

KINGSPAN GROUP PLC
HALF-YEARLY FINANCIAL REPORT
for the period ended 30 June 2016





KINGSPAN GROUP PLC

RESULTS FOR THE HALF YEAR 30 JUNE 2016

Kingspan, the global leader in high performance insulation and building envelope solutions, issues its half-yearly financial report for the six month period ended 30 June 2016.

Financial Highlights:

- Revenue up 19% to €1.47bn, (pre-currency, up 22%).
- Trading profit up 50% to €167.3m, (pre-currency up 55%).
- Acquisitions contributed 15% to sales growth and 7% to trading profit growth in the period.
- Group trading margin of 11.4%, an increase of 240bps versus the same period in 2015.
- Net debt of €348.1m (H1 2015: €449.3m). Net debt to EBITDA of 0.9x (H1 2015: 1.9x).
- Basic EPS up 52% to 70.6 cent (H1 2015: 46.5 cent).
- Interim dividend per share up 25% to 10.0 cent (H1 2015: 8.0 cent).
- 17.8% ROCE (H1 2015: 11.3%).

Operational Highlights:

- Insulated Panel sales growth of 26% globally, with significant advances in Western Europe and North America in particular.
- Insulation Board sales growth of 9%, with the strongest performance in the UK, North America, and the Netherlands.
- Environmental continues to rebuild profitability and Access Floors is well ahead in the UK, whilst flatter in North America.
- The pass through of raw material increases in quarter two and three remains the foremost challenge for the remainder of 2016.
- Total investment in the period of €138m, comprising €55m in capex and €83m in acquisitions.

Summary Financials:

	<i>H1 '16</i> <i>€m</i>	<i>H1 '15</i> <i>€m</i>	<i>% Change</i>
Revenue	1,468.1	1,235.3	+19%
EBITDA	196.8	137.9	+43%
Trading Profit*	167.3	111.7	+50%
Trading Margin	11.4%	9.0%	+240bps
EPS (cent per share)	70.6	46.5	+52%

**Operating profit before amortisation of intangibles*

Gene Murtagh, Chief Executive of Kingspan commented:

“These results reflect our strongest ever six month performance, underpinned by solid organic growth and a robust contribution from the Joris Ide and Vicwest businesses acquired last year. The expansion in profit margin has helped deliver a 50% increase in trading profit, and with good order intake momentum in the second quarter continuing into the current trading period, we expect a solid performance in the second half. We continue to acquire complementary businesses, with a total of €83m invested in two businesses in the first half and €126m paid for two further businesses after the period end.”

For further information contact:

Murray Consultants
Douglas Keatinge

Tel: +353 (0) 1 4980 300

Business Review

The first half of 2016 has been Kingspan’s strongest trading period on record, with revenue up 19% to €1,468m and trading profit up 50% to €167m. This has been achieved through the continued delivery of increased market penetration worldwide, and building upon the significant platforms acquired over recent years, all of which have bedded in very satisfactorily.

Activity in Central Europe, North America, and the UK improved markedly year-over-year and provided a fertile environment for us to further capitalise on our strategy of converting from more traditional forms of construction to our higher performance solutions, all in an increasingly global arena for Kingspan. Margins expanded considerably in the period as a result of the leverage impact of higher volumes, and supported significantly by harnessing raw material savings, some of which we anticipate will unwind in the second half.

During the period we invested a total of €138m, €55m of which was in capex, and €83m on two acquisitions completed in the first half. Our roll-out of facilities continued, completing a new manufacturing line in Belgium and making significant headway on new/extended plants in the Nordics, UAE, Australia, North America and Mexico.

On the technology front, our proprietary Quadcore Insulated Panel core has been launched, and will be progressively rolled out throughout the world over the coming year or so. Initial specification uptake has been encouraging.

Central to our strategy is the continued consolidation of our end markets globally, and also what we term ‘Completing the Envelope’. By that, we aim to complement the Group’s Insulated Panels and Insulation Boards proposition to include Daylighting and other related solutions. In support of this strategy we invested €83m in acquisitions in total during the first half, the largest of which was Euroclad in the UK. Following the period end, we completed the acquisition of Eurobond, a former affiliate of Euroclad, and agreed to acquire Essmann, a Daylighting business in Germany & France, for a combined consideration of €126m. Essmann, together with our existing Daylighting product set, will now form a new stand-alone division called Kingspan Light & Air. The complement of these products and our existing building envelope technologies will deepen our presence in high performance building solutions, which remains Kingspan’s primary goal.

Insulated Panels

	<i>H1 '16</i> €m	<i>H1 '15</i> €m	% Change
Revenue	949.5	752.9	+26% (1)
Trading Profit	112.0	70.3	+59%
Trading Margin	11.8%	9.3%	+250bps

(1) Comprising underlying +8%, currency impact -3% and acquisitions +21%

Mainland Europe

Now our largest end market, we delivered solid growth in Germany, France, the Netherlands and pockets of Central Europe, owing to an element of market recovery as well as growth in the penetration of our systems. The Netherlands, in particular, grew across all segments somewhat in contrast to Belgium which was broadly flat. The pattern of order intake was similar, leaving us with a strong orderbook from which to feed quarter three sales. The Joris Ide business acquired last year has delivered a strong first year in our ownership, and is undergoing significant operational improvement to further enhance its unique service proposition.

UK

Sales grew at mid-single digit levels during the first half and order intake at a slightly higher pace than that. Low rise non-residential activity, our key target segment, was marginally up overall, complemented by our continued growth in more differentiated, and higher margin architectural solutions. As penetration of our roof panels, in particular stretches towards 70%, our emphasis is firmly on achieving expansion in the product range focusing on applications where our products' performance advantage will deliver future revenue growth.

Americas

Our broadening range of solutions and brands in this region has contributed to underlying year-on-year growth in revenues of 15%. Penetration growth remains the most prominent dynamic for our business in North America as the market moves progressively towards lower energy building fabrics, still significantly lagging the levels in other markets where we have so far built our presence. Pricing competition intensified in the second quarter resulting in some pressure on order intake during that time.

Australasia & UAE

Following a strong first half of last year, the comparative in Australia was always going to be tough. Notwithstanding that, sales were marginally ahead of a year earlier, and order intake significantly ahead, boding well for the second half. Turkey and the Middle East in general have seen a more difficult trading environment although based on the project pipeline we anticipate that this should stabilise in the near term.

Ireland

This market has continued its compelling recovery with volume significantly ahead of the same period last year. We anticipate that pattern to continue through the second half.

Insulation Boards

	<i>H1'16</i> €m	<i>H1 '15</i> €m	% Change
Revenue	347.4	319.2	+9% (1)
Trading Profit	39.9	28.3	+41%
Trading Margin	11.5%	8.9%	+260bps

(1) Comprising underlying +8%, currency impact -3% and acquisitions +4%

UK

Our UK volumes were very robust during the first half of the year, owing to a relatively stable construction backdrop, growth in penetration, and some element of market share improvement. The leverage impact of this, combined with weaker raw materials, contributed to significantly improved margins and profitability. Broadly, this trading pattern has continued so far in the third quarter.

Mainland Europe

In general, the Continental European market for rigid insulation has been marred by over capacity in the last few years. The first half of 2016 was no different, with the exception of the newbuild market in the Netherlands which accounts for over 30% of divisional revenue, and has demonstrated consistent recovery over the past two years. In the other less active European construction markets our focus on generating demand for our higher end solutions remains the priority, and is delivering success in even the weaker end markets. France, Germany and the Nordics all continue to offer significant conversion potential for Kingspan over time.

Americas

Despite our capacity constraints in the US market, our business has grown marginally by volume in the first half. Our focus in this market is to simultaneously grow demand for Kingspan's proprietary solutions, currently sourced from Europe, while doubling the capacity for our XPS offering. This additional manufacturing capability is due to come on stream from mid 2017 and is expected to provide a significant boost to our Insulation Boards business in North America.

Ireland

As with Insulated Panels, our Insulation Boards business in Ireland has been experiencing a consistent improvement in end market opportunity, as well as ongoing penetration growth of Kooltherm. We expect this pattern to continue for the foreseeable future.

Australasia

Sales of Kooltherm have continued growing in this region, ahead of our new Melbourne plant being commissioned later this year. The wider market remains dominated by traditional insulation. Over time, we see the trend evolving along similar lines to that in Europe, whereby higher performance products will drive penetration growth. Our new facility provides us with the spring board to orchestrate this change.

Environmental

	<i>H1 '16</i> €m	<i>H1 '15</i> €m	% Change
Revenue	79.5	77.5	+3% (1)
Trading Profit	4.2	3.3	+27%
Trading Margin	5.3%	4.3%	+100bps

(1) Comprising underlying +2%, currency impact -6% and acquisitions +7%

Activity in this division has continued to improve gradually, which in combination with a relentless focus on cost base, has driven significant profit improvement over the past two years. Revenue growth in our water products business unit, including rainwater and treatment solutions, has also been key to this dynamic, which has been further enhanced with the acquisition of Tankworks in Australia earlier this year. Further internationalisation of this division will be central to achieving sustained growth.

Access Floors

	<i>H1 '16</i> €m	<i>H1 '15</i> €m	% Change
Revenue	91.7	85.7	+7% (1)
Trading Profit	11.2	9.8	+14%
Trading Margin	12.2%	11.4%	+80bps

(1) Comprising underlying +10% and currency impact -3%

The trading pattern in this business unit during the first half has largely mirrored that of recent years. Office activity in the UK remains buoyant for now and the remainder of 2016, albeit potentially subject to some tapering off thereafter. Datacentre activity continues to drive revenue and margins in North America as the office market has remained remarkably subdued, with little sign of that changing. Our near and medium term focus will be on creating a more uniform global approach to the datacentre opportunity and ensuring that we continue to develop the product suite, ensuring Kingspan remains at the vanguard of this fast evolving segment.

Financial Review

Overview of results

Group revenue increased by 19% to €1,468.1m (H1 2015: €1,235.3m) and trading profit increased by 50% to €167.3m (H1 2015: €111.7m). This represents a 22% increase in sales and a 55% increase in trading profit on a constant currency basis. The Group's trading margin increased by 240bps to 11.4% (H1 2015: 9.0%). The amortisation charge in respect of intangibles was €5.3m compared to €3.7m in the first half of 2015 with the increase reflecting, primarily, intangible assets acquired in respect of Joris Ide in March 2015 and Vicwest in May 2015. Group operating profit after amortisation grew 50% to €162.0m. Profit after tax was €125.7m compared to €82.4m in the

first half of 2015 driven, in the main, by the growth in trading profit. Basic EPS for the period was 70.6 cent, representing an increase of 52% on the first half of 2015 (H1 2015: 46.5 cent).

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

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+8%	-3%	+21%	+26%
Insulation Boards	+8%	-3%	+4%	+9%
Access Floors	+10%	-3%	-	+7%
Environmental	+2%	-6%	+7%	+3%
Group	+7%	-3%	+15%	+19%

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

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+56%	-5%	+8%	+59%
Insulation Boards	+39%	-4%	+6%	+41%
Access Floors	+17%	-3%	-	+14%
Environmental	+12%	-9%	+24%	+27%
Group	+48%	-5%	+7%	+50%

Finance costs (net)

Finance costs for the period were modestly lower than the same period last year at €7.2m (H1 2015: €7.6m). Finance costs include a non-cash charge of €0.1m (H1 2015: €0.1m) relating to the Group's legacy defined benefit pension schemes. A net non-cash charge of €0.2m was recorded in respect of swaps on the Group's USD private placement notes (H1 2015: €0.4m). The Group's net interest expense on borrowings (bank and loan notes) was €6.9m compared to €7.1m in the first half of 2015. The flat interest charge, despite the higher level of debt, reflects in particular the repayment of a higher coupon private placement loan note on maturity in March 2015.

Taxation

The tax charge for the first half of the year was €29.1m (H1 2015: €18.0m) which represents an effective tax rate of 18.8% on profit before tax and amortisation (H1 2015: 18%). The increase in the effective rate reflects the global mix of earnings year on year.

Retirement benefits

The Group has two legacy defined benefit schemes in the UK which are closed to new members and to future accrual. In addition, the Group assumed a defined benefit obligation in respect of certain current and former employees of ThyssenKrupp Construction acquired during 2012. The net pension liability in respect of all the Group's defined benefit obligations was €7.1m as at 30 June 2016 (30 June 2015: €9.9m).

Acquisitions

On 30 April, the Group's subsidiary, Joris Ide, acquired Euroclad in the UK and the Group's Environmental division acquired Tankworks in Australia on 29 April. On 19 July, we reached an agreement to acquire Essmann, a European Daylighting business. On 17 August, Joris Ide also

acquired Eurobond, a former affiliate of Euroclad. The combined consideration for these acquisitions was €209m, of which €83m was incurred before the period end with €126m payable on completion in the second half of 2016. Euroclad and Eurobond will further develop the Group's presence in higher end architectural facades and building envelopes in the UK. Essmann will be the Group's Daylighting platform in Mainland Europe. Tankworks, a rainwater harvesting business, will serve as the platform for the Group's Environmental division in Australia.

Free cashflow

<i>Free cashflow</i>	H1 '16 €m	H1 '15 €m
EBITDA*	196.8	137.9
Movement in working capital **	(26.0)	17.1
Net capital expenditure	(52.5)	(34.2)
Pension contributions	(1.1)	(1.4)
Net finance costs paid	(7.5)	(7.7)
Income taxes paid	(20.3)	(9.5)
Other including non-cash items	3.2	3.5
Free cashflow	92.6	105.7

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

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

Working capital at 30 June 2016 was €314.7m (31 December 2015: €301.8m), an increase of €12.9m in the period. This increase is driven by the working capital on acquisitions in the period, a seasonal build in the first half of the year and an untypically low position at the end of 2015.

The average working capital to sales % was 10.5% in H1 2016 compared to 14.2% in H1 2015.

Net Debt

Net debt increased by €20.1m during the first half to €348.1m (31 December 2015: €328.0m) and this is analysed in the table below:

<i>Movement in net debt</i>	H1 '16 €m	H1 '15 €m
Free cashflow	92.6	105.7
Acquisitions	(80.6)	(414.8)
Share issues	1.0	7.2
Dividends paid	(30.2)	(17.6)
Cashflow movement	(17.2)	(319.5)
Exchange movements on translation	(2.9)	(4.3)
Increase in net debt	(20.1)	(323.8)
Net debt at start of period	(328.0)	(125.5)
Net debt at end of period	(348.1)	(449.3)

Capital Structure and Group Financing

The Group funds itself through a combination of equity and debt. Debt is funded through a combination of syndicated bank facilities and private placement loan notes.

The primary bank debt facility is a €300m revolving credit facility, with a syndicate of international banks, with a term to March 2019. The Group also has bilateral agreements totaling €75m which mature in January 2018. Total aggregate drawings on these bank facilities at 30 June was €85m.

In addition, as part of the Group's longer term capital structure the Group has total private placement loan notes of €466m which have a weighted average maturity of 6 years.

As well as ongoing free cashflow generation, the Group has significant available undrawn facilities and cash which provide appropriate headroom for operational requirements and development funding. Total available head room was approximately €456m at 30 June 2016.

Related Party Transactions

There were no changes in related party transactions from the 2015 Annual Report that could have a material effect on the financial position or performance of the Group in the first half of the year.

Principal Risks & Uncertainties

Details of the principal risks and uncertainties facing the Group can be found in the 2015 Annual Report. These risks, namely volatility in the macro environment, failure to innovate, product failure, business interruption (including IT continuity), credit risks & credit control, employee development & retention, fraud & cybercrime and acquisition & integration of new businesses, remain the most likely to affect the Group in the second half of the current year. The Group actively manages these and all other risks through its control and risk management processes.

Dividend

The Board has proposed an interim dividend of 10 cent per ordinary share, an increase of 25% on the 2015 interim dividend of 8.0 cent per share. The interim dividend will be paid on 23 September 2016 to shareholders on the register on the record date of 2 September 2016.

Outlook

Throughout the Group, order intake momentum through the second quarter was exceptionally strong, driven by improved underlying demand, coupled with a lift in June activity ahead of steel related price increases in quarter three. This has resulted in like for like Group revenue from June 30 to August 12 being comfortably ahead of the same period last year.

In the same period, overall order intake in the UK specifically is up 7% year on year. Over the same timeframe, the longer term project pipeline has remained robust, and is broadly stable with where it stood on June 30.

These metrics, when set in context of the wider global dimension to Kingspan, combined with the Group's prudent balance sheet and opportunity-laden development pipeline, sustain the Board's confidence in our future, notwithstanding the current EUR/GBP exchange rates and rising raw material costs being headwinds, in the near term.

RESPONSIBILITY STATEMENT

Directors' Responsibility Statement in respect of the half-yearly financial report for the six month period ended 30 June 2016

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

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

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

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

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

The directors of Kingspan Group plc, and their functions, are as listed in the 2015 Annual Report.

On behalf of the Board

Gene Murtagh
Chief Executive Officer

22 August 2016

Geoff Doherty
Chief Financial Officer

22 August 2016

Independent Review Report to Kingspan Group PLC

Introduction

We have been engaged by the company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related explanatory notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards as adopted by the EU (“IFRSs”). Our review was conducted in accordance with the Financial Reporting Council’s (“FRCs”) International Standard on Review Engagements (“ISRE”) (UK and Ireland) 2410, ‘*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*’.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with *IAS 34 as adopted by the EU*, the TD Regulations and the Transparency Rules of the Central Bank of Ireland.

Basis of our report, responsibilities and restriction on use

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the TD Regulations and the Transparency Rules of the Central Bank of Ireland. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The directors are responsible for ensuring that the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with *IAS 34 Interim Financial Reporting* as adopted by the EU. Our responsibility is to express to the company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

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

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated 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 the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Transparency (Directive 2004/109/EC) Regulations 2007 as amended (“the TD Regulations”) and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

22 August 2016

Kingspan Group plc

Condensed consolidated income statement (unaudited) for the 6 month period ended 30 June 2016

		6 months ended 30 June 2016	6 months ended 30 June 2015
	Note	€m	€m
Revenue	4	1,468.1	1,235.3
Cost of Sales		(1,010.7)	(874.2)
Gross Profit		457.4	361.1
Operating Costs, excluding intangible amortisation		(290.1)	(249.4)
Trading Profit	4	167.3	111.7
Intangible amortisation		(5.3)	(3.7)
Operating Profit		162.0	108.0
Finance expense	6	(7.4)	(7.7)
Finance income	6	0.2	0.1
Profit for the period before income tax		154.8	100.4
Income tax expense	7	(29.1)	(18.0)
Net Profit for the period		125.7	82.4
Attributable to owners of Kingspan Group plc		125.4	81.7
Attributable to non-controlling interests		0.3	0.7
		125.7	82.4
Earnings per share for the period			
Basic	11	70.6c	46.5c
Diluted	11	69.7c	45.7c

Kingspan Group plc

Condensed consolidated statement of comprehensive income (unaudited) for the 6 month period ended 30 June 2016

	6 months ended 30 June 2016	6 months ended 30 June 2015
	€m	€m
Net profit for financial period	125.7	82.4
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(57.6)	66.3
Effective portion of changes in fair value of cash flow hedges	1.1	(2.0)
Income taxes relating to changes in fair value of cash flow hedges	(0.1)	0.2
Total comprehensive income for the period	69.1	146.9
Attributable to owners of Kingspan Group plc	69.1	145.5
Attributable to non-controlling interests	-	1.4
	69.1	146.9

Kingspan Group plc

Condensed consolidated statement of financial position

as at 30 June 2016

		At 30 June 2016 (unaudited)	At 30 June 2015 (unaudited) As re-presented *	At 31 December 2015 (audited)
	Note	€m	€m	€m
Assets				
Non-current assets				
Goodwill	12	859.7	812.7	821.2
Other intangible assets		85.7	84.1	78.4
Property, plant and equipment	13	625.0	631.3	619.1
Derivative financial instruments		43.2	19.6	29.6
Retirement benefit assets		7.8	6.2	7.8
Deferred tax assets		10.9	6.9	10.9
		1,632.3	1,560.8	1,567.0
Current assets				
Inventories		322.6	359.3	293.5
Trade and other receivables		592.3	547.6	474.5
Derivative financial instruments		2.7	0.1	2.1
Cash and cash equivalents	9	166.5	170.6	212.0
		1,084.1	1,077.5	982.1
Total assets		2,716.4	2,638.3	2,549.1
Liabilities				
Current liabilities				
Trade and other payables		593.5	586.8	468.2
Provisions for liabilities		40.3	41.2	47.2
Derivative financial instruments		0.4	2.6	0.1
Deferred contingent consideration		6.6	8.3	9.5
Interest bearing loans and borrowings		123.5	287.4	98.7
Current income tax liabilities		73.8	60.2	64.5
		838.1	986.5	688.2
Non-current liabilities				
Retirement benefit obligations		14.9	16.1	15.1
Provisions for liabilities		42.9	31.5	36.4
Interest bearing loans and borrowings		434.3	352.1	470.9
Deferred tax liabilities		45.7	46.7	44.1
Deferred contingent consideration		2.4	1.3	0.6
		540.2	447.7	567.1
Total liabilities		1,378.3	1,434.2	1,255.3
Net Assets		1,338.1	1,204.1	1,293.8
Equity				
Share capital		23.4	23.2	23.3
Share premium		93.4	90.5	92.5
Capital redemption reserve		0.7	0.7	0.7
Treasury shares		(12.5)	(11.3)	(11.3)
Other reserves		(73.6)	(5.5)	(17.7)
Retained earnings		1,294.2	1,097.1	1,194.9
		1,325.6	1,194.7	1,282.4
Equity attributable to owners of Kingspan Group plc		1,325.6	1,194.7	1,282.4
Non-controlling interests		12.5	9.4	11.4
Total Equity		1,338.1	1,204.1	1,293.8

* Re-presented to reflect adjustments made to the provisional fair values recognised in the Balance Sheet as at 30 June 2015.

Kingspan Group plc

Condensed consolidated statement of changes in equity (unaudited) for the 6 month period ended 30 June 2016

	Share capital	Share premium	Capital redemption reserve	Treasury shares	Translation reserve	Cash flow hedging reserve	Share based payment reserve	Revaluation reserve	Retained Earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2016	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
Transactions with owners recognised directly in equity												
Employee share based compensation	0.1	0.9	-	-	-	-	6.0	-	-	7.0	-	7.0
Exercise or lapsing of share options	-	-	-	-	-	-	(5.6)	-	5.6	-	-	-
Repurchase of shares	-	-	-	(1.2)	-	-	-	-	-	(1.2)	-	(1.2)
Dividends	-	-	-	-	-	-	-	-	(30.2)	(30.2)	-	(30.2)
<i>Transactions with non-controlling interests:</i>												
Change of ownership interest	-	-	-	-	-	-	-	-	(1.5)	(1.5)	1.5	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Transactions with owners	0.1	0.9	-	(1.2)	-	-	0.4	-	(26.1)	(25.9)	1.1	(24.8)
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	125.4	125.4	0.3	125.7
Other comprehensive income												
<i>Items that may be reclassified subsequently to profit or loss</i>												
Cash flow hedging in equity												
- current year	-	-	-	-	-	1.1	-	-	-	1.1	-	1.1
- tax impact	-	-	-	-	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Exchange differences on translating foreign operations	-	-	-	-	(57.3)	-	-	-	-	(57.3)	(0.3)	(57.6)
Total comprehensive income for the period	-	-	-	-	(57.3)	1.0	-	-	125.4	69.1	-	69.1
Balance at 30 June 2016	23.4	93.4	0.7	(12.5)	(108.2)	3.9	30.0	0.7	1,294.2	1,325.6	12.5	1,338.1

Kingspan Group plc

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

	Share capital	Share premium	Capital redemption reserve	Treasury shares	Translation reserve	Cash flow hedging reserve	Share based payment reserve	Revaluation reserve	Retained Earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2015	23.0	48.4	0.7	(30.7)	(90.6)	(0.2)	26.9	0.7	1,022.9	1,001.1	8.0	1,009.1
Transactions with owners recognised directly in equity												
Employee share based compensation	0.2	7.0	-	-	-	-	4.0	-	-	11.2	-	11.2
Exercise or lapsing of share options	-	-	-	-	-	-	(10.1)	-	10.1	-	-	-
Transfer of shares	-	35.1	-	19.4	-	-	-	-	-	54.5	-	54.5
Dividends	-	-	-	-	-	-	-	-	(17.6)	(17.6)	-	(17.6)
Transactions with owners	0.2	42.1	-	19.4	-	-	(6.1)	-	(7.5)	48.1	-	48.1
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	81.7	81.7	0.7	82.4
Other comprehensive income												
<i>Items that may be reclassified subsequently to profit or loss</i>												
Cash flow hedging in equity												
- current year	-	-	-	-	-	(2.0)	-	-	-	(2.0)	-	(2.0)
- tax impact	-	-	-	-	-	0.2	-	-	-	0.2	-	0.2
Exchange differences on translating foreign operations	-	-	-	-	65.6	-	-	-	-	65.6	0.7	66.3
Total comprehensive income for the period	-	-	-	-	65.6	(1.8)	-	-	81.7	145.5	1.4	146.9
Balance at 30 June 2015	23.2	90.5	0.7	(11.3)	(25.0)	(2.0)	20.8	0.7	1,097.1	1,194.7	9.4	1,204.1

Kingspan Group plc

Condensed consolidated statement of changes in equity (audited) for the financial year ended 31 December 2015

	Share Capital	Share Premiu m	Capital Redemption Reserve	Treasury Shares	Translation Reserve	Cash flow Hedging Reserve	Share Based Payment Reserve	Revaluatio n Reserve	Retained Earnings	Total attributable to owners of the parent	Non Controlling Interests	Total Equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2015	23.0	48.4	0.7	(30.7)	(90.6)	(0.2)	26.9	0.7	1,022.9	1,001.1	8.0	1,009.1
Transactions with owners recognised directly in equity												
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												
<i>Items that may be reclassified subsequently to profit or loss</i>												
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
<i>Items that will not be reclassified subsequently to profit or loss</i>												
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

Kingspan Group plc

Condensed consolidated statement of cash flows (unaudited) for the 6 month period ended 30 June 2016

	6 months ended 30 June 2016	6 months ended 30 June 2015
	€m	€m
Operating activities		
Net profit for the period	125.7	82.4
<i>Add back non-operating expenses:</i>		
Income tax	29.1	18.0
Depreciation of property, plant and equipment	29.5	26.2
Amortisation of intangible assets	5.3	3.7
Impairment of non-current assets	1.6	5.3
Employee equity-settled share options	6.0	4.0
Finance income	(0.2)	(0.1)
Finance expense	7.4	7.7
Non-cash items	-	0.9
Profit on sale of property, plant and equipment	-	(0.2)
<i>Changes in working capital:</i>		
Increase in inventories	(28.3)	(6.6)
Increase in trade and other receivables	(116.1)	(91.8)
Increase in trade, other payables & provisions	118.4	115.5
<i>Other:</i>		
Pension contributions	(1.1)	(1.4)
Cash generated from operations	177.3	163.6
Taxes paid	(20.3)	(9.5)
Net cash flow from operating activities	157.0	154.1
Investing activities		
Additions to property, plant and equipment	(54.8)	(36.7)
Proceeds from disposals of property, plant and equipment	2.3	2.5
Purchase of subsidiary undertakings (including net debt/cash acquired)	(80.6)	(414.8)
Payment of deferred consideration in respect of acquisitions	(2.8)	(4.2)
Interest received	0.2	0.2
Net cash flow from investing activities	(135.7)	(453.0)
Financing activities		
(Repayment)/drawings of bank loans	(12.2)	294.9
Change in finance lease liability	0.1	(0.1)
Proceeds from share issues	1.0	7.2
Repurchase of treasury shares	(1.2)	-
Interest paid	(7.7)	(7.9)
Dividends to non-controlling interests	(0.4)	-
Dividends paid	(30.2)	(17.6)
Net cash flow from financing activities	(50.6)	276.5
Decrease in cash and cash equivalents	(29.3)	(22.4)
Translation adjustment	(16.2)	7.3
Cash and cash equivalents at the beginning of the period	212.0	185.7
Cash and cash equivalents at the end of the period	166.5	170.6

Kingspan Group plc

Notes

forming part of the financial statements

1 Reporting entity

Kingspan Group plc ("the Company" or "the Group") is a public limited company registered and domiciled in Ireland. The condensed consolidated interim financial statements of the Company as at and for the six month period ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

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

The financial information presented in the half-yearly report does not represent full statutory accounts. Full statutory accounts for the year ended 31 December 2015 prepared in accordance with IFRS, as adopted by the EU, upon which the auditors have given an unqualified audit report, are available on the Group's website (www.kingspan.com).

2 Basis of preparation

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

(a) Statement of compliance

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

The Interim Financial Statements were approved by the Board of Directors on 22 August 2016.

(b) Significant accounting policies

The accounting policies applied by the Group in the Interim Financial Statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015, except for the adoption of the following:

- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
- Annual improvements to IFRSs 2010-2012 Cycle
- Amendments to IFRS 11: *Accounting for acquisitions of interests in Joint Operations*
- Amendments to IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Bearer Plants*
- Amendments to IAS 27 *Equity method in Separate Financial Statements*
- Amendments to IAS 1: *Disclosure Initiative*
- Annual Improvements to IFRSs 2012-2014 Cycle

The effect of the adoption of the above amendments to accounting policies in the current period did not have any significant impact on the Interim Financial Statements.

(c) Estimates

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

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

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

(d) Going concern

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

3 Reporting currency

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

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

The following significant exchange rates were applied during the period:

	Average rate			Closing rate		
	H1 2016	H1 2015	FY 2015	H1 2016	H1 2015	FY 2015
Euro =						
Pound Sterling	0.780	0.733	0.726	0.827	0.713	0.735
US Dollar	1.117	1.117	1.110	1.113	1.120	1.090
Canadian Dollar	1.484	1.378	1.419	1.440	1.386	1.515
Australian Dollar	1.521	1.427	1.478	1.495	1.447	1.491
Czech Koruna	27.038	27.503	27.282	27.105	27.271	27.022
Polish Zloty	4.367	4.139	4.184	4.434	4.173	4.266
Hungarian Forint	312.74	307.24	309.93	316.58	311.88	314.90

4 Operating segments

The Group has the following four reportable segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal facades.
Insulation Boards	Manufacture of rigid insulation boards, building services insulation and engineered timber systems.
Environmental	Manufacture of energy storage solutions, water and microwind systems and all related service activity.
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 - H1 2016	949.5	347.4	79.5	91.7	1,468.1
Total revenue - H1 2015	752.9	319.2	77.5	85.7	1,235.3

Segment result (profit before finance expense)

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Trading profit - H1 2016	112.0	39.9	4.2	11.2	167.3
Intangible amortisation	(3.5)	(1.6)	(0.2)	-	(5.3)
Operating result - H1 2016	108.5	38.3	4.0	11.2	162.0
Net finance expense					(7.2)
Profit for the period before income tax					154.8
Income tax expense					(29.1)
Profit for the period - H1 2016					125.7
	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Trading profit - H1 2015	70.3	28.3	3.3	9.8	111.7
Intangible amortisation	(2.1)	(1.6)	-	-	(3.7)
Operating result - H1 2015	68.2	26.7	3.3	9.8	108.0
Net finance expense					(7.6)
Profit for the period before income tax					100.4
Income tax expense					(18.0)
Profit for the period - H1 2015					82.4

Segment assets and liabilities

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 30 June 2016 €m	Total 30 June 2015 €m
Assets - H1 2016	1,580.7	592.8	165.7	153.9	2,493.1	
Assets - H1 2015	1,522.0	593.2	165.2	160.8		2,441.2
Derivative financial instruments					45.9	19.6
Cash and cash equivalents					166.5	170.6
Deferred tax asset					10.9	6.9
Total assets					2,716.4	2,638.3
Liabilities - H1 2016	(471.1)	(156.2)	(46.6)	(26.8)	(700.6)	
Liabilities - H1 2015	(461.7)	(152.6)	(46.2)	(24.7)		(685.2)
Interest bearing loans and borrowings (current and non-current)					(557.8)	(639.5)
Derivative financial instruments (current and non-current)					(0.4)	(2.6)
Income tax liabilities (current and deferred)					(119.5)	(106.9)
Total liabilities					(1,378.3)	(1,434.2)

Other segment information

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Capital Investment - H1 2016 *	42.3	18.7	9.0	2.5	72.5
Capital Investment - H1 2015 *	191.5	11.4	2.1	3.1	208.1
Depreciation included in segment result - H1 2016	(19.2)	(7.4)	(1.7)	(1.2)	(29.5)
Depreciation included in segment result - H1 2015	(15.6)	(7.8)	(1.7)	(1.1)	(26.2)
Non cash items included in segment result - H1 2016	(3.6)	(1.4)	(0.4)	(0.6)	(6.0)
Non cash items included in segment result - H1 2015	(2.2)	(1.0)	(0.3)	(0.5)	(4.0)

* 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 - H1 2016	59.5	410.1	592.3	291.4	114.8	1,468.1
Revenue - H1 2015	40.4	399.7	459.0	225.9	110.3	1,235.3
Statement of Financial Position Items						
Non-current assets - H1 2016 *	49.0	363.0	627.3	389.0	149.9	1,578.2
Non-current assets - H1 2015 *	48.4	365.4	614.5	400.8	105.2	1,534.3
Capital Investment - H1 2016 **	2.1	20.1	16.5	11.5	22.3	72.5
Capital Investment - H1 2015 **	2.6	13.1	132.1	53.2	7.1	208.1

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

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

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

5 Seasonality of operations

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

6 Finance expense and finance income

	6 months ended 30 June 2016 €m	6 months ended 30 June 2015 €m
<i>Finance expense</i>		
Bank loans	1.1	1.7
Private placement	6.0	5.5
Net defined benefit pension scheme	0.1	0.1
Fair value movement on derivative financial instruments	(20.5)	(2.9)
Fair value movement on private placement debt	20.7	3.3
	<u>7.4</u>	<u>7.7</u>
<i>Finance income</i>		
Interest earned	<u>(0.2)</u>	<u>(0.1)</u>
Net finance cost	<u>7.2</u>	<u>7.6</u>

No borrowing costs were capitalised during the period (H1 2015: Nil).

7 Taxation

Taxation provided for on profits is €29.1m which represents 18.8% of the profit before tax and amortization for the period (H1 2015: 18.0%). The full year effective tax rate in 2015 was 17.8%. The taxation charge for the six month period is accrued using an estimate of the applicable rate for the year as a whole.

8 Analysis of net debt

	At 30 June 2016 €m	At 30 June 2015 €m
Cash and cash equivalents	166.5	170.6
Derivative financial instruments	43.2	19.6
Current borrowings	(123.5)	(287.4)
Non-current borrowings	<u>(434.3)</u>	<u>(352.1)</u>
Total net debt	<u>(348.1)</u>	<u>(449.3)</u>

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

9 Financial instruments

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

	Loans & Receivables & Other Financial Assets/(Liabilities) at Amortised Cost €m	Liabilities at Fair Value through Profit or Loss €m	Derivatives Designated as Hedging Instruments €m	Total Net Debt by Category €m
Assets:				
Interest rate swaps	-	-	43.2	43.2
Cash at bank and in hand	166.5	-	-	166.5
Total assets	166.5	-	43.2	209.7
Liabilities:				
Interest rate swaps	-	-	-	-
Private placement notes	(312.5)	(153.7)	-	(466.2)
Other loans	(91.6)	-	-	(91.6)
Total liabilities	(404.1)	(153.7)	-	(557.8)
At 30 June 2016	(237.6)	(153.7)	43.2	(348.1)

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

For information on the currency and maturity profile of net debt please refer to note 20 in the 2015 Annual Report.

Fair value of financial instruments carried at fair value

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

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

	Level 1	Level 2	Level 3
	30 June 2016	30 June 2016	30 June 2016
	€m	€m	€m
Financial assets			
Interest rate swaps	-	43.2	-
Foreign exchange contracts for hedging	-	2.7	-
Financial liabilities			
Deferred contingent consideration	-	-	(9.0)
Interest rate swaps	-	(0.4)	-
Foreign exchange contracts for hedging	-	-	-
At 30 June 2016	-	45.5	(9.0)

	Level 1	Level 2	Level 3
	30 June 2015	30 June 2015	30 June 2015
	€m	€m	€m
Financial assets			
Interest rate swaps	-	19.6	-
Foreign exchange contracts for hedging	-	0.1	-
Financial liabilities			
Deferred contingent consideration	-	-	(9.6)
Interest rate swaps	-	-	-
Foreign exchange contracts for hedging	-	(2.6)	-
At 30 June 2015	-	17.1	(9.6)

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

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

Deferred contingent consideration is included in Level 3. Further details on deferred contingent consideration is set out in notes 19 and 23 of the 2015 Annual Report. The contingent element is measured on a series of trading performance targets, and is adjusted by the application of a range of outcomes and associated probabilities.

During the period ended 30 June 2016, there were no significant changes in the business or economic circumstances that affect the fair value of financial assets and liabilities, no reclassifications and no transfers between levels of the fair value hierarchy used in measuring the fair value of the financial instruments.

Fair value of financial instruments at amortised cost

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

Private placement notes	Carrying amount €m	Fair value €m
At 30 June 2016	466.2	507.1
At 30 June 2015	347.5	366.3

10 Dividends

A final dividend on ordinary shares of 17.0 cent per share in respect of the year ended 31 December 2015 (2014: 10.0 cent) was paid on 13 May 2016.

The Directors are proposing an interim dividend of 10.0 cent (2015: 8.0 cent) per share in respect of 2016, which will be paid on 23 September 2016 to shareholders on the register on the record date of 2 September 2016.

11 Earnings per share

	6 months ended 30 June 2016 €m	6 months ended 30 June 2015 €m
The calculations of earnings per share are based on the following:		
Profit attributable to owners of the Company	125.4	81.7
	Number of shares ('000) 6 months ended 30 June 2016	Number of shares ('000) 6 months ended 30 June 2015
Weighted average number of ordinary shares for the calculation of basic earnings per share	177,523	175,706
Dilutive effect of share options	2,226	3,117
Weighted average number of ordinary shares for the calculation of diluted earnings per share	179,749	178,823
	€ cent	€ cent
Basic earnings per share	70.6	46.5
Diluted earnings per share	69.7	45.7
Adjusted basic (pre amortisation) earnings per share	73.1	48.6

There are no options which are anti-dilutive included in the above calculations. At 30 June 2016, there were no anti-dilutive shares (30 June 2015: Nil) included in the above calculations.

12 Goodwill

	At 30 June 2016	At 30 June 2015 (As represented) *	At 31 Dec 2015
	€m	€m	€m
At beginning of period	821.2	475.3	475.3
Additions relating to current year acquisitions	55.3	309.3	327.9
Written back during year	-	-	(4.3)
Net exchange difference	(16.8)	28.1	22.3
At end of period	<u>859.7</u>	<u>812.7</u>	<u>821.2</u>
At end of period			
Cost	925.3	878.3	886.8
Accumulated impairment losses	(65.6)	(65.6)	(65.6)
Net carrying amount	<u>859.7</u>	<u>812.7</u>	<u>821.2</u>

* Re-presented to reflect adjustments made to the provisional fair values recognised in the Balance Sheet as at 30 June 2015.

13 Property, plant & equipment

	At 30 June 2016	At 30 June 2015 (As represented) *	At 31 Dec 2015
	€m	€m	€m
Cost or valuation	1,441.9	1,440.6	1,427.0
Accumulated depreciation and impairment charges	(816.9)	(809.3)	(807.9)
Net carrying amount	<u>625.0</u>	<u>631.3</u>	<u>619.1</u>
Opening net carrying amount	619.1	497.0	497.0
Acquisitions through business combinations	5.0	111.2	110.2
Additions	54.8	36.4	79.0
Disposals	(2.3)	(2.3)	(7.7)
Depreciation charge	(29.5)	(26.2)	(60.5)
Impairment charge	(1.6)	(5.3)	(13.4)
Effect of movement in exchange rates	(20.5)	20.5	14.5
Closing net carrying amount	<u>625.0</u>	<u>631.3</u>	<u>619.1</u>

* Re-presented to reflect adjustments made to the provisional fair values recognised in the Balance Sheet as at 30 June 2015.

The disposals did not generate a profit in the period (H1 2015: €0.2m profit).

14 Reconciliation of net cash flow to movement in net debt

	6 months ended 30 June 2016	6 months ended 30 June 2015	Year ended 31 December 2015
	€m	€m	€m
(Decrease)/increase in cash and bank overdrafts	(29.3)	(15.1)	22.5
Decrease/(increase) in debt	12.2	(302.2)	(217.2)
(Increase)/decrease in lease finance	<u>(0.1)</u>	<u>(2.2)</u>	<u>0.5</u>

Change in net debt resulting from cash flows	(17.2)	(319.5)	(194.2)
Translation movement - relating to US dollar loans	(0.6)	(5.2)	(24.0)
Translation movement - other	(15.9)	7.4	1.5
Derivative financial instruments movement	13.6	(6.5)	14.2
Net movement	(20.1)	(323.8)	(202.5)
Net debt at start of the period	(328.0)	(125.5)	(125.5)
Net debt at end of the period	(348.1)	(449.3)	(328.0)

15 Business combinations

On 29 April 2016, the Group's Environmental division acquired 85% of Tankworks Australia Pty Limited ("Tankworks"), an Australian company which manufactures water tanks and accessories for the Australian residential and commercial markets. The total consideration, including debt/cash acquired, deferred contingent consideration and related costs, amounted to €24.1m.

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

	Tankworks €'m
Non-current assets	
Intangible assets	6.3
Property, plant and equipment	1.3
Current assets	
Inventories	1.1
Trade and other receivables	4.1
Current liabilities	
Trade and other payables	(3.7)
Provisions for liabilities	(0.3)
Non-current liabilities	
Deferred tax liabilities	(1.9)
Total identifiable assets	6.9
Goodwill	17.2
Total consideration	24.1
Satisfied by:	
Cash (net of cash/debt acquired)	22.2
Deferred contingent consideration	1.9
Total consideration	24.1

The goodwill is attributable principally to the profit generating potential of the business, together with a strong workforce and synergies expected to be achieved from integrating the business into Kingspan's existing structure.

The deferred contingent consideration reflects the present value, which is based on a multiple of EBITDA, of a put and call option to acquire the non controlling interest in Tankworks. As this option is expected to be exercised, the Group has consolidated Tankworks as a 100% subsidiary.

On 30 April 2016, the Group's subsidiary, Joris Ide, acquired 100% of the ordinary share capital of Euroclad (Holdings) Limited ("*Euroclad*"), a manufacturer of built up metal roof and wall systems and products based in the UK. The total consideration, including debt/cash acquired and related costs, amounted to €58.4m.

The fair value of the assets and liabilities on the Euroclad acquisition cannot be ascertained at this point, however, the fair value exercise will be completed prior to year-end.

In the post-acquisition period to 30 June 2016, the businesses acquired in the current period contributed total revenue of €19m and a trading profit of €1.5m to the Group's results.

16 Capital and reserves

Issues of ordinary shares

767,589 ordinary shares (H1 2015: 1,808,084) were issued as a result of the exercise of vested options arising from the Group's share option schemes (see the 2015 Annual Report for full details of the Group's share option schemes). Options were exercised at an average price of €1.31 per option.

17 Significant events and transactions

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

- the changes in Inventories, Trade & other receivables and Trade & other payables reflect the normal business cycle;
- the fair value of derivatives primarily moved as a result of the movements in the US dollar exchange rate against both sterling and the euro; and
- the negative currency translation movement of €57.6m reflected in the Consolidated Statement of Comprehensive Income reflects primarily the relative weakening of sterling year on year.

18 Related party transactions

There were no changes in related party transactions from the 2015 Annual Report that could have a material effect on the financial position or performance of the Group in the first half of the year.

19 Subsequent events

Subsequent to the period end, Kingspan reached an agreement to acquire Essmann, a European Daylighting business based in Germany and France, and Eurobond, a former affiliate of Euroclad, which is based in the UK. The combined consideration for these acquisitions was €126m.