.5)
Net capital expenditure	(69.5)	(30.9)
Net interest paid	(14.5)	(13.9)
Income taxes paid	(28.7)	(14.8)
Free cashflow	267.0	109.3

*Earnings before finance costs, income taxes, depreciation and amortisation.

Working capital at year end was €301.8m (2014: €263.3m) and represents 10.9% (2013: 13.4%) of annual turnover. This metric is closely managed and monitored throughout the year and is subject to a certain amount of seasonal variability associated with trading patterns and the timing of significant purchases of steel and chemicals. The improvement reflects, in the main, lower inventory levels year on year.

(e) Return on capital employed, calculated as operating profit divided by total equity plus net debt, was 15.2% in 2015 (2014: 13.4%). The creation of shareholder value through the delivery of long term returns well in excess of the Group's cost of capital is a core principle of Kingspan's financial strategy.

(f) Net debt to EBITDA measures the ratio of net debt to earnings and at 1.04x (2014: 0.66x) is comfortably less than the Group's banking covenant of 3.5x in both 2015 and 2014.

Financial Review

Key performance indicators – non-financial

The Group measures and monitors a number of non-financial key performance indicators to measure progress on critical aspects of the Group's strategy:

a) Net-Zero Energy

The Group's Net-Zero Energy agenda is set out fully in the Corporate Social Responsibility Report. This is a set of initiatives across the business globally targeting the adoption of renewable power.

b) Carbon Disclosure Project

The Group maintains an ongoing commitment to carbon reporting and reducing our impact on the environment. For the third consecutive year the Group participated in The Carbon Disclosure Project (CDP) recording the Group's highest ever disclosure score of 99 and making the 'A List' internationally.

c) New Product Development

The ongoing development of the Group's high performance insulation and building envelope proposition is the bedrock of the Group's continuing success. During 2015, the Insulated Panels division launched its IPN-QuadCore™ technology following an intensive R&D effort. The Insulation Boards division is targeting a 2017 launch of its next generation Kooltherm® product and Access Floors launched an exposed concrete finish product range during 2015.

Acquisitions and Capital Expenditure

Committed acquisition and capital expenditure amounted to €569.8m during 2015 comprising capital expenditure €79.3m and an acquisition spend of €490.5m. Capital expenditure of €79.3m (2014: €45.4m) compares to a depreciation charge of €60.5m (2014: €40.8m). The acquisition spend of €490.5m was comprised as follows:

Joris Ide Group – In March 2015, the Group acquired the Joris Ide Group for a total consideration of €320.4m including the issue of three million shares in Kingspan Group to the founding shareholder of the Joris Ide business. Joris Ide is a pan European manufacturer of insulated panels, profiles and related accessories with leading market positions in France and the Benelux with operations also in Germany, Romania and Russia.

Vicwest Inc. – In May 2015, the Group acquired Vicwest Building Products for a total consideration of €138.3m. This adds significantly to the Group's Insulated Panels manufacturing and distribution presence in Canada and the US.

Other acquisitions – During the year, the Group also acquired the remaining interest of 50% of a previously held joint venture, Kingspan Industrial Insulation, based in the UK and Benelux; 100% of SPU Oy in Finland and 100% of American Solar Alternative Power LLC in the US, for a combined consideration of €31.8m.

Capital Structure and Group Financing

The Group funds itself through a combination of equity and debt. Debt is funded through a syndicated and bilateral bank facilities and private placement loan notes. The primary bank debt facility is a €300m revolving credit facility, which was undrawn at year end and which matures in March 2019. As at 31 December 2015, the Group's committed bilateral bank facilities were €190m, of which €75m was drawn. Private Placement loan note funding totals €465.5m and has a weighted average maturity of 6.4 years.

The Group had significant available undrawn facilities and cash balances which, in aggregate, were €627m at 31 December 2015 and provide appropriate headroom for ongoing operational requirements and development funding.

Key financial covenants

The majority of Group borrowings are subject to primary financial covenants calculated in accordance with lenders' facility agreements:

- A maximum net debt to EBITDA ratio of 3.5 times; and
- A minimum EBITDA to net interest coverage of 4 times

The performance against these covenants in the current and comparative year is set out below:

	Covenant	2015 Times	2014 Times
Net debt/ EBITDA	Max. 3.5	1.04	0.66
EBITDA/ Net interest	Min. 4.0	21.4	13.5

Net debt

Net debt increased by €202.5m during 2015 to €328.0m (2014: €125.5m). This is analysed in the table below:

Movement in net debt	2015 €'m	2014 €'m
Free cashflow	267.0	109.3
Acquisitions	(438.7)	(105.0)
Share issues	9.3	5.5
Dividends paid	(31.8)	(25.3)
Cashflow movement	(194.2)	(15.5)
Exchange movements on translation	(8.3)	(3.3)
Increase in net debt	(202.5)	(18.8)
Net debt at start of year	(125.5)	(106.7)
Net debt at end of year	(328.0)	(125.5)

Investor relations

Kingspan is committed to interacting with the international financial community to ensure a full understanding of the Group's strategic plans and its performance against these plans. During the year, the executive management presented at 7 capital market conferences and conducted 441 institutional one-on-one and Group meetings.

Share price and market capitalisation

The Company's shares traded in the range of €14.03 to €25.90 during the year. The share price at 31 December 2015 was €24.31 (31 December 2014: €14.35) giving a market capitalisation at that date of €4.3 billion (2014: €2.46 billion). Total shareholder return for 2015 was 71%.

Financial risk management

The Group operates a centralised treasury function governed by a treasury policy approved by the Group Board. This policy primarily covers foreign exchange risk, credit risk, liquidity risk and interest rate risk. The principal objective of the policy is to minimise financial risk at reasonable cost. Adherence to the policy is monitored by the CFO and the Internal Audit function. The Group does not engage in speculative trading of derivatives or related financial instruments.

Geoff Doherty
Chief Financial Officer

22 February 2016

Leedon Residential, Singapore

Risk & Risk Management

As a leading building supplies manufacturer in a highly competitive international environment, Kingspan is exposed to a variety of risks and uncertainties which are monitored and controlled by the Group's internal risk management framework.

Overall responsibility for risk management is owned by the Board who ensures that risk awareness is set at an appropriate level. To ensure that risk awareness is set at an appropriate level, the Audit Committee assists the Board by taking delegated responsibility for the risk identification and assessment and for reviewing the Group's risk management and internal control systems and making recommendations to the Board thereon.

The Chairman of the Audit Committee reports to the Board at each Board meeting on its activities, both in regard to audit matters and risk management.
The activities of the Audit Committee are set out in detail in the Report of the Audit Committee on page 66.

The Board monitors the Group's risk management systems through this consultation with the Audit Committee but also through the Group's divisional monthly management meetings, where at least two Executive Directors are present. The risks and trends are the focus of each division's monthly management meeting, where their performance is also assessed versus budget, forecast and prior year. In addition, key performance indicators are used to benchmark operational performance for all manufacturing sites.

In addition to this ongoing assessment of risk within the divisions, the Audit Committee oversees an annual risk assessment for the Group whereby each divisional management team is formally asked to prepare a risk assessment of their businesses. This assessment involves evaluating Group-wide risks, as put forward by the Board, and also presenting additional risks that are specific to their business.

While it is acknowledged that the Group faces a variety of risks, the Board, through the processes set out above, has identified the principal risks and uncertainties that could potentially impact upon the Group's short to medium term strategic goals and these are as follows:

Risk and impact	Actions to mitigate
Volatility in the macro environment	
Kingspan products are targeted at both the residential and non-residential (including retail, commercial, public sector and high rise offices) construction sectors. As a result, demand is dependent on activity levels which may vary by geographic market and is subject to the usual drivers of construction activity (i.e. general economic conditions and volatility, interest rates, business / consumer confidence levels, unemployment, population growth). While construction markets are inherently cyclical, changing building and environmental regulations continue to act as an underlying positive structural trend for demand for many of the Group's products.	The exposure to the cyclicality of any one construction market is partially mitigated by the Group's diversification, both geographically and by product. As set out in the Business & Strategy Review, the Group has mitigated this risk through diversification as follows: - Sales outside of traditional markets, predominantly the UK and Ireland, have increased from 41% in 2008 to 67% in 2015. - Launch of new products and continual improvements to existing product lines - Acquisitions made during the year extend the geographic reach of the Group The full details of these diversifications are set out in the Group's Business & Strategy Review on page 10.
Failure to innovate	
Failing to successfully manage and compete with new product innovations, changing market trends and consumer tastes could have an adverse effect on the Group's market share, the future growth of the business and the margins achieved on the existing product line.	Innovation is one of the Group's 3 pillars to increasing shareholder value and therefore plays a key role within the Group. There is a continual review of each division's product portfolios at both the executive and local management level to ensure that they target current and future opportunities for profitable growth. This risk is further mitigated by continuing innovation and compelling marketing programmes. The Group has also a deep understanding of changing consumer and industry dynamics in its key markets, enabling management to respond appropriately to issues which may impact business performance.

Risk and impact	Actions to mitigate
Product failure	
A key risk to the Group's business is the potential for functional failure of our product which could lead to health, safety and security issues for both our people and our customers. The Kingspan brand is well established and is a key element of the Group's overall marketing and positioning strategy. In the event of a product failure, the Kingspan brand and/or reputation could be damaged and if so, this could lead to a loss of market share.	Dedicated structures and processes are in place to manage and monitor product quality controls throughout the business: - The majority of new products 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 market. - Our businesses employ quality control specialists and operate strict policies to ensure consistently high standards are maintained in addition to the sourcing and handling of raw materials. - Quality audits are undertaken at our manufacturing sites. - Documented and tested product recall procedures are embedded in all our businesses and regularly reviewed. - Effective training is delivered to our staff. - We proactively monitor the regulatory and legislative environment.
Business interruption (including IT continuity)	
The Group can only carry on business as long as it has the physical infrastructure and the information technology to do so. The safe and continued operation of such systems and infrastructure is threatened by natural and man-made perils and is affected by the level of investment available to improve them. Any significant or prolonged access restrictions to either the physical or IT infrastructure could have an adverse effect on the Group's business performance.	The Group's IT infrastructure is constantly reviewed and updated to meet the needs of the Group. Procedures have been established for the protection of this infrastructure and all other IT related assets. These include the development of business continuity plans, including IT disaster recovery plans and back-up delivery systems, to reduce business disruption in the event of a major technology failure. With 57 plants in the Panels division and 18 plants in the Boards division, one plant provides cover for another. This is further mitigated through consequential loss insurance and business continuity plans which are updated regularly.
Credit risks and credit control	
As part of the overall service package, the Group provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances. At the year-end, the Group was carrying a receivables book of €436m expressed net of provision for default in payment. This represents a net risk of 16% of sales. Of these receivables approximately 71% were covered by credit insurance or other forms of collateral such as letter of credit and bank guarantees.	Each business unit has established procedures and credit control policies around managing its receivables and takes action when necessary. Trade receivables are primarily managed by a sanction process backed up by credit insurance to the extent that it is available. All major outstanding and overdue balances together with significant potential exposures are reviewed regularly and concerns are discussed at monthly meetings at which the Group's Executive Directors are present. Control systems are in place to ensure that credit authorisation requests are supported with appropriate and sufficient documentation and are approved at appropriate levels in the organisation.
Employee development & retention	
The success of the Group is built upon effective management teams committed to achieving a superior performance in each division. Failure to attract, retain or develop these teams could have an impact on business performance.	The Group, and each of its divisions, are committed to ensuring that the necessary procedures are in place to attract, develop and retain the skill levels needed to achieve the Group's strategic goals. These procedures include strong recruitment processes, succession planning, remuneration reviews, including both long and short term incentive plans, and career development plans.
Fraud and cybercrime	
The Group is potentially exposed to fraudulent activity, with particular focus on the Group's online banking systems, online payment procedures and unauthorised access to internal systems.	The security and processes around the Group's IT and banking systems are subject to review by divisional management and both internal and external audit. These systems are continually reviewed with updates and improvements implemented as required. Relevant IT and security policy documents and related alerts are circulated by Group management to all divisions to ensure a consistent and effective approach is taken across the Group.
Acquisition and integration of new businesses	
Acquisitive growth is an important element of the Group's development strategy. A failure to execute and properly integrate significant acquisitions and capitalise on the potential synergies they bring may adversely affect the Group.	All potential acquisitions are rigorously assessed and evaluated, both internally and by external advisors, to ensure any potential acquisition meets the Group's strategic and financial criteria. This process is underpinned by extensive integration procedures and the close monitoring of performance post acquisition by both divisional and Group management. The Group also has a strong track record of successfully integrating acquisitions and therefore management have extensive knowledge in this area which it utilises for each acquisition.

Corporate Social Responsibility Report

Our Ambition

Our sustainability vision;

"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"

Kingspan recognises the importance of conducting its business in an environmentally, socially and economically responsible manner. This is demonstrated in the way we deal with our employees, customers and the wider community where we operate. Kingspan considers that corporate social responsibility is an integral part of good business management. To this end, Kingspan has adopted a sustainability policy which is being implemented across the Group.

Kingspan 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.

Our Aims

Environment

- Sustainability at the heart of everything we do.
- Net-Zero Energy.
- Minimise waste, harmful emissions and water usage.

Marketplace

- Continue to produce best in class products and building solutions.
- Ensure sustainability is considered in all aspects of our product's lifecycle.
- Ensure supply chain accountability.

Workplace

- Safe and Healthy workplace for all employees.
- Develop our employees in order to achieve their potential.
- Be an equal opportunity employer and respect the human rights of all employees.

Community

- Actively engage with and make positive contributions to the communities we belong to.
- Support a broad range of charitable causes.
- Comply with all local laws of the countries we operate in.

Environment

We aim to be one of the most proactive companies around the world in trying combat climate change and also in leading the corporate response to climate change.

Net-Zero Energy

In 2011, the Kingspan Group embarked on its own Net-Zero Energy initiative, committing to ensure that all of its facilities, worldwide, are Net-Zero Energy by the year 2020, with an interim target of achieving 50% by 2016. While the rate of expansion of Kingspan in recent years makes the 2020 target more challenging, we are currently on track to exceed the 2016 target.

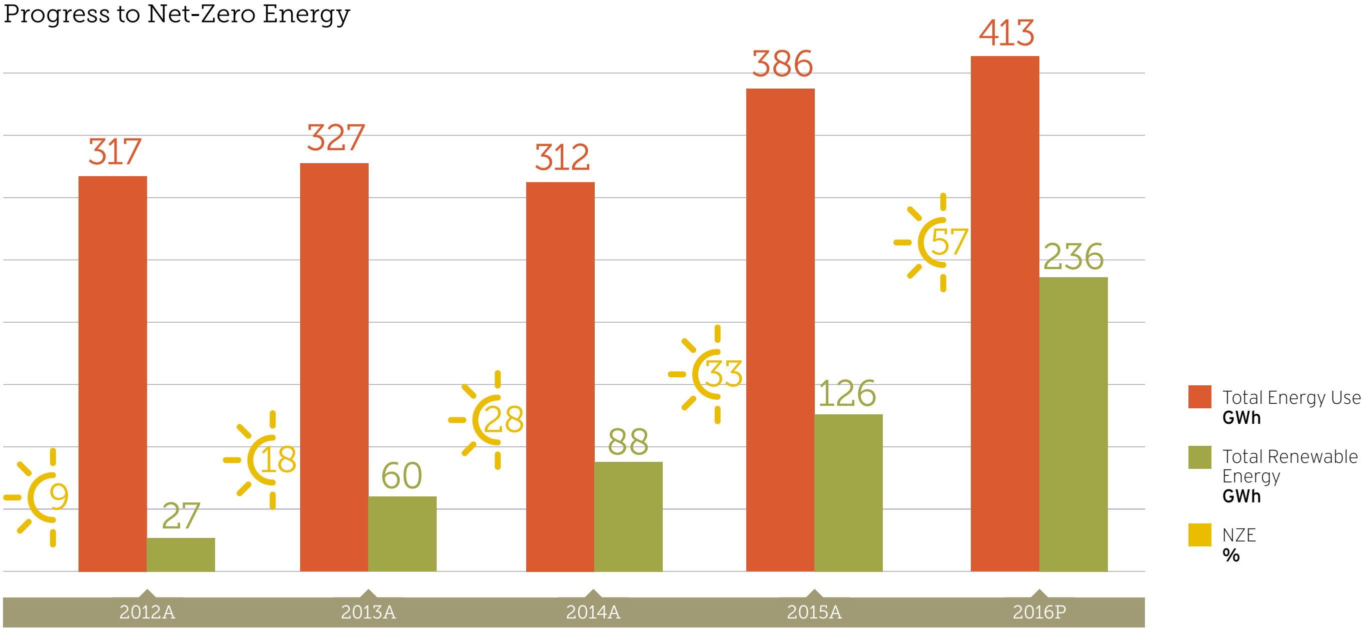
"Together we have the opportunity to make our built environments more energy efficient, attractive, adaptable, environmentally sensitive and productive.

The way we build can be more effective and reach higher standards than ever before. We can make our buildings really work for us; consuming and generating energy smartly to become real investments in our future.

Net-Zero Energy, as defined for our own purposes, is that our sites, over a year, are energy neutral on an aggregated basis across the Kingspan estate."

Gene M. Murtagh, Chief Executive Officer, Kingspan Group plc

Progress to Net-Zero Energy



During 2015, 33% of the energy used across the Group was from renewable sources (2014: 28%). This was somewhat diluted by acquisitions in the period. Excluding the acquired manufacturing sites renewable energy was 38% of total energy used.

We currently have a three step strategy for becoming Net-Zero Energy – **'Save More' – 'Generate More' – 'Buy More'**. We believe that it is crucial to minimize energy use as the first step of the process. Onsite renewable energy generation – both electricity and heat – is also a key priority. Meanwhile, the purchase of renewable electricity and gas is a necessary part of delivering on our ambition.

Corporate Social Responsibility Report

Net-Zero Energy Strategy

Save More

We believe that it is crucial to minimise energy use as a first step in the process and have invested in energy efficiency projects on many sites.

In our experience every site is different and needs to be targeted in a unique way. In our particular situation the optimum energy saving solution is often a combination of employee awareness, energy metering, building management systems, lighting upgrades with Kingspan Smart-Lite LED with digital addressable lighting interface (DALI) control systems, motor replacements, compressed air system upgrades, process heat control, fan optimisation measures and process heat recovery equipment.

2015 saw a full year impact of the Energy Performance Contract (EPC) at Holywell which realised circa 1GWh electricity savings. Installation of energy efficiency measures at Kingscourt was completed by the end of 2015 and an EPC installation at Sherburn was nearing completion with 2.5GWh per annum anticipated savings.

Investments in energy recovery systems were made at several Kingspan insulation sites during 2015. The total annual energy savings are anticipated to be in the region of 10GWh.

Also in 2015, the Access Floors facility in Hull, UK installed a Kingspan Smart-Lite LED lighting system which is estimated to save 320MWh per annum of electricity.

Generate More

On-site generation is a key priority. Projects completed or underway include solar PV, solar hot water, biomass and wind.

During 2015, as part of the Group's NZE initiative, Kingspan Access Floors UK replaced the old gas fired heating system with new biomass boilers in their manufacturing facility in Hull. Three biomass boilers were installed to provide space heating into the factory, warehouse and offices on the site using a fuel combination of sawdust waste from production or shredded chips from finished panel offcuts or panels returned from sites at the end of their life cycle. The boilers are predicted to reduce carbon emissions by over 500 tonnes and energy savings will be in the region of 3.5GWh per annum of gas usage.

In 2014 Kingspan Insulation in Selby UK installed a bespoke 15,000m^2 Rooftop Solar PV system on its newly refurbished roof. In 2015 the system generated 2GWh of electricity representing approximately 36% of the site electricity demand.

Currently a local anaerobic digester (AD) plant is exporting both heat and power directly into the largest of the Group's Insulation production facilities in Pembridge, UK. In 2015 the 500KVA electrical input provided 2.1GWh in electricity to the site. The AD plant also provided 2.3GWh of heat energy in the form of hot water which is directed to the two heat recovery systems.

A 1.4MWh biomass boiler was under construction at Pembridge at the end of 2015 to provide renewable energy for our Kooltherm manufacturing operation. This is estimated to generate over 6GWh per annum of renewable energy.

Buy More

The procurement of renewable energy is a key part of our strategy. We aim to procure fully certified renewable energy as far as possible. In Europe and North America the market for renewable electricity is well developed with the availability of Guarantees of Origin (GO's) and Renewable Energy Certificates (RECs) in the respective markets. In other countries we are looking at iRECs and other instruments to help render our electricity renewable.

Probably the biggest challenge that we face is the procurement of renewable gas for process heat and space heating. However, the market for renewable gas is now developing in the UK and some areas of Europe and we have been successful in procuring renewable gas for some of our facilities in 2016.

We are conscious that the renewable energy procurement landscape is changing and evolving rapidly and look forward to the development of innovative & legitimate procurement pathways in the future.

Carbon emissions

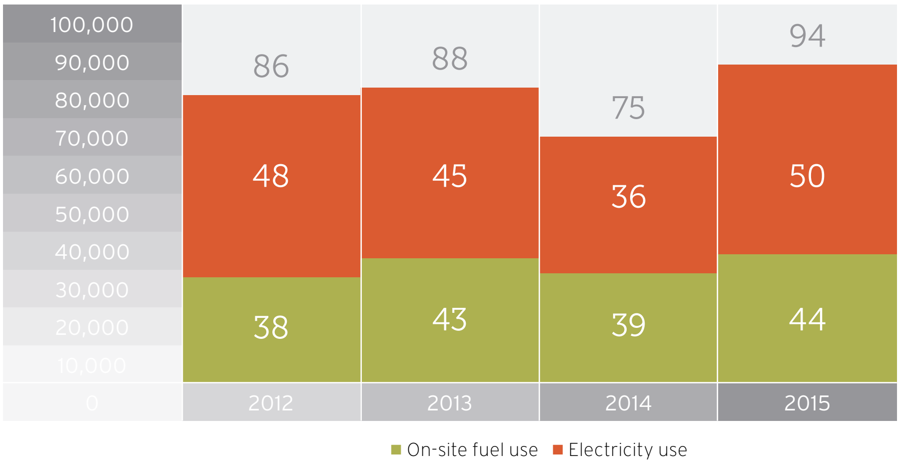
At Kingspan we always seek to be a thought-leader in the sectors in which we operate so it became clear to us that we needed to take action to fully understand the energy footprint across our estate and to address carbon emissions from our own facilities.

In recent years we have been measuring our carbon emissions with all manufacturing sites reporting their energy usage on a monthly basis. This data is then consolidated and converted to carbon emissions in accordance with international greenhouse gas reporting protocol using DEFRA UK conversion factors.

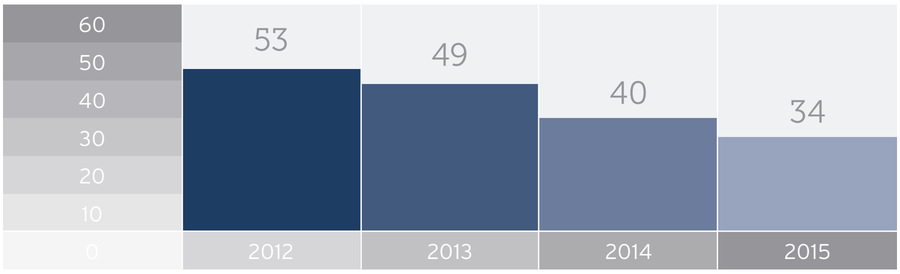
In 2015 Kingspan manufacturing sites' absolute carbon emissions increased to 95,000 tonnes CO_2e compared to 75,000 tonnes CO_2e in 2014, owing in the main to the addition of 31 sites through acquisition activity in the period. Our plan over the next year is to integrate the newly acquired sites into our Net-Zero Energy programme and implement energy efficient initiatives with the aim of reducing our carbon footprint further.

Despite the addition of the acquired sites, our carbon intensity metric of carbon emissions per €'m of turnover decreased by 14% year on year.

CO_2 Emissions ('000 tonnes) by source



Carbon Intensity (CO_2e tonnes/€'m revenue)



CDP

For the fourth year running, Kingspan has participated in CDP (formerly Carbon Disclosure Project), thereby publicly disclosing the impact of our global manufacturing processes on the environment.

CDP is the world's leading sustainability reporting platform and in 2015 Kingspan was the only Irish listed company to be awarded a position on the Climate 'A' List in recognition of our actions to reduce emissions and mitigate climate change in the past reporting year.

We were also ranked in the Top 5 Irish companies for both our performance and disclosure scores in the CDP Ireland report.

Commitment to change

During 2015 Kingspan was pleased to join RE100, a collaborative initiative of influential businesses committed to sourcing 100% renewable electricity.

The RE100 community is a valuable network for like-minded companies to benefit from peer to peer learning and sharing of best practices. By joining initiatives like RE100, Kingspan hopes to share our knowledge to help accelerate the transition to a low carbon economy. Together we have the opportunity to make our built environments more energy efficient, adaptable, environmentally sensitive and productive. We can make our buildings really work for us, consuming and generating energy smartly to become real investments in our future.

Waste

Kingspan is fully committed to reducing the amount of waste sent to landfill and is continuously looking at new and innovative ways to reduce the generation of waste and where it is generated, to reuse and recycle wherever possible.

Currently in our Insulated Panels division all of our UK and Ireland manufacturing sites are 'zero waste to landfill'. Other divisions across the Group are following similar strategies to eliminate all waste sent to landfill.

Water

As a proportion of inputs into the manufacturing process, water is relatively small compared to other resources. However, it is a precious natural resource that we aspire to manage in a responsible manner. In general, water is mainly used for general catering and sanitation purposes and Kingspan continues to aim to maximise water conservation through the use of rainwater harvesting and other water saving technologies such as sensoring systems and water flow regulators.

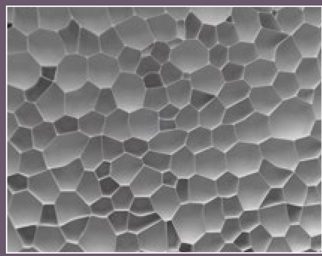
Our Access Floors manufacturing site in Red Lion US is one of the largest consumers of water in the Group and in 2015 the conservation of water amounted to 2.6 million gallons through water recycling.

Corporate Social Responsibility Report

Marketplace

Providing Industry Leading Solutions

We have pushed the boundaries of building envelope technology for 50 years. Our insulated panels feature the world's most advanced, high performance insulation cores, offering superior thermal performance in any climate.



At Kingspan our vision is to be a global leader in sustainable business and establish a leading position in providing sustainable, renewable and affordable best practice solutions for the construction sector.

We recognise the significance of climate change to global society and the importance of addressing the built environment as part of our efforts to lower greenhouse gas emissions.

In order to achieve a cost optimal energy saving building design it is essential that annual energy consumption is minimised before incorporating low or zero carbon technologies. By applying our Route to Net-Zero Energy process it is possible to achieve a cost optimal energy saving building solution.

Route to Net-Zero comprises three steps:

Step 1 - EnvelopeFirst & Optimised Building Services

The first step optimises the insulation, airtightness, heat loss/gain and daylight design of the building envelope for its intended life, while also ensuring the building's services are geared to energy efficient operation.

Step 2 - Insulate & Generate - Low or Zero Carbon Technologies

At this stage, additional enhancements to the building envelope and/or internal duct/pipework are introduced and low or zero carbon technology systems are added to further reduce its overall energy footprint.

Step 3 - Net-Zero Energy Buildings (NZEBs)

The purpose of this stage is to ensure that the overall annual performance of the building balances out. This usually involves enhancing the renewable energy technologies already incorporated in the building, and may require investment in off-site energy saving schemes called 'allowable solutions' in the UK.

Continuously innovating

Not only is Kingspan targeting Net-Zero Energy within the Group but it is also on a quest to bring cost optimal net-zero energy solutions to our customers. There have been large amounts invested in recent years in research and development to help achieve this. Ensuring a continuous flow of new product developments has always been a core theme throughout Kingspan and the development of solutions that benefit the environment is a key business opportunity for the Group. Research and development projects range from evolutionary chemical and structural improvements in our offering to more fundamental changes in materials and building envelopes.

A recent example of product innovation is the development of IPN-QuadCore™, our revolutionary new core material for insulated panels. The invention of IPN-QuadCore™ is a quantum leap on a journey to high performance buildings that are better for the environment and business. IPN-QuadCore™ delivers Kingspan's biggest scientific breakthrough in over a decade, with the industry's best thermal performance, a unique 40 year thermal and structural guarantee that's unrivalled among advanced building systems; superior fire protection and enhanced environmental credentials.

IPN QuadCore™ TECHNOLOGY

Kingspan is fully committed to developing products that are sustainable throughout their lifecycle, from manufacturing and application to their disposal. Conducting lifecycle assessments is an integral part of assessing the environmental impact and identifying areas for improvement. As we all work together towards Net-Zero Energy buildings, real environmental metrics and increased transparency on product lifecycle will become increasingly essential tools.

Imagine if you could bring a new level of performance to buildings... that's the challenge we set our innovation lab – to push the boundaries of what's possible from an insulated panel core.

Up to **20%** Thermal Performance Enhancement

40year Thermal & Structural Guarantee

Superior **Fire** Protection

The Route to Net-**Zero** Energy Buildings

Engaging with suppliers

Given the large environmental impact of Kingspan's raw materials, it is most important to manage this process in the most sustainable way. Kingspan is engaging with its supply chain to achieve this, using its purchasing power to bring about lasting and positive change.

Kingspan have developed an ethical procurement strategy for procuring materials and services and are engaging with prioritised suppliers to ensure they align to the same standards and seek to build and maintain long term relationships with key suppliers and contractors.

We strive to have our suppliers accredited to ISO 9001, ISO 14001 and OHSAS 18001, which cover quality, environmental and health and safety management systems. Although not currently compulsory for its suppliers, Kingspan has many long-standing relationships with them and as such they are either working towards this accreditation, or have already achieved it.

We aim to manage our procurement process in the most sustainable way. We heavily engage with our suppliers to bring positive changes, always welcoming new and innovative ideas.

Corporate Social Responsibility Report

Workplace

Health & Safety

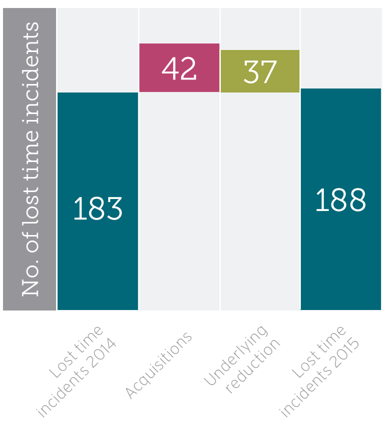
Kingspan recognises that its people are its most important resource and is committed to providing a safe workplace for all employees.

Health & Safety

With over 8,700 employees worldwide, Kingspan is committed to providing a safe and healthy workplace for all employees. Kingspan has a strong reputation for health & safety in the workplace and takes seriously its responsibility for staff welfare.

Kingspan is committed to making continual advances in its health and safety management processes. Every facility within the Kingspan Group adopts a suite of good health & safety management systems designed to protect employees and visitors to its sites from injury and ill-health. Many of our manufacturing sites conform to the OHSAS 18001 standard, with plans in place for more sites to adopt the standard in the future. The addition of 31 new manufacturing sites through acquisition activity in 2015 makes the targets somewhat more challenging but an additional four Kingspan sites achieved OHSAS 18001 accreditation in 2015. At a minimum, all Kingspan sites are required to adhere to all local health and safety laws in the jurisdictions in which they operate.

Kingspan has made accident prevention a priority. We aim to continually improve our performance and reduce lost time accidents by taking remedial action where necessary. Overall in 2015 the number of lost time incidents was 188, an increase of 5 from 2014. Excluding acquisitions in the period the underlying decrease was 37. This represents an average of 2.09 lost time incidents per manufacturing site in 2015 (2014: 3.16).



Training and development

At Kingspan we understand the crucial importance of investing in our people and maintaining the highest levels of training and professional development enabling all employees to develop the skills they need to reach their career goals. Each business unit, supported at Group level, takes responsibility for their own training and development programmes covering not only the essential work-related skills, techniques and knowledge but providing the appropriate skills to facilitate career progression into the future.

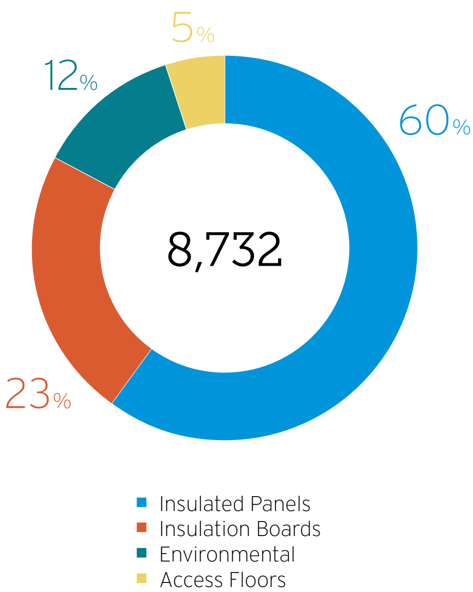
One such programme in place is the developing talent programme. This programme is composed of a mix of both recent graduates and more experienced persons who have been identified by their respective managers as a talent for the future of our business. Each delegate identifies areas for improvement either within their respective division or in the business as a whole and creates initiatives to bring about changes to them. Previous projects have ranged from engineering process improvements to well-being initiatives in the workplace.

Equal opportunities and employees rights

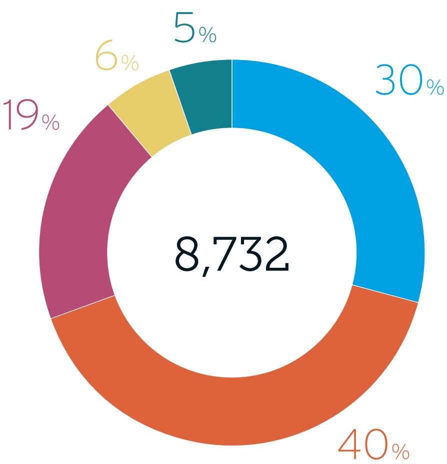
Kingspan is committed to providing equal opportunities from recruitment and appointment, training and development to appraisal and promotion. We aim to provide opportunities for a wide range of people, free from discrimination or harassment, and in which all decisions will be based on work criteria and individual performance.

Given the recent geographical spread of the Group we acknowledge the increasing diversity of our workforce and recognise the importance of embracing the diverse perspectives of all our employees. We are also committed to upholding basic human rights across all our stakeholders.

Employee numbers by division



Employee numbers by geography

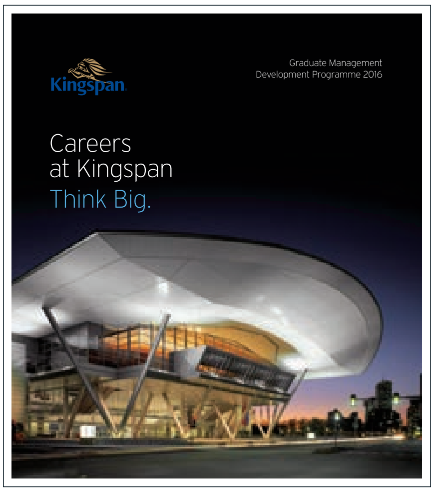


- Republic of Ireland
- UK
- Mainland Europe
- Americas
- ROW

Graduate recruitment

Kingspan Group believes it can offer graduates a unique environment where applicants can grow their skills and further their knowledge. Today, and in the future we face considerable challenges, both in business and environmentally, but there are fantastic opportunities out there too. That is why each year Kingspan undertakes a graduate recruitment programme looking for talented and creative people today to help us meet the challenges of tomorrow.

Under Kingspan's Graduate Recruitment Programme, we work closely with the main universities and colleges to recruit top graduates primarily in the engineering, science and business fields, and provide them with opportunities to train with us around the globe. Innovation is key to Kingspan's success so a continued supply of graduate talent is critical.



Corporate Social Responsibility Report

Community

Kingspan recognises its role in ensuring our companies are rooted in the communities in which we operate and actively encourage employee participation in local community initiatives.

As a large and successful international company, Kingspan recognises its role in contributing to the communities in which it operates by engaging with them and supporting projects and charities at both a corporate and local level.

Our key areas of focus are;

- Community development
- Education and sport
- Environment
- Sustainable building

At corporate level Kingspan is honouring a long-standing commitment to several charities and sporting organisations offering help and support year after year.

For the past six years Kingspan have been the main sponsor for the Irish Hospice Foundation's cycle charity fundraiser. In 2015, 53 cyclists took on the trip from Genoa to Rome. Since its inauguration in 2009 the event has raised over €1.3m providing much needed funding for the Nurses for Nightcare service. More information can be found on www.hospicefoundation.ie.

THE IRISH HOSPICE FOUNDATION

Once again, in May 2015 Kingspan was pleased to support the Arc 10k run in the Phoenix Park in Dublin. Arc is a registered charity offering personal support to men and women affected by cancer. Arc services are provided free of charge and more information can be found at www.arccancersupport.ie.

ARC CANCER SUPPORT CENTRE

Ulster Rugby player Iain Henderson

> "In June 2015, Kingspan entered into a further agreement with Ulster Rugby for the sponsorship of their playing jersey and related apparel."

Since becoming the main sponsors in 1995 Kingspan have had a long association with Cavan GAA. Our sponsorship see us exclusively sponsoring the main stadium, Kingspan Breffni Park, located in Cavan town and the men's senior inter-county team.

In June 2014, Kingspan Group entered into a 10 year agreement with Ulster Rugby for the naming rights to what is now known as Kingspan Stadium. In addition and in June 2015, Kingspan entered into a further agreement with Ulster Rugby for the sponsorship of their playing jersey and related apparel. These agreements will result in significant investment for the game of rugby at all levels within the Province in the coming years. More information can be found at www.ulsterrugby.com.

ULSTER Rugby

Aside from the main corporate level initiatives, more importantly our employees are actively involved in fundraising and volunteering their free time to support a wide range of local initiatives and charities, helping to raise a significant amount of money each year.

Ovarian Cancer Canada
Cancer de l'ovaire Canada

During 2015, Vicwest in Canada donated $25,000 worth of their steel shingles roofing product to Ovarian Cancer Canada for their fundraising auction. Ovarian Cancer Canada is the only registered Canadian charity solely dedicated to overcoming ovarian cancer. They provide support to women living with the disease and their families, raise awareness among the general public and healthcare professionals and provide funding research to develop early detection techniques, improved treatments and, ultimately, a cure.

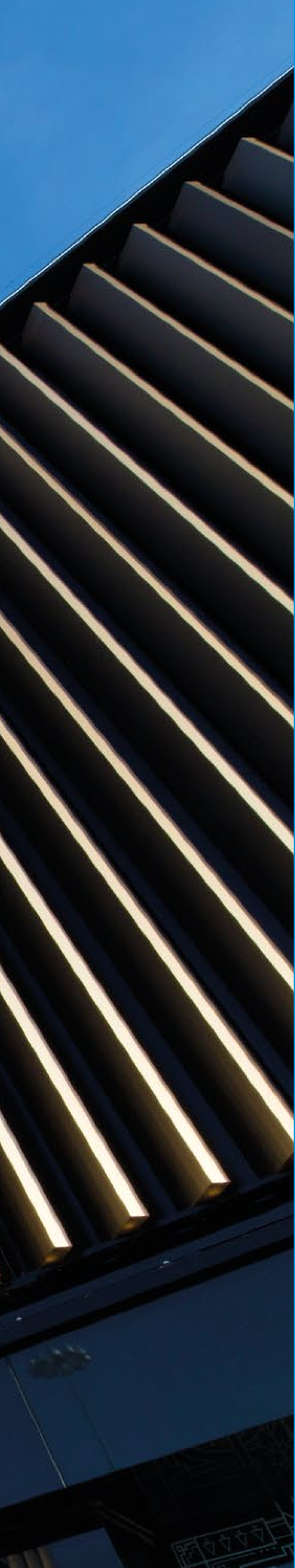
For the fourth year running Kingspan Insulated Panels New Zealand have sponsored the Olympic gold medal sailors Jo Aleh and Polly Powrie. After adding multiple World Cup and European Championship medals to their list of accomplishments, they are on track for the 2016 Olympic Games in Rio and are hoping to succeed in their goal of winning Gold again.

Kingspan Insulation in North America is a proud sponsor of the SkillsUSA national competition where 45 teams of young men & women competed in building planning and construction 2015. These were high school and post-secondary trade school students who had won their regional and state-level competitions. Kingspan Insulation LLC is an active member of the Leading Suppliers Council of the National Association of Home Builders (NAHB) and there is currently a growing concern in the US regarding the lack of skilled labour in trades such as carpentry, plumbing, electrical, HVAC and masonry. One key factor is how to create interest among the youth/students to pursue a career using a trade. Kingspan Insulation NA participated in the judging panel for the event, and provided a variety of products for the competition.

Participants in the SkillsUSA national competition 2015

"Aside from the main corporate level initiatives, more importantly our employees are actively involved in fundraising and volunteering their free time to support a wide range of local initiatives and charities, helping to raise a significant amount of money each year."

Primark, Fort Kinnaird, UK



Governance

Chairman's Introduction

On behalf of the Board, I am pleased to present this Governance Report to the shareholders of Kingspan Group plc.

Kingspan has implemented a strong governance framework which supports the effective and prudent management of the business, and helps drive the long-term success of the Group.

During the year, the Board Committees have continued to work effectively. The reports of the Audit and Remuneration Committees are set out in this Annual Report, and provide details of each Committee's membership and activities during the year.

The Audit Committee has focused in particular on the management and control of risks throughout the business, which is of particular significance in an expanding Group. At the same time, the Remuneration Committee has ensured that the Executive Directors' performance pay is properly aligned with shareholders' interests and the long-term success of the company. The Nominations Committee has continued to assess the mix of the skills and experience on the Board, and has balanced the need to refresh the independent representation on the Board whilst promoting continuity in succession planning. Following consultation with the IAIM the Nominations Committee was very pleased that Helen Kirkpatrick agreed to go forward for re-appointment to the Board as a Non-executive Director and Senior Independent Director after the retirement of Kieran Murphy last year.

Finally, the Board as a whole have reviewed the Annual Report and Financial Statements, and is pleased to confirm that they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable.

The Governance Report describes how Kingspan has applied the principles of the UK Corporate Governance Code (September 2014), and the Irish Corporate Governance Annex, throughout 2015.

Eugene Murtagh
Chairman

Kerrisdale Gardens, Beaconsfield, Australia

The Board

Chairman

Eugene Murtagh (Age 73)

Eugene Murtagh is the non-executive Chairman of the Group.

Key skills & experience: He founded the Kingspan business in the 1960's and, as CEO until 2005, he led its growth and development to become an international market leader. He has an unrivalled understanding of the Group, its business and ethos, and brings to the Board his leadership and governance skills.

Committees: Nominations (18 years, chair).

Executives

Gene M. Murtagh (Age 44)

Gene Murtagh is the Group Chief Executive Officer. He was appointed to the Board in November 1999.

Key skills & experience: He was previously the Chief Operating Officer from 2003 to 2005. 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, and has a deep knowledge of all of the Group's businesses and the wider construction materials industry.

Committees: Nominations (8½ years).

Geoff Doherty (Age 44)

Geoff Doherty is the Group Chief Financial Officer. He joined the Group, and was appointed to the Board, in January 2011.

Key skills & experience: Prior to joining Kingspan he was the chief financial officer of Greencore Group plc and chief executive of its property and agribusiness activities. He is a qualified chartered accountant, with extensive experience of capital markets and financial leadership in an international environment.

Russell Shiels (Age 54)

Russell Shiels is President of the Group's Insulated Panels and Access Floors businesses in North America. He joined the Board in December 1996.

Key skills & experience: He has experience in many of the Group's key businesses, and was previously managing director of the Group's Building Components and Raised Access Floors businesses in the UK. He brings to the Board his particular knowledge of the North American building envelope market, as well as his understanding of the office and data centre market globally.

Peter Wilson (Age 59)

Peter Wilson is Managing Director of the Group's Insulation Boards business. He was appointed to the Board in February 2003.

Key skills & experience: He has been with the Group since 1981, and has led the Insulation Boards division since 2001. He brings to the Board over 30 years' knowledge and experience of the global insulation industry.

Gilbert McCarthy (Age 44)

Gilbert McCarthy is Managing Director of the Group's Insulated Panels businesses in the UK, Ireland, Western Europe and Australasia. He was appointed to the Board in September 2011.

Key skills & experience: He joined the Group in 1998, and has held a number of senior management positions including managing director of the Off-site division and general manager of the Insulation Boards business. He brings to the Board his extensive knowledge of the building envelope industry, in particular in Western Europe and Australasia.

Non-Executives

Helen Kirkpatrick M.B.E.
B.A., F.C.A.
(Age 57)
Independent

Helen Kirkpatrick joined the board in June 2007.

Key skills & experience: Helen is a Fellow of the Institute of Chartered Accountants in Ireland and a member of the Chartered Institute of Marketing. She was formerly a non-executive director of the International Fund for Ireland, Enterprise Equity Venture Capital Group, Crumlin Together Ltd and NI-CO Ltd. She brings her considerable financial and business acumen to the Board and its Committees.

Committees: Remuneration (7 years, chair), Nominations (7 years), Senior Independent Director.

External appointments: Non-executive director of UTV Media plc and of UTV Ireland Limited, non-executive director of United Dairy Farmers and of Dale Farm Limited, and a member of the Audit Committee of Queen's University Belfast.

Linda Hickey
B.B.S.
(Age 54)
Independent

Linda Hickey was appointed to the Board in June 2013.

Key skills & experience: She is a registered stockbroker and the Head of Corporate Broking at Goodbody Capital Markets, where she has worked since 2004. Previously she worked at NCB Stockbrokers and Merrill Lynch. She brings to the Board her considerable knowledge and experience in capital markets and corporate governance.

Committees: Audit (2½ years), Nominations (1½ years), Remuneration (½ year).

External appointments: Member of the board of the Irish Blood Transfusion Service.

Michael Cawley
B. Comm., F.C.A.
(Age 61)
Independent

Michael Cawley was appointed to the Board in May 2014.

Key skills & experience: He is a chartered accountant, and was formerly Chief Operating Officer & Deputy Chief Executive of Ryanair. Prior to joining Ryanair he had experience in a number of different distribution and manufacturing industries, including as Finance Director of the Gowan Group, one of Ireland's largest private companies. He brings his extensive international financial and business experience to the Board and the Audit Committee.

Committees: Audit (1½ years, chair), Remuneration (1½ years).

External appointments: Chairman of Fáilte Ireland, and Non-executive director of Paddy Power Betfair plc, Ryanair Holdings plc, and Hostelworld Group plc.

John Cronin
(Age 56)
Independent

John Cronin was appointed to the Board in May 2014.

Key skills & experience: He is a qualified solicitor, and a partner and former chairman of McCann FitzGerald. He has more than 25 years' experience in banking, structured finance and capital markets matters, and is a member of the International Bar Association. Since 2015 he is a board member of the British Irish Chamber of Commerce. He brings valuable legal, corporate governance and capital markets experience to the Board.

Committees: Nominations (1½ years), Audit (½ year)

External appointments: None.

Bruce McLennan
B.Bus, M. Comm.
(Age 51)
Independent

Bruce McLennan was appointed to the Board in June 2015.

Key skills & experience: He is Managing Director and Co-Head of Advisory at Gresham Advisory Partners Limited. He is also a Member of the Australian Institute of Company Directors, Australian Society of Certified Practising Accountants, and a Fellow of the Securities Institute of Australia. He brings to the Board over 30 years' experience in investment banking, and a broad knowledge of international capital markets and strategic and corporate planning.

Committees: None.

External appointments: Member of the Australian Takeovers Panel.

Secretary

Lorcan Dowd
(Age 47)

Lorcan Dowd was appointed Group Company Secretary in July 2005.

Key skills & experience: He qualified as a solicitor in 1992. Before joining the Group he was Director of Corporate Legal Services in PricewaterhouseCoopers in Belfast, having previously worked as a solicitor in private practice.

Report of the Directors

The Directors have pleasure in presenting their report with the audited financial statements for the year ended 31 December 2015.

Principal Activities

Kingspan is a leading provider of low energy building solutions. Kingspan Group plc is a holding company for the Group's subsidiaries and other entities. The Group's principal activities comprise the manufacture of insulated panels, rigid insulation boards, architectural façades, raised access floors, data-centre storage solutions, engineered timber systems, environmental management systems, sustainable water and renewable energy solutions.

Results & Dividends

Group turnover for the year ended 31 December 2015 was €2.77bn (2014: €1.89bn), trading profit was €255.9m (2014: €148.5m), profit after tax was €190.6m (2014: €106.5m), and earnings per share were 106.7 cent (2014: 62.6 cent).

An interim dividend of 8.0 cent per share was paid to shareholders on 25 September 2015 (2014: 6.25 cent). The Directors are recommending a final dividend of 17.0 cent per share for the year ended 31 December 2015 (2014: 10 cent), giving a total dividend for the year of 25 cent (2014: 16.25 cent). The final dividend if approved at the Annual General Meeting will be paid on 13 May 2016 to shareholders on the register at close of business on 22 April 2016.

The Group's key financial performance indicators are set out in the Financial Review, and the financial statements for the year ended 31 December 2015 are set out in detail in this Annual Report. Other non-financial performance indicators relating to the environment, waste management and employee health and safety are referred to in the Corporate Social Responsibility section in this Annual Report.

Accounting Records

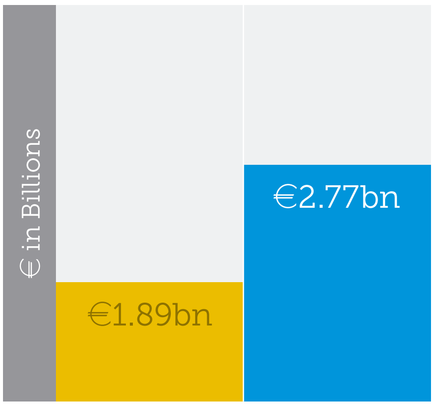
The Directors are responsible for ensuring that accounting records, as outlined in Sections 281 to 285 of the Companies Act 2014, are kept by the Group. The Directors have provided appropriate systems and resources, including the appointment of suitably qualified accounting personnel, to maintain proper books and accounting records throughout the Group, in order to ensure that the requirements of Sections 281 to 285 are complied with. The books and accounting records of the Company are maintained at the principal executive offices located at Dublin Road, Kingscourt, Co. Cavan.

Business Review

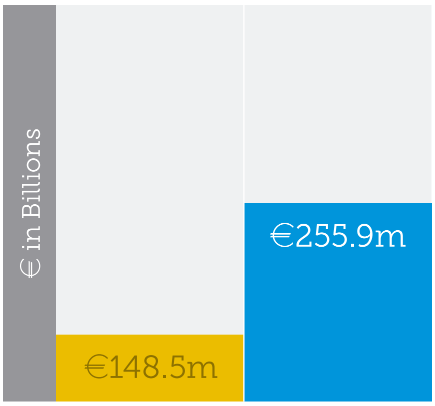
The Business Review and Strategic Report, including the Chief Executive's Review and the Financial Review, sets out management's review of the Group's business during 2015. The key points include:

- Group sales up 47% to €2.77bn.
- Trading profit up 72% to €255.9m.
- Acquisitions contributed 35% to sales growth and 35% to trading profit growth in the year.
- Group trading margin of 9.2%, an increase of 130bps.
- Basic EPS up 70% to 106.7 cent.
- Net debt increased by €202.5m during 2015 to €328.0m (2014: €125.5m). Net debt to EBITDA of 1.04x (2014: 0.66x).
- Increase in ROCE by 180bps to 15.2% (2014: 13.4%).
- Strong performance in the larger core markets of the UK and US, with a relatively stable European performance.
- Insulated Panels in the UK had its strongest year since 2007, and the North American market continued on its path of penetration growth. European sales were largely flat.

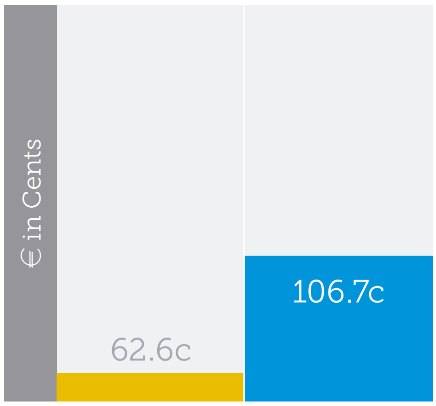
Revenue



Trading Profit



EPS



■ 2014 ■ 2015

- Insulation Boards had a strong year in the UK and US, as well as across the Middle East where our position is developing strongly. Europe was somewhat tougher.
- Environmental continued to improve profitability with momentum improving through the year.
- Access Floors remains a challenge in North America, but is growing strongly in the UK which can be expected to continue through 2016.
- The acquisitions of Joris Ide and Vicwest, for a combined consideration of €459m, have been integrating well, and both delivered underlying profits ahead of plan.

Principal Risks & Uncertainties

The principal risks and uncertainties facing the Group's business are detailed in the Risk & Risk Management section of this Annual Report. This year three new risks are included following an assessment made by the Audit Committee. The principal risks are:

- Volatility in the macro environment;
- Failure to innovate;
- Product failure;
- Business interruption (including IT continuity);
- Credit risks and credit control;
- Employee development & retention;
- Fraud & cybercrime;
- Acquisition & integration of new businesses.

Research & Development

The Group places considerable emphasis on research and development of existing and new products and on the improvement of the production process, focused primarily on extending competitive advantage. In the year ended 31 December 2015, the Group's research and development expenditure amounted to €20.2m (2014: €13.4m). Research and development expenditure is generally written off in the year in which it is incurred. During 2015 Kingspan's continuing investment in research and development involved over 40 projects ranging from evolutionary chemical and structural improvements in our product offering, to more fundamental changes in materials and building envelope solutions. Key projects included next generation insulation, integrated solar PowerPanel, IPN-QuadCore™, microwind, and new access floor product ranges for data centres.

Australian National Maritime Museum, Warships Pavilion, Sydney, Australia

Report of the Directors

Corporate Governance

The Directors are committed to achieving the highest standards of corporate governance. A statement describing how Kingspan has applied the principles of good governance set out in the UK Corporate Governance Code (September 2014) and the Irish Corporate Governance Annex is included in the Governance section of this Annual Report.

The information required by Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 as at 31 December 2015 is set out in the Shareholder Information section in this Annual Report.

Corporate Social Responsibility

Kingspan recognises the importance of conducting its business in a socially responsible manner. The Corporate Social Responsibility section in this Annual Report gives details of some of the projects that are on-going across the Group, with further details available on the Group's website www.kingspan.com

Directors & Secretary

The Directors and Secretary of the Company at the date of this report are as shown in this Annual Report. Bruce McLennan was appointed as a non-executive director with effect from 26 June 2015 and Kieran Murphy retired as a non-executive director on 7 May 2015.

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:

	31 December 2015	31 December 2014
Eugene Murtagh	30,018,000	30,018,000
Gene M. Murtagh	1,128,999	1,128,999
Geoff Doherty	254,543	207,432
Russell Shiels	368,307	368,307
Peter Wilson	355,712	268,812
Gilbert McCarthy	247,637	247,637
Helen Kirkpatrick	26,000	26,000
Linda Hickey	5,000	5,000
Michael Cawley	20,000	20,000
John Cronin	3,000	3,000
Bruce McLennan*	10,000	0
Lorcan Dowd	4,178	3,132
	32,441,376	**32,296,319**

*Bruce McLennan joined the board on 26/06/15

Details of the Directors' and Secretary's share options at the end of the financial year are set out in the report of the Remuneration Committee. As at 22 February 2016, there had been no changes in the Directors' and Secretary's interests in shares since 31 December 2015.

Conflicts 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.

Financial Instruments

In the normal course of business, the Group has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk, and credit risk. The Company's financial risk objectives and policies are set out in note 20 of the financial statements.

Political Donations

Neither the Company nor any of its subsidiaries have made any political donations in the year which would be required to be disclosed under the Electoral Act 1997.

Subsidiary Companies

The Group operates from 90 manufacturing sites, and has operations in over 70 countries worldwide.

The Company's principal subsidiary undertakings at 31 December 2015, country of incorporation and nature of business are listed in the Other Information section of this Annual Report.

The Company does not have any branches outside of Ireland.

Outlook

The Board fully endorses the outlook ("Looking Ahead") expressed in the Chief Executive's Review.

Significant Events Since Year End

There have been no significant events since the year end.

Going Concern

The Directors have reviewed budgets and projected cash flows for a period of not less than 12 months from the date of this Annual Report, 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 Company's and 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.

Viability Statement

The Directors have assessed the prospects of the Group over the three-year period to February 2019.

The Directors concluded that three years was an appropriate period for the assessment, having had regard to:

- the Group's rolling Strategic Plan which extends to 2019,
- the Group's long-term funding commitments some of which fall to be repaid during the period, and
- the inherent short-cycle nature of the construction market including the Group's order bank and project pipeline.

It is recognised that such future assessments are subject to a level of uncertainty that increases with time, and therefore future outcomes cannot be guaranteed or predicted with certainty.

The Group Strategic Plan is prepared by the Board, building upon the several divisional management plans as well as the Group's strategic goals. It is based on a number of cautious assumptions concerning macro growth and stability in our key markets, and continued access to capital to support the Group's ongoing investments. The Strategic Plan is subject to sensitivity analysis which involves flexing a number of the main assumptions underlying the forecast in severe but reasonable scenarios. It is reviewed and updated annually and was considered and approved by the Board at its meeting in October 2015.

In making this assessment, the Directors have considered the resilience of the Group, taking account of its current position and the principal risks facing the business as outlined in the Risk & Risk Management Report, and the Group's ability to manage those risks. The risks have been identified using a top down and bottom up approach, and their potential impact was assessed having regard to the effectiveness of controls in place to manage each risk.

Based on this assessment the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

Directors' Responsibility Statement

Each of the directors whose names and functions are set out in The Board section of this Annual Report confirm our responsibility for preparing the Annual Report and the consolidated and company financial statements in accordance with applicable Irish law and regulations.

Company law in Ireland requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The directors have elected to prepare the company financial statements in accordance with IFRSs as adopted by the EU. The financial statements are required by law to give a true and fair view of the assets, liabilities and financial position of the Group and company 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;
- state whether applicable IFRSs 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, and the Group as a whole, will continue in business.

The directors are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act 2014 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 Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Financial Regulator, the directors confirm that to the best of their knowledge:

- the Group financial statements and the Company financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

They are also satisfied in compliance with provision C.1.1 of the UK Corporate Governance Code (September 2014):

- that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, business model and strategy.

Auditor

In accordance with Section 383 of the Companies Act 2014 the Group's auditor, KPMG, Chartered Accountants, will continue in office. A resolution authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

On Behalf Of The Board

Gene M. Murtagh,
Chief Executive Officer

Geoff Doherty,
Chief Financial Officer

22 February 2016

Corporate Governance Statement

Corporate Governance refers to the system of rules, mechanisms and processes by which a company is controlled and directed and involves identifying and balancing stakeholders interests. Kingspan is committed to operating to the highest standards of integrity, probity and ethics in its dealings with all relevant stakeholders.

For the financial year ended 31 December 2015, Kingspan's corporate governance practices were carried out in light of the new 2014 version of the UK Corporate Governance Code, which was issued by the FRC in September 2014 ('the 2014 Code'). This statement outlines how Kingspan has applied the principles and complied with the provisions set out in the new 2014 Code.

The full text of the latest Code can be accessed on the Financial Reporting Council's website, www.frc.org.uk.

The Board

The Board of the Company is responsible for the leadership, strategic direction and the long term success of the Group. It sets the Group's strategic aims, establishes the Group's values and standards, and monitors compliance within a framework of effective controls.

The Board comprises 11 directors five of whom are executives, and six including the Chairman are non-executive directors. Further details on the members of the Board, including short biographies, can be found in the section entitled "The Board" on page 44. 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 directors' skills. All of the directors bring an objective judgement to bear on issues of strategy, resources and standards of performance both on an individual and collective basis. The directors believe that the Board includes an appropriate balance of skills and ability to provide effective leadership and control to the Group and ensures corporate governance requirements are satisfied.

The Board met formally seven times during the year, as well as informally on an ad-hoc basis as and when required. Attendance at Board and Committee meetings is set out in the table below. The Board has delegated responsibility for management of the Group to the Chief Executive and his executive management team. The Board reserves for itself a formal schedule of matters on which it takes the ultimate decision.

The Schedule of Matters reserved for the board includes the following:

- 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;
- Appointment of senior executives and succession planning;
- On recommendation of the Remuneration Committee determine the remuneration for executive directors, secretary and non-executive directors;
- Reviewing management's corporate and financial performance;
- Overall review of the Group's internal controls.

The Board has delegated some of its responsibilities to Committees of the Board, the roles and responsibilities of which are set out below.

Attendance at Board and Committee Meetings

	Board		Audit		Nominations		Remuneration	
	A	B	A	B	A	B	A	B
Eugene Murtagh	7	7			2	2		
Gene M. Murtagh	7	7			2	2		
Geoff Doherty	7	7						
Russell Shiels	7	7						
Peter Wilson	7	7						
Gilbert McCarthy	7	7						
Helen Kirkpatrick	7	7	1	1	2	1	6	6
Linda Hickey	7	7	5	5	2	2	5	5
Michael Cawley	7	7	5	5			6	6
John Cronin	7	7	4	3	2	2		
Bruce McLennan	4	4						
Kieran Murphy	2	1					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.

The Chairman and Chief Executive

There is a clear division of responsibility set out in writing between the non-executive Chairman and the Chief Executive. Further information on the officers of the company can be found in the graph below.

Chairman

The Chairman's primary responsibility is to lead the Board. He is responsible for setting the Board's agenda and for the efficient 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. He is also responsible for ensuring that there is appropriate and timely communication with shareholders.

Senior Independent Director

The Senior Independent Director of the Company is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive or Chief Financial Officer. She also leads an annual meeting with the non-executive directors to appraise the workings of the Board.

Chief Executive

The Board has delegated executive responsibility for running the Group to the Chief Executive and the executive management team. The Chief Executive is responsible for the strategic direction and the overall performance of the Group, and is accountable to the Board for all authority so delegated.

Company Secretary

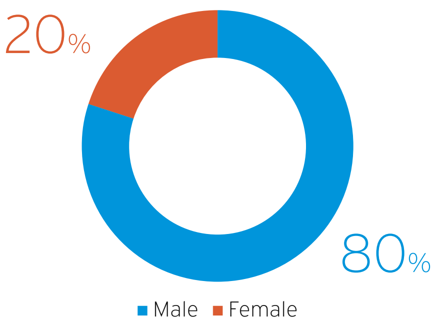
All directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed. He is also responsible for advising the Board, through the Chairman, on all governance matters.

Board Balance and Independence

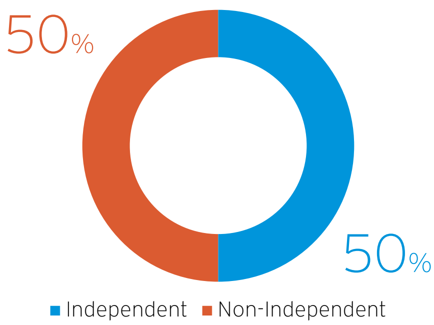
The Board is of the view that its current size and structure is functioning efficiently, and that the balance of executive and non-executive directors generates a good degree of constructive and effective challenge and debate. Whilst it is intended to progressively refresh the independent non-executive directors on the Board having regard to their mix of skills, experience and diversity, it is not at present intended to change the size of the Board.

The Board continues to ensure that each of the non-executive Directors, excluding the Chairman, remain impartial and independent in order to meet the challenges of the role. Throughout the year half of the Board, excluding the Chairman, comprised independent non-executive directors. Helen Kirkpatrick is nominated as the senior independent director of the Company.

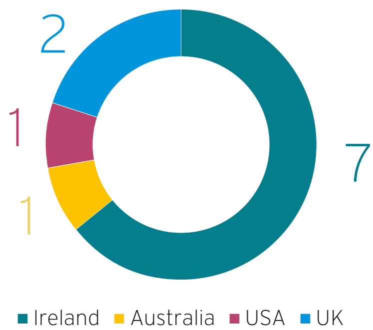
Gender Breakdown of Board (excl. Chairman)



Breakdown of Independence (excl. Chairman)



Graphic Breakdown by Residency



Corporate Governance Statement

In determining the independence of non-executive Directors, the Board considered the principles relating to independence contained in the UK Code. Those principles and guidance address a number of factors that might appear to affect the independence of Directors, including extended service to the Board. However, they also make clear that a Director may be considered independent notwithstanding the presence of one or more of these factors. The Board considers that each of the non-executive Directors brings independent judgement to bear.

In determining the independence of Helen Kirkpatrick, the Board had due regard to her length of service as a non-executive Director on the Board, which might appear to affect her independence. However, having considered the circumstances, the Board formed the view that she has always expressed a strongly independent voice at the Board and its Committees meetings, including the Audit Committee of which she was chairperson, and that she has always exercised her judgement as a non-executive Director and as the Senior Independent Director independent of any other relationships within the Board. Her independence and her sound judgement have also been recognised in her other appointments including at UTV Media plc and Queens University Belfast. In these circumstances the Board concluded that there were no issues which might either directly or indirectly impact her judgement. The Board therefore concluded that Helen Kirkpatrick's independence was not compromised by her tenure on the Board.

In determining the independence of Linda Hickey, the Board had due regard to her position as a senior executive at Goodbody stockbrokers, one of the Company's corporate brokers. Having regard to the fact that the level of fees and expenses paid to Goodbody stockbrokers in respect of their role as the Company's corporate brokers is less than €50,000 per annum, the Committee concluded that there was no material relationship, financial or otherwise, which might either directly or indirectly influence her judgement. The Board views Ms Hickey's capital markets experience and her corporate governance expertise as a tremendous asset, and considers her prior knowledge of the Company as a considerable benefit in enabling her to contribute effectively to Board discussions.

When considering John Cronin's independence, the Board had due regard to his position as a partner at McCann FitzGerald, one of the Company's legal advisers. Mr Cronin is not engaged directly in the provision of legal advice to the Company and appropriate arrangements have been put in place within McCann FitzGerald to ensure that no conflict of interest could arise in the future. The total fees paid to McCann FitzGerald during the year (details of which are set out in note 34) account for less than 1% of McCann's FitzGerald annual revenues. In these circumstances the Board concluded that there was no material relationship, financial or otherwise, which might either directly or indirectly influence his judgement. The Board consider that Mr Cronin brings valuable legal risk compliance and international financial markets experience to the Board.

The Board therefore concluded that neither Ms Hickey's nor Mr Cronin's independence was affected.

The directors consider that there is a strong independent representation on the Board, and are committed to refreshing and strengthening the independent representation on the Board on an on-going basis. This can be evidenced through the appointment of 4 new independent non-executive directors in the last 3 years.

Appointments to the Board

All appointments to the Board are made on the recommendation of the Nominations Committee. In addition the Nominations 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. Further details of the activities of the Nominations Committee during the year are set out below.

Information & 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. 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 with Kingspan's business operations and systems on appointment. They are brought to the businesses manufacturing sites as part of the induction procedure with in-depth explanations of the processes involved at the site. All directors receive continuing training relating to the discharge of their duties as directors, including legislative changes and developments in accounting, governance and other standards as appropriate. The Board also meets with key executives within the Group during the year, and visits to the Group's manufacturing facilities are arranged at least once annually.

Performance Evaluation

The Chairman reviews annually the performance of the Board, the conduct of Board meetings and Committee meetings, and the general corporate governance of the Group. In addition the non-executive directors, led by the senior independent director, meet annually without the Chairman present to conduct a review of the Board and appraise the Chairman's performance.

As part of the performance evaluation process the Chairman meets at least once annually with the non-executive directors without the executive directors being present to review the performance of the Board, the conduct of Board meetings and Committee meetings, and the general corporate governance of the Group.

Britain's Energy Coast Construction Skills Centre, Lillyhall, UK

Corporate Governance Statement

Re-Election of Directors

Non-executive directors are appointed to the Board for an initial term of three years, renewable with the Board's agreement (subject to re-election by the shareholders at the Annual General Meeting). Since 2011 the Board has agreed, in accordance with the provisions of the UK Corporate Governance Code, that all directors would be subject to annual re-election by the shareholders at the Company's Annual General Meeting.

Board Committees

The Board has established the following Committees: 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 Group's website www.kingspan.com. The Members of each Committee, the date of their first appointment and brief details of these committees are set out below:

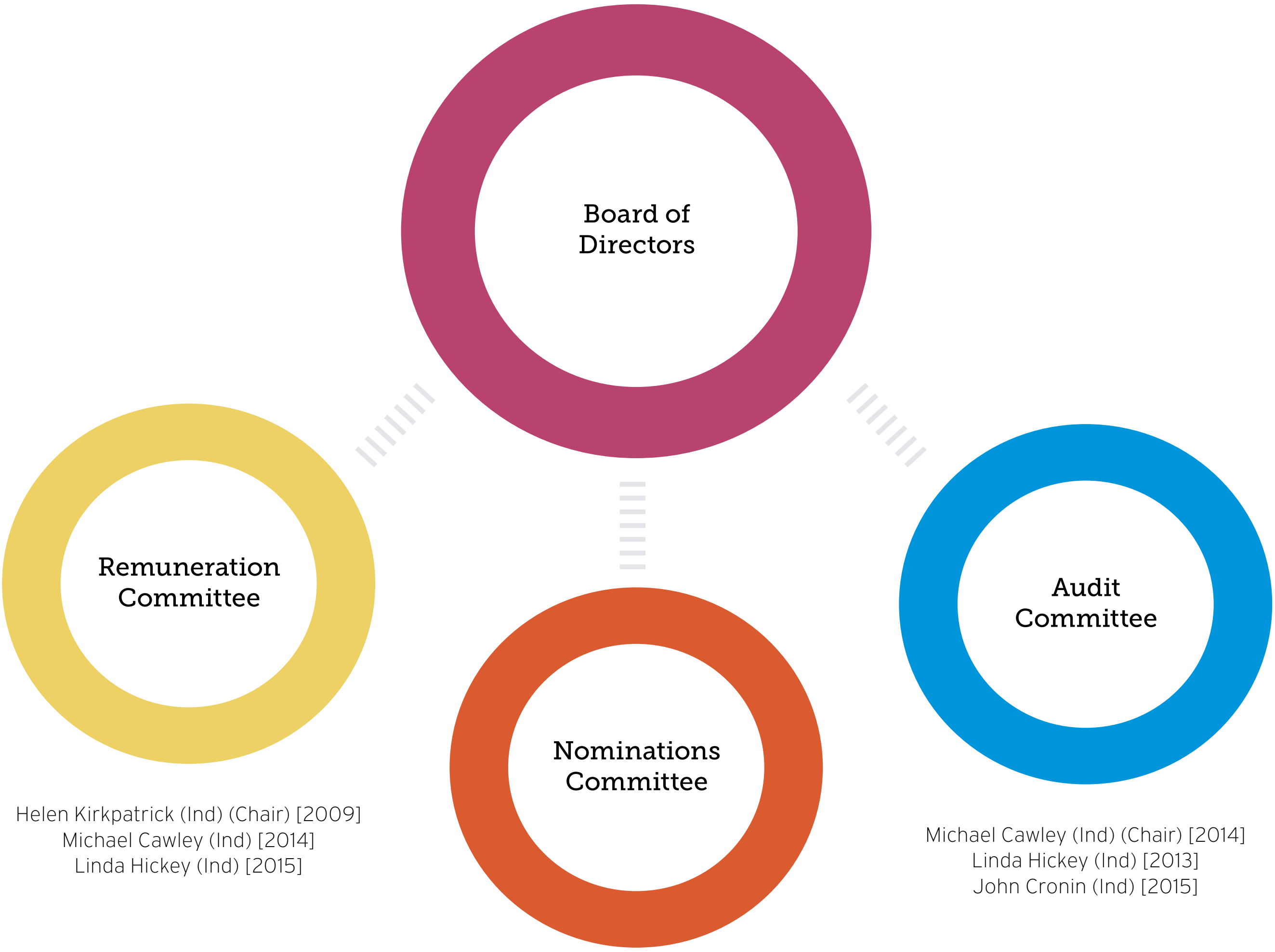
Audit Committee

The Board has established an Audit Committee to monitor the integrity of the Company's financial statements, and the effectiveness of the Group's internal financial controls.

The members of the Audit Committee bring considerable financial accounting and commercial experience to the Committee's work, and in particular the Board considers that the chairman of the Audit Committee, Michael Cawley B.Comm., F.C.A., 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. The report of the Audit Committee is set out in this Annual Report, which describes how the Company has applied the principles of Section C of the UK Corporate Governance Code (September 2014) and the Irish Corporate Governance Annex. Further details of the work carried out by the Audit Committee are set out in the Report of the Audit Committee on page 66.

Nominations Committee

The Nominations Committee assists the Board in ensuring that the composition of the Board and its Committees is



Helen Kirkpatrick (Ind) (Chair) [2009]
Michael Cawley (Ind) [2014]
Linda Hickey (Ind) [2015]

Michael Cawley (Ind) (Chair) [2014]
Linda Hickey (Ind) [2013]
John Cronin (Ind) [2015]

Eugene Murtagh (Chair) [1998]
Gene M. Murtagh [2007]
Helen Kirkpatrick (Ind) [2009]
Linda Hickey (Ind) [2014]
John Cronin (Ind) [2014]

appropriate for the needs of the Group. The Committee considers the Board's membership, identifies additional skills or experience which might benefit the Board's performance and recommends appointments to or, where necessary, removals from, the Board. In considering appointments to the Board, it is the policy of the Committee to have regard to diversity, encompassing gender, nationality, age and skillset, when setting the key criteria for the appointment. The Nominations Committee met twice in 2015, to consider the annual re-election of directors at the Company's Annual General Meeting, and to recommend the appointment of Bruce McLennan as non-executive director to the Board.

The Committee considered whether or not to engage a firm of consultants to assist in the process of recruiting new non-executive directors, and agreed that in order to ensure best fit with the Company, it would use the knowledge and contacts of the Committee to identify suitable candidates.

The Committee also considered the report produced by Independent Audit Limited, on the performance of the Board in 2014. They then presented the findings of the report to the rest of the Board in the April board meeting where recommendations were considered and implemented as appropriate.

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.

The Report of the Remuneration Committee is set out in this Annual Report on page 57, which describes how the Company has applied the principles of Section D of the UK Corporate Governance Code (September 2014) and the Irish Corporate Governance Annex.

Communication with Shareholders

Kingspan 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 Group's website, www.kingspan.com in a timely fashion. Twice a year, following publication of the annual and half-year results, the Chief Executive and the Chief Financial Officer meet with institutional investors during a formal results roadshow. In addition, 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.

In addition Kingspan is committed to interacting with the international financial community to ensure a full understanding of the Group's strategic plans and its performance against these plans. During the year, the executive management presented at seven capital market conferences and conducted 441 institutional one-on-one and Group meetings. Further information regarding the Company's Annual General Meeting is set out in the Other Information Section in this Annual Report.

Key Shareholder Engagements 2016

February
Full year results 2015

March
Annual Report 2015

May
Interim Management Statement

May
Annual General Meeting 2016

August
Interim Results 2016

November
Interim Management Statement

Internal Control & Risk Management Systems

The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group, that it has been in place for the year under review and up to the date of approval of the financial statements and that this process is regularly reviewed by the Board.

The Board has delegated responsibility to the Audit Committee to monitor and review the Group's risk management and internal control processes, including the financial, operational and compliance controls, through detailed discussions with management and executive directors, the review and approval of the internal audit reports, which focus on the areas of greatest risk to the Group, and the external audit reports, as part of both the year-end audit and the half year review process, all of which highlight the key areas of control weakness in the Group.

The main features of the Group's internal control and risk management systems that relate specifically to the Group's financial reporting and accounts consolidation process are:

- The review of reporting packages for each entity as part of the year-end audit process;
- The reconciliation of reporting packages to monthly management packs as part of the audit process and as part of management review;
- The validation of consolidation journals as part of the management review process and as an integral component of the year-end audit process;
- The review and analysis of results by the Chief Financial Officer and the auditor with the management of each division;
- Consideration by the Audit Committee of the outcomes from the annual risk assessment of the business;
- The review of internal and external audit management letters by the Chief Financial Officer, Head of Internal Audit and the Audit Committee; and the follow up of any critical management letter points to ensure issues highlighted are addressed.

Further information on the risks faced by the Group and how they are managed are set out in the Risk & Risk Management section of this Annual Report on page 30.

Statement of Compliance

The directors confirm that the Company has throughout the accounting period ended 31 December 2015 complied with the provisions of the UK Corporate Governance Code (September 2014) and the Irish Corporate Governance Annex. Copies of the Code and the Annex respectively can be obtained from the following websites:

www.frc.org.uk
www.ise.ie

ValueAct Headquarters, San Francisco, USA

Report of the Remuneration Committee

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2015.

This report details how the Remuneration Committee has fulfilled its responsibilities under its Terms of Reference and under the 2014 UK Corporate Governance Code. This Remuneration Report will be included on the agenda of the 2015 Annual General Meeting for shareholder consideration.

The primary objective of the Remuneration Committee is to create a remuneration structure for executive directors which:

a) is capable of attracting and retaining key individuals necessary for business success;

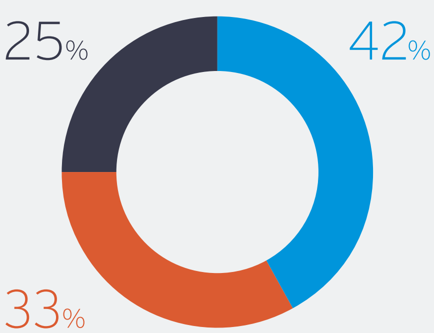
b) rewards individuals by reference to their divisional responsibilities and overall corporate performance in both the short and longer term; and

c) supports the delivery of the Group strategy and creates value for shareholders over the longer term.

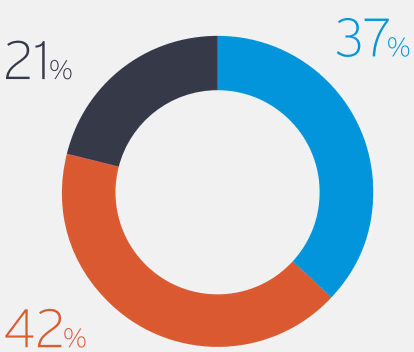
This year Kingspan achieved record profits, with basic earnings per share up 70% over prior year. Consequently, the bonuses earned by the executive directors in respect of the year ended 31 December 2015 which are detailed later in this Report, are based on this exceptional growth. Shareholder returns in the year also reached new levels, with the Kingspan share price closing up 69% in the year. Indeed, in the three years from 2013 to 2015 Kingspan achieved top quartile TSR performance amongst its peer group for the fifth cycle in a row. Further details on the vesting of the PSP Awards are also set out later in this Report. In 2015 the Remuneration Committee also introduced a Deferred Bonus Plan which aims to incentivise and reward exceptional incremental performance. This is the first year of its operation and it aligns performance pay to shareholders' interests to create long term value in the business, by the issue of share awards which are deferred for two years.

The tables below show the mix between fixed (base salary and pension), and variable performance related pay (annual bonuses and performance share plan incentives).

Executive Directors' Remuneration Mix 2014



Executive Directors' Remuneration Mix 2015



- Fixed base and pension payments
- Performance related incentive short term
- Performance related incentive long term

Helen Kirkpatrick
Chairman, Remuneration Committee

This report of the Remuneration Committee sets out Kingspan's remuneration policy for 2016, gives details of the remuneration outcomes for 2015, and describes the workings of the Remuneration Committee during the year.

Executive Directors' Remuneration Policy 2016

In setting the executive directors' remuneration package the Remuneration Committee seeks to ensure that:

- the Group will attract, motivate and retain individuals of the highest calibre;
- executives are rewarded in a fair and balanced way for their contribution to the Group's performance;
- executives receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- the overall approach to remuneration has regard to the sectors and geographies in which we operate;
- risk is properly considered in setting remuneration policy and determining remuneration packages.

The Remuneration Committee seeks to align the interests of executive directors with those of shareholders through a mix of short and long term performance based incentives and by encouraging share ownership, whilst taking into consideration the market rates and practices of other quoted Irish and industry peer companies of similar size and scope in setting the base and fixed elements of the package.

Report of the Remuneration Committee

Base salary – attracts and retains skilled and experienced individuals

How it operates

Base salaries are reviewed by the Remuneration Committee in the last quarter of each year. The Committee engages a leading firm of independent consultants to carry out a benchmark report of the executive directors' basic and total remuneration packages.

Factors taken into account by the Committee include the Group's overall performance, the executive directors' role and personal performance, movements in pay generally across the Group and competitive market practice. Where applicable, changes in salary are effective from 1 January.

Maximum opportunity

No prescribed maximum base salary or maximum annual increase.

Increases will generally be in line with increases across the Group, but may be higher or lower in certain circumstances to reflect changes in roles and responsibilities, or to allow newly appointed executives to move progressively towards market norms.

Benefits – provides market competitive benefits

How it operates

In addition to their base salaries, executive directors' benefits include life and health insurance and the use by the executive directors of company cars (or a taxable car allowance) in line with typical market practice.

Maximum opportunity

No prescribed maximum level, as benefits depend on individual director circumstances.

Performance related bonus – rewards achievement of annual performance targets

How it operates

Executive directors receive annual bonus payments based on the attainment of stretching financial targets set prior to the start of each year by the Remuneration Committee. Bonuses are paid on a sliding scale if the targets are met.

For 2016, the Committee selected the following performance targets:

CEO & CFO:

Group EPS growth targets over prior year, with maximum bonus being payable on the achievement of 115% of target.

Divisional MDs:

60% of their bonus opportunity is based on achieving divisional profit growth targets,

40% of their bonus opportunity is payable on the achievement of Group EPS growth targets over prior year, with maximum bonus being payable on the achievement of 115% of target in each case.

Maximum opportunity

The maximum annual bonus potential is up to 100% of base salary.

Deferred bonus plan – rewards achievement of incremental performance targets with share based awards deferred for two years

How it operates

The Company's deferred bonus plan rewards incremental growth over and above the growth targeted by the annual performance-related cash bonus. Ambitious EPS growth targets are set by the Remuneration Committee, and any incremental performance bonus earned will be satisfied by the issue of share awards, which are deferred for two years.

Maximum opportunity

The maximum incremental performance bonus potential is up to 50% of base salary.

Performance share plan – aligns the interests of executive directors and senior managers with those of the Group's shareholders and provides long term performance based incentives

How it operates

Executive directors are entitled to participate in the Group's Performance Share Plan (PSP). Under the terms of the PSP, performance shares are awarded to the executive directors and the senior management team. The performance shares will vest after three years only if the Company's underlying performance has improved during the vesting period, and if certain performance criteria are achieved over the vesting period.

For 2016 grants, the Committee has selected the following performance targets:

- Up to 50% of the award will vest (on a sliding scale) on achievement of average EPS growth of between CPI plus 5% (below which no performance shares will vest) and CPI plus 10% (where all will vest).
- Up to 50% of the award will vest (on a sliding scale) on achievement of total shareholder return (TSR) compared to a selected peer group, where no performance shares vest if performance is below the median and 50% vest if performance is at or above 75th percentile point, compared with the selected peer group.
- A further Exceptional Performance Award (not exceeding 25% of the individual's total award) will only vest (on a sliding scale) if the Group's TSR ranking is above the 75th percentile point compared with the selected peer group.

The Performance Share Plan was approved by shareholders in May 2008. The percentage of share capital which can be issued under the PSP complies with IAIM guidelines, and may not, when aggregated with all other options or awards granted over the preceding 10 year period, exceed 10% of the issued share capital of the Company (or 3% over 3 years).

Maximum opportunity

The maximum value of any PSP Award may not, at the date of grant, exceed:

- in the case of the CEO: 125% of base salary, plus 31% Exceptional Performance Award,
- and in the case of other executive directors: 100% of base salary, plus 25% Exceptional Performance Award.

Pension scheme and other allowances – attracts and retains skilled and experienced individuals

How it operates

The Group operates a defined contribution pension scheme for executive directors. Pension contributions are calculated on base 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.

Where local legislation imposes a cap on pension contributions, the Company may agree to make a non-pensionable annual payment to the executive, subject to all applicable employee and employer payroll taxes.

Maximum opportunity

No prescribed maximum pension contribution/annual payment.

Contributions will depend on individual circumstances.

Remuneration outcomes for 2015

Base salary: The salaries for 2015 for each of the executive directors were set by the Remuneration Committee towards the end of 2014. The Committee agreed that there would be no increase in the base salaries of the Chief Executive and the Chief Financial Officer (which have remained frozen at 2008 and 2011 levels respectively). The Committee approved increases of between 3% and 5% in base salary for each of the Divisional MDs to bring them into line with the peer group median benchmark. Overall, therefore, this represents a 2.3% increase in the total salaries for the executive directors. Full details of the executive directors salaries in 2015 are set out in the table below.

During the year, the Remuneration Committee engaged independent consultants, Mercer, to carry out a benchmarking report on the executive directors' salary levels and total remuneration packages. They selected similar sized companies from the industry peer group referenced in the Performance Share Plan, as well as other similar sized Irish plcs., as the appropriate comparator group for Kingspan both sectorally and geographically. The Committee also considered the changes in scope and responsibilities of certain executives having regard to recent acquisitions and developments within the Group, when determining the appropriate levels of remuneration for 2016.

Galena Shopping Centre, Jaworzno, Poland

Report of the Remuneration Committee

Directors' Remuneration for year ended 31 December 2015

(Remuneration is reported in the currency received by the individual)

Executive Directors	Gene Murtagh €'000		Geoff Doherty €'000		Russell Shiels US$'000		Peter Wilson £'000		Gilbert McCarthy €'000		Total[1] €'000	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Salary and Fees	**635**	635	**490**	490	**510**	485	**325**	315	**395**	375	**2,427**	2,256
Performance Pay[2]												
- Cash element	**635**	635	**490**	490	**510**	485	**325**	315	**395**	375	**2,427**	2,256
- Deferred shares	**318**	-	**245**	-	**255**	-	**163**	-	**197**	-	**1,213**	-
Benefits[3]	**30**	29	**30**	29	**43**	40	**12**	13	**25**	18	**141**	123
Pension Contributions[4]	**127**	127	**123**	123	**177**	173	**143**	142	**79**	75	**685**	630
Total executive pay	**1,745**	1,426	**1,378**	1,132	**1,495**	1,183	**968**	785	**1,091**	843	**6,893**	5,265
Charge to Consolidated Income Statement for share options and awards[5]											**1,783**	1,760
											8,676	7,025
Non-executive Directors[6]												
Eugene Murtagh											**191**	191
Helen Kirkpatrick											**85**	85
Linda Hickey											**75**	75
Michael Cawley[7]											**81**	50
John Cronin[7]											**75**	50
Bruce McLennan[8]											**36**	-
Kieran Murphy[9]											**29**	80
David Byrne[10]											**-**	28
Brian Hill[10]											**-**	28
Total non-executive pay											**572**	587
Total Directors' remuneration											**9,248**	7,612

1 Russell Shiels' remuneration has been converted to Euro at the following average rate USD: 1.1102 (2014: 1.328).

1 Peter Wilson's remuneration has been converted to Euro at the following average rate GBP: 0.72644 (2014: 0.806).

2 Performance pay is earned for meeting clearly defined EPS growth and divisional profit targets. Details of the bonus plan and targets are set out on page 61 of the Remuneration Report.

3 Benefits principally relate to health insurance premiums and company cars/car allowances.

4 The Group operates a defined contribution pension scheme for executive directors. Certain executives have elected to receive part of their prospective pension entitlement as a non-pensionable cash allowance in lieu of the pension benefit foregone, subject to all applicable employee and employer payroll taxes.

5 The charge to the Consolidated Income Statement represents the current year cost of the unvested PSP Awards granted to the Executive Directors. Details of the valuation methodology are set out in Note 3 to the Financial Statements.

6 Non-executive directors receive a base fee of €70,000 per annum, plus an additional fee of between €5,000 and €15,000 for membership and/or chairmanship of Board Committees. They do not receive any pension benefit, or any performance or share based remuneration.

7 Michael Cawley and John Cronin were both appointed as non-executive directors on 1 May 2014.

8 Bruce McLennan was appointed as a non-executive director on 26 June 2015.

9 Kieran Murphy retired as a non-executive director on 7 May 2015.

10 David Byrne and Brian Hill both retired as non-executive directors on 1 May 2014.

Performance related pay:
The Remuneration Committee seeks to ensure that overall remuneration reflects Group performance and individual contribution. Accordingly, the Committee seeks to align an appropriate portion of the executive directors' remuneration with the achievement of annual performance targets. The targets for 2015 were set prior to the start of the year, and comprise a combination of Group EPS targets and divisional profit growth targets.

During the year, the Committee continued to monitor the Group and divisional performance against targets. Following the completion of the major Joris Ide and Vicwest acquisitions in the first half of the year, which completely transformed the depth and breadth of the Group's business, the Committee determined that the targets set the previous year were no longer appropriate and that additional incremental performance targets should be set for the remainder of the year. Accordingly, following advice from Mercers, the Committee introduced a deferred bonus plan which is intended to reward incremental EPS growth over and above the growth targeted by the annual performance-related cash bonus. Any incremental performance bonus earned will be satisfied by the issue of share awards, which are deferred for two years.

All executives were therefore eligible for a maximum annual performance bonus opportunity of up to 100% of base salary (the "Annual Bonus"), plus an incremental performance bonus opportunity of up to 50% of base salary which if achieved would be satisfied in deferred shares (the "Incremental Performance Bonus").

The Chief Executive's and the Chief Financial Officer's Annual Bonuses were based on Group EPS growth targets over prior year, with the maximum Annual Bonus being payable on the achievement of 115% of target. For each of the Divisional MDs, up to 60% of their Annual Bonus opportunity was based on achieving stretching divisional profit targets, and a further 40% of the Divisional MDs Annual Bonus opportunity was payable on the achievement of Group EPS growth targets over prior year, with maximum Annual Bonus being payable on the achievement of 115% of target in each case. The Incremental Performance Bonus targets for all of the executives were based on the achievement of Group EPS growth targets in excess of the stretching targets set for the Annual Bonus, with the maximum Incremental Performance Bonus being earned on the achievement of 165% of target. The Board believes that disclosure of specific bonus targets would be inappropriate as the targets are commercially sensitive business information.

Performance related pay

	Annual Bonus[1]		Incremental Performance Bonus[2]	
	Maximum Opportunity	**Metric**	**Maximum Opportunity**	**Metric**
Chief Executive Officer	100%	EPS	50%	EPS
Chief Financial Officer	100%	EPS	50%	EPS
Divisional MDs	60%	Divisional Profit	50%	EPS
	40%	EPS		

1 Annual Bonus earned is payable in cash
2 Incremental Performance Bonus earned is satisfied in Deferred Share Awards

The Remuneration Committee reviewed the Group EPS growth and each of the division's performance during the year, and considered the extent to which the 2015 Annual Bonus and Incremental Performance Bonus targets had been met achieved by each of the executives. Having achieved 70% growth in basic EPS, and having exceeded each of the divisional profit targets, the Committee determined that the maximum 100% Annual Bonus and the maximum 50% Incremental Performance Bonus had been earned by each of the executives.

In October the Remuneration Committee set challenging performance targets in respect of the 2016 Annual Bonus and Incremental Performance Bonus.

Performance Share Plan: The Group's Performance Share Plan (PSP) provides long term performance based incentives, thus aligning the interests of the executive directors with those of the Group's shareholders.

The Remuneration Committee reviewed the extent to which the vesting targets in respect of the PSP Awards granted in 2013 had been met by reference to EPS and TSR targets over the three year period to 31 December 2015. The targets set at the time of the granting of the 2013 PSP Awards were as follows:

- The achievement of annual Group EPS growth of between CPI plus 3.5% (below which no performance shares will vest) and CPI plus 7% (where 50% will vest);
- The achievement of total shareholder return (TSR) compared to a selected peer group, where no performance shares vest if performance is below the median and 50% vest if performance is at or above 75th percentile point;
- Exceptional Performance Awards vest (on a sliding scale) if the Group's TSR ranking is above the 75th percentile point compared with the selected peer group.

The TSR peer group for all PSP Awards granted on or before 31 December 2013 comprised the following companies:

Compagnie de Saint Gobain	CRH Plc
Dyckerhoff AG	Geberit AG
Grafton Group Plc	Lafarge SA
Marshalls Plc	Martin Marietta Materials Inc
Rockwool Intl. A/S	SA Des Ciments Vicat
SIG Plc	Travis Perkins Plc
Uponor Corp	Uralita SA
Wienerberger AG	

The Committee determined that total EPS growth during the period of 143% had significantly exceeded the target of CPI plus 7%. The Committee also noted that Kingspan had achieved top quartile performance in its peer group for the fifth cycle in a row, and that Kingspan's TSR performance had exceeded the 75th percentile of its peer group. The Committee therefore concluded that the vesting conditions had been satisfied in full and that the PSP Awards granted in 2013 should vest in full. The Committee also determined that, as the conditions of the Exceptional Performance Award were partly satisfied, 73% of that award should vest.

In February 2015 the Remuneration Committee granted PSP Awards to the executives with a three year performance period from 2015 to 2017. The EPS condition for the 2015 PSP Awards as determined by the Committee, is the achievement of annual EPS growth of between CPI plus 5% and CPI plus 10%.

Report of the Remuneration Committee

The TSR conditions remain as above, save that the following peer group applies for all PSP Awards granted after 1 January 2014:

Armstrong World Industries Inc	Boral Ltd
Compagnie de Saint Gobain	CRH Plc
Geberit AG	Grafton Group Plc
NCI Building Systems Inc	Owens Corning
Rockwool Intl. A/S	SIG Plc
Travis Perkins Plc	Uponor Corp
Uralita SA	USG Corporation
Wienerberger AG	

Details of share options granted to the directors and secretary under the Performance Share Plan and the legacy Standard Share Option Scheme are set out in the table shown right.

Standard Share Option Scheme: Since May 2008, no more options can be awarded under the Standard Share Option Scheme, but options awarded before that date which have vested can be exercised up to ten years after the date of grant. Grants of options under the Standard Share Option Scheme were awarded at the market price of the Company's shares at the time of the grant.

Such options vested only when earnings per share growth in the three year period commencing with the accounting period in which the options were granted (or any subsequent period), exceeded CPI by at least 2% per annum compound. Over the life of the Standard Share Option Scheme the total number of options granted, net of options lapsed, amounted to 3.60% of the issued share capital of the Company.

Details of PSP Awards and outstanding Standard Share Options granted to the executive directors are set out in the table shown right.

Non-executive directors: The non-executive directors each receive a fee which is set by the Remuneration Committee and approved by the Board on advice from the independent professional advisors. The basic non-executive director fee is €70,000, and an additional fee of between €5,000 and €15,000 is paid for membership and/or chairmanship of Board Committees, to reflect the additional role and responsibilities. NED fee levels are reviewed annually, and there was no change to the rate of fees paid to the non-executive directors in 2015. 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. There is no provision for compensation for loss of office.

Governance

Composition: The Remuneration Committee comprises three independent non-executive directors, Helen Kirkpatrick (chairman), Michael Cawley and Linda Hickey. Kieran Murphy retired from the Committee on 7 May 2015, and Helen Kirkpatrick took over as chairman and Linda Hickey was appointed to the Committee on the same date.

Responsibilities: The responsibilities of the Remuneration Committee are summarised in the Corporate Governance Report, and its terms of reference are available on the Company's website: www.kingspan.com

Meetings: The Remuneration Committee met 6 times during the year. Each meeting was fully attended by all members of the Committee, and an overview of the workings of the Committee is set out below:

Remuneration Committee activities	Feb	June	July	Aug	Oct	Dec
Salary and fees						
Engage independent consultants			■			
Review Executives' salary for 2016				■	■	■
Review Non-Executives' salary for 2016					■	
Performance pay						
Assess Group and individual performance against targets for 2014	■					
Confirm percentage of performance bonus achieved for 2014	■					
Review performance against bonus targets for 2015		■		■	■	
Agree Group and individual performance targets for 2016					■	
PSP Awards						
Assess performance of 2012/2014 PSP Awards against targets	■					
Determine percentage of 2012/2014 PSP Awards which vest	■					
Agree targets and level of PSP awards for 2015	■			■	■	
Governance						
Review and approve Remuneration Report for Annual Report 2014	■					
Consider shareholder votes and feedback from AGM 2015		■				
Update on remuneration trends generally			■	■	■	
Review of overall remuneration policy				■	■	
Review of consultants' performance and independence					■	

Share Option Table 2015

Director		At 31 Dec 2014	Granted during year	Vested during year	Exercised or lapsed during year	At 31 Dec 2015	Option price €	Average option price €	Earliest exercise date	Latest expiry date
Gene M. Murtagh										
Standard Share	Vested	36,195	-	-	(36,195)[1]	-	10.90		05/09/2008	05/09/2015
Option Scheme	Vested	48,115	-	-	-	48,115	14.18		05/09/2009	05/09/2016
		84,310	**-**	**-**	**(36,195)**	**48,115**		**14.18**		
Performance	Unvested	244,973	44,883	(82,826)	(15,776)[2]	191,254	0.13		26/02/2016	24/02/2022
Share Plan	Vested	391,818		82,826	(143,800)[1]	330,844	0.13		27/03/2012	28/02/2019
		636,791	**44,883**	**-**	**(159,576)**	**522,098**	**0.13**	**0.13**		
Geoff Doherty										
Performance	Unvested	135,612	27,707	(46,584)	-	116,735			26/02/2016	24/02/2022
Share Plan	Vested	-	-	46,584	(46,584)[3]	-			28/02/2015	28/02/2019
		135,612	**27,707**	**-**	**(46,584)**	**116,735**	**0.13**	**0.13**		
Russell Shiels										
Standard Share	Vested	22,571	-	-	(22,571)[4]	-	10.90		05/09/2008	05/09/2015
Option Scheme	Vested	15,562	-	-	(15,562)[5]	-	14.18		05/09/2009	05/09/2016
		38,133	**-**	**-**	**(38,133)**	**-**				
Performance	Unvested	116,316	24,812	(46,584)	-	94,544			26/02/2016	24/02/2022
Share Plan	Vested	38,000	-	46,584	(84,584)[6]	-			01/03/2014	28/02/2019
		154,316	**24,812**	**-**	**(84,584)**	**94,544**	**0.13**	**0.13**		
Peter Wilson										
Standard Share	Vested	11,884	-	-	(11,884)[7]	-	10.90		05/09/2008	05/09/2015
Option Scheme	Vested	20,462	-	-	-	20,462	14.18		05/09/2009	05/09/2016
		32,346	**-**	**-**	**(11,884)**	**20,462**		**14.18**		
Performance	Unvested	118,244	24,812	(46,584)	-	96,472			26/02/2016	24/02/2022
Share Plan	Vested	147,400	-	46,584	(170,692)[7]	23,292			27/03/2012	28/02/2019
		265,644	**24,812**	**-**	**(170,692)**	**119,764**	**0.13**	**0.13**		
Gilbert McCarthy										
Standard Share	Vested	15,277	-	-	(15,277)[8]	-	10.90		05/09/2008	05/09/2015
Option Scheme	Vested	25,000	-	-	-	25,000	14.18		05/09/2009	05/09/2016
		40,277	**-**	**-**	**(15,277)**	**25,000**		**14.18**		
Performance	Unvested	117,626	24,812	(46,584)	-	95,854			26/02/2016	24/02/2022
Share Plan	Vested	68,000	-	46,584	-	114,584			02/03/2014	28/02/2019
		185,626	**24,812**	**-**	**-**	**210,438**	**0.13**	**0.13**		
Company Secretary										
Lorcan Dowd										
Standard Share	Vested	7,638		-	(7,638)[9]	-	10.90		05/09/2008	05/09/2015
Option Scheme	Vested	10,000	-		(10,000)[10]	-	14.18		05/09/2009	05/09/2016
		17,638	**-**	**-**	**(17,638)**	**-**				
Performance	Unvested	27,730	5,230	(11,180)	-	21,780			26/02/2016	24/02/2022
Share Plan	Vested	14,000	-	11,180	-	25,180			01/03/2014	28/02/2019
		41,730	**5,230**	**-**	**-**	**46,960**	**0.13**	**0.13**		

1 Exercised on 02 September 2015. Market value on day of exercise €21.60.
2 Lapsed on 28 February 2015.
3 Exercised on 05 March 2015. Market value on day of exercise €17.485.
4 Exercised on 28 August 2015. Market value on day of exercise €21.58.
5 Exercised on 24 November 2015. Market value on exercise date €24.6621.
6 Exercised (38,000) on 24 February 2015. Market value on day of exercise €17.75. Exercised (46,584) on 24 November 2015. Market value on day of exercise €24.6621.
7 Exercised (72,384) on 26 February 2015. Market value on day of exercise €17.30. Exercised (86,900) on 27 February 2015. Market value on day of exercise €17.555. Exercised (23,292) on 15 June 2015. Market value on day of exercise €20.24.
8 Exercised on 04 September 2015. Market value on day of exercise €22.00.
9 Exercised on 24 February 2015. Market value on day of exercise €17.68.
10 Exercised on 09 November 2015. Market value on day of exercise €23.45.

Report of the Remuneration Committee

Service contracts: No director has a service contract or notice period in excess of one year.

Former directors: There were no pension payments, payments for loss of office or other remuneration paid to any former directors during the relevant financial year, other than as set out in the table above.

Clawback policy: The Remuneration Committee recognises that there could potentially be circumstances in which performance related pay (either annual bonuses, and/or PSP Awards) is paid out based on misstated results or inappropriate conduct resulting in material damage to the Company. Whilst the Company has robust management and financial controls in place to minimise any such risk, the Committee has put in place formal clawback arrangements for the protection of the Company and its investors. The clawback of performance related pay (comprising the Annual Bonus, the Incremental Performance Bonus and the PSP Awards) would apply in certain circumstances including:

- a material misstatement of the Company's financial results;
- a material breach of an executive's contract of employment;
- any wilful misconduct, recklessness, and/or fraud resulting in serious injury to the financial condition or business reputation of the Company.

Payment of the Annual Bonus is deferred until March of the following year after the audited financial statements have been approved, and the Incremental Performance Bonus is deferred for a period of two years, which the Committee considers are appropriate deferral periods in a manufacturing environment.

Minimum shareholding requirements: The Remuneration Committee recognises that share ownership is important in aligning the interests of management with those of shareholders. The Committee has adopted a policy whereby executive directors are required to build up and retain, within five years of appointment, a minimum holding in Kingspan shares (or fully vested share options) with equivalent market value to 100% base salary. The current shareholdings of the executive directors as a multiple of 2016 salary (as at 31 Dec 2015) are shown in the table below.

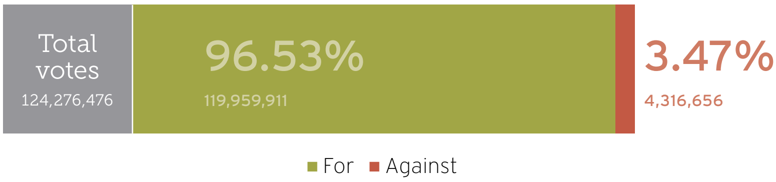
	No. shares held	Multiple of salary
Gene Murtagh	1,128,999	39.3 x times
Geoff Doherty	254,543	12.0 x times
Russell Shiels	368,307	18.2 x times
Peter Wilson	355,712	17.9 x times
Gilbert McCarthy	247,637	12.9 x times

External advisors: During the year the Remuneration Committee obtained independent advice from external remuneration consultants, Mercer, in relation to market trends, comparator benchmarking, developments in remuneration policies and practice and governance best practice. Mercer are members of the Remuneration Consultants Group and signatories to its Code of Conduct, and all advice is provided in accordance with this code. Mercer also provide administration services to Kingspan's all employee Approved Profit Sharing Scheme, but had no other connection with the Group during the year. In light of this the Committee is satisfied that the advice obtained is objective and independent.

Say on pay: Kingspan, as an Irish incorporated company, is not subject to the UK disclosure requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. However, in accordance with Kingspan's commitment to best corporate governance practices and shareholder engagement, the Remuneration Committee has incorporated a number of the disclosure requirements in this report, and the Board, on the recommendation of the Remuneration Committee, will put this Report of the Remuneration Committee to an advisory vote at the forthcoming Annual General Meeting of the Company.

The table below shows the voting outcome at Kingspan's 2015 AGM in relation to the 2014 Directors' Remuneration Report.

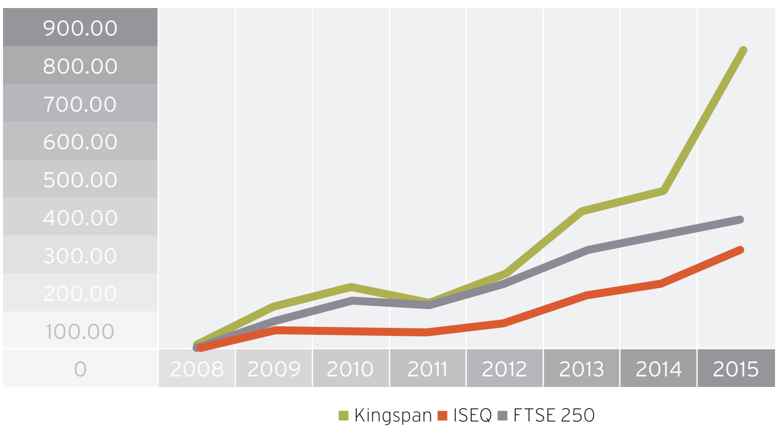
Advisory vote on 2014 Directors' Remuneration Report



Performance graph

This graph shows the Company's TSR performance against the performance of the ISEQ and the FTSE 250 Indices over the seven-year period to 31 December 2014.

Total Shareholder Returns



Elizabeth Macarthur Agricultural Institute (EMAI),
Menangle, Australia

Report of the Audit Committee

On behalf of the Audit Committee I am pleased to present the report of the Committee for the year ended 31 December 2015.

This report details how the Audit Committee has met its responsibilities under its Terms of Reference and under the 2014 UK Corporate Governance Code. During the year the Committee worked with management, the external auditor, internal audit, and other members of the senior management team in fulfilling these responsibilities.

The Audit Committee focused particularly on the appropriateness of the Group's financial statements. The Committee has satisfied itself, and has advised the Board accordingly, that the 2015 Annual Report and Accounts are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The significant issues that the Committee considered in relation to the financial statements and how these issues were addressed are set out in this Report.

One of the Audit Committee's key responsibilities is to review the Group's risk management and internal controls systems, including in particular internal financial controls. During the year, the Committee carried out a robust assessment of the principal risks facing the company and monitored the risk management and internal control systems on an on-going basis. Further details in regard to these matters are also set out in this Report.

The Committee also reviewed the effectiveness of both the external audit process and the internal audit function as part of the continuous improvement of financial reporting and risk management across the Group.

Michael Cawley
Chairman, Audit Committee

Committee Membership

As at 31 December 2015, the Audit Committee comprised Michael Cawley, Linda Hickey and John Cronin. On 7 May 2015, Helen Kirkpatrick retired from the Committee and John Cronin was appointed to the Committee and Michael Cawley was appointed chairman on the same date.

The Board considers that the Committee as a whole has an appropriate and experienced blend of commercial, financial and industry expertise, as set out in the biographies on page 44, to enable it to fulfil its duties and that the Committee chairman, Michael Cawley B.Comm., F.C.A., has appropriate recent and relevant financial experience.

Meetings

The Committee met five times during the year ended 31 December 2015 and an overview of the workings of the Committee is set out below.

Audit Committee activities	**Feb**	**June**	**Aug**	**Sep**	**Dec**
Financial reporting					
Review and approve preliminary & interim results	■		■		
Consider key audit and accounting issues and judgements	■		■		
Consider accounting policies and the impact of new accounting standards	■		■		
Review any related party matters and intended disclosures	■		■		
Review management letter from auditor	■				
Approve going concern and viability statements	■				
Review Annual Report, and confirm it fair balanced and understandable	■				
External auditor					
Plan for year end audit & half year review		■			■
Confirm auditor independence, materiality of fees, and non-audit services		■			■
Approval of audit engagement letter and audit fees					■
Internal audit and risk management controls					
Approve internal audit plan and resources	■	■	■		■
Review of internal audit reports and monitor progress on open actions	■	■	■		■
Review of financial, IT and general controls	■	■	■		■
Monitor Group whistleblowing procedures	■	■	■		■
Assessment of the principal risks and effectiveness of internal control system					■
Governance					
Assurances as to corporate governance and Corporate Governance Code compliance	■			■	
Accounting standards update		■		■	■
Corporate governance update		■		■	■
Evaluation of external and internal audit function		■			

Each Committee meeting was attended by the Group Chief Financial Officer, the Group Financial Controller and the Head of Internal Audit. The external auditor also attended these meetings as required. The Company Secretary is the secretary of the Audit Committee.

The chairman of the Audit Committee also met with both the Head of Internal Audit and the external audit lead partner outside of Committee meetings as required throughout the year.

Role & Responsibilities

The Board has established an Audit Committee to monitor the integrity of the Company's financial statements and the effectiveness of the Group's internal financial controls. The Committee's role and responsibilities are set out in the Committee's terms of reference which are available from the Company and are displayed on the Group's website www.kingspan.com.

This report deals with the key areas in which the Audit Committee plays an active role and has responsibility. These areas are as follows:

1. Financial Reporting and related primary areas of judgement;
2. The External Audit process;
3. The Group's Internal Audit function;
4. Risk Management and Internal controls;
5. Code of Conduct and Whistleblowing.

Financial Reporting

The Committee is responsible for monitoring the integrity of the Group's financial statements and reviewing the financial reporting judgements contained therein. In respect of the year to 31 December 2015, the Committee reviewed:

i. the Group's Interim Management Statements issued in May and October 2015;

ii. the Group's Interim Report for the six months to 30 June 2015; and

iii. the Preliminary Announcement and Annual Report to 31 December 2015.

In carrying out these reviews, the Committee:

- Reviewed the appropriateness of Group accounting policies and monitored changes to and compliance with accounting standards on an on-going basis;
- Discussed with management and the external auditor the critical accounting policies and judgements that had been applied;
- Compared the results with management accounts and budgets, and reviewed reconciliations between these and the final results;
- Discussed a report from the external auditor at that meeting identifying the significant accounting and judgemental issues that arose in the course of the audit;
- Considered the management representation letter requested by the auditor for any non-standard issues and monitored action taken by management as a result of any recommendations;
- Considered key areas in which judgement had been applied in preparation of the financial statements including, but not limited to, a review of fair values on acquisition, the carrying amount of goodwill, intangible assets and property, plant and equipment, litigation and warranty provisions, recoverability of trade receivables, valuation of inventory, hedge accounting treatments and other treasury matters and tax matters.

The primary areas of judgement considered by the Committee in relation to the Group's 2015 financial statements, and how they were addressed by the Committee are set out below.

Each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the Committee.

In addition, the Internal Audit team review the businesses covered in their annual Internal Audit Plan, as agreed by the Committee, and report their findings to the Audit Committee throughout the year. These internal audit reviews are focused on areas of judgement such as warranty provisions, trade receivables and inventory and provide the Committee information on the adequacy and appropriateness of provisions in these areas.

Consideration of impairment of goodwill

The Committee considered the annual impairment assessment of goodwill prepared by management for each Cash Generating Unit (CGU) using a discounted cash flow analysis based on the strategic plans approved by the Board, including a sensitivity analysis on key assumptions. The primary judgement areas were the achievability of the long term business plans and the key macroeconomic and business specific assumptions. In considering the matter the Committee discussed with management the judgements made and the sensitivities performed. Further detail of the methodology is set out in note 10 to the financial statements.

Adequacy of warranty provisions

The Committee reviewed the judgements applied by management in assessing both specific and risk based warranty provisions at 31 December 2015. The Committee reviewed and discussed with management the monthly reports presented to the Board which set out, for each of the Group's divisions, warranty provisions and warranty costs and which analyse these costs as a percentage of divisional sales.

Recoverability of trade receivables and adequacy of provision

The Committee reviewed the judgements applied by management in determining the bad debts provision at 31 December 2015. The Committee reviewed and discussed with management the monthly Board report which sets out aged analysis of gross debtor balances and associated bad debt provisions and reviewed security (including credit insurance) that is in place.

Valuation of inventory and adequacy of inventory provision

The Committee reviewed the valuation and provisioning for inventory at 31 December 2015. The main area of judgement was the level of provisioning required for slow moving and obsolete inventory.
The Committee reviewed and discussed with management the monthly Board report which sets out, for each of the Group's divisions, gross inventory balances and associated impairment provisions including an analysis by inventory, category and ageing.

Taxation

Provisioning for potential current tax liabilities and the level of deferred tax asset recognition in relation to accumulated tax losses are underpinned by a range of judgements. The Committee addresses these issues through a range of reporting from senior management and a process of challenging the appropriateness of management's views including the degree to which these are supported by professional advice from external legal and other advisory firms.

The Group's accounting manual sets out detailed policies that prescribe the

Report of the Audit Committee

methodology to be used by management in calculating the above provisions. Each division formally confirms compliance with these policies on an annual basis.

Accounting for acquisitions

Total acquisition consideration in 2015 amounted to €498m. The Committee discussed with management and the external auditor the accounting treatment for newly acquired businesses, and the related judgements made by management, and were satisfied that the treatment in the Group's financial statements was appropriate.

External auditor

The Audit Committee has responsibility for overseeing the Group's relationship with the external auditor including reviewing the quality and effectiveness of their performance, their external audit plan and process, their independence from the Group, their appointment and their audit fee proposals.

Performance & audit plan

Following the completion of the 2014 year-end audit, the Committee carried out a review of the effectiveness of the external auditor and the audit process. This review involved discussions with both Group management and internal audit and feedback provided by divisional management. The Committee continues to monitor the performance and objectivity of the external auditor and take this into consideration when making its recommendations to the Board on the remuneration, the terms of engagement and the re-appointment, or otherwise, of the external auditor.

Prior to commencement of the 2015 year-end audit and half-year review, the Committee approved the external auditor's work plan and resources and agreed with the auditor various key areas of focus, including accounting for acquisitions, impairments, warranty provisions, as well as a particular focus on certain higher risk jurisdictions.

During the year the Committee met with the external auditor without management being present. This meeting provided the opportunity for direct dialogue and feedback between the Committee and the auditor, where they discussed inter alia some of the key audit management letter points.

Independence

The Committee is responsible for ensuring that the external auditor is objective and independent. KPMG has been the Group's auditor since 2011, following a formal tender process in which a number of leading global firms submitted written tenders and presentations. This was the last formal tender process carried out by the Group. The lead audit partner is rotated every five years to ensure that independence and objectivity is maintained.

The Committee received confirmation from the auditor that they are independent of the Group under the requirements of the Auditing Practices Board's Ethical Standards for Auditors. The auditor also confirmed that they were not aware of any relationships between the Group and the firm or between the firm and any persons in financial reporting oversight roles in the Group that may affect its independence.

In addition and to further ensure independence, the Committee has a policy on the provision of non-audit services by the external auditor that seeks to ensure that the services provided by the external auditor are not, or are not perceived to be, in conflict with auditor independence. By obtaining an account of all relationships between the external auditor and the Group, and by reviewing the economic importance of the Group to the external auditor by monitoring the audit fees as a percentage of total income generated from the relationship with the Group, the Committee ensured that the independence of the external audit was not compromised. The Company's policy provides that fees for non-audit services performed by the external auditor should not exceed 50% of the audit fee in any year. An analysis of fees paid to the external auditor, including the non-audit fees, is set out in note 6.

Internal audit

The Committee reviewed the annual internal audit plan, which the Committee believes is appropriate to the scope and nature of the Group. The internal audit plan is risk based, with all divisions audited every year, and all new businesses being audited within 12 months of acquisition.

The Committee received quarterly reports from the Head of Internal Audit which were considered. These reports enable the Committee to monitor the progress of the internal audit plan, to discuss key findings and management responses thereto, and to monitor any action points arising therefrom.

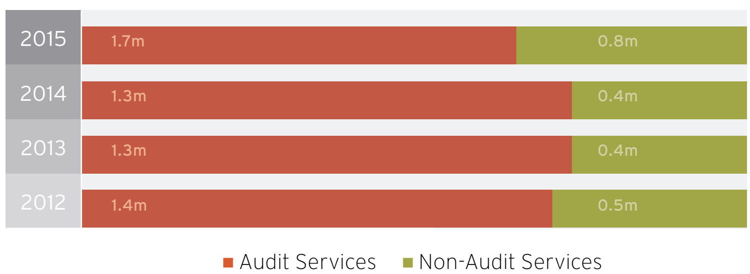
The Committee continually reviews and monitors the effectiveness of the internal audit function based on discussions with Group management, the Group's external auditor and feedback provided by divisional management. The Committee was satisfied that the internal audit function is working effectively, validating existing controls and improving risk management across the Group.

Risk Management & Internal controls

The Audit Committee has been delegated responsibility, by the Board, for monitoring and reviewing the effectiveness of the Group's system of risk management and internal control, which includes the financial, operational and compliance controls.

The Audit Committee monitors and reviews the Group's risk management and internal control processes on an ongoing basis through detailed discussions with management and executive directors, the review and approval of the internal audit reports, which focus on the areas of greatest risk to the Group, and the external audit reports, as part of both the year-end

Audit v Non Audit Services Remuneration



audit and the half year review process, all of which highlight the key areas of control weakness in the Group. All weaknesses identified by either internal or external audit are discussed by the Committee with Group management and an implementation plan for the targeted improvements to these systems is put in place. The implementation plan is being overseen by the Group Chief Financial Officer and the Committee is satisfied that this plan is being properly executed.

As part of its standing schedule of business, the Committee carried out an annual risk assessment of the business to formally identify the key risks facing the Group. Full details of this risk assessment and the key risks identified are set out in the Risk & Risk Management section of this Annual Report on page 30.

These processes, which are used by the Audit Committee to monitor the effectiveness of the Group's system of risk management and internal control, are in place throughout the accounting period and remain in place up to the date of approval of this Annual Report.

The main features of the Group's internal control and risk management systems that specifically relate to the Group's financial reporting and accounts consolidation process are set out in the Corporate Governance Statement on page 55.

Whistleblowing procedures

The Group has a Code of Conduct, setting the standard by which all employees across the Group are expected to conduct themselves. Every employee is made of aware of this Code of Conduct which is available on the Group's website www.kingspan.com.

Based on the standards set out in this Code of Conduct, the Group employs a comprehensive, confidential and independent whistleblowing phone service to allow all employees to raise their concerns about their working environment and business practices. This service then allows management and employees to work together to address any instances fraud, abuse and other misconduct in the workplace.

Any instances of fraud, abuse or misconduct reported on the whistleblowing phone service are reported to the Head of Internal Audit and the Company Secretary, who then evaluate each incident for onward communication to the Committee. This onwards communication consists of the full details of the incident, key control failures, any financial loss and actions for improvement.

During the year, the Committee reviewed the Group's whistleblowing process and were satisfied with the design and operating effectiveness of the process.


The Remarkables, Gibbston, New Zealand

Financial Statements 2015

Opinion and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Kingspan Group plc for the year ended 31 December 2015 as set out on pages 74 to 115. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2015 and of its profit for the year then ended;
- the company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2015;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the company statement of financial position has been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the company statement of financial position and Group financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the Group financial statements, the risks of material misstatement that had the greatest effect on our Group audit were as follows:

Acquisition accounting – total consideration of €498.3 million (2014: €114.4 million)

Refer to page 68 (Report of the Audit Committee), page 84 (accounting policy) and note 23 to the financial statements.

The risk

The Group completed two significant acquisitions (Joris Ide and Vicwest) during the year. The acquired businesses comprise a number of components in multiple jurisdictions and accounting for the completed transactions involves estimating the fair value at acquisition date of the assets and liabilities of each component, including the identification and valuation, where appropriate, of intangible assets. Significant judgement is involved in relation to the assumptions used in this valuation process. There is a risk that these assumptions are inappropriate.

Our response

Our audit procedures in this area included an inspection of the legal agreements underpinning each transaction. We examined the information contained in due diligence reports and business case submissions proposing the acquisitions made to the board. We assessed the accounting entries used to record each acquisition, the acquisition date assets and liabilities of each of the acquired entities and the fair value adjustments made thereto. We also challenged the Group's critical assumptions in relation to the identification and valuation of intangible assets by assessing whether all intangible assets had been appropriately identified; by considering the appropriateness of the methodology used to value the intangible assets; by comparing the key assumptions used to external data, where available; and by ensuring the arithmetic accuracy of calculations underpinning the values. We considered whether the resulting goodwill balances appeared reasonable. We also assessed whether the disclosures made were appropriate.

Warranty provisions €83.6 million (2014: €55.8 million)

Refer to page 67 (Report of the Audit Committee), page 87 (accounting policy) and note 21 to the financial statements.

The risk

The Group's business involves the sale of products under warranty which consistently use new technology and applications. Accordingly, the Group has recorded significant warranty provisions which are inherently judgemental in nature. These provisions are required in order for the Group to record an appropriate estimate of the ultimate costs of repairing and replacing product that proves to be faulty.

Our response

Our audit procedures included consideration of the nature and basis of the provisions, the range of potential outcomes, correspondence in relation to specific claims, and relevant settlement history of provisions and claims. We considered the rollout of new technology and products and challenged management's assumptions by considering external data and past settlements, where necessary. We substantively tested material movements in the provision. We also considered the ageing, accounting for movements in the provision balances and the related disclosures to ensure compliance with IAS 37.

Goodwill €821.2 million (2014: €475.3 million)

Refer to page 67 (Report of the Audit Committee), page 84 (accounting policy) and note 10 to the financial statements.

The risk

There is a risk in respect of the recoverability of the Group's goodwill if future cash flows are not sufficient to recover the Group's investment; this could occur if demand is weak or due to the nature of the cost base in certain markets. We focus on this area due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability.

Our response

Our audit procedures in this area included assessing the Group's impairment model or models (for each CGU) and evaluating the assumptions used by the Group in the model, specifically the cash flow projections, perpetuity rates and discount rates. We compared the Group's assumptions, where possible, to externally derived data and performed our own assessment in relation to key model inputs, such as projected economic growth, competition, cost inflation and discount rates. We examined the sensitivity analysis performed by Group management and performed our own sensitivity analysis in relation to the key assumptions. We compared the sum of the discounted cash flows to the Group's market capitalisation. We also assessed whether the disclosures in relation to the key assumptions and in respect of the sensitivity of the outcome of the impairment assessment to changes in those key assumptions were appropriate.

While, as in prior years, we have performed appropriate audit procedures in relation to inventory and trade receivables, we have not included these as significant risks of material misstatement. These have been excluded because, as the Group continues to expand, in particular through acquisition, it is proportionally less exposed to losses on individual inventory items or receivables; and the history of the Group is that unexpected losses have not occurred in previous years. As a result, these areas no longer represent risks of material misstatement which had the greatest effect on our overall strategy and allocation of resources in our audit.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at €10.5 million (2014: €6.0 million). This has been calculated using a benchmark of Group profit before taxation, of which it represents 5% (2014: 5%), which we have determined, in our professional judgement, to be one of the principal benchmarks within the financial statements relevant to members of the company in assessing financial performance.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit in excess of €250,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The structure of the Group's finance function is such that certain transactions and balances are accounted for by the central Group finance team, with the remainder accounted for in the Group's reporting components. We performed audit procedures, including those in relation to the significant risks set out above, on those transactions and balances accounted for at Group and component level. At a component level, audits for Group reporting purposes were performed for key identified reporting components. Our audits covered 95% of total Group revenue, 97% of Group profit before taxation and 96% of Group total assets.

The audits undertaken for Group reporting purposes at the key reporting components were all performed to component materiality levels. These component materiality levels were set individually for each component and ranged from €500,000 to €4,500,000. Detailed audit instructions were sent to the auditor in all of these identified components. These instructions covered the significant audit areas to be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported to the Group audit team.

Members of the Group audit team, including the lead engagement partner, attended each divisional closing meeting at which the results of all component audits within that division were discussed with divisional and Group management. The Group audit team also visited certain component locations in order to assess the audit risk and strategy and work undertaken. Video and telephone conference meetings were also held with these component auditor and certain others that were not physically visited. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4 We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of Risk & Risk Management on pages 30 to 31, concerning the principal risks, their management, and, based on that statement, the directors' assessment and expectation of the Group's continuing in operation over the 3 years to February 2019; or
- the disclosures on page 48 of the financial statements concerning the use of the going concern basis of accounting.

5 We have nothing to report in respect of the matters on which we are required to report by exception

ISAs (UK and Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; or
- the Report of the Audit Committee does not appropriately disclose those matters that we communicated to the Audit Committee.

The Listing Rules of the Irish Stock Exchange require us to review:

- the directors' statement, set out on page 48, in relation to going concern;
- the part of the Corporate Governance Statement on pages 50 to 55 relating to the company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance annex specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of directors' remuneration Committee.

In addition, the Companies Act require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

6 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The company statement of financial position is in agreement with its accounting records and in our opinion adequate accounting records have been kept by the company.

In our opinion the information given in the Directors' Report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements is consistent with the Group financial statements.

In addition we report, in relation to information given in the Corporate Governance Statement on pages 50 to 55, that:

- based on knowledge and understanding of the Group and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention;
- based on the work undertaken in the course of our audit, in our opinion.

- the description of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 and specified by the Companies Act 2014 for our consideration, are consistent with the financial statements and have been prepared in accordance with the Companies Act 2014, and

- the Corporate Governance Statement contains the information required by the Companies Act 2014.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 49, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group and company financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK and Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK and Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of accounting and reporting.

Our report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Ireland

22 February 2016

Consolidated Income Statement
for the year ended 31 December 2015

Note		2015 €m	2014 €m
2	**REVENUE**	**2,774.3**	1,891.2
	Cost of sales	**(1,966.9)**	(1,375.1)
	GROSS PROFIT	**807.4**	516.1
	Operating costs, excluding intangible amortisation	**(551.5)**	(367.6)
2	**TRADING PROFIT**	**255.9**	148.5
2	Intangible amortisation	**(9.1)**	(4.9)
4	Non trading items	**-**	(2.1)
	OPERATING PROFIT	**246.8**	141.5
5	Finance expense	**(15.1)**	(14.6)
5	Finance income	**0.3**	0.6
6	**PROFIT FOR THE YEAR BEFORE INCOME TAX**	**232.0**	127.5
8	Income tax expense	**(41.4)**	(21.0)
	NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**190.6**	106.5
	Attributable to owners of Kingspan Group plc	**188.1**	107.2
29	Attributable to non-controlling interests	**2.5**	(0.7)
		190.6	106.5
	EARNINGS PER SHARE FOR THE YEAR		
9	Basic	**106.7c**	62.6c
9	Diluted	**105.0c**	61.3c

Gene M. Murtagh, Chief Executive Officer
Geoff Doherty, Chief Financial Officer
22 February 2016

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2015

Note		2015 €m	2014 €m
	Profit for the year	**190.6**	106.5
	Other comprehensive income:		
	Items that may be reclassified subsequently to profit or loss		
	Exchange differences on translating foreign operations	**40.6**	58.2
	Effective portion of changes in fair value of cash flow hedges	**3.2**	0.6
22	Income taxes relating to changes in fair value of cash flow hedges	**(0.1)**	(0.1)
	Items that will not be reclassified subsequently to profit or loss		
33	Actuarial gains/(losses) on defined benefit pension schemes	**1.8**	(6.7)
22	Income taxes relating to actuarial gains/(losses) on defined benefit pension schemes	**(0.2)**	0.8
	Total other comprehensive income	**45.3**	52.8
	Total comprehensive income for the year	**235.9**	159.3
	Attributable to owners of Kingspan Group plc	**232.5**	159.2
29	Attributable to non-controlling interests	**3.4**	0.1
		235.9	159.3

Consolidated Statement of Financial Position
As at 31 December 2015

Note		2015 €m	2014 €m
	ASSETS		
	NON-CURRENT ASSETS		
10	Goodwill	**821.2**	475.3
11	Other intangible assets	**78.4**	31.2
13	Property, plant and equipment	**619.1**	497.0
12	Investment in joint ventures	**-**	8.4
20	Derivative financial instruments	**29.6**	15.4
33	Retirement benefit assets	**7.8**	4.7
22	Deferred tax assets	**10.9**	7.0
		1,567.0	1,039.0
	CURRENT ASSETS		
15	Inventories	**293.5**	236.5
16	Trade and other receivables	**474.5**	364.0
20	Derivative financial instruments	**2.1**	11.3
	Cash and cash equivalents	**212.0**	185.7
		982.1	797.5
	TOTAL ASSETS	**2,549.1**	1,836.5
	LIABILITIES		
	CURRENT LIABILITIES		
17	Trade and other payables	**468.2**	337.2
21	Provisions for liabilities	**47.2**	29.6
20	Derivative financial instruments	**0.1**	0.6
19	Deferred contingent consideration	**9.5**	0.6
18	Interest bearing loans and borrowings	**98.7**	132.7
	Current income tax liabilities	**64.5**	42.6
		688.2	543.3
	NON-CURRENT LIABILITIES		
33	Retirement benefit obligations	**15.1**	16.4
21	Provisions for liabilities	**36.4**	26.2
18	Interest bearing loans and borrowings	**470.9**	204.6
22	Deferred tax liabilities	**44.1**	22.1
19	Deferred contingent consideration	**0.6**	14.8
		567.1	284.1
	TOTAL LIABILITIES	**1,255.3**	827.4
	NET ASSETS	**1,293.8**	1,009.1
	EQUITY		
24	Share capital	**23.3**	23.0
25	Share premium	**92.5**	48.4
	Capital redemption reserve	**0.7**	0.7
26	Treasury shares	**(11.3)**	(30.7)
	Other reserves	**(17.7)**	(63.2)
	Retained earnings	**1,194.9**	1,022.9
	EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC	**1,282.4**	1,001.1
29	**NON-CONTROLLING INTEREST**	**11.4**	8.0
	TOTAL EQUITY	**1,293.8**	1,009.1

Gene M. Murtagh, Chief Executive Officer
Geoff Doherty, Chief Financial Officer
22 February 2016

Consolidated Statement of Changes in Equity
for the year ended 31 December 2015

	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Treasury Shares €m	Translation Reserve €m	Cashflow Hedging Reserve €m	Share Based Payment Reserve €m	Revaluation Reserve €m	Retained Earnings €m	Total Attributable to Owners of the Parent €m	Non-Controlling Interest €m	Total Equity €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												
Employee share based compensation	0.3	9.0	-	-	-	-	8.1	-	-	17.4	-	**17.4**
Tax on employee share based compensation	-	-	-	-	-	-	6.3	-	2.4	8.7	-	**8.7**
Exercise or lapsing of share options	-	-	-	-	-	-	(11.7)	-	11.7	-	-	-
Transfer of shares	-	35.1	-	19.4	-	-	-	-	-	54.5	-	**54.5**
Dividends	-	-	-	-	-	-	-	-	(31.8)	(31.8)	-	**(31.8)**
Transactions with owners	**0.3**	**44.1**	**-**	**19.4**	**-**	**-**	**2.7**	**-**	**(17.7)**	**48.8**	**-**	**48.8**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	188.1	188.1	2.5	**190.6**
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss												
Cash flow hedging in equity												
- current year	-	-	-	-	-	3.2	-	-	-	3.2	-	**3.2**
- tax impact	-	-	-	-	-	(0.1)	-	-	-	(0.1)	-	**(0.1)**
Exchange differences on translating foreign operations	-	-	-	-	39.7	-	-	-	-	39.7	0.9	**40.6**
Items that will not be reclassified subsequently to profit or loss												
Actuarial gains on defined benefit pension scheme	-	-	-	-	-	-	-	-	1.8	1.8	-	**1.8**
Income taxes relating to actuarial gains on defined benefit pension scheme	-	-	-	-	-	-	-	-	(0.2)	(0.2)	-	**(0.2)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**39.7**	**3.1**	**-**	**-**	**189.7**	**232.5**	**3.4**	**235.9**
Balance at 31 December 2015	**23.3**	**92.5**	**0.7**	**(11.3)**	**50.9**	**2.9**	**29.6**	**0.7**	**1,194.9**	**1,282.4**	**11.4**	**1,293.8**

Consolidated Statement of Changes in Equity
for the year ended 31 December 2014

	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Treasury Shares €m	Translation Reserve €m	Cashflow Hedging Reserve €m	Share Based Payment Reserve €m	Revaluation Reserve €m	Retained Earnings €m	Total Attributable to Owners of the Parent €m	Non-Controlling Interest €m	Total Equity €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												
Employee share based compensation	0.3	5.3	-	-	-	-	7.7	-	-	13.3	-	**13.3**
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)
Transactions with owners	**0.3**	**5.3**	**-**	**-**	**-**	**-**	**5.0**	**-**	**(20.4)**	**(9.8)**	**-**	**(9.8)**
Total comprehensive income for the year												
Profit/(loss) for the year	-	-	-	-	-	-	-	-	107.2	107.2	(0.7)	**106.5**
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss												
Cash flow hedging in equity												
- current year	-	-	-	-	-	0.6	-	-	-	0.6	-	**0.6**
- tax impact	-	-	-	-	-	(0.1)	-	-	-	(0.1)	-	**(0.1)**
Exchange differences on translating foreign operations	-	-	-	-	57.4	-	-	-	-	57.4	0.8	**58.2**
Items that will not be reclassified subsequently to profit or loss												
Actuarial loss on defined benefit pension scheme	-	-	-	-	-	-	-	-	(6.7)	(6.7)	-	**(6.7)**
Income taxes relating to actuarial loss 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**

Consolidated Statement of Cash Flows
for the year ended 31 December 2015

Note		2015 €m	2014 €m
	OPERATING ACTIVITIES		
31	Cash generated from operations	**379.7**	168.9
	Income tax paid	**(28.7)**	(14.8)
	Interest paid	**(14.8)**	(14.5)
	Net cash flow from operating activities	**336.2**	139.6
	INVESTING ACTIVITIES		
	Additions to property, plant and equipment	**(79.3)**	(45.4)
	Proceeds from disposals of property, plant and equipment	**9.8**	14.5
23	Purchase of subsidiary undertakings	**(434.4)**	(100.5)
	Payment of deferred contingent consideration in respect of acquisitions	**(4.3)**	(4.5)
	Interest received	**0.3**	0.6
	Net cash flow from investing activities	**(507.9)**	(135.3)
	FINANCING ACTIVITIES		
	Drawdown of bank loans	**336.5**	-
	Repayment of bank loans	**(119.3)**	(4.3)
	Finance lease liability payment	**(0.5)**	(0.1)
	Proceeds from share issues	**9.3**	5.5
28	Dividends paid	**(31.8)**	(25.3)
	Net cash flow from financing activities	**194.2**	(24.2)
	INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**22.5**	(19.9)
	Translation adjustment	**3.8**	9.0
	Cash and cash equivalents at the beginning of the year	**185.7**	196.6
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**212.0**	185.7

Company Statement of Financial Position
As at 31 December 2015

Note		2015 €m	2014 €m
	ASSETS		
	NON-CURRENT ASSETS		
14	Investments in subsidiaries	**1,164.3**	1,104.0
	CURRENT ASSETS		
	Receivables	**184.3**	197.5
	TOTAL ASSETS	**1,348.6**	1,301.5
	LIABILITIES		
	CURRENT LIABILITIES		
	Payables	**(0.1)**	(0.1)
	TOTAL LIABILITIES	**(0.1)**	(0.1)
	NET ASSETS	**1,348.5**	1,301.4
	EQUITY		
	Equity attributable to owners of Kingspan Group plc		
24	Share capital	**23.3**	23.0
25	Share premium	**92.5**	48.4
	Capital redemption reserve	**0.7**	0.7
26	Treasury shares	**(11.3)**	(30.7)
27	Retained earnings	**1,243.3**	1,260.0
	TOTAL EQUITY	**1,348.5**	1,301.4

Gene M. Murtagh, Chief Executive Officer
Geoff Doherty, Chief Financial Officer
22 February 2016

Company Statement of Changes in Equity
for the year ended 31 December 2015

	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Treasury Shares €m	Retained Earnings €m	Shareholders' Equity €m
Balance at 1 January 2015	23.0	48.4	0.7	(30.7)	1,260.0	**1,301.4**
Shares issued	0.3	9.0	-	-	-	**9.3**
Transfer of shares	-	35.1	-	19.4	-	**54.5**
Employee share based compensation	-	-	-	-	8.1	**8.1**
Dividends	-	-	-	-	(31.8)	**(31.8)**
Transactions with owners	0.3	44.1	-	19.4	(23.7)	**40.1**
Profit for the year	-	-	-	-	7.0	**7.0**
Balance at 31 December 2015	23.3	92.5	0.7	(11.3)	1,243.3	**1,348.5**

	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Treasury Shares €m	Retained Earnings €m	Shareholders' Equity €m
Balance at 1 January 2014	22.7	43.1	0.7	(30.7)	1,272.2	**1,308.0**
Shares issued	0.3	5.3	-	-	-	**5.6**
Employee share based compensation	-	-	-	-	7.7	**7.7**
Dividends	-	-	-	-	(25.3)	**(25.3)**
Transactions with owners	0.3	5.3	-	-	(17.6)	**(12.0)**
Profit for the year	-	-	-	-	5.4	**5.4**
Balance at 31 December 2014	23.0	48.4	0.7	(30.7)	1,260.0	**1,301.4**

Company Statement of Cash Flows
for the year ended 31 December 2015

	2015 €m	2014 €m
OPERATING ACTIVITIES		
Profit for the year before tax	**7.0**	5.4
Change in payables	-	(0.3)
Net cash flow from operating activities	**7.0**	5.1
FINANCING ACTIVITIES		
Change in receivables	**15.5**	14.7
Proceeds from share issues	**9.3**	5.5
Dividends paid	**(31.8)**	(25.3)
Net cash flow from financing activities	**(7.0)**	(5.1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**-**	-
Net increase in cash and cash equivalents	**-**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	**-**	-

1. STATEMENT OF ACCOUNTING POLICIES

General information
Kingspan Group plc is a public limited company registered and domiciled in Ireland, with its registered office at Dublin Road, Kingscourt, Co Cavan.

The Group's principal activities comprise the manufacture of insulated panels, rigid insulation boards, architectural facades, raised access floors, and environmental solutions. The Group's principal subsidiary and joint venture undertakings are set out in the Group Companies section of this Annual Report.

Statement of compliance
The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU and those parts of the Companies Act 2014, applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

The Company has availed of the exemption in Section 304 of the Companies Act 2014 and has not presented the Company Income Statement, which forms part of the Group's financial statements, to its members and the Registrar of Companies.

Basis of preparation
The financial statements have been prepared under the historical cost convention, as modified by:
- measurement at fair value of share based payments at initial date of award;
- derivative financial instruments and deferred contingent consideration recognised at fair value;
- recognition of the defined benefit liability as plan assets less the present value of the defined benefit obligation.

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise stated.

These consolidated financial statements have been prepared in Euro. The Euro is the presentation currency of the Group and the functional currency of the Company.

The Group uses a number of non-GAAP measures throughout these financial statements for clarity and to give a better understanding of the performance of the business. These non-GAAP measures have been defined in Non-GAAP Information on page 116.

Changes in Accounting Policies and Disclosures
The Group adopted Annual Improvements to IFRSs 2011 to 2013 Cycle for the first time in the current financial year with no significant impact on the Group's result for the year or financial position.

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing these consolidated financial statements. These new standards, amendments to standards and interpretations are either not expected to have a material impact on the Group's financial statements or are still under assessment by the Group.

The new standards, amendments to standards and interpretations are as follows:

	Effective Date – periods beginning on or after
IAS 19 Amendment: *Defined Benefit Plans: Employee Contributions*	1 February 2015
Annual Improvements to IFRSs 2010 to 2012 Cycle	1 February 2015
Amendments to IFRS 11: *Accounting for acquisitions of interests in Joint Operations*	1 January 2016
Amendments to IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment and* IAS 41 *Bearer plants*	1 January 2016
IFRS 14: *Regulatory Deferral Accounts*	1 January 2016
Amendments to IAS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture (September 2014)*	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: *Applying the consolidation exception (December 2014)*	1 January 2016
Amendments to IAS 1: *Disclosure Initiative*	1 January 2016
Annual Improvements to IFRSs 2012 to 2014 Cycle	1 January 2016
IFRS 15: *Revenue from contracts with customers*	1 January 2018
IFRS 9 *Financial Instruments (2009 and subsequent amendments in 2010 and 2013)*	1 January 2018

Basis of consolidation
The Group's consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings as well as the financial statements of joint ventures under the equity method of accounting, drawn up to 31 December each year.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are included in the Group financial statements from the date on which control over the entity is obtained and cease to be consolidated from the date on which control is transferred out of the Group.

Joint ventures
Joint ventures are entities in which the Group holds an interest on a long term basis and which are jointly controlled by the Group and one or more other venturers under a contractual arrangement.

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Basis of consolidation (cont'd)

In accordance with IFRS 11 *Joint Arrangements*, the Group's interest in joint ventures are accounted for using the equity method. Joint ventures are initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income, until the date on which joint control ceases.

Transactions eliminated on consolidation

Intragroup transactions and balances, and any unrealised gains arising from such transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the equity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

Segment reporting

The Group's accounting policy for identifying segments is based on internal management reporting information that is routinely reviewed by the Chief Operating Decision Maker (CODM). The measurement policies used for the segment reporting under IFRS 8 are the same as those used in the consolidated financial statements. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, finance income and expenses and tax assets and liabilities.

The Group has determined that it has four operating segments: Insulated Panels, Insulation Boards, Environmental and Access Floors.

Revenue recognition

Revenue represents the fair value of goods supplied to external customers net of trade discounts, rebates and value added tax/sales tax. Revenue is recognised when the significant risks and rewards of ownership have passed to the customer, it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably, which usually arises on delivery of the goods.

Research and Development

Expenditure on research and development is recognised as an expense in the period in which it is incurred. An asset is recognised only when all the conditions set out in IAS 38 *Intangible Assets* are met.

Business Combinations

Business combinations are accounted for using the acquisition method as at the date of acquisition.

In accordance with IFRS 3 *Business Combinations*, the fair value of consideration paid for a business combination is measured as the aggregate of the fair values at the date of exchange of assets given and liabilities incurred or assumed in exchange for control. The assets, liabilities and contingent liabilities of the acquired entity are measured at fair value as at the acquisition date. When the initial accounting for a business combination is determined, it is done so on a provisional basis with any adjustments to these provisional values made within 12 months of the acquisition date and are effective as at the acquisition date.

To the extent that deferred consideration is payable as part of the acquisition cost and is payable after one year from the acquisition date, the deferred consideration is discounted at an appropriate interest rate and, accordingly, carried at net present value in the Group Balance Sheet. The discount component is then unwound as an interest charge in the Consolidated Income Statement over the life of the obligation.

Where a business combination agreement provides for an adjustment to the cost of a business acquired contingent on future events, the Group accrues the fair value of the additional consideration payable as a liability at acquisition date. This amount is reassessed at each subsequent balance sheet date with any adjustments recognised in the Income Statement.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is re-measured at the acquisition date through the Income Statement.

Transaction costs are expensed to the Income Statement as incurred.

Goodwill

Goodwill arises on business combinations and represents the difference between the fair value of the consideration and the fair value of the Group's share of the identifiable net assets of a subsidiary at the date of acquisition.

Pre 1 January 2010 goodwill on acquisition was 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.

Since 1 January 2010 the Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain ("negative goodwill") is recognised immediately in the Income Statement.

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. The cash-generating units represent the lowest level within the Group which generate largely independent cash inflows and these units are not larger than the operating segments (before aggregation) determined in accordance with IFRS 8 *Operating Segments*.

Goodwill is tested for impairment at the same level as the goodwill is monitored by management for internal reporting purposes, which is either at the individual or combination cash-generating unit level.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. The goodwill impairment tests are undertaken at a consistent time in each year. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Income Statement. Impairment losses arising in respect of goodwill are not reversed following recognition.

On disposal of a subsidiary, the attributable amount of goodwill, not previously written off to reserves, is included in the calculation of the profit or loss on disposal.

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Intangible Assets (other than goodwill)
Intangible assets separately acquired are capitalised at cost. Intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition.

Following initial recognition, intangible assets, which have finite useful lives, are carried at cost or initial fair value less any accumulated amortisation and accumulated impairment losses.

The amortisation of intangible assets is calculated to write off the book value of intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. Where amortisation is charged on these assets, the expense is recognised in the Income Statement.

In addition to any annual amortisation charge, the carrying amount of intangible assets is reviewed for indicators of impairment at each reporting date and is subject to impairment testing when events or changes of circumstances indicate that the carrying values may not be recoverable.

The estimated useful lives are as follows:

Customer relationships	2 - 6 years
Trademarks & Brands	2 - 12 years
Patents	8 years
Technological know how	5 - 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

Foreign currency
Functional and presentation currency
The individual financial statements of each Group company are measured and presented in the currency of the primary economic environment in which the company operates, the functional currency. The Group Financial Statements are presented in Euro, which is the Company's functional currency.

Transactions and balances
Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date. All currency translation differences on monetary assets and liabilities are taken to the Income Statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are initially translated at the exchange rate at the date of acquisition and then subsequently these foreign entities are treated as assets and liabilities of a foreign entity and are translated at the closing rate.

Exchange rates of material currencies used were as follows:

	Average rate		Closing Rate	
Euro =	**2015**	2014	**2015**	2014
Pound Sterling	**0.726**	0.806	**0.735**	0.780
US Dollar	**1.110**	1.328	**1.090**	1.215
Canadian Dollar	**1.419**	1.467	**1.515**	1.409
Australian Dollar	**1.478**	1.473	**1.491**	1.483
Czech Koruna	**27.282**	27.534	**27.022**	27.744
Polish Zloty	**4.184**	4.185	**4.266**	4.259
Hungarian Forint	**309.93**	308.69	**314.90**	314.85

Foreign operations
The Income Statement, Balance Sheet and Cash Flow Statement of Group companies that have a functional currency different from that of the Company are translated as follows:

- Assets and liabilities at each reporting date are translated at the closing rate at the date of that balance sheet.
- Results and cash flows are translated at actual exchange rates for the year, or an average rate where this is a reasonable approximation.

All resulting exchange differences are recognised as a separate component of equity, the translation reserve.

On disposal of a foreign operation, any such cumulative retranslation differences, previously recognised in equity, are reclassified to the income statement as part of gain or loss on disposal. In accordance with IFRS 1, cumulative currency translation differences arising prior to the transition date to IFRS are not taken into account in ascertaining the gain or loss on disposal of a foreign operation.

Inventories
Inventories are stated at the lower of cost and net realisable value.

Cost is based on the first-in, first-out principle and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

- Raw materials are valued at the purchase price including transport, handling costs and net of trade discounts.
- Work in progress and finished goods are carried at cost consisting direct materials, direct labour and directly attributable production overheads and other costs incurred in bringing them to their existing location and condition.

Net realisable value represents the estimated selling price less all further costs to completion all appropriate marketing, selling and distribution costs.

A provision is made, where necessary, in all inventory categories for obsolete, slow-moving and defective items.

Income tax
Income tax in the income statement represents the sum of current income tax and deferred tax not recognised in other comprehensive income or directly in equity.

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Income tax (cont'd)

Current tax

Current income represents the expected tax payable or recoverable on the taxable profit for the year using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and taking into account any adjustments arising from prior years. Liabilities for uncertain tax positions are recognised based on the Directors best probability weighted estimate of the probable outflow of economic resources that will be required to settle the liability.

Deferred tax

Deferred tax is recognised on all temporary differences at the reporting date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences (i.e. differences that will result in taxable amounts in future periods when the carrying amount of the asset or liability is recovered or settled).

Deferred tax assets are recognised in respect of all deductible temporary differences (i.e. differences that give rise to amounts which are deductible in determining taxable profits in future periods when the carrying amount of the asset or liability is recovered or settled), carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which to offset these items.

The carrying amounts of deferred tax assets are subject to review at each reporting date and reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Grants

Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and all relevant conditions have been complied with.

Capital grants received and receivable in respect of property, plant and equipment are treated as a reduction in the cost of that asset and thereby amortised to the Income Statement in line with the underlying asset.

Revenue grants are recognised in the Income Statement to offset the related expenditure.

A contingent liability is disclosed for grants, see note 32, which have been received but where there are conditions under which the grants are partly or wholly repayable.

Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on a straight line basis at the rates stated below, which are estimated to reduce each item of property, plant and equipment to its residual value by the end of its useful life:

Freehold buildings	2% on cost
Plant and machinery	5% to 20% on cost
Fixtures and fittings	10% to 20% on cost
Computer equipment	12.5% to 33% on cost
Motor vehicles	20% to 25% on cost
Leased assets	Over the period of the lease, or useful life if shorter
Leasehold property improvements	Over the period of the lease, or useful life if shorter

Freehold land is stated at cost and is not depreciated.

The estimated useful lives and residual values of property, plant and equipment are determined by management at the time the assets are acquired and subsequently, re-assessed at each balance sheet date. These lives are based on historical experience with similar assets across the Group.

In accordance with IAS 36 Impairment of Assets, the carrying values of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Income Statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset or cash-generating unit is adjusted to allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Assets under construction are carried at cost less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Leases

Leases are classified as finance leases whenever substantially all the risks and rewards of ownership of the asset have transferred to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised at the inception of the lease in the Statement of Financial Position at the lower of its fair value and the present value of the minimum lease payments and are depreciated over their useful lives with any impairment being recognised in the Income Statement.

The corresponding lease obligation, net of finance charges, is included in interest bearing loans and borrowings in the Statement of Financial Position and analysed as appropriate between current and non-current amounts. The interest element of the lease payments is charged to the Income Statement over the lease period as to produce a constant periodic rate of interest, on the remaining balance of the liability, for each period.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Income Statement on a straight-line basis over the lease term.

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Retirement benefit obligations
The Group operates defined contribution and defined benefit pensions schemes.

Defined contribution pension schemes
The costs arising on the Group's defined contribution schemes are recognised in the Income Statement in the period in which the related service is provided. The Group has no legal or constructive obligation to pay further contributions in the event that these plans do not hold sufficient assets to provide retirement benefits.

Defined benefit pension schemes
The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised immediately in other comprehensive income.

The Group determines the net interest expense on the net defined benefit liability or asset by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Provisions
A provision is recognised in the Statement of Financial Position when the Group has a present 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 and the amount of the obligation can be estimated reliably.

A specific provision is created when a claim has actually been made against the Group or where there is a known issue at a known customer's site, both relating to a product or service supplied in the past. In addition, a risk-based provision is created where future claims are considered likely. The warranty provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Specific provisions will generally be aged as a current liability, reflecting the assessment that a current liability exists to replace or repair product sold on foot of an accepted valid warranty issue. Only where the liability is reasonably certain not to be settled within the next 12 months, will a specific provision be categorised as a long-term obligation. Risk-based provisions will generally be aged as a non-current liability, reflecting the fact that no warranty claim has yet been made by the customer.

Provisions which are not expected to give rise to a cash outflow within 12 months of the reporting date are, where material, determined by discounting the expected future cash flows. The unwinding of the discount is recognised as a finance cost.

Dividends
Final dividends on ordinary shares are recognised as a liability in the financial statements only after they have been approved at the Annual General Meeting of the Company. Interim dividends on ordinary shares are recognised when they are paid.

Cash and cash equivalents
Cash and cash equivalents principally comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Derivative financial instruments
Derivative financial instruments, principally interest rate and currency swaps, are used to hedge the Group's foreign exchange and interest rate risk exposures.

Derivative financial instruments are recognised initially at fair value and thereafter are subsequently remeasured at their fair value. 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. The fair value of these instruments is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest and currency exchange rates and the current creditworthiness of the swap counterparties.

The Group designates all of its derivatives in one or more of the following types of relationships:

i. Fair value hedge: Hedges the exposure to movements in fair value of recognised assets or liabilities that are attributable to hedged risks.
ii. Cash flow hedge: Hedges the Group's exposures to fluctuations in future cash flow derived from a particular risk associated with recognised assets or liabilities.
iii. Net investment hedge: Hedges the exchange rate fluctations of a net investment in a foreign operation.

At inception of the transaction, the Group documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transactions. The Group also documents its assessment, both at inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge
Any gain or loss resulting from the re-measurement of the hedging instrument to fair value is reported in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gains or losses of a hedging instrument that are in hedge relationships with borrowings are included within Finance Income or Finance Expense in the Income Statement. In the case of the related hedged borrowings, any gain or loss on the hedged item which is attributable to the hedged risk is adjusted against the carrying amount of the hedged item and is also included within Finance Income or Finance Expense in the Income Statement.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised on an effective interest basis to the Income Statement with the objective of achieving full amortisation by maturity of the hedged item.

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Derivative financial instruments (cont'd)

Cash flow hedge

The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the cash flow hedge reserve in equity with the ineffective portion being recognised within Finance Income or Finance Expense in the Income Statement. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in Other Comprehensive Income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. For cash flow hedges, other than those covered by the preceding statements, the associated cumulative gain or loss is removed from Other Comprehensive Income and recognised in the Consolidated Income Statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the Consolidated Income Statement.

Hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss at that point remains in Other Comprehensive Income and is recognised when the transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Other Comprehensive Income is transferred to the Consolidated Income Statement in the period.

Net investment hedge

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and presented in the translation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in either Finance Income or Finance Expense in the Income Statement. Cumulative gains or losses remain in equity until disposal or partial disposal of the net investment in the foreign operation at which point the related differences are reclassified to the Income Statement as part of the overall gain of loss on sale.

Financial Assets

Financial assets other than derivatives are divided into the following categories:

• loans and receivables
• investments held at fair value through profit and loss

Trade and other receivables are initially recorded at fair value and, at subsequent reporting dates, at amortised cost. Generally, the Group 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.

A provision for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. Movements in provisions are recognised in the Income Statement. Bad debts are written off against the provision when no further prospect of collection exists.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities (including trade payables) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. When determining the fair value of financial liabilities, the expected future cash flows are discounted using an appropriate interest rate.

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

Finance Income

Finance income comprises interest income on funds invested and any gains on hedging instruments that are recognised in the Income Statement. Interest income is recognised as it accrues using the effective interest rate method.

Finance Expense

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, gains and losses on hedging instruments that are recognised in the income statement and the net finance cost of the Group's defined benefit pension scheme.

Borrowing costs

Borrowing costs directly attributable to qualifying assets, as defined in IAS 23 *Borrowing costs*, are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use. Other borrowing costs are expensed to the Income Statement in the period in which they are incurred.

Share-Based Payment Transactions

Employees (including executive 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 fair value of share entitlements granted is recognised as an employee expense in the Income Statement. The fair value at the grant date is determined using a combination of the Monte Carlo simulation technique and a Black Scholes model.

The Performance Share Plan ("PSP") contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 Share-based Payment is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions.
The cumulative non-market based charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

Where the share based payments give rise to the issue of new equity share capital, the proceeds received by the Company are credited to Share Capital (nominal value) and Share Premium when the share entitlements are exercised. Where the share-based payments give rise to the re-issue of shares from treasury shares, the proceeds of issue are credited to shareholders premium.

The Group does not operate any cash-settled share-based payment schemes or share-based payment transactions with cash alternatives as defined in IFRS 2.

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Treasury shares
Where the Company purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until such shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares.

Non-controlling interest
Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the parent company and are presented separately in the Income Statement and within equity in the Statement of Financial Position, distinguished from shareholders' equity attributable to owner of the parent company.

Significant judgements and estimation uncertainty
In the process of applying the Group's accounting policies, as set out on pages 83 to 89, management are required to make estimates, assumptions and judgements that could materially affect the Group's reported results or net asset position.

The areas where key estimates, assumptions and judgements were made by management and are material to the Group's reported results or net asset position, are as following:

Impairment (Note 10)
The Group is required to review assets for objective evidence of impairment.

It does this on the basis of a review of the budget and rolling 5 year strategic plans (where appropriate), which by their nature are based on a series of assumptions and estimates.

The Group has performed impairment tests on those cash generating units which contain goodwill, and on any assets where there are indicators of impairment. The key assumptions associated with these reviews are detailed in note 10.

Guarantees & warranties (Note 21)
Certain products carry formal guarantees 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.

Recoverability of trade receivables (Note 16)
The Group provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances. Trade receivables are considered for impairment on a case by case basis, when they are past due at the reporting date or when objective evidence is received that a specific counterparty may default.

Valuation of inventory (Note 15)
Inventories are measured at the lower of cost and net realisable value. The Group's policy is to hold inventories at original cost and create an inventory provision where evidence exist that indicates net realisable value is below cost for a particular item of inventory. Damaged, slow-moving or obsolete inventory are typical examples of such evidence.

Business Combinations (Note 23)
Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions relating, in particular, to the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

For intangible assets acquired, the Group bases valuations on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated cash flows expected to be generated from these intangible assets using appropriate discount rates and revenue forecasts. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

Income taxes (Note 8)
The Group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions for which the ultimate tax determination is uncertain. The Group recognises liabilities based on estimates of whether additional taxes will be due. Once it has been concluded that a liability needs to be recognised, the liability is measured based on the tax laws that have been enacted or substantially enacted at the end of the reporting period. The amount shown for current taxation includes a liability for tax uncertainties and is based on the Directors best probability weighted estimate of the probable outflow of economic resources that will be required to settle the liability. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations also require the use of estimates.

2. SEGMENT REPORTING

In identifying the Group's operating segments, management based its decision on the product supplied by each segment and the fact that each segment is managed and reported separately to the Chief Operating Decision Maker, which the Group has defined as the Board of Directors. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

Operating segments
The Group has the following four operating segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal façades.
Insulation Boards	Manufacture of rigid insulation boards, building services insulation and engineered timber systems.
Environmental	Manufacture of energy storage solutions, water and microwind systems and all related service activities.
Access Floors	Manufacture of raised access floors, and data centre storage solutions.

Analysis by class of business

Segment revenue	**Insulated Panels €m**	**Insulation Boards €m**	**Environmental €m**	**Access Floors €m**	**Total €m**
Total revenue - 2015	1,776.6	662.8	159.0	175.9	**2,774.3**
Total revenue - 2014	1,111.4	477.1	147.6	155.1	1,891.2

Inter-segment transfers are carried out at arm's length prices and using an appropriate transfer pricing methodology. As inter-segment revenue is not material, it is not subject to separate disclosure in the above analysis. For the purposes of the segmental analysis, corporate overheads have been allocated to each division based on their respective revenue for the year.

Segment result (profit before finance expense)	**Insulated Panels €m**	**Insulation Boards €m**	**Environmental €m**	**Access Floors €m**	**Total 2015 €m**	Total 2014 €m
Trading profit - 2015	165.2	61.3	8.1	21.3	**255.9**	
Intangible amortisation	(5.9)	(3.1)	(0.1)	-	**(9.1)**	
Operating profit - 2015	159.3	58.2	8.0	21.3	**246.8**	
Trading profit - 2014	89.2	39.9	1.2	18.2		148.5
Intangible amortisation	(2.7)	(2.0)	(0.2)	-		(4.9)
Non trading items	2.7	(2.7)	(2.1)	-		(2.1)
Operating profit - 2014	89.2	35.2	(1.1)	18.2		141.5
Net finance expense					**(14.8)**	(14.0)
Profit for the year before tax					**232.0**	127.5
Income tax expense					**(41.4)**	(21.0)
Net profit for the year					**190.6**	106.5

Segment assets	**Insulated Panels €m**	**Insulation Boards €m**	**Environmental €m**	**Access Floors €m**	**Total 2015 €m**	Total 2014 €m
Assets - 2015	1,401.3	586.2	149.9	157.1	**2,294.5**	
Assets - 2014	801.2	523.3	145.9	146.7		1,617.1
Derivative financial instruments					**31.7**	26.7
Cash and cash equivalents					**212.0**	185.7
Deferred tax asset					**10.9**	7.0
Total assets as reported in the Consolidated Statement of Financial Position					**2,549.1**	1,836.5

2. SEGMENT REPORTING (cont'd)

Segment liabilities	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 2015 €m	Total 2014 €m
Liabilities - 2015	(377.0)	(133.9)	(39.9)	(26.2)	**(577.0)**	
Liabilities - 2014	(244.4)	(116.4)	(36.8)	(27.2)		(424.8)
Interest bearing loans and borrowings (current and non-current)					**(569.6)**	(337.3)
Derivative financial instruments (current and non-current)					**(0.1)**	(0.6)
Income tax liabilities (current and deferred)					**(108.6)**	(64.7)
Total liabilities as reported in the Consolidated Statement of Financial Position					**(1,255.3)**	(827.4)

Other segment information	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Capital investment - 2015 *	209.4	26.4	3.5	5.3	**244.6**
Capital investment - 2014 *	28.7	41.5	2.2	2.0	74.4
Depreciation included in segment result - 2015	(38.7)	(15.7)	(3.7)	(2.4)	**(60.5)**
Depreciation included in segment result - 2014	(23.5)	(12.4)	(3.2)	(1.7)	(40.8)
Non-cash items included in segment result - 2015	(4.7)	(2.0)	(0.6)	(0.8)	**(8.1)**
Non-cash items included in segment result - 2014	(1.4)	(2.0)	(2.9)	(0.9)	(7.2)

* Capital investment includes fair value of property, plant and equipment and intangible assets acquired in business combinations

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 - 2015	92.4	816.9	1,079.3	566.7	219.0	**2,774.3**
Revenue - 2014	81.1	687.4	668.0	274.1	180.6	1,891.2
Statement of Financial Position Items						
Non-current assets - 2015*	49.3	351.2	628.2	382.8	115.0	**1,526.5**
Non-current assets - 2014*	50.5	334.2	284.4	253.5	94.0	1,016.6
Other segmental information						
Capital investment - 2015	5.3	21.7	141.1	55.8	20.7	**244.6**
Capital investment - 2014	2.5	12.6	19.7	29.8	9.8	74.4

* Total non-current assets excluding derivative financial instruments and deferred tax assets

The Group has a presence in over 70 countries worldwide. The revenues from external customers and non-current assets (as defined in IFRS 8) attributable to the country of domicile and all foreign countries or regions of operation are as set out above and specific regions are highlighted separately on the basis of materiality.

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8. The individual entities within the Group each have a large number of customers spread across various activities, end-uses and geographies.

3. EMPLOYEES

a) Employee Numbers

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

	2015 Number	2014 Number
Production	**5,286**	4,053
Sales and distribution	**2,017**	1,527
Management and administration	**1,292**	1,047
	8,595	6,627

3. EMPLOYEES (cont'd)

b) Employee costs, including executive directors

	2015 €m	2014 €m
Wages and salaries	**380.2**	270.3
Social welfare costs	**42.8**	29.9
Pension costs - defined contribution (note 33)	**10.8**	9.0
Share based payments and awards	**8.1**	7.7
	441.9	316.9
Actuarial (gains)/losses recognised in other comprehensive income	**(1.8)**	6.7
	440.1	323.6

c) Employee Share Based Compensation

The Group currently operates an equity settled share based transaction scheme, the Performance Share Plan (PSP), details of which are provided in the Report of the Remuneration Committee.

	Number of PSP Options 2015	2014
Outstanding at 1 January	**4,526,786**	4,748,353
Granted	**775,998**	800,423
Forfeited	**(91,324)**	(150,754)
Exercised	**(1,628,873)**	(871,236)
Outstanding at 31 December	**3,582,587**	4,526,786
Of which, exercisable	**968,680**	1,389,103

The Group recognised an expense of €8.1m (2014: €7.7m) in the Consolidated Income Statement during the year. All PSP options are exercisable at €0.13 per share. For PSP options that were exercised during the year the average share price at the date of exercise was €18.80 (2014: €13.88). The weighted average contractual life of share options outstanding at 31 December 2015 is 4.3 years (2014: 4.2 years).

The fair values of options granted under the PSP scheme during the current and prior year were determined using the Black Scholes Model or the Monte Carlo Pricing Model as appropriate. The key assumptions used in the model were as follows:

	2015 Awards	2014 Awards
Share price at grant date	€17.80	€14.53
Exercise price per share	€0.13	€0.13
Expected volatility	26%	31%
Expected dividend yield	1.3%	1.3%
Risk-free rate	0.15%	0.3%
Expected life	3 years	3 years

The resulting weighted average fair value of options granted in the year was €13.16 (2014: €11.32).

As set out in the Report of the Remuneration Committee, the number of options that will ultimately vest is contingent on market conditions such as Total Shareholder Return and non market conditions such as the Earnings Per Share of the Group. Market conditions were taken into account in determining the above fair value, and non market conditions are considered when estimating the number of shares that will eventually vest. Expected volatility was determined by calculating the historical volatility of the Group and peer company share prices over the previous 3 years.

In addition to the PSP scheme, there are also outstanding options that were granted under a legacy scheme, the Standard Share Option Scheme (SSOS), which has now expired. As at 31 December 2015 there are 217,442 options (2014: 946,442) outstanding under this scheme, which are currently exercisable at a weighted average price of €14.18 (2014: €12.91). The average remaining life is 0.75 years (2014: 1.3 years). During the current year, 729,000 options were exercised at an average exercise price of €12.88. The average share price on the date of exercise was €18.74. No options lapsed or were forfeited during the year and there was no income statement expense (2014: Nil) in relation to this scheme.

4. NON TRADING ITEMS

	2015 €m	2014 €m
Deferred contingent consideration no longer payable	-	2.7
Impairment of goodwill	-	(2.1)
Impairment of property, plant and equipment	-	(2.7)
	-	(2.1)

In the current year, the Group did not incur any non-trading items.

The prior year non trading items relate to the release of unpaid contingent consideration for the Rigidal acquisition as the associated EBITDA targets were not achieved, goodwill impairment relating to a business within the Environmental segment and the impairment of property, plant and equipment relating to a loss made on the disposal of an industrial building in Poland.

5. FINANCE EXPENSE AND FINANCE INCOME

	2015 €m	2014 €m
Finance expense		
Bank loans	3.9	2.1
Private Placement	10.6	11.6
Fair value movement on derivative financial instrument	(14.8)	(31.4)
Fair value movement on private placement debt	15.3	32.2
Net defined benefit pension scheme (note 33)	0.1	0.1
	15.1	14.6
Finance income		
Interest earned	(0.3)	(0.6)
Net finance cost	14.8	14.0

No borrowing costs were capitalised during the year (2014: €nil).

No costs were reclassified from Other Comprehensive Income to profit during the year (2014: €nil).

6. PROFIT FOR THE YEAR BEFORE TAX

	2015 €m	2014 €m
The profit for the year is stated after charging/(crediting):		
Distribution expenses	138.5	90.7
Operating lease payments	4.2	4.0
Product development costs (total, including payroll)	18.5	13.4
Depreciation	60.5	40.8
Amortisation of intangible assets	9.1	4.9
Foreign exchange loss	1.4	2.1
(Profit)/loss on sale of property, plant and equipment	(2.1)	2.9

Analysis of total auditor's remuneration for audit services

	2015 €m	2014 €m
Audit of Group (KPMG Ireland)	0.7	0.6
Audit of other subsidiaries (other KPMG offices)	1.0	0.7
	1.7	1.3

Analysis of amounts paid to the auditor in respect of non-audit services

	2015 €m	2014 €m
Tax compliance and advisory services (KPMG Ireland)	0.2	0.2
Tax compliance and advisory services (other KPMG offices)	0.6	0.2
	0.8	0.4

7. DIRECTORS' REMUNERATION

	2015 €m	2014 €m
Fees	**0.6**	0.6
Other emoluments	**6.2**	4.6
Pension costs	**0.7**	0.6
Cost of share based payments and awards	**1.8**	1.8
	9.3	7.6

A detailed analysis of Directors' remuneration is contained in the Report of the Remuneration Committee.

8. INCOME TAX EXPENSE

	2015 €m	2014 €m
Tax recognised in the Consolidated Income Statement		
Current taxation:		
Current tax expense	**42.9**	20.5
Adjustment in respect of prior years	**(2.4)**	(0.7)
	40.5	19.8
Deferred taxation:		
Origination and reversal of temporary differences	**0.9**	1.2
	0.9	1.2
Income tax expense	**41.4**	21.0

The following table reconciles the applicable Republic of Ireland statutory tax rate to the effective tax rate (current and deferred) of the Group:

	2015 €m	2014 €m
Profit for the year	**232.0**	127.5
Less share of profit of jointly controlled entities	**-**	(0.6)
Profit for the year	**232.0**	126.9
Applicable notional tax charge (12.5%)	**29.0**	15.9
Expenses not deductible for tax purposes	**7.0**	4.4
Net effect of differing tax rates	**6.6**	3.3
Utilisation of unprovided deferred tax assets	**(1.7)**	(2.9)
Other items	**0.5**	0.3
Total income tax expense	**41.4**	21.0

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. No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%.

The methodology used to determine the recognition and measurement of uncertain tax positions is set out in note 1 'Significant judgements and estimation uncertainty'.

The total value of deductible temporary differences which have not been recognised is €15.8m (2014: €12.5m) consisting mainly of tax losses forward. €2.4m of the losses expire within 10 years while all other losses may be carried forward indefinitely.

No provision has been made for tax in respect of temporary differences arising from unremitted earnings of foreign operations as there is no commitment to remit such earnings and no current plans to do so.

9. EARNINGS PER SHARE

	2015 €m	2014 €m
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	**188.1**	107.2

	Number of shares ('000) 2015	Number of shares ('000) 2014
Weighted average number of ordinary shares for the calculation of basic earnings per share	**176,221**	171,128
Dilutive effect of share options	**2,977**	3,621
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**179,198**	174,749

	2015 € cent	2014 € cent
Basic earnings per share	**106.7**	62.6
Diluted earnings per share	**105.0**	61.3
Adjusted basic earnings per share	**111.0**	66.6

Adjusted basic earnings is calculated by adding back the intangible amortisation and non-trading items, net of tax, to the profit attributable to ordinary shareholders.
The number of options which are anti-dilutive and have therefore not been included in the above calculations is Nil (2014: 589,484).

10. GOODWILL

	2015 €m	2014 €m
At 1 January	**475.3**	368.5
Additions relating to current year acquisitions (note 23)	**327.9**	78.9
Impairment	**-**	(2.1)
Written back during the year (note 19)	**(4.3)**	-
Net exchange difference	**22.3**	30.0
Carrying amount 31 December	**821.2**	475.3
At 31 December		
Cost	**886.8**	540.9
Accumulated impairment losses	**(65.6)**	(65.6)
Net carrying amount	**821.2**	475.3

Cash-generating units
Goodwill acquired through business combinations is allocated, at acquisition, to cash-generating units (CGUs) that are expected to benefit from synergies in that combination. The CGUs are the lowest level within the Group at which the associated goodwill is monitored for internal management reporting purposes, and are not larger than the operating segments determined in accordance with IFRS 8 Operating Segments.

A total of 8 (2014: 7) CGUs have been identified and these are analysed between the four business segments in the Group as set out below. Following assessment of the Group's CGUs and in light of the Group's acquisitions during the year, management felt that the inclusion of an additional CGU was appropriate. Assets and liabilities have been assigned to the CGUs on a reasonable and consistent basis.

	Cash-generating units		Goodwill (€m)	
	2015	2014	**2015**	2014
Insulated Panels	**4**	3	**495.2**	196.4
Insulation Boards	**1**	1	**187.4**	149.7
Environmental	**1**	1	**54.1**	50.4
Access Floors	**2**	2	**84.5**	78.8
Total	**8**	7	**821.2**	475.3

10. GOODWILL (cont'd)

Significant goodwill amounts

Management have assessed that, in line with IAS 36 Impairment of Assets, there are 4 CGUs that are individually significant (greater than 10% of total goodwill) that require additional disclosure and are as follows:

	Panels Western Europe		Panels North America		Panels Joris Ide		Insulation Boards	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Goodwill (€m)	**93.3**	86.4	**181.7**	105.2	**215.4**	N/A	**187.4**	149.7
Discount rate (%)	**8.1**	8.1	**9.5**	9.5	**8.1**	N/A	**8.1**	8.1
Excess of value-in-use over carrying amount (€m)	**1,520.8**	903.8	**316.6**	65.5	**306.6**	N/A	**704.6**	617.1

The goodwill allocated to these four CGUs accounts for 83% of the total carrying amount of €678m. The remaining goodwill balance of €143m is allocated across the remaining 4 CGUs (2014: €133m over 4 CGUs), none of which are individually significant.

None of the individually significant CGUs are included in the "Sensitivity analysis" section as it is not considered reasonably possible that there would be a change in the key assumptions such that the carrying amount would exceed value-in-use. Consequently no further disclosures have been provided for these CGUs.

Impairment testing

Goodwill acquired through business combinations has been allocated to the above CGUs for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of the CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that a CGU may be impaired.

The recoverable amount of each CGU is determined from value-in-use calculations. The forecasts used in these calculations are based on a 5 year financial plan approved by the Board of Directors and specifically excludes any future acquisition activity. They include assumptions regarding future organic growth with cash flows after year 5 assuming to continue in perpetuity at a rate of 2%, reflecting inflation, but no other growth. The use of cash flows in perpetuity is considered appropriate in light of the Group's established history of earnings growth and cash flow generation, its strong financial position, its demonstrated ability to make earnings enhancing acquisitions and the nature of the industry in which the Group operates.

The value in use calculation represents the present value of the future cash flows, including the terminal value, discounted at a rate appropriate to each CGU. The real pre-tax discount rates used range from 8.1% to 9.7% (2014: 8.1% to 9.5%). These rates are based on the Group's estimated weighted average cost of capital, adjusted for risk, and are consistent with external sources of information.

The cash flows and the key assumptions used in the value in use calculations are determined based on the historical performance of the Group, its strong current financial position as well as management's knowledge and expectation of future trends in the industry. Expected future cash flows are, however, inherently uncertain and are therefore liable to material change over time. The key assumptions used in the value in use calculations are subjective and include projected EBITDA margins, net cash flows, discount rates used and the duration of the discounted cash flow model.

Sensitivity analysis

Sensitivity analysis was performed on the CGUs that are not individually significant by decreasing cash flows by 40%, increasing the discount rate by 50%, reducing the long term growth rate to zero and decreasing the average operating margin of each division by 35% which resulted in a positive recoverable amount for each CGU under each approach. Management believes that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount.

11. OTHER INTANGIBLE ASSETS

	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
Cost				
At 1 January 2015	20.1	42.8	9.8	72.7
Acquisitions (note 23)	-	55.4	-	55.4
Net exchange difference	-	0.8	2.0	2.8
At 31 December 2015	**20.1**	**99.0**	**11.8**	**130.9**
Accumulated amortisation				
At 1 January 2015	11.1	23.6	6.8	41.5
Charge for the year	1.2	5.5	2.4	9.1
Net exchange difference	0.1	0.9	0.9	1.9
At 31 December 2015	**12.4**	**30.0**	**10.1**	**52.5**
Net Book Value as at 31 December 2015	**7.7**	**69.0**	**1.7**	**78.4**

11. OTHER INTANGIBLE ASSETS (cont'd)

	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
Cost				
At 1 January 2014	13.0	32.4	5.5	50.9
Acquisitions	6.2	8.9	3.1	18.2
Additions	-	-	0.4	0.4
Net exchange difference	0.9	1.5	0.8	3.2
At 31 December 2014	**20.1**	**42.8**	**9.8**	**72.7**
Accumulated amortisation				
At 1 January 2014	9.2	20.5	5.0	34.7
Charge for the year	1.4	2.2	1.3	4.9
Net exchange difference	0.5	0.9	0.5	1.9
At 31 December 2014	**11.1**	**23.6**	**6.8**	**41.5**
Net Book Value as at 31 December 2014	**9.0**	**19.2**	**3.0**	**31.2**

Other intangibles relate primarily to technological know how and order backlogs.

12. JOINT VENTURES

	2015 €m	2014 €m
Interest in joint venture		
At beginning of year	**8.4**	8.3
Share of profit after tax	**-**	0.6
Dividend received	**-**	(0.5)
Disposal of joint venture	**(8.4)**	-
At end of year	**-**	8.4

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.

Given the close proximity of the transaction to the beginning of the year, the Group's share of the current year profit after tax up to the disposal date is considered immaterial and has no impact on the movement of the Group's interest in the year as shown above.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €m	Plant and machinery €m	Motor vehicles €m	Total €m
As at 31 December 2015				
Cost	493.0	913.6	20.4	1,427.0
Accumulated depreciation and impairment charges	(155.8)	(638.5)	(13.6)	(807.9)
Net carrying amount	**337.2**	**275.1**	**6.8**	**619.1**
At 1 January 2015, net carrying amount	276.7	216.0	4.3	**497.0**
Acquisitions through business combinations (note 23)	51.7	58.1	0.4	**110.2**
Additions	20.5	55.4	3.1	**79.0**
Disposals	(4.8)	(2.6)	(0.3)	**(7.7)**
Reclassification	4.6	(4.7)	0.1	**-**
Depreciation charge for year	(12.5)	(46.1)	(1.9)	**(60.5)**
Impairment charge for year	(8.1)	(5.3)	-	**(13.4)**
Effect of movement in exchange rates	9.1	4.3	1.1	**14.5**
At 31 December 2015, net carrying amount	**337.2**	**275.1**	**6.8**	**619.1**

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

	Land and buildings €m	Plant and machinery €m	Motor vehicles €m	Total €m
As at 31 December 2014				
Cost	403.4	707.0	12.9	1,123.3
Accumulated depreciation and impairment charges	(126.7)	(491.0)	(8.6)	(626.3)
Net carrying amount	276.7	216.0	4.3	497.0
At 1 January 2014, net carrying amount	267.1	217.2	3.4	487.7
Acquisitions through business combinations (note 23)	8.0	2.2	-	10.2
Additions	6.3	36.7	2.6	45.6
Disposals	(14.5)	(2.7)	(0.2)	(17.4)
Reclassification	13.9	(13.9)	-	-
Depreciation charge for year	(8.4)	(31.0)	(1.4)	(40.8)
Impairment charge for year	(2.4)	(0.9)	-	(3.3)
Effect of movement in exchange rates	6.7	8.4	(0.1)	15.0
At 31 December 2014, net carrying amount	276.7	216.0	4.3	497.0

The carrying amounts and depreciation of assets held under finance leases included above is as follows:

Net Book Value	€3.6m	(2014: €0.4m)
Depreciation	€1.7m	(2014: €0.5m)

Included within the cost of land and buildings and plant and machinery are assets in the course of construction to the value of €7.6m and €13.6m respectively (2014: €0.1m and €9.0m). These assets have not yet been depreciated.

The Group has no material investment properties and hence no property assets are held at fair value.

14. INVESTMENTS IN SUBSIDIARIES

Company	**2015 €m**	2014 €m
At 1 January	**1,104.0**	1,100.6
Investment in subsidiary	**54.5**	-
Share options and awards	**5.8**	3.4
At 31 December	**1,164.3**	1,104.0

The share options and awards addition reflects the cost of share based payments attributable to subsidiary undertakings, which are treated as capital contributions by the parent.

15. INVENTORIES

	2015 €m	2014 €m
Raw materials and consumables	**222.0**	182.6
Work in progress	**10.0**	5.5
Finished goods	**102.7**	76.1
Inventory impairment allowance	**(41.2)**	(27.7)
At 31 December	**293.5**	236.5

A total of €1.5bn (2014: €1.16bn) of inventories was included in the Consolidated Income Statement as an expense. This includes a net income statement charge of €1.5m arising on the inventory impairment allowance (2014: charge of €0.4m). Inventory impairment allowance levels are continuously reviewed by management and revised where appropriate, taking account of the latest available information on the recoverability of carrying amounts.

No inventories have been pledged as security for liabilities entered into by the Group.

16. TRADE AND OTHER RECEIVABLES

	2015 €m	2014 €m
Amounts falling due within one year:		
Trade receivables, gross	**478.3**	363.0
Impairment allowance	**(42.5)**	(28.3)
Trade receivables, net	**435.8**	334.7
Other receivables	**19.2**	13.8
Prepayments	**19.5**	15.5
	474.5	364.0

The maximum exposure to credit risk for trade and other receivables at the reporting date is their carrying amount.

The Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were determined to be impaired and a total impairment allowance of €42.5m (2014: €28.3m) has been recorded accordingly. The movement on the impairment allowance for the year is as follows:

	2015 €m	2014 €m
At 1 January	**28.3**	29.9
Effect of movement in exchange rates	**0.9**	1.0
Arising on acquisition	**10.2**	-
Provided during the year	**11.5**	7.9
Written off during the year	**(4.2)**	(7.0)
Released during the year	**(4.2)**	(3.5)
At 31 December	**42.5**	28.3

There are no material dependencies or concentrations on individual customers which would warrant separate disclosure. The individual entities within the Group each have a large number of customers spread across various activities, end uses and geographies. Approximately 71% (2014: 76%) of net receivables are covered by credit insurance or other forms of collateral such as letters of credit or bank guarantees.

Aged Analysis
The aged analysis of gross trade receivables, analysed between amounts that were neither past due nor impaired and amounts past due but not impaired at the year end, was as follows:

	2015 €m	2014 €m
Neither past due nor impaired		
- Invoice date less than 90 days	**284.9**	205.6
- Invoice date greater than 90 days	**6.7**	7.5
Past due but not impaired		
- 0 to 60 days overdue	**116.3**	88.6
- 60+ days overdue	**16.2**	20.7
Past due and impaired (fully or partially)	**54.2**	40.6
	478.3	363.0

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired, is €nil (2014: €nil).

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

17. TRADE AND OTHER PAYABLES

	2015 €m	2014 €m
Amounts falling due within one year:		
Trade payables	**233.0**	176.4
Accruals	**194.8**	134.6
Deferred income	**6.2**	3.2
Irish income tax & social welfare	**1.0**	0.9
Other income tax & social welfare	**19.7**	10.8
Value added tax	**13.5**	11.3
	468.2	337.2

18. INTEREST BEARING LOANS AND BORROWINGS

	2015 €m	2014 €m
Current financial liabilities		
Bank loans and overdrafts (unsecured)	**97.9**	2.6
Private Placements	**-**	130.1
Finance lease obligations (note 32)	**0.8**	-
	98.7	132.7

	2015 €m	2014 €m
Non-current financial liabilities		
Private Placements	**465.5**	204.0
Bank loans (unsecured)	**4.3**	0.6
Finance lease obligations (note 32)	**1.1**	-
	470.9	204.6

Analysis of Net Debt

	2015 €m	2014 €m
Cash and cash equivalents	**212.0**	185.7
Derivative financial instruments	**29.6**	26.1
Current borrowings	**(98.7)**	(132.7)
Non current borrowings	**(470.9)**	(204.6)
Total Net Debt	**(328.0)**	(125.5)

The Group's core funding is provided by a number of private placement loan notes totalling €465.5m. The notes have a weighted average maturity of 6.4 years.

In addition, the Group has a €300m revolving credit facility, which was undrawn at year end and which matures in March 2019. As at 31 December 2015, the Group's committed bilateral bank facilities were €190m, of which €75m was drawn.

More details of the Group's loans and borrowings are set out in note 20.

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 assets of €2m (2014: €0.01m) which are used for transactional hedging are not included in the definition of net debt.

19. DEFERRED CONTINGENT CONSIDERATION

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

	2015 €m	2014 €m
Opening balance	**15.4**	7.5
Effect of movement in exchange rates	**1.7**	1.8
Arising on current year acquisitions (note 23)	**1.6**	13.9
Released during year	**(4.3)**	(3.3)
Amounts paid	**(4.3)**	(4.5)
Closing balance	**10.1**	15.4
Split as follows:		
Current liabilities	**9.5**	0.6
Non-current liabilities	**0.6**	14.8
	10.1	15.4

Discounting of the non-current element has not been applied because the discount would be immaterial.

During the year, the Group paid $1.6m and $2.4m of deferred contingent consideration relating to the PAL and Dri-Design businesses respectively, both of which were acquired in 2014. The remaining payment relates to the final payment of the 2011 acquisition of two parts of the European insulation business of CRH Insulation Europe (CIE).

The amount released during the year relates to the Dri-Design acquisition and reflects the difference between the amount originally recorded as deferred contingent consideration and the total amounts paid. There are no further amounts payable for the Dri-Design acquisition. A corresponding amount has been written back against previously recognised goodwill.

The deferred contingent consideration arising on current year acquisitions relates to the SPU Oy and the American Solar Alternative Power LLC acquisitions and potential amounts payable to the former owners if certain trading targets are achieved. The amount of deferred contingent consideration that has been recognised is arrived at by the application of a range of outcomes and associated probabilities in order to determine the carrying amount.

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial Risk Management

In the normal course of business, the Group has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk and credit risk. The Group's focus is to understand these risks and to put in place policies that minimise the economic impact of an adverse event on the Group's performance. Meetings are held on a regular basis to review the result of the risk assessment, approve recommended risk management strategies and monitor the effectiveness of such policies.

The Group's risk management strategies include the usage of derivatives (other than for speculative purposes), principally forward exchange contracts, interest rate swaps, and cross currency interest rate swaps.

Liquidity risk

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 enable it to meet its liabilities when due.

The Group's core funding is provided by a number of private placement loan notes totalling €465.5m. The notes have a weighted average maturity of 6.4 years.

In addition, the Group has a €300m revolving credit facility, which was undrawn at year end and which matures in March 2019. As at 31 December 2015, the Group's committed bilateral bank facilities were €190m, of which €75m was drawn. Both the private placements and the revolving credit facility have an interest cover test (EBITDA: Net Interest must exceed 4 times) and a net debt test (Net Debt: EBITDA must be less than 3.5 times). In addition, the revolving credit facility has a requirement that the Group's net assets must exceed €400m. These covenant tests have been met for the covenant test period to 31 December 2015.

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total €43m (2014: €43m) and are generally supported by a Group guarantee.

The following are the carrying amounts and contractual maturities of financial liabilities (including estimated interest payments):

	Carrying amount 2015 €m	Contractual cash flow €m	Within 1 year €m	Between 1 and 2 years €m	Between 2 and 5 years €m	Greater than 5 years €m
Non derivative financial instruments						
Bank loans	102.2	102.5	98.2	0.4	-	3.9
Private placement loan notes	465.5	558.9	16.4	53.9	43.2	445.4
Finance lease liabilities	1.9	1.9	0.8	1.1	-	-
Trade and other payables	468.2	468.2	468.2	-	-	-
Deferred contingent consideration	10.1	10.1	9.5	0.6	-	-
Derivative financial liabilities/(assets)						
Interest rate swaps used for hedging:						
Carrying values	(2.3)					
Net inflows		2.7	0.8	0.6	1.0	0.3
Cross currency interest rate swaps used for hedging:						
Carrying value	(27.3)					
- outflow		150.1	4.5	35.9	11.6	98.1
- inflow		177.9	7.5	45.0	16.3	109.1
Foreign exchange forwards used for hedging:						
Carrying value assets	(2.1)					
Carrying value liabilities	0.1					
- outflow		68.1	68.1			
- inflow		70.0	70.0			

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

	Carrying amount 2014 €m	Contractual cash flow €m	Within 1 year €m	Between 1 and 2 years €m	Between 2 and 5 years €m	Greater than 5 years €m
Non derivative financial instruments						
Bank loans	3.2	3.2	2.6	0.5	0.1	-
Private placement loan notes	334.1	397.5	143.8	10.5	61.4	181.8
Finance lease liabilities	0.1	0.1	-	0.1	-	-
Trade and other payables	337.2	337.2	337.2	-	-	-
Deferred contingent consideration	15.4	15.4	0.6	-	14.8	-
Derivative financial liabilities/(assets)						
Interest rate swaps used for hedging:						
Carrying values	(2.0)					
Net inflows		2.4	0.9	0.7	0.7	0.1
Cross currency interest rate swaps used for hedging:						
Carrying value	(24.1)					
- outflow		283.5	9.2	126.6	45.2	102.5
- inflow		293.2	12.7	124.4	48.3	107.8
Foreign exchange forwards used for hedging:						
Carrying value assets	(0.6)					
Carrying value liabilities	0.6					
- outflow		33.5	33.5			
- inflow		33.6	33.6			

For provisions, the carrying amount represents the Group's best estimate of the expected future outflows. As it does not represent a contractual liability at the year end, no amount has been included as a contractual cash flow.

The actual future cash flows could be different than predicted in the tables above, if the associated obligations were to become repayable on demand as a result of non-compliance with covenants or other contractual terms. No such non-compliance is envisaged.

Foreign exchange risks

There are two types of foreign currency risk to which the Group is exposed, namely transaction risk and translation risk. The objective of the Group's foreign currency risk management strategy is to manage and control market risk exposures within acceptable parameters. As set out below the Group uses derivatives to manage foreign exchange risk. Transactions involving derivatives are carried out in accordance with Treasury policy. The Group seeks to apply hedge accounting, where practicable, to manage volatility in profit or loss.

Transaction risk

Apart from transaction risk on debt, this arises where operating units have input costs or sales in currencies other than their functional currencies. These exposures are internally hedged as far as possible. Group policy is to hedge up to a maximum of 75% of a forecast exposure. Material exposures are hedged on a rolling 12 months basis. The Group's principal exposure relates to GBP and USD, with less significant exposures to certain central European currencies.

In addition, where operating entities carry monetary assets and liabilities at year end denominated other than in their functional currency, their translation at the year end rates of exchange into their functional currency will give rise to foreign currency gains and losses. The Group seeks to manage these gains and losses to net to nil.

Based on current cashflow projections for the businesses to 31 December 2016, it is estimated that the Group is long GBP£74m and short USD$33m. At 31 December 2015 hedges were in place covering 48% and 30% respectively of these exposures.

Translation risk

This exists due to the fact that the Group has operations whose functional currency is not the Euro, the Group's presentational currency. Changes in the exchange rate between the reporting currencies of these operations and the Euro, have an impact on the Group's consolidated reported result. For 2015, the impact of changing currency rates versus Euro compared to the average 2014 rates was positive €39.7m (2014: €57.4m). In common with many other international groups, the Group does not currently seek to externally hedge its translation exposure.

Sensitivity analysis for primary currency risk

A 10% volatility of the EUR against GBP and USD in respect of transaction risk in the reporting entities functional currency would impact reported after tax profit by €6.6m (2014: €6.2m) and equity by €5.2m (2014: €2.6m).

US Dollar Loan Notes

2005 Private Placement

The Group has a private placement of US$42m fixed interest 12-year bullet repayment loan notes maturing on 29 March 2017. The Group has entered into US dollar fixed/Euro fixed cross currency interest rate swaps for the full amount of the private placement with semi-annual interest payments with a weighted average interest rate of 4.35%. The maturity dates of these cross currency interest rate swaps is identical to the maturity dates of the private placement debt.

These cross currency interest rate swaps have been designated as Cashflow Hedges under the IAS 39 hedge accounting rules, thereby removing any significant volatility from reported earnings.

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

2011 Private Placement

In 2011 the Group issued a second private placement of US$200m fixed interest 10 year bullet repayment loan notes maturing in August 2021. In order to align the Group's debt profile with its risk management strategy, the Group entered into a number of hedging transactions in order to mitigate the associated foreign exchange and interest rate exposures. The Group entered into US dollar fixed / GBP floating cross currency interest rate swaps for US$118.6m of the private placement. The benchmark interest rate and credit spread have been separately identified and designated for hedge accounting purposes. The Group also entered into US dollar interest rate swaps for US$40m of the private placement. The fixed rate and maturity date on the swaps match the fixed rate on the private placement for all instruments. The instruments were designated as hedging instruments at inception and continued to qualify as effective hedges under IAS 39 at 31 December 2015.

Interest Rate Risk

The Group has an exposure to movements in interest rates on its debt portfolio, and on its cash and cash equivalent balances and derivatives. The Group policy is to ensure that at least 40% of its debt is fixed rate.

In respect of interest bearing loans and borrowings, the following table indicates the effective average interest rates at the year-end and the periods over 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 and has been prepared both before and after the impact of derivatives.

Before the impact of hedging transactions

As at 31 December 2015

	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	0.74%	102.2	26.0	76.2	98.4	3.8
Loan notes	3.57%	465.5	465.5	-	38.5	427.0
		567.7	**491.5**	**76.2**	**136.9**	**430.8**

	Total €m	At fixed interest rate €m	At floating interest rate €m
Euro	313.9	237.7	76.2
USD	253.8	253.8	-
	567.7	**491.5**	**76.2**

After the impact of hedging transactions

As at 31 December 2015

	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	0.74%	102.2	26.0	76.2	98.4	3.8
Loan notes	2.71%	465.5	314.0	151.5	38.5	427.0
		567.7	**340.0**	**227.7**	**136.9**	**430.8**

	Total €m	At fixed interest rate €m	At floating interest rate €m
Euro	378.1	301.9	76.2
GBP	112.5	-	112.5
USD	77.1	38.1	39.0
	567.7	**340.0**	**227.7**

The weighted average maturity of debt is 5.4 years as at 31 December 2015 (2014: 3.9 years).

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

Before the impact of hedging transactions

As at 31 December 2014

	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	4.21%	3.2	-	3.2	3.2	-
Loan notes	5.25%	334.1	334.1	-	164.6	169.5
		337.3	334.1	3.2	167.8	169.5

	Total €m	At fixed interest rate €m	At floating interest rate €m
Euro	1.2	-	1.2
USD	335.4	334.1	1.3
Other	0.7	-	0.7
	337.3	334.1	3.2

After the impact of hedging transactions

As at 31 December 2014

	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	4.21%	3.2	-	3.2	3.2	-
Loan notes	3.96%	334.1	198.7	135.4	164.6	169.5
		337.3	198.7	138.6	167.8	169.5

	Total €m	At fixed interest rate €m	At floating interest rate €m
Euro	188.8	187.6	1.2
GBP	100.6	-	100.6
USD	47.2	11.1	36.1
	0.7	-	0.7
	337.3	198.7	138.6

An increase or decrease of 100 basis points in each of the applicable rates and interest rate curves would impact reported after tax profit by €2.3m (2014: €1.4m) and equity by €2.3m (2014: €1.4m).

Credit risk
Credit risk encompasses the risk of financial loss to the Group of counterparty default in relation to any of its financial assets. The Group's maximum exposure to credit risk is represented by the carrying value of each financial asset:

	2015 €m	2014 €m
Cash & cash equivalents	**212.0**	185.7
Trade receivables	**435.8**	334.7
Derivative financial assets	**31.7**	26.7

Trade receivables arise from a wide and varied customer base spread across various activities, end uses and geographies, and as such there is no significant concentration of credit risk. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and a significant element of credit risk is covered by credit insurance or other forms of collateral such as letters of credit or bank guarantees.

Further details of trade receivables and associated impairment allowances, including detailed analysis of overdue debtors, is included in note 16.

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

Cash & cash equivalents

On the Group's cash and cash equivalents and derivatives, counterparty risk is managed by dealing with banks that have a minimum credit rating and by spreading business across a portfolio of 8 relationship banks.

Financial instruments by category

The carrying amount of financial assets presented in the Statement of Financial Position relate to the following measurement categories as defined in IAS 39:

2015	Loans and receivables €m	Derivatives designated as hedging instruments €m	Total €m
Current:			
Trade receivables	435.8	-	**435.8**
Other receivables	19.2	-	**19.2**
Cash and cash equivalents	212.0	-	**212.0**
Derivative financial instruments	-	2.1	**2.1**
	667.0	2.1	**669.1**
Non Current:			
Derivative financial instruments	-	29.6	**29.6**
	-	29.6	**29.6**

2014	Loans and receivables €m	Derivatives designated as hedging instruments €m	Total €m
Current:			
Trade receivables	334.7	-	334.7
Other receivables	13.8	-	13.8
Cash and cash equivalents	185.7	-	185.7
Derivative financial instruments	-	11.3	11.3
	534.2	11.3	545.5
Non Current:			
Derivative financial instruments	-	15.4	15.4
	-	15.4	15.4

It is considered that the carrying amounts of the above financial assets approximate their fair values.

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

The carrying amounts of financial liabilities presented in the Statement of Financial Position relate to the following measurement categories as defined in IAS 39:

2015	Financial liabilities in fair value hedge €m	Financial liabilities measured at fair value €m	Financial liabilities measured at amortised cost €m	Derivatives designated as hedging instruments €m	Total €m
Current:					
Borrowings	-	-	98.7	-	**98.7**
Trade payables	-	-	233.0	-	**233.0**
Accruals	-	-	194.8	-	**194.8**
Derivative financial instruments	-	-	-	0.1	**0.1**
Deferred contingent consideration	-	9.5	-	-	**9.5**
	-	9.5	526.5	0.1	**536.1**
Non current:					
Borrowings	151.5	-	319.4	-	**470.9**
Derivative financial instruments	-	-	-	-	**-**
Deferred contingent consideration	-	0.6	-	-	**0.6**
	151.5	0.6	319.4	-	**471.5**

2014	Financial liabilities in fair value hedge €m	Financial liabilities measured at fair value €m	Financial liabilities measured at amortised cost €m	Derivatives designated as hedging instruments €m	Total €m
Current:					
Borrowings	-	-	132.7	-	132.7
Trade payables	-	-	176.4	-	176.4
Accruals	-	-	134.6	-	134.6
Derivative financial instruments	-	-	-	0.6	0.6
Deferred contingent consideration	-	0.6	-	-	0.6
	-	0.6	443.7	0.6	444.9
Non current:					
Borrowings	135.4	-	69.2	-	204.6
Derivative financial instruments	-	-	-	-	-
Deferred contingent consideration	-	14.8	-	-	14.8
	135.4	14.8	69.2	-	219.4

Fair value hierarchy

Financial assets and liabilities 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).

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 (Level 2). 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.

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

	As at 31 December 2015			As at 31 December 2014		
	Level 1 €m	Level 2 €m	Level 3 €m	Level 1 €m	Level 2 €m	Level 3 €m
Financial Assets						
Interest rate swaps	-	2.3	-	-	2.0	-
Foreign exchange contracts for hedging	-	29.4	-	-	24.7	-
Financial Liabilities						
Deferred contingent consideration	-	-	10.1	-	-	15.4
Foreign exchange contracts for hedging	-	-	-	-	0.6	-

During the period ended 31 December 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.

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

	As at 31 December 2015			As at 31 December 2014		
	Carrying amount €m	Fair Value €m	Level	Carrying amount €m	Fair Value €m	Level
Private Placement Loan Notes	465.5	501.2	2	334.1	383.7	2
Bank Loans	102.2	102.2	2	3.2	3.2	2

Capital Management Policies and Procedures

The Group employs a combination of debt and equity to fund its operations. As at 31 December 2015 the total capital employed in the Group was as follows:

	2015 €m	2014 €m
Net Debt	**328.0**	125.5
Equity	**1,293.8**	1,009.1
Total Capital Employed	**1,621.8**	1,134.6

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 net debt), and targets a return of 15% together with a dividend level that is compatible with industry norms, but which also reflects any exceptional market conditions.

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.

The Board closely monitors externally imposed capital restrictions which are present due to covenants within the Group's core banking facilities. These covenants include a requirement that the net assets of the Group be maintained at a minimum level of €400m.

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

21. PROVISIONS FOR LIABILITIES

Guarantees and warranties	2015 €m	2014 €m
At 1 January	**55.8**	57.2
Arising on acquisitions	**18.8**	2.7
Provided during year	**43.7**	25.3
Claims paid	**(24.8)**	(19.5)
Provisions released	**(11.8)**	(12.2)
Effect of movement in exchange rates	**1.9**	2.3
At 31 December	**83.6**	55.8
Current liability	**47.2**	29.6
Non-current liability	**36.4**	26.2
	83.6	55.8

21. PROVISIONS FOR LIABILITIES (cont'd)

The Group manufactures a wide range of insulation and related products for use primarily in the construction sector. Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers and a provision is carried in respect of the expected costs of settling warranty and guarantee claims which arise. Both the number of claims and the cost of settling the claim are sensitive to change but not to such an extent as would cause a material change in the provision. Provisions are reviewed by management on a regular basis, and adjusted to reflect the current best estimate of the economic outflow. If it is no longer probable that an outflow of economic benefits will be required, the related provision is reversed.

For the non-current element of the provision, the Group anticipates that these will be utilised within three years of the reporting date. Discounting of the non-current element has not been applied because the discount would be immaterial.

The Group is not engaged in any material litigation.

22. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities arising from temporary differences and unused tax losses after offset are as follows:

	2015 €m	2014 €m
Deferred tax assets	**10.9**	7.0
Deferred tax liabilities	**(44.1)**	(22.1)
Net Position	**(33.2)**	(15.1)

Deferred tax arises from differences in the carrying value of items such as property, plant and equipment, intangibles, pension obligations, and other temporary differences in the Financial Statements and the tax base established by the tax authorities.

The movement in the net deferred tax position for 2015 is as follows:

	Balance 1 Jan 2015 €m	**Recognised in profit or loss €m**	**Recognised in equity €m**	**Recognised in other comprehensive income €m**	**Translation adjustment €m**	**Arising on acquisitions €m**	**Balance 31 Dec 2015 €m**
Property, plant and equipment	(32.9)	1.1	-	-	(0.7)	(16.7)	**(49.2)**
Intangibles	(4.7)	1.3	-	-	-	(17.2)	**(20.6)**
Other temporary differences	21.7	(2.2)	8.7	(0.1)	0.8	5.7	**34.6**
Pension obligations	(0.8)	(0.4)	-	(0.2)	(0.1)	-	**(1.5)**
Unused tax losses	1.6	(0.7)	-	-	0.1	2.5	**3.5**
	(15.1)	(0.9)	8.7	(0.3)	0.1	(25.7)	**(33.2)**

The movement in the net deferred tax position for 2014 is as follows:

	Balance 1 Jan 2014 €m	**Recognised in profit or loss €m**	**Recognised in equity €m**	**Recognised in other comprehensive income €m**	**Translation adjustment €m**	**Arising on acquisitions €m**	**Balance 31 Dec 2014 €m**
Property, plant and equipment	(30.5)	(0.9)	-	-	(1.5)	-	(32.9)
Intangibles	(4.5)	(0.2)	-	-	-	-	(4.7)
Other temporary differences	17.4	0.3	2.1	(0.1)	1.4	0.6	21.7
Pension obligations	(1.2)	(0.4)	-	0.8	-	-	(0.8)
Unused tax losses	1.6	-	-	-	-	-	1.6
	(17.2)	(1.2)	2.1	0.7	(0.1)	0.6	(15.1)

23. BUSINESS COMBINATIONS

In March 2015, the Group acquired 100% of the share capital of Steel Partners NV, the holding company of the Joris Ide Group. Joris Ide is a pan European manufacturer and supplier of insulated panels, profiles and related accessories. The total consideration including debt and related costs amounted to €320.4m.

In May 2015, Kingspan acquired the Building Products division of Vicwest Inc. ("Vicwest"). Vicwest was a Canadian listed company and its Building Products 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 amounted to €138.3m.

The Group made three additional acquisitions during the year: the purchase of 100% of the share capital of American Solar Alternative Power LLC, the purchase of 100% of the share capital of SPU Oy, a Finnish based Insulation boards business and the purchase of the remaining 50% of a previously held joint venture, Kingspan Industrial Insulation ("KII"), which has been disclosed further in Note 10. The combined total consideration for these acquisitions was €39.6m.

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

	Joris Ide €m	Vicwest €m	Other €m	Total €m
Non-current assets				
Intangible assets	34.5	20.9	-	**55.4**
Property, plant and equipment	81.8	22.9	5.5	**110.2**
Deferred tax asset	-	-	0.5	**0.5**
Current assets				
Inventories	79.0	24.3	5.1	**108.4**
Trade and other receivables	38.1	28.4	10.3	**76.8**
Current liabilities				
Trade and other payables	(93.4)	(32.6)	(9.9)	**(135.9)**
Provisions for liabilities	(13.0)	(3.5)	(2.3)	**(18.8)**
Non-current liabilities				
Deferred tax liabilities	(22.0)	(4.2)	-	**(26.2)**
Total identifiable assets	105.0	56.2	9.2	**170.4**
Goodwill	215.4	82.1	30.4	**327.9**
Total consideration	320.4	138.3	39.6	**498.3**
Satisfied by:				
Cash (net of cash acquired)	265.9	138.3	30.2	**434.4**
Deferred contingent consideration	-	-	1.6	**1.6**
Share capital issued	54.5	-	-	**54.5**
Value attributed to initial 50% of the business	-	-	7.8	**7.8**
	320.4	138.3	39.6	**498.3**

The acquired goodwill is attributable principally to the profit generating potential of the businesses, together with cross-selling opportunities and other synergies expected to be achieved from integrating the acquired businesses into the Group's existing business.

In the post-acquisition period to 31 December 2015, the businesses acquired during the current year contributed revenue of €567m and a trading profit of €39m to the Group's results.

The full year revenue and trading profit had the acquisitions taken place at the start of the year, would have been €740m and €38m.

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to €87.0m. The fair value of these receivables is €76.8m, all of which is recoverable, and is inclusive of an aggregate impairment provision of €10.2m.

Given the nature of the acquisitions made during the year, there is no goodwill (2014: €59.1m) which is expected to be deductible for tax purposes.

The Group incurred acquisition related costs of €3.8m (2014: €1.1m) relating to external legal fees and due diligence costs. These costs have been included in administrative expenses in the Consolidated Income Statement.

23. BUSINESS COMBINATIONS (cont'd)

Prior year acquisitions

In the prior year, the Group acquired the trade of the Building Insulation division of Pactiv LLC, 90% of the share capital in Pal International and 95% of the share capital in Dri-Design Inc.

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

	Pactiv €m	Pal €m	Dri-Design €m	Total €m
Non-current assets				
Intangible assets	13.1	-	5.1	18.2
Property, plant and equipment	4.3	5.7	0.2	10.2
Deferred tax asset	-	-	0.5	0.5
Current assets				
Inventories	9.8	3.3	1.0	14.1
Trade and other receivables	0.6	9.4	2.9	12.9
Current liabilities				
Trade and other payables	(7.5)	(8.0)	(2.2)	(17.7)
Provisions for liabilities	(1.4)	(0.6)	(0.7)	(2.7)
Total identifiable assets	18.9	9.8	6.8	35.5
Goodwill	37.3	19.8	21.8	78.9
Total consideration	56.2	29.6	28.6	114.4
Satisfied by:				
Cash (net of cash acquired)	56.2	20.9	23.4	100.5
Deferred contingent consideration	-	8.7	5.2	13.9
	56.2	29.6	28.6	114.4

In the post-acquisition period to 31 December 2014, the acquired businesses contributed revenue of €28.3m and a trading profit of €3.3m to the Group's results.

The full year revenue and trading profit had the acquisitions taken place at the start of the year, would have been €101.2m and €13.6m respectively.

The Group incurred acquisition related costs of €1.1m (2013: nil) relating to external legal fees and due diligence costs. These costs have been included in administrative expenses in the Consolidated Income Statement.

24. SHARE CAPITAL

	2015 €m	2014 €m
Authorised		
220,000,000 Ordinary shares of €0.13 each	**28.6**	28.6
Issued and fully paid		
Ordinary shares of €0.13 each		
Opening balance - 176,599,183 (2014: 174,976,563) shares	**23.0**	22.7
Share options exercised - 2,357,873 (2014: 1,622,620) shares	**0.3**	0.3
Closing balance - 178,957,056 (2014: 176,599,183) shares	**23.3**	23.0

Details of share options exercised are set out in note 3 to the financial statements.

25. SHARE PREMIUM

	2015 €m	2014 €m
At 1 January	**48.4**	43.1
Premium on share options exercised under employee share based compensation schemes	**9.0**	5.3
Premium on treasury shares issued	**35.1**	-
At 31 December	**92.5**	48.4

During the year and as part of the consideration for the acquisition of Joris Ide, 3,000,000 treasury shares were issued to the vendors. These treasury shares had a book value of €19.4m. The total value attributed to the shares as part of the consideration was €54.5m thereby giving rise of a premium of €35.1m.

26. TREASURY SHARES

	2015 €m	2014 €m
At 1 January	**(30.7)**	(30.7)
Shares issued	**19.4**	-
At 31 December	**(11.3)**	(30.7)

During the year and as part of the consideration for the acquisition of Joris Ide, 3,000,000 treasury shares were issued to the vendors. These treasury shares had a book value of €19.4m. At 31 December 2015, the Group held 1,938,257 (2014: 4,938,257) treasury shares in the Company.

27. RETAINED EARNINGS

In accordance with Section 304 of the Companies Act 2014, 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. The Company's profit for the financial year was €7.0m (2014: profit of €5.4m).

28. DIVIDENDS

Equity dividends on ordinary shares:	2015 €m	2014 €m
2015 Interim dividend 8.0 cent (2014: 6.25 cent) per share	**14.2**	10.7
2014 Final dividend 10.0 cent (2013: 8.5 cent) per share	**17.6**	14.6
	31.8	25.3
Proposed for approval at AGM		
Final dividend of 17.0 cent (2014: 10.0 cent) per share	**30.4**	17.2

This proposed dividend for 2015 is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Consolidated Statement of Financial Position of the Group as at 31 December 2015 in accordance with IAS 10 Events after the Reporting Date. The proposed final dividend for the year ended 31 December 2015 will be payable on 13 May 2016 to shareholders on the Register of Members at close of business on 22 April 2016.

29. NON-CONTROLLING INTEREST

	2015 €m	2014 €m
At 1 January	**8.0**	7.9
Profit/(loss) for the year attributable to non-controlling interest	**2.5**	(0.7)
Share of foreign operations' translation movement	**0.9**	0.8
At 31 December	**11.4**	8.0

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

	2015 €m	2014 €m
Increase/(decrease) in cash and bank overdrafts	**22.5**	(19.9)
Drawdown of bank loans	**(336.5)**	-
Repayment of bank loans	**119.3**	4.3
Decrease in lease finance	**0.5**	0.1
Change in net debt resulting from cash flows	**(194.2)**	(15.5)
Translation movement - relating to US dollar loan	**(24.0)**	(43.6)
Translation movement - other	**1.5**	8.5
Derivative financial instruments movement	**14.2**	31.8
Net movement	**(202.5)**	(18.8)
Net debt at start of the year	**(125.5)**	(106.7)
Net debt at end of the year	**(328.0)**	(125.5)

31. CASH GENERATED FROM OPERATIONS

	2015 €m	2014 €m
Profit for the year	**190.6**	106.5
Add back non-operating expenses:		
- Income tax expense	**41.4**	21.0
- Depreciation of property, plant and equipment	**60.5**	40.8
- Amortisation of intangible assets	**9.1**	4.9
- Impairment of non-current assets	**13.4**	5.6
- Employee equity-settled share options	**8.1**	7.7
- Finance income	**(0.3)**	(0.6)
- Finance expense	**15.1**	14.6
- Non cash items	**1.7**	2.1
- (Profit)/loss on sale of property, plant and equipment	**(2.1)**	2.9
Changes in working capital:		
- Inventories	**57.5**	(23.5)
- Trade and other receivables	**(21.2)**	(26.9)
- Trade and other payables	**1.6**	22.7
Other:		
- Change in provisions	**7.1**	(6.5)
- Pension contributions	**(2.8)**	(2.4)
Cash generated from operations	**379.7**	168.9

32. 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), government grants may be repayable up to a maximum amount of €0.7m (2014: €4.2m).

(ii) Guarantees and contingencies

The private placement loan notes (US$400m), which are fully drawn at year end, the revolving credit facility (€300m), which was fully undrawn at year-end and the €190m bilateral loan note facilities, of which €75m was drawn at year end, are all secured by means of cross guarantees provided by Kingspan Group plc.

(iii) Leases

Finance lease liabilities are payable as follows:

	Future minimum lease payment		Interest		Present value of minimum lease payments	
	2015 €m	**2014 €m**	**2015 €m**	**2014 €m**	**2015 €m**	**2014 €m**
Less than one year	0.9	-	0.1	-	0.8	-
Between 1 - 5 years	1.2	-	0.1	-	1.1	-
	2.1	-	**0.2**	-	**1.9**	-

Total obligations under non-cancellable operating leases are due as follows:

	Minimum payments 2015 €m	Minimum payments 2014 €m
Less than one year	**10.3**	8.3
Between 1 - 5 years	**19.6**	17.3
More than 5 years	**0.7**	1.6
	30.6	27.2

(iv) Future capital expenditure

Capital expenditure in subsidiary entities, approved by the Directors but not provided in the financial statements, is as follows:

	2015 €m	2014 €m
Contracted for	**32.0**	11.5
Not contracted for	**13.4**	25.7
	45.4	37.2

33. PENSION OBLIGATIONS

The Group operates defined contribution schemes in each of its main operating locations. It also has unfunded obligations in a German subsidiary and two legacy defined benefit schemes in the UK.

In 2012 the Group acquired a Panels business in Germany. In line with normal business practice in Germany the acquired companies are not required to fund, and have not funded, independent schemes for post employment benefit obligations. Instead, commencing from the date the employee becomes eligible to receive the income stream, this obligation is satisfied from available cash resources of the relevant employing company. Provision has been made for the unfunded liability.

Defined contribution schemes
The total cost charged to profit or loss of €10.8m (2014: €9.0m) represents employer contributions payable to these schemes in accordance with the rules of each plan. An amount of €6.0m (2014: €4.0m) was included at year end in accruals in respect of defined contribution pension accruals.

Contributions for key management personnel to defined contribution schemes are set out in Note 7.

Defined benefit schemes / obligations
The Group has two legacy defined benefit schemes in the UK, both of which are closed to new members and to future accrual. The total pension contributions to these schemes for the year amounted to €2.0m (2014: €1.7m) and the expected contributions for 2016 are €1.7m.

The Group also has pension obligations in Germany which are accounted for as defined benefit obligations. However the variability in the valuation of these obligations is lower than would traditionally apply to funded schemes as there are no scheme assets for which returns must be forecast. €0.8m of pension entitlements have been paid to retired former employees during the year (2014: €0.8m).

The pension costs relating to all of the above defined benefit obligations are assessed in accordance with the advice of qualified actuaries. In the case of the two legacy Group schemes, the most recent actuarial valuations were performed as of 31 March 2013. In general, actuarial valuations are not available for public inspection; however, the results of valuations are advised to members of the various schemes.

The extent of the Group's obligation under these schemes is sensitive to judgemental actuarial assumptions, of which the principal ones are set out below. It is not considered that any reasonable sensitivity analysis on these assumptions would materially alter the scheme obligations.

	2015	2014
Life expectancies		
Life expectancy for someone aged 65 - Males	**22.2**	22.2
Life expectancy for someone aged 65 - Females	**24.5**	24.4
Life expectancy at age 65 for someone aged 45 - Males	**23.9**	23.9
Life expectancy at age 65 for someone aged 45 - Females	**26.4**	26.3
Rate of increase in salaries	**0.0% - 2.0%**	0.0% - 2.0%
Rate of increase of pensions in payment	**0.0% - 1.8%**	0.0% - 1.9%
Rate of increase for deferred pensioners	**1.9%**	2.0%
Discount rate	**2.0% - 3.8%**	1.5% - 3.6%
Inflation rate	**1.5% - 1.9%**	2.0%

Movements in net liability recognised in the balance sheet

	2015 €m	2014 €m
Net liability in schemes at 1 January	**(11.7)**	(7.7)
Employer contributions	**2.8**	2.4
Recognised in income statement	**(0.4)**	(0.1)
Recognised in statement of comprehensive income	**1.8**	(6.7)
Foreign exchange movement	**0.2**	0.4
Net liability in schemes at 31 December	**(7.3)**	(11.7)

Defined benefit pension income/expense recognised in the income statement

	2015 €m	2014 €m
Current service cost	**(0.1)**	(0.1)
Settlements of scheme obligations	**(0.2)**	0.1
Total, included in operating costs	**(0.3)**	-
Movement on scheme obligations	**(2.8)**	(3.0)
Interest on scheme assets	**2.7**	2.9
Net interest expense, included in finance expense (note 5)	**(0.1)**	(0.1)

Financial Statements

33. PENSION OBLIGATIONS (cont'd)

Analysis of amount included in other comprehensive income

	2015 €m	2014 €m
Actual return less interest on scheme assets	**(2.3)**	3.9
Actuarial gain arising from changes in demographic assumptions	**0.2**	0.6
Actuarial gain/(loss) arising from changes in financial assumptions	**3.9**	(11.2)
Gain/(Loss) recognised in other comprehensive income	**1.8**	(6.7)

The cumulative actuarial loss recognised in other comprehensive income to date is €17.3m (2014: €19.1m).
In 2015, the actual return on plan assets was €0.4m (2014: €6.8m).

Asset Classes and Expected Rate of Return
The assets in the scheme at each year end were as follows:

Asset Classes as % of Total Scheme Assets

	2015 €m	2014 €m
Equities	**63%**	58%
Bonds (Corporates)	**0%**	21%
Bonds (Gilts)	**0%**	21%
Cash	**0%**	0%
Liability Driven Investments (LDI)	**37%**	-
	100%	100%

The net pension liability is analysed as follows:	2015 €m	2014 €m
Equities	**47.2**	41.7
Bonds (Corporates)	**0.3**	14.8
Bonds (Gilts)	**-**	15.3
Cash	**0.4**	0.2
Liability Driven Investments (LDI)	**27.5**	-
Fair market value of plan assets	**75.4**	72.0
Present value of obligation	**(82.7)**	(83.7)
Net Pension Liability	**(7.3)**	(11.7)
Analysed between:		
Funded schemes' surplus	**7.8**	4.7
Unfunded obligations	**(15.1)**	(16.4)
	(7.3)	(11.7)
Related deferred tax liability	**1.5**	0.9

Changes in present value of defined benefit obligations

	2015 €m	2014 €m
At 1 January	**83.7**	68.9
Current service cost	**0.2**	0.1
Interest cost	**2.8**	3.0
Benefits paid	**(3.9)**	(2.7)
Settlement	**(0.1)**	(0.3)
Actuarial (gains)/losses	**(4.1)**	10.6
Effect of movement in exchange rates	**4.1**	4.1
At 31 December	**82.7**	83.7

33. PENSION OBLIGATIONS (cont'd)

Changes in present value of scheme assets during year

	2015 €m	2014 €m
At 1 January	**72.0**	61.2
Interest on scheme assets	**2.7**	2.9
Employer contributions	**2.0**	1.7
Benefits paid	**(3.1)**	(1.9)
Settlement	**(0.3)**	(0.1)
Actual return less interest	**(2.3)**	3.9
Effect of movement in exchange rates	**4.4**	4.3
At 31 December	**75.4**	72.0

History of Assets, Liabilities, Experience Gains and Losses

	2015 €m	2014 €m	2013 €m	2012 €m	2011 €m
Fair value of plan assets	**75.4**	72.0	61.2	58.7	52.4
Present value of defined benefit obligation	**(82.7)**	(83.7)	(68.9)	(71.0)	(53.8)
Deficit *	**(7.3)**	(11.7)	(7.7)	(12.3)	(1.4)
Experience (losses)/gains arising on scheme liabilities (present value)	**-**	-	(0.6)	0.1	-
% of defined benefit obligation	**0%**	0.0%	0.9%	0.2%	0.0%
Assumptions gain/(loss)	**4.1**	(10.6)	0.1	(0.2)	(0.4)
% of defined benefit obligation	**5%**	12.7%	0.1%	0.3%	0.7%
Actual return less interest on scheme assets	**(2.3)**	3.9	0.7	0.9	(2.7)
% of scheme assets	**(3%)**	5.4%	1.1%	1.6%	(5.1%)

* The movement in the deficit during 2012 largely arises as a result of the €14.7m pension obligations assumed as part of the TKCG acquisition

34. RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure under IAS 24 Related Party Disclosures relate to (i) transactions between Group companies, (ii) compensation of key management personnel and (iii) goods and services purchased from Directors.

(i) Transactions between subsidiaries and associates are carried out on an arm's length basis.

The Company received dividends from subsidiaries of €Nil, and there was a net decrease in the intercompany balance of €13.1m (2014: €10.3m).

Transactions with the Group's non-wholly owned subsidiaries and jointly controlled entities primarily comprise trading sales and capital funding, carried out on an arm's length basis. These transactions are not considered to be material.

(ii) For the purposes of the disclosure requirements of IAS 24 Related Party Disclosures, the term "key management personnel" (i.e. those persons having the authority and responsibility for planning, directing, and controlling the activities of the Group), comprise the board of directors who manage the business and affairs of the Group.
As identified in the Report of the Remuneration Committee, the directors, other than the non-executive directors, serve as executive officers of the Group.

Key management personnel compensation is set out in Note 7.

Mr Eugene Murtagh received dividends of €5.4m during the year from the Group (2014: €4.4m). Dividends of €0.43m were paid to other key management personnel (2014: €0.33m).

(iii) The Group purchased legal services in the sum of €158,336 (2014: €67,376) from McCann FitzGerald Solicitors, a firm in which Mr John Cronin is a partner. There was no outstanding balances owed at year end.

35. POST BALANCE SHEET EVENTS

There have been no material events subsequent to 31 December 2015 which would require adjustment to or disclosure in this report.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 22 February 2016.

Non-GAAP Information

The principal non-GAAP measures used by the Group are defined as follows:

Trading profit

This comprises the operating profit as reported in the Group Income Statement before intangible asset amortisation and gains and losses from non trading items.

Trading margin

Measures the trading profit as a percentage of revenue.

Net interest

The Group defines net interest as the net total of finance costs and finance income as presented in the Group Income Statement.

Adjusted earnings per share

The Group defines adjusted earnings per share as basic earnings per share adjusted for the impact, net of tax, of intangible amortisation and non trading items.

Free cash flow

Free cash flow is the cash generated from operations after net capital expenditure, interest paid and income taxes paid and reflects the amount of internally generated capital available for re-investment in the business or for distribution to shareholders.

Return on capital employed (ROCE)

ROCE is the adjusted operating profit before interest and tax expressed as a percentage of the Group's net assets employed. The Group's net assets employed reflect the net assets, excluding net debt, at the end of each reporting period.

Net debt

Net debt represents the net total of current and non-current borrowings, current and non-current derivative financial instruments, excluding foreign currency derivatives which are used for transactional hedging, and cash and cash equivalents as presented in the Group Balance Sheet.

Working capital

Working capital represents the net total of inventories, trade and other receivables, trade and other payables and foreign currency derivatives excluded from net debt.

Shareholder Information

The Annual General Meeting

The Annual General Meeting of the Company will be held at The Herbert Park Hotel, Ballsbridge, Dublin 4 on Thursday 5 May 2016 at 10.00 a.m.

Notice of the 2016 AGM is now available to view online at www.kingspan.com/agm2016

You may submit your votes electronically by accessing Computershare's website: www.eproxyappointment.com

You will be asked for your Shareholder Reference Number (SRN), Control Number, and PIN, all of which will have been sent to shareholders in advance of the meeting. To be valid, your proxy vote must be received by Computershare no later than 10.00 am on Tuesday 3 May 2016 (48 hours before the meeting).

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.

Warning to Shareholders

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment "advice".

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company Secretary or the Registrar.

Financial Calendar

Preliminary results announced:	22 February 2016
Annual General Meeting:	**5 May 2016**
Payment date for 2015 final dividend:	13 May 2016
Ex dividend date:	21 April 2016
Record date:	22 April 2016
Half-yearly financial report:	22 August 2016
Trading update:	14 November 2016

Share 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.

Bankers

KBC Bank NV	Ulster Bank Ireland Limited
HSBC Bank plc	Bank of Ireland
Danske Bank AS	Commerzbank
Bank of America	ING Bank NV

Solicitors

McCann FitzGerald,
Riverside One,
Sir John Rogerson's Quay,
Dublin 2,
Ireland.

Macfarlanes,
20 Cursitor Street,
London,
EC4A 1LT,
England.

Stockbrokers

Goodbody,
Ballsbridge Park,
Ballsbridge,
Dublin 4,
Ireland.

UBS Limited,
1 Finsbury Avenue,
London,
EC2M 2PP,
England.

Auditor

KPMG,
Chartered Accountants & Statutory Auditor,
1 Stokes Place,
St Stephen's Green,
Dublin 2,
Ireland.

The European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

The information required by Regulation 21 of the above Regulations as at 31 December 2015 is set out below.

Structure of the Company's Share Capital

At 31 December 2015, the Company's total authorised share capital comprised 220,000,000 ordinary shares of €0.13 each ("Ordinary Shares") and the Company's total issued share capital comprised 178,957,056 Ordinary Shares, of which the Company held 1,938,257 Ordinary Shares in treasury. The Company has no securities in issue conferring special rights with regard to control of the Company.

Rights and obligations attaching to the Ordinary Shares

All Ordinary Shares rank pari passu, and the rights attaching to the Ordinary Shares (including as to voting and transfer) are as set out in the Company's Articles of Association ("Articles"). A copy of the Articles may be found on www.kingspan.com or may be obtained on request to the Company Secretary.

Holders of Ordinary Shares are entitled to receive duly declared dividends in cash or, when offered, additional Ordinary Shares. In the event of any surplus arising on the occasion of the liquidation of the Company, shareholders would be entitled to a share in that surplus pro rata to their holdings of Ordinary Shares.

The Directors have been notified of the following substantial holdings of Ordinary Shares:

Notification Date	Shareholder	Shares held	%
04/01/2016	Eugene Murtagh	30,018,000	16.96%
17/03/2016	Blackrock, Inc.	16,005,853	9.04%
12/11/2015	Allianz Global Investors Europe GmbH	8,853,014	5.01%
11/05/2015	Generation Investment Management LLP	8,690,245	4.93%
13/10/2015	Ameriprise Financial Inc	6,946,925	3.93%
20/11/2014	Invesco Limited	6,739,231	3.93%

Shareholding analysis as at 31 December 2015

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1000	2,810	60.11	1,276,621	0.71
1001 - 10,000	1,447	30.95	4,299,616	2.40
10,001 - 100,000	268	5.73	8,518,777	4.76
100,001 - 1,000,000	115	2.46	37,629,758	21.03
Over 1,000,000	35	0.75	127,232,284	71.10
	4,675	100	178,957,056	100

Shareholder Information

Holders of Ordinary Shares are entitled to receive notice of and to attend, speak and vote in person or by proxy, at general meetings having, on a show of hands, one vote, and, on a poll, one vote for each Ordinary Share held. Procedures and deadlines for entitlement to exercise, and exercise of, voting rights are specified in the notice convening the general meeting in question. There are no restrictions on voting rights except in the circumstances where a "Specified Event" (as defined in the Articles) shall have occurred and the Directors have served a Restriction Notice on the shareholder. Upon the service of such Restriction Notice, no holder of the shares specified in the notice shall, for so long as such notice shall remain in force, be entitled to attend or vote at any general meeting, either personally or by proxy.

Holding and transfer of ordinary shares

The Ordinary Shares may be held in either certificated or uncertificated form (through CREST).

Save as set out below, there is no requirement to obtain the approval of the Company, or of other shareholders, for a transfer of Ordinary Shares. The Directors may decline to register (a) any transfer of a partly-paid share to a person of whom they do not approve, (b) any transfer of a share to more than four joint holders, (c) any transfer of a share on which the Company has a lien, and (d) any transfer of a certificated share unless accompanied by the share certificate and such other evidence of title as may reasonably be required. The registration of transfers of shares may be suspended at such times and for such periods (not exceeding 30 days in each year) as the Directors may determine.

Transfer instruments for certificated shares are executed by or on behalf of the transferor and, in cases where the share is not fully paid, by or on behalf of the transferee. Transfers of uncertificated shares may be effected by means of a relevant system in the manner provided for in the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (the "CREST Regulations") and the rules of the relevant system. The Directors may refuse to register a transfer of uncertificated shares only in such circumstances as may be permitted or required by the CREST Regulations.

Treasury shares

As set out in note 26 of the financial statements, the Group held 1,938,257 treasury shares in the Company. The nominal value of these shares is 13 cent.

Rules concerning the appointment and replacement of the Directors and amendment of the Company's Articles

Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two or more than 15.

Subject to that limit, the shareholders in general meeting may appoint any person to be a Director either to fill a vacancy or as an additional Director. The Directors also have the power to co-opt additional persons as Directors, but any Director so co-opted is under the Articles required to be submitted to shareholders for re-election at the first annual general meeting following his or her co-option.

The Articles require that at each annual general meeting of the Company one-third of the Directors retire by rotation. However, in accordance with the recommendations of the UK Corporate Governance Code, the Directors have resolved they will all retire and submit themselves for re-election by the shareholders at the Annual General Meeting to be held on 5 May 2016.

The Company's Articles may be amended by special resolution (75% majority of votes cast) passed at general meeting.

Powers of Directors including powers in relation to issuing or buying back by the Company of its shares

Under its Articles, the business of the Company shall be managed by the Directors, who exercise all powers of the Company as are not, by the Companies Acts or the Articles, required to be exercised by the Company in general meeting.

The Directors are currently authorised to issue a number of shares equal to the authorised but as yet unissued share capital of the Company on such terms as they may consider to be in the best interests of the Company, under an authority that was conferred on them at the Annual General Meeting held on 7 May 2015. The Directors are also currently authorised on the issue of new equity for cash to disapply the strict statutory pre-emption provisions that would otherwise apply, provided that the disapplication is limited to the allotment of equity securities in connection with any rights issue or any open offer to shareholders, or the allotment of shares not exceeding in aggregate 5% of the nominal value of the Company's issued share capital. Both these authorities expire on 5 May 2016 unless renewed and resolutions to that effect are being proposed at the Annual General Meeting to be held on 5 May 2016.

The Company may, subject to the Companies Acts and the Articles, purchase any of its shares and may either cancel or hold in treasury any shares so purchased, and may re-issue any such treasury shares on such terms and conditions as may be determined by the Directors. The Company shall not make market purchases of its own shares unless such purchases have been authorised by a special resolution passed by the members of the Company at a general meeting.
At the Annual General Meeting held on 7 May 2015, shareholders passed a resolution giving the Company, or any of its subsidiaries, the authority to purchase up to 10% of the Company's issued Ordinary Shares. At the Annual General Meeting to be held on 5 May 2016, shareholders are being asked to renew this authority.

Miscellaneous

There are no agreements between shareholders that are known to the Company which may result in restrictions on the transfer of securities or voting rights.

Certain of the Group's banking facilities include provisions that, in the event of a change of control of the Company, could oblige early prepayment of the facilities. Certain of the Company's joint venture arrangements also contain provisions that would allow the counterparty to terminate the agreement in the event of a change of control of the Company. The Company's Standard Share Option Scheme and Performance Share Plan each contain change of control provisions which allow for the acceleration of the exercise of share options/awards in the event of a change of control of the Company.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Royal North Shore Clinical Services, Sydney, Australia

Principal Subsidiary Undertakings

The principal subsidiary and joint venture 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		
Aerobord Limited	100	Manufacturing
Kingscourt Trustee Company Limited	100	Trustee Company
Kingspan Century Limited	100	Manufacturing
Kingspan Environmental (Ireland) Limited	100	Manufacturing
Kingspan ESB Limited	50	Sales & Marketing
Kingspan Holdings (Irl) Limited	100	Management & Procurement
Kingspan Holdings (North America) Limited	100	Holding Company
Kingspan Holdings (Overseas) Limited	100	Holding Company
Kingspan Holdings Limited	100	Holding Company
Kingspan Insulation Limited	100	Manufacturing
Kingspan International Finance	100	Finance Company
Kingspan Limited	100	Manufacturing
Kingspan RE Limited	100	Property Company
Kingspan Research & Developments Limited	100	Product Development
Kingspan Resources Limited	100	Property Company
Kingspan Securities Limited	100	Finance Company
Kingspan Securities No. 2 Limited	100	Finance Company
UNITED KINGDOM		
Building Innovation Limited	100	Sales & Marketing
Ecotherm Insulation (UK) Limited	100	Sales & Marketing
Interlink Fabrications Limited	100	Finance Company
Kingspan Access Floors Limited	100	Manufacturing
Kingspan Energy Limited	100	Sales & Marketing
Kingspan Environmental & Renewables Limited	100	Holding Company
Kingspan Environmental 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 & Offsite) Limited	100	Holding Company
Kingspan Industrial Insulation Limited	100	Manufacturing
Kingspan Insulation Limited	100	Manufacturing
Kingspan Investments Limited	100	Holding Company
Kingspan Limited	100	Manufacturing
Kingspan Services (UK) Limited	100	Management & Procurement
Kingspan Timber Solutions Limited	100	Manufacturing
Springvale Insulation Limited	100	Manufacturing
AUSTRALIA		
Kingspan Insulated Panels Pty Limited	100	Manufacturing
Kingspan Insulation Pty Ltd	100	Sales & Marketing
Nova-Duct Technologies Pty. Ltd	100	Product Development
Tate Access Floors Pty Limited	100	Sales & Marketing
AUSTRIA		
Hoesch Bausysteme GmbH	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
AZERBAIJAN		
Izopoli Mahdut Mesuliyeti Cemiyeti	51	Sales & Marketing

	Shareholding %	Nature of business
BELGIUM		
Europe Twin Tile NV	100	Manufacturing
Isocab N.V.	100	Manufacturing
Joris Ide Group NV	100	Holding Company
Joris Ide NV	100	Manufacturing
Kingspan Door Components SA	100	Manufacturing
Kingspan Insulation NV	100	Manufacturing
Kingspan NV	100	Sales & Marketing
Kingspan Unidek N.V.	100	Sales & Marketing
BOSNIA AND HERZEGOVINA		
Kingspan d.o.o. Banja Luka	100	Sales & Marketing
BULGARIA		
Kingspan EOOD	100	Sales & Marketing
CANADA		
Kingspan Insulated Panels Limited	100	Manufacturing
Tate ASP Access Floors Inc.	100	Sales & Marketing
Vicwest Inc.	100	Manufacturing
CROATIA		
Hoesch Gradjevinski Elementi d.o.o.	100	Sales & Marketing
Kingspan d.o.o.	100	Sales & Marketing
CZECH REPUBLIC		
Hoesch Stavebni Systemy S.R.O	100	Sales & Marketing
Kingspan a.s.	100	Manufacturing
DENMARK		
Kingspan A/S	100	Sales & Marketing
Kingspan Insulation ApS	100	Sales & Marketing
EGYPT		
Izopoli Egypt LLC	51	Sales & Marketing
ESTONIA		
Kingspan Insulation OÜ	100	Sales & Marketing
Kingspan OÜ	100	Sales & Marketing
FINLAND		
Kiinteistö Oy	100	Property Company
Kingspan Insulation Oy	100	Manufacturing
Kingspan Oy	100	Sales & Marketing
FRANCE		
Comptoir du Batiment et de L'Industrie S.A.S.	100	Manufacturing
Isocab France S.A.S.	100	Manufacturing
Joris Ide Auvergne S.A.S.	100	Manufacturing
Joris Ide Sud Ouest S.A.S.	100	Manufacturing
Kingspan S.a.r.l.	100	Sales & Marketing
Profinord S.a.r.l.	100	Manufacturing
Societe Bretonne de Profilage S.A.S.	100	Manufacturing
Unidek S.a.r.l.	100	Sales & Marketing
GERMANY		
Hoesch Bausysteme GmbH	100	Sales & Marketing
Joris Ide Deutschland GmbH	100	Manufacturing
Kingspan Environmental GmbH	100	Sales & Marketing

	Shareholding %	Nature of business
Kingspan Gefinex GmbH	100	Manufacturing
Kingspan GmbH	100	Sales & Marketing
Kingspan Holding GmbH	100	Holding Company
Kingspan Insulation GmbH & Co. KG	100	Sales & Marketing
Kingspan Insulation Verwaltungs GmbH	100	Holding Company
Kingspan Property GmbH	100	Holding Company
HONG KONG		
Tate Access Floors (Hong Kong) Limited	100	Sales & Marketing
HUNGARY		
Hoesch Epitoelemek Kft	100	Manufacturing
Kingspan Kereskedelmi Kft	100	Manufacturing
Megaprofil Magyarország Kft	100	Manufacturing
INDIA		
Kingspan India Private Limited	51	Sales & Marketing
Kingspan Insulation Private Limited	100	Manufacturing
JERSEY		
Kingspan Overseas Investments Limited	100	Holding Company
LATVIA		
Kingspan SIA	100	Sales & Marketing
LITHUANIA		
Kingspan UAB	100	Sales & Marketing
LUXEMBOURG		
Naps Holdings (Luxembourg) S.á.r.l.	100	Holding Company
NETHERLANDS		
Hoesch Bouwsystemen B.V.	100	Sales & Marketing
Kingspan BV	100	Sales & Marketing
Kingspan Holding Netherlands BV	100	Holding Company
Kingspan Insulation BV	100	Manufacturing
Kingspan Unidek B.V.	100	Manufacturing
Unidek Group B.V.	100	Holding Company
NEW ZEALAND		
Kingspan Insulation NZ Limited	100	Sales & Marketing
Kingspan Limited	100	Manufacturing
NORWAY		
Kingspan AS	100	Sales & Marketing
Kingspan Insulation AS	100	Sales & Marketing
Kingspan Miljo AS	100	Sales & Marketing
POLAND		
Kingspan Environmental Sp. z o.o.	100	Manufacturing
Kingspan Insulation Sp. z o.o.	100	Sales & Marketing
Kingspan Sp. z o.o.	100	Manufacturing
ROMANIA		
Hoesch Sisteme Pentru Constructii S.R.L	100	Sales & Marketing
Kingspan S.R.L.	100	Sales & Marketing
Megaprofil S.R.L.	100	Manufacturing
Megaprofil Sud S.R.L.	100	Manufacturing

	Shareholding %	Nature of business
RUSSIA		
Joris Ide LLC	100	Manufacturing
Kingspan LLC	99	Sales & Marketing
Kingspan Insulation LLC	100	Sales & Marketing
SERBIA		
Kingspan d.o.o.	100	Sales & Marketing
SINGAPORE		
Kingspan Pte Limited	100	Sales & Marketing
SLOVAKIA		
Kingspan s.r.o.	100	Sales & Marketing
SOUTH AFRICA		
Kingspan Insulated Panels (Pty) Ltd	100	Sales & Marketing
SPAIN		
Kingspan Holdings Spain S.L.	100	Holding Company
Kingspan Suelo Technicos S.L.	50	Sales & Marketing
SWEDEN		
Kingspan AB	100	Sales & Marketing
Kingspan Insulation AB	100	Sales & Marketing
SWITZERLAND		
Kingspan GmbH	100	Sales & Marketing
TURKEY		
Izopoli Impeks Prefabrik Panel Sanayi ve Ticaret Ltd. Sti	51	Sales & Marketing
Izopoli Yapi Elemanlari Taahhut San. Ve Tic A.S.	51	Manufacturing
UKRAINE		
Kingspan Lviv	100	Sales & Marketing
Kingspa1n Ukraine LLC	100	Sales & Marketing
UNITED ARAB EMIRATES		
Kingspan Insulated Panels Manufacturing LLC	100	Manufacturing
Kingspan International FZE	100	Sales & Marketing
Kingspan Insulation LLC	90	Sales & Marketing
PAL System International FZCO	90	Manufacturing
UNITED STATES OF AMERICA		
American Solar Alternative Power LLC	100	Sales & Marketing
ASM Modular Systems Inc	100	Manufacturing
Dri-Design Inc.	94.67	Manufacturing
Kingspan Energy Inc.	100	Sales & Marketing
Kingspan Holdings Panels US Inc.	100	Holding Company
Kingspan Holdings US Inc.	100	Holding Company
Kingspan Insulated Panels Inc.	100	Manufacturing
Kingspan Insulation LLC	100	Manufacturing
Morin Corporation	100	Manufacturing
Preinsulated Metal Technologies Inc.	100	Manufacturing
Tate Access Floors Inc	100	Manufacturing

Pursuant to section 316 of the Companies Act 2014, a full list of subsidiaries and joint venture companies will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

Group Five Year Summary

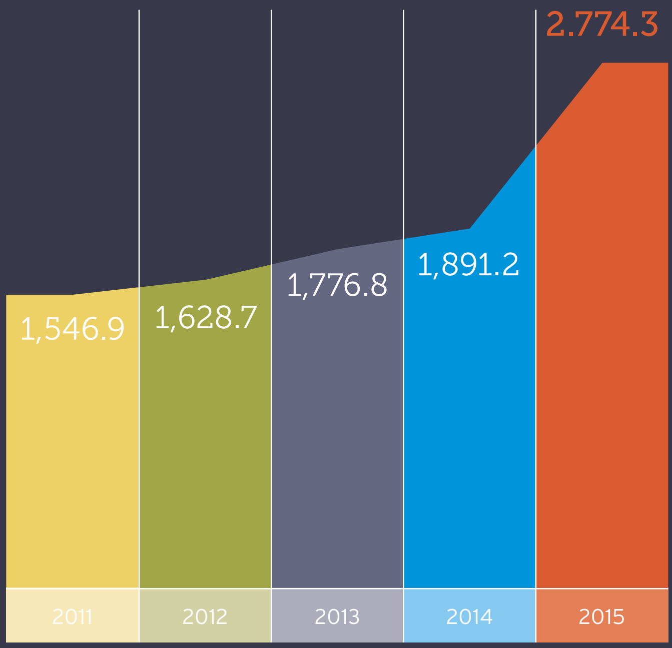
RESULTS (amounts in €m)	2015	2014	2013	2012	2011
Revenue	2,774.3	1,891.2	1,776.8	1,628.7	1,546.9
Operating Profit	246.8	141.5	115.5	104.7	90.9
Net profit before tax	232.0	127.5	101.9	89.9	77.8
Operating cashflow	382.5	171.3	146.7	160.6	127.1

EQUITY (amounts in €m)	2015	2014	2013	2012	2011
Gross assets	2,549.1	1,836.5	1,589.2	1,585.8	1,434.3
Working capital	301.8	263.3	212.5	200.0	188.6
Total shareholder equity	1,293.8	1,009.1	859.6	813.4	734.9
Net debt	328.0	125.5	106.7	165.5	170.1

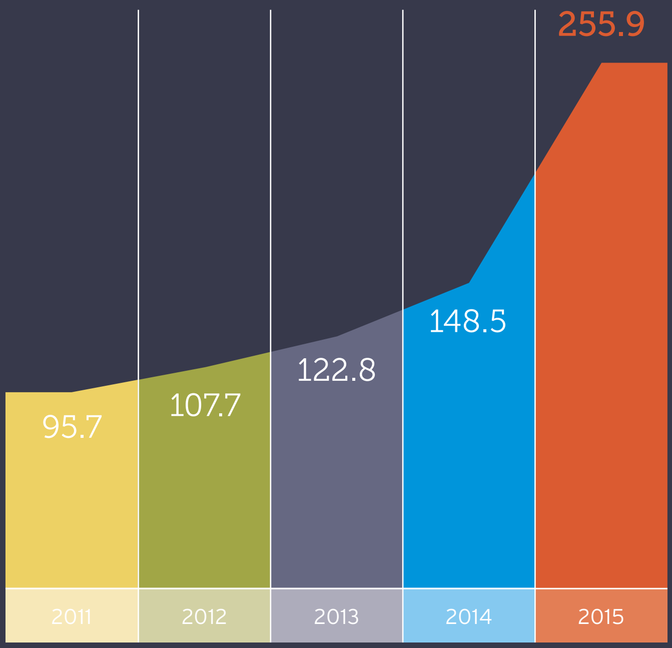
RATIOS	2015	2014	2013	2012	2011
Net debt as % of total shareholders' equity	25.4%	12.4%	12.4%	20.3%	23.1%
Current assets / current liabilities	1.43	1.47	1.83	1.65	1.68

PER ORDINARY SHARE (amounts in €cent)	2015	2014	2013	2012	2011
Earnings	106.7	62.6	51.7	43.8	37.1
Operating cashflows	217.1	100.1	87.1	95.8	76.3
Net assets	734.2	589.7	507.2	485.0	441.1
Dividends	25.0	16.25	14.0	12.25	11.00

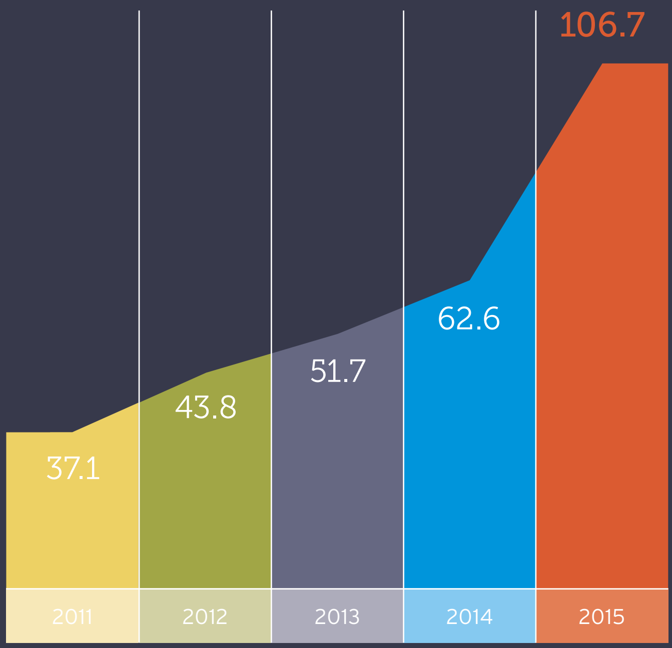
AVERAGE NUMBER OF EMPLOYEES	8,595	6,627	6,439	5,754	5,776



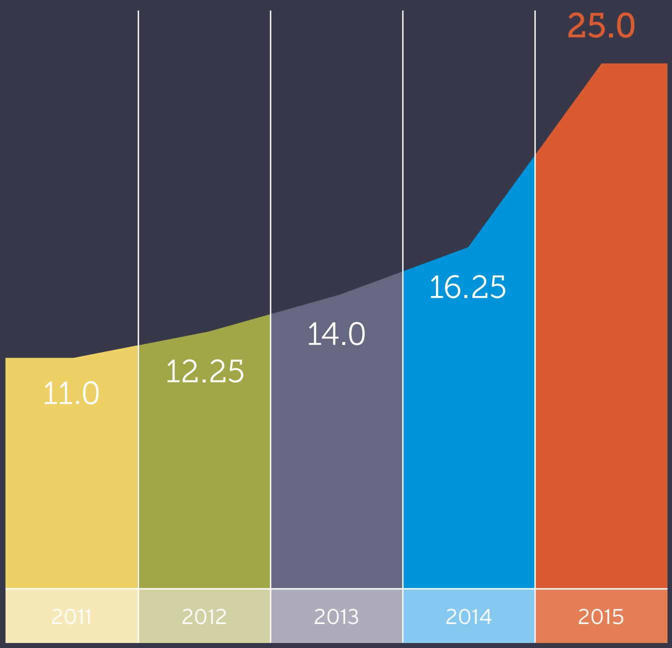
Revenue €m



Trading Profit €m



Earnings per share €cent



Dividends per share €cent

Other Information

Kingspan Group plc

Dublin Road, Kingscourt, Co. Cavan, Ireland
Telephone: +353 42 969 8000
Fax: +353 42 966 7501

Email: admin@kingspan.com

www.kingspan.com

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C009236