



EFFICIENCY
IT'S IN THE CORE

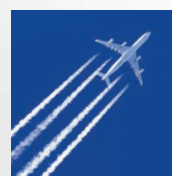
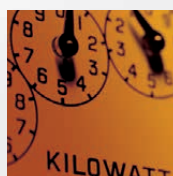


IT'S IN
THE CORE.

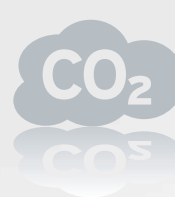
126,600 million

TOTAL ENERGY SAVED BY KINGSPAN'S

EQUIVALENT TO...



saving
€4.6bn
in energy
costs



saving
25m
tonnes CO₂
per year



the annual
output of
90
gas-fired or
23 coal-fired
power stations

CORE VALUES

For over 40 years, Kingspan has pushed the boundaries of the building envelope, creating the world's most advanced, high performance insulation cores that offer superior thermal performance across the Earth's climate zones, from cold and temperate through hot and humid to dry arid.

kWh per year

INSULATION SYSTEMS



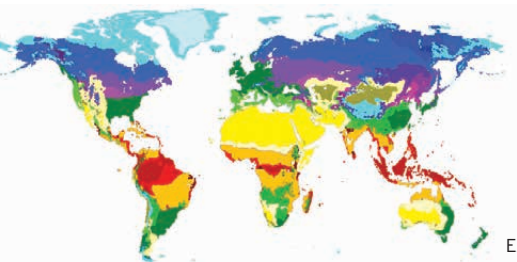
a car driven
4.375m
times around the
world



over
74m
barrels
of oil



up to
3 times
the annual electricity
consumption of
Greater London



EARTH'S CLIMATE ZONES

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FINANCIAL HIGHLIGHTS

- Sales up 10% to €1.79bn.
- Trading profit up 14% to €122.8m.
- Group trading margin of 6.9%, an increase of 30bps. Underlying trading margin before the impact of acquisitions increased by 40bps.
- Basic EPS up 18% to 51.7 cent.
- Final dividend per share of 8.5 cent. Total dividend for the year up 14% to 14.0 cent (2012: 12.25 cent).
- A decrease in net debt to €107.6m (2012: €165.5m). Net debt to EBITDA of 0.66x (2012: 1.12x).
- Increase in ROCE by 160bps to 12.3% (2012: 10.7%).

SUMMARY FINANCIALS

	2013 €m	2012 €m	% Change
Group sales	1,790.3	1,628.7	+10%
EBITDA ¹	162.9	147.9	+10%
Trading profit ²	122.8	107.7	+14%
Trading margin	6.9%	6.6%	+30bps
Profit after tax	89.2	74.7	+19%
EPS (cent)	51.7	43.8	+18%

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

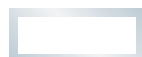
2 Earnings before finance cost, income taxes, intangible amortisation and non trading items

CORE PERFORMANCE

Kingspan's 'game changing' building envelope systems offer a unique combination of unrivalled thermal performance, enhanced fire engineering, lifetime durability and environmental benefits.

Kingspan insulates better.

Heat loss comparison assumes same thickness of insulation material.

			
Kingspan Optim-R 0.007 W/m.K	Kingspan Kooltherm® 0.020 W/m.K (0.020-0.023) ³	Kingspan IPN² 0.020 W/m.K (0.020-0.022) ³	Reference Point Polyurethane 0.023 W/m.K ¹
69% LESS HEAT LOSS¹	13% LESS HEAT LOSS¹	13% LESS HEAT LOSS¹	

EPS
0.030 W/m.K
(0.030-0.038)³

**30%
MORE
HEAT LOSS¹**

Glass Fibre
0.031 W/m.K
(0.031-0.044)³

**34%
MORE
HEAT LOSS¹**

Rock Mineral Fibre
0.034 W/m.K
(0.034-0.042)³

**47%
MORE
HEAT LOSS¹**

Notes:

1 Heat loss for each insulant is based on the best quoted lambda value compared to rigid polyurethane insulation with a typical lambda value of 0.023 W/m.K.

2 Kingspan IPN core used in metal faced insulated panels.

3 The thermal conductivity range is based on data from insulation manufacturers websites or Agreement certificates.

4 Thermal conductivity (Lambda) W/m.K values quoted at 10°C.



**LESS
CAPITAL
COST**

CHAIRMAN'S STATEMENT

I AM PLEASED TO REPORT THAT 2013
WAS A VERY SOLID YEAR OF PROGRESS
FOR KINGSPAN.

Whilst total revenues grew 10% to €1.79 billion and trading profits increased by 14% to €122.8 million despite continued macro uncertainty particularly in the first half of the year, that is only half the story.

Great work has been carried out during the year to restructure and integrate the Thyssen Krupp Construction businesses which were acquired towards the end of the previous year, and whilst there is further work to be done the turn-around in performance has been very pleasing.

In addition, continued focus on growing penetration of the Insulated Panels business in North America has begun to show real traction just as the US economy is beginning to show signs of increased buoyancy. At the same time plenty of ground work has been laid to establish a foothold in new territories in line with the Group's strategy of continued geographic expansion, including South Africa, South America and Eastern Europe, to name but a few.

**HIGHER
RENTAL INCOME**

**REDUCED
HEATING &
COOLING LOADS**

**LOWER
LIFETIME OPERATIONAL
COST**

KINGSPAN COST OPTIMAL ENERGY SAVING BUILDING SOLUTIONS



**HIGHER
RETURN ON INVESTMENT**

**ENHANCED
GREEN BUILDING RATINGS**

CORE ISSUES

Buildings designed with Kingspan Cost Optimal Energy Saving Building Solutions provide many compelling advantages to the different property stakeholders: they consume less energy, they emit less carbon dioxide and they are environmentally responsible over their lifetime, but the perception is that these type of buildings carry substantial capital cost premiums.

With Kingspan's high performance insulation systems, HVAC and building services can be downsized reducing capital cost.

Kingspan Cost Optimal Energy Saving Building Solutions can deliver reduced capital and lifetime operation costs for a building.



**IT'S IN
THE CORE.**

CHAIRMAN'S STATEMENT

MANAGEMENT & EMPLOYEES

I wish to extend my thanks to the management and employees throughout Kingspan for their dedication, in demanding times, to deliver year on year growth in 2013.

DIVIDEND

The Board is recommending a final dividend of 8.5 cent per share, which if approved at the Annual General Meeting, will give a total dividend for the year of 14.0 cent, an increase of 14.3% on prior year. The total dividend for the year is covered 3.7 times by the Group's earnings per share. The Board's policy is to balance continued growth in dividends with the Group's plans for strategic acquisition and investment.

If approved, the final dividend will be paid (subject to Irish withholding tax rules) on 15 May 2014 to shareholders on the register at close of business on 25 April 2014.

BOARD CHANGES

Last year, Tony McArdle retired from the Board and once again I'd like to take the opportunity of thanking Tony for his contribution over the years. At the same time, we were very pleased to welcome Linda Hickey as a non-executive director, and her particular capital markets experience and corporate governance expertise will be very beneficial to the Board.

Following the conclusion of this year's Annual General Meeting, both David Byrne and Brian Hill will be retiring as non-executive directors upon the expiration of their terms of office. On behalf of the Board, I would like to thank them most sincerely for their valuable counsel over the years.

LOOKING AHEAD

Over the last decade, and in the teeth of a global recession and financial crises, Kingspan has steadfastly pursued its strategic objectives, and in a relatively short span of time the Group has been transformed from what it was 10 years ago. In 2004, Kingspan had 22 manufacturing facilities and operated in just 28 countries worldwide, with over 75% of its revenue generated in the UK and Ireland.

Today Kingspan has expanded its geographic footprint significantly and boasts 58 manufacturing facilities and a commercial presence in over 70 countries, including eleven sites in North America, and five sites in the Gulf/Middle East/Australasia regions. Following this geographic expansion, over 62% of Kingspan's revenue now comes from outside the UK and Ireland. In addition, Kingspan has also maintained its focus on innovation and delivering new high performance proprietary technologies such as next-generation Optim-R insulation, BENCHMARK and PowerPanel. There is little doubt that our platform is now broader and deeper than ever before and that the Company is in a stronger position from which to deliver growth and drive shareholder value into the future.

EUGENE MURTAGH
CHAIRMAN

24 February 2014



OPTIM-R INSULATION



BENCHMARK FAÇADE SYSTEMS



POWERPANEL INTEGRATED
SOLAR PV



STRATEGY & BUSINESS MODEL

THE BUSINESS

- A world leader in high performance insulation and building envelopes.
- Market leading positions in UK, Mainland Europe, North America and Australasia.
- Proprietary technology drives differentiation in product performance.

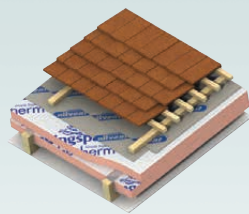


58%
INSULATED
PANELS



Insulated Roof & Wall Panel Systems
Building Integrated Solar PV
Benchmark Façade Systems
Controlled Environments
Structural Products
Profiles & Sections
Door Components

25%
INSULATION



Insulation Boards for Roofs, Walls & Floors
HVAC, Piping & Ductwork Insulation
Timber Frame Systems
TEK Building Systems (SIPs)



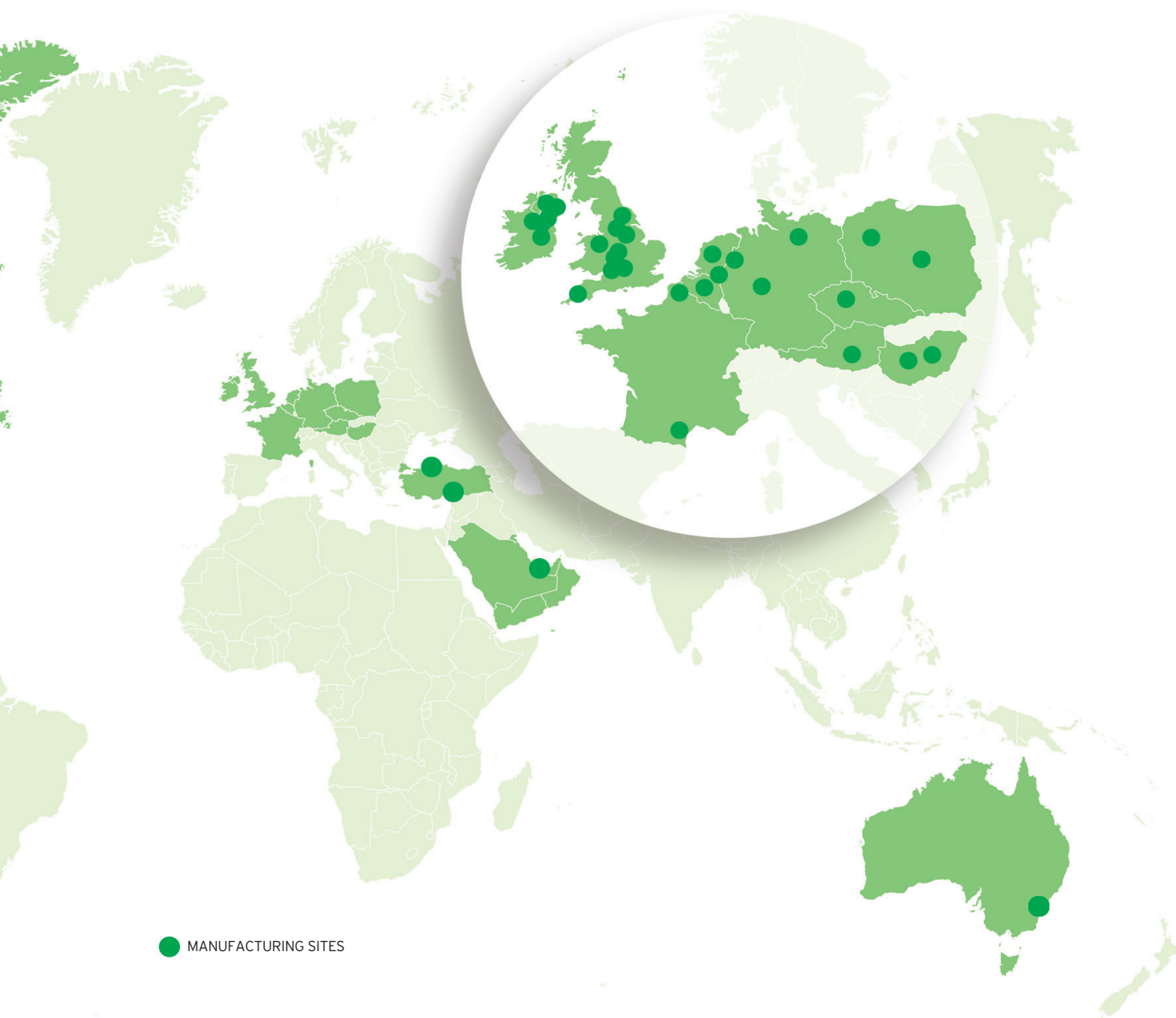
Raised Access Floor Systems
Underfloor Wire & Cable Management
Underfloor Air Distribution



Solar Thermal Systems
Solar Cooling & Heating Systems
Micro Wind Turbines
Air Source Heat Pumps
Hot Water Systems
Rainwater Harvesting Systems
Sustainable Drainage Systems
Pollution Control Systems
Fuel Storage Systems

9%
ACCESS FLOORS

8%
ENVIRONMENTAL



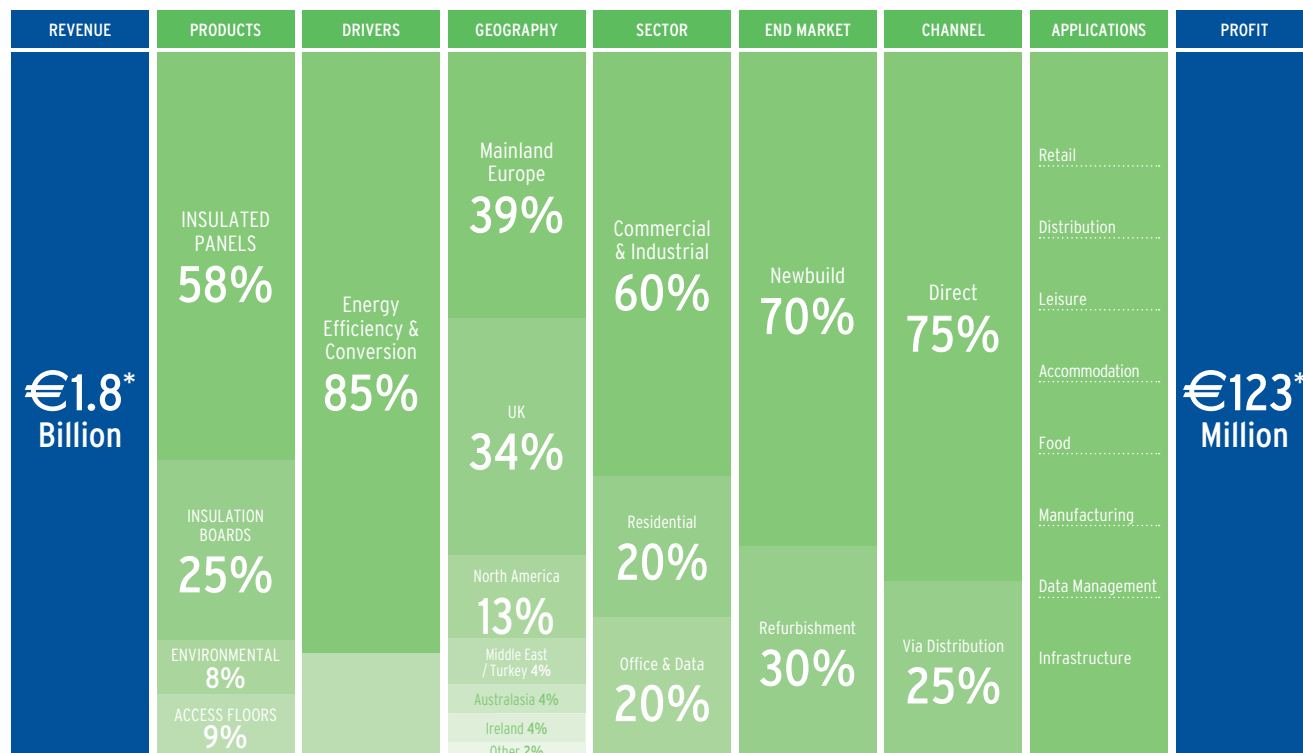
STRATEGY & BUSINESS MODEL

THE 3 PILLARS

to achieve an average annual return on investment of ca. **15%**



BRAND > SPECIFICATION > DIFFERENTIATION



Above are based on internal estimates, and are directional rather than precise.

*Revenue and Trading Profit rounded from actuals of €1.79bn revenue and €122.8mn trading profit.

STRATEGIC GOALS

- Lead the field in high performance insulation globally with proprietary and differentiating technologies.
- Become the world's leading provider of low energy building solutions – Insulate & Generate
- Achieve greater geographic balance, primarily focusing on The Americas, Western Europe and appropriate developing markets.



KINGSPAN INSULATED PANELS MANUFACTURING FACILITY, HOLYWELL, UK.

CHIEF EXECUTIVE'S REVIEW

DURING 2013 GLOBAL SALES AT KINGSPAN GREW BY 10% TO €1.79BN AND TRADING PROFIT BY 14% TO €122.8M.

THIS DELIVERED AN EARNINGS PER SHARE INCREASE OF 18% TO 51.7 CENT.

The trading year was characterised by an unusually slow start in construction activity in Northern Europe with momentum building thereafter.

Economic stability and sentiment improved in parallel through 2013 and in particular in the UK where 34% of our revenue was derived in the past year. This was a key factor in Kingspan's second half performance. In the Benelux, the economy struggled early in the year with activity gradually clawing its way back towards the end of the year and with momentum notably better than 12 months earlier. Germany performed solidly, albeit at similar levels of construction to 2012. The Middle East was positive for Kingspan, and Australia, despite some concerns of weakening demand from the resources rich region of Western Australia, advanced as our products continued on a path of improved penetration.

North America, to some degree, countered this general trend beginning 2013 quite strongly then waning somewhat following the political uncertainty created over the Federal budget during the third quarter. Undoubtedly that political impasse affected construction decisions and, having since subsided, should give way to a more positive 2014.

In all, the general consensus from within our own business, combined with more positive internal and external leading indicators, points toward gradually improving construction momentum into 2014.





FINANCIAL HIGHLIGHTS

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 - Trading profit up 14% to €122.8m.
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 - Basic EPS up 18% to 51.7 cent.
 - Final dividend per share of 8.5 cent. Total dividend for the year up 14% to 14.0 cent (2012: 12.25 cent).
 - A decrease in net debt to €107.6m (2012: €165.5m). Net debt to EBITDA of 0.66x (2012: 1.12x).
 - Increase in ROCE by 160bps to 12.3% (2012: 10.7%).
-

OPERATIONAL HIGHLIGHTS

INSULATED PANELS

Insulated Panels sales up 23% and trading profit up 23%, with significant contributions from the ThyssenKrupp Construction and Rigidal Industries LLC acquisitions. Underlying sales pre-currency and acquisitions were up 2%.

INSULATION BOARDS

Solid performance in Insulation Boards where sales were down 3% (flat pre-currency), albeit improving in the UK in the second half with markets stabilising in Continental Europe.

ACCESS FLOORS

Improving UK office activity and resilient data centre related construction led to a positive year for Access Floors with sales in line with previous year (+5% pre-currency).

ENVIRONMENTAL

Trading in Environmental proved tough with sales down 12% (H2 -5%) in a year of tight markets and internal consolidation.

CHIEF EXECUTIVE'S REVIEW

INSULATED PANELS

UK

Insulated Panels sales revenue in the UK grew by a modest 1% at constant currency, having been behind in the early part of the year owing to the difficult winter. The project pipeline, even at that earlier point, had shown considerable improvement over the prior year and ultimately led to a strong second half sales performance. During the second half of the year sentiment picked up markedly as reflected in quotation levels and an enquiry bank that improved on the same time a year earlier. The spread of activity was also well balanced, across a wide variety of end applications covering food, industrial, distribution, low rise office and commercial. Whilst the more established roof and wall product remained under considerable pricing pressure, the differentiation that has been built into the product suite over time played a material role in specification and margin protection. The phased release of Kingspan's QuadCore® technology from mid to late 2014 and the improving momentum of BENCHMARK® in architectural applications, Kingspan Energy and PowerPanel® should together play a key part in evolving our business further.

MAINLAND EUROPE

Sales revenue grew by 46% across this wide set of geographic markets, or by 1% pre-acquisition. Activity, and Kingspan's business, grew steadily in Germany as the year progressed cemented by the integration of the Continental European assets acquired from ThyssenKrupp Construction in late 2012. The manufacturing and sales presence of ThyssenKrupp Construction was largely concentrated around Germany, France, Hungary and the Benelux.

The process of integrating these businesses progressed well during 2013 and, as we expected with its significant footprint, plenty remains to be done.

Activity in Poland performed well as did Hungary, despite its economic difficulties, as inward investment created some large scale opportunities for Kingspan in the region. Our business in Turkey and the Middle East had a very strong year with the associated momentum also carrying into early 2014.

NORTH AMERICA

Sales revenue increased by 7% (+11% pre-currency) due to penetration growth and an element of improved construction macro activity. The US performed ahead of this level with Canada lagging somewhat, the latter showing considerable improvement as the year drew to a close. Insulated Panels, as a method of construction, has been growing consistently over the past five years, even during the times of economic weakness experienced in recent years. At approximately 10%, market penetration of the insulated panel remains relatively low and is set to continue growing. This trend is expected to continue driven by improving awareness of, and demand for, energy efficient building fabrics which is likely to vary materially from state to state. As a general theme, acceptance has been growing across the Americas that modern envelope technology significantly conserves energy and delivers sizeable financial and ecological benefits.



INSULATED PANELS

	FY 2013 €m	FY 2012 €m	Change
Sales revenue	1,036.0	840.4	+23% ¹
Trading profit	75.6	61.7	+23%
Trading margin	7.3%	7.3%	-

¹ Comprising acquisition impact +24%, volume +7%, price/mix -5% and currency impact -3%.

AUSTRALASIA

Given the project led nature of the Australian market, sales revenue growth can ebb and flow, which was the case during 2013 when sales decreased by 6% (+4% pre-currency), following the breakthrough growth of 27% experienced a year earlier. Underlying conversion to Insulated Panels, as is the case in the US, continued through 2013 and order intake was ahead of prior year by 35%, boding well for early 2014. South East Asia, as an adjacent market, is still embryonic for Kingspan, but the prospects are positive for the medium term.

IRELAND

Off a lowered base, sales revenue in Ireland grew by 24% reflecting the continued, albeit gradual, recovery of the local market. In absolute terms, we expect volume progression to be relatively subdued given the overhang in constructed space that still exists in some segments and regions.

UNIVERSITY OF LOUISVILLE, KENTUCKY, USA.





HAMAD INTERNATIONAL AIRPORT, DOHA, QATAR.



CORE TECHNOLOGY

To meet the global demand for high efficiency, endurance building envelopes, Kingspan has developed QuadCore, Intelligent Building Envelope Technology.



THERMAL+

Enhanced thermal performance of 0.018 W/m.K.

FIRE+

Enhanced resistance and unparalleled fire rating with low smoke emission.

LIFETIME+

As-built performance for the life of the building.

ECO+

Contributes to higher LEED®, BREEAM, GreenStar, Estidama and other environmental assessment ratings.



IT'S IN
THE CORE.

CHIEF EXECUTIVE'S REVIEW



RIVERSIDE MUSEUM, GLASGOW, UK.

INSULATION BOARDS	FY 2013 €m	FY 2012 €m	Change
Sales revenue	455.4	470.4	-3% ¹
Trading profit	29.5	29.5	-
Trading margin	6.5%	6.3%	+20bps

¹ Comprising growth from price/mix +3%, volume -3% and currency impact -3%.

INSULATION BOARDS

UK

In the UK, sales revenue improved through the year resulting in a like-for-like sales decrease of 1%. Residential newbuild, as with office construction, has been more positive than in recent years and this pattern is likely to remain for early 2014. Non-residential low-rise construction was broadly flat over the prior year, although activity in recent months has shown signs of improvement. Refurbishment in the UK, however, was somewhat disappointing having been a key driver for our business over recent years. External wall insulation, part of Kingspan's internationally growing Kooltherm® range, suffered as the Cert and CESP programs ceased. The Group can expect an increase in RMI demand over time from Government-sponsored energy efficiency initiatives.

CONTINENTAL EUROPE

Kingspan's position in this region has strengthened significantly in recent years and, reflecting the troubles of certain economies in the Eurozone, sales revenue of rigid board fell by 8% in 2013 (H2 -5%). Demand in the Netherlands was generally weak for much of the year. However, the combination of growing penetration of Kooltherm® and improved sentiment in quarter four delivered growth. The case was similar in Belgium. Germany, a key longer term platform, had a relatively weak year as refurbishment activity was lower for rigid board products. The fundamentals of this market remain very attractive particularly given the extremely low level of penetration of high performance insulation. Our new facility, close to Dresden, will be commissioned by mid 2014 and will be focused on this regional market as well as neighbouring CEE countries.

AUSTRALASIA

Sales revenue in Australasia improved markedly during 2013 and ended the year 11% ahead (flat post currency). Despite weaker residential newbuild in Australia, penetration growth of our high performance insulation continued to rise and delivered the positive outcome. Additionally, our relatively recent presence in South East Asia benefitted from a number of sizeable wins over the year.

IRELAND

Ireland has shown clear signs of improvement during 2013 and sales revenue grew by a modest 2%. This should be viewed in the context of the absolute market size by volume which understandably trails the levels experienced five or more years ago. The market appears to be on a path towards a more measured and sustainable level of activity. Refurbishment activity, as a proportion of sales, continued to feature prominently.



EMIRATES ROYAL DOCKS, LONDON, UK.

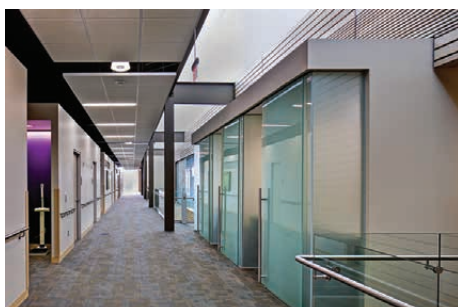
CHIEF EXECUTIVE'S REVIEW

ACCESS FLOORS

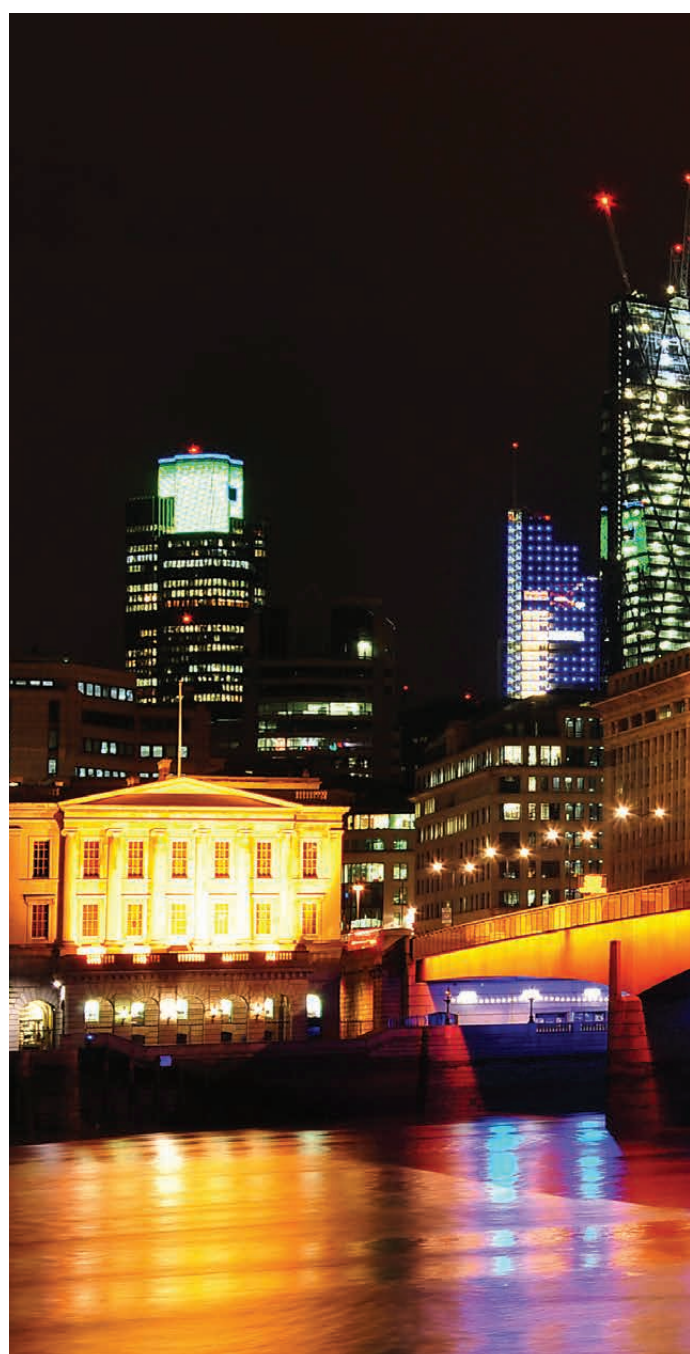
Sales revenue in Access Floors across all geographies grew by 5% in 2013 at constant exchange rates. Activity in North America was driven by the datacentre market which continued to develop robustly. This was further enhanced by our recent product introductions geared towards energy efficient underfloor air management. These solutions optimise airflow to the servers that require cooling and, in addition to newbuild, are being provided as an upgrade product for energy reduction in existing datacenters. The financial benefits in North America of these systems are extremely compelling.

Conversely, office construction remains critically low in that region. However, the medium term pipeline is showing early signs of gradual improvement in late 2014 and into 2015.

In the UK, the office construction cycle has already improved through late 2013. This trend is almost certain to continue in 2014 and our Hull based facility is operationally geared for the growth anticipated over the coming year or two.



SPECTRUM HEALTH MEDICAL GROUP,
GRAND RAPIDS, USA.



ACCESS FLOORS

	FY 2013	FY 2012	
	€m	€m	Change
Sales revenue	154.2	154.1	- 1
Trading profit	16.2	15.3	+6%
Trading margin	10.5%	9.9%	+60bps

1 Comprising volume +1%, price/mix +4% and currency impact -5%.



THE WALKIE TALKIE, THE CHEESEGRATER
AND HERON TOWER, LONDON, UK.



CHIEF EXECUTIVE'S REVIEW

ENVIRONMENTAL

2013 was a year of restructuring for the Environmental business, particularly in the UK, with divisional fixed costs reducing by €4.1m over 2012. This is now complete and although sales dropped by 12% year-on-year profit generated grew modestly at both an EBITDA level of €5.4m (2012: €5.3m) and trading profit of €1.5m (2012: €1.2m). Clearly, the reduced cost base played a key part in achieving this.

Sequentially, by quarter, the sales trend over prior year improved having been down 27% in quarter one, was down 2% in quarter four. The focus for the current year will be on stabilising sales driven primarily by the opportunity in the UK newbuild markets. Renewables product sales remain a significant challenge for the division where solarthermal sales in particular continue to fall in both the UK and Germany.

ENVIRONMENTAL

	FY 2013 €m	FY 2012 €m	Change
Sales revenue	144.7	163.8	-12%
Trading profit	1.5	1.2	+25%
Trading margin	1.0%	0.7%	+30bps

CHIEF EXECUTIVE'S REVIEW

OUR STRATEGY

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

- Innovating within our space to consistently maintain a competitive edge.
- Conversion from traditional insulation and building techniques to high performance solutions.
- 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.



PIET BOON , OOSTZAAN, THE NETHERLANDS.

NET ZERO ENERGY

Our ambition to achieve an internal Net Zero Energy environment progressed well during 2013, where 18% of our energy usage was either renewably generated on-site, or procured from renewable sources. 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. This energy neutrality will be achieved by a combination of on-site renewable energy generation (including export to the supply grids), off-site renewable energy generation (related directly to Kingspan) and the purchase of renewable energy to balance out the use of energy from non-renewable sources. Together with the many energy conservation initiatives underway throughout the Group, a number of on-roof solar projects are currently under construction, which by the end of this year will total 11.78MWp and are predicted to deliver 10.02GWh electricity per annum (just under 10% of Group electricity use). Also in planning are a number of renewable power generation units in our UK facilities, which should be operational by 2016. This will significantly move the dial in our global Net Zero Energy ambitions, consistent with achieving Net 50% by 2016.



LOOKING AHEAD

There has been much commentary of late regarding global economic recovery and there is evidence to suggest that such a recovery may be underway in certain regions of the world.

As a global business, Kingspan is well placed to take advantage of this in time. It is also the case that market recovery is somewhat patchy, and we are conscious of false dawns which have occurred previously. That said, it would appear that key markets for Kingspan, such as the UK, have seen a notable change in sentiment over the past six months. Consequently, Group sales in the early part of 2014 are encouraging albeit against a weak comparative period.

We remain focused on delivering our innovation and product development agenda, extending and consolidating our global footprint and improving returns on capital. Kingspan is well placed for the year ahead.

GENE M. MURTAGH
CHIEF EXECUTIVE OFFICER

24 February 2014

FINANCIAL REVIEW

OVERVIEW OF RESULTS

Group sales increased by 10% to €1.79bn (2012: €1.63bn) and trading profit increased by 14% to €122.8m (2012: €107.7m) reflecting an improvement of 30 basis points in the Group's trading profit margin to 6.9% (2012: 6.6%).

The trading profit margin grew by 40 basis points to 7.3% excluding the impact of acquisitions.

Basic EPS for the year was 51.7 cent, representing an increase of 18% (2012: 43.8 cent).

THE GROUP'S UNDERLYING SALES AND TRADING PROFIT GROWTH BY DIVISION ARE SET OUT BELOW:

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+2%	-3%	+24%	+23%
Insulation Boards	-	-3%	-	-3%
Environmental	-8%	-4%	-	-12%
Access Floors	+5%	-5%	-	-
Group	1%	-3%	+12%	+10%

THE GROUP'S TRADING PROFIT MEASURE IS EARNINGS BEFORE INTEREST, TAX, AMORTISATION OF INTANGIBLES AND NON TRADING ITEMS:

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+10%	-6%	+19%	+23%
Insulation Boards	+5%	-5%	-	-
Environmental	+37%	-12%	-	+25%
Access Floors	+10%	-4%	-	+6%
Group	+8%	-5%	+11%	+14%



FINANCE COSTS

Finance costs for the year decreased by €1.2m to €13.5m (2012: €14.7m). Finance costs include a non-cash charge of €0.3m (2012: nil) in respect of the Group's legacy defined benefit pension schemes. A net non-cash credit of €0.7m was recorded in respect of swaps on the Group's USD private placement notes (2012: credit of €0.4m). The Group's net interest expense on borrowings (bank and loan notes) and net of interest receivable was €14.0m compared to €15.1m in 2012. This decrease reflects lower average net debt levels in 2013 compared to 2012. The interest expense is driven extensively by gross debt balances with cash yields negligible in the current low interest rate environment. Average gross debt during the year was €298m (2012: €307m) with average cash balances amounting to €158m (2012: €123m). The average is calculated by reference to the month end position.

NON TRADING ITEMS

The Group recorded a non trading charge of €3.5m (2012: credit of €0.1m) in the year. The charge is a composite item comprising an impairment charge of €6.0m in respect of certain plant and machinery assets within the Environmental division and a credit of €2.5m reflecting the reversal of an impairment charge taken previously on a fixed asset within the Insulated Panels division. The credit in the prior year is a composite item which is set out in further detail in the Group's 2012 annual report.

TAXATION

The tax charge for the year was €12.8m (2012: €15.3m) which represents an effective tax rate of 13.8% (2012: 18.6%) on earnings before intangible amortisation and non-trading items.

DIVIDENDS

The Board has proposed a final dividend of 8.5 cent per ordinary share payable on 15 May 2014 to shareholders registered on the record date of 25 April 2014. When combined with the interim dividend of 5.5 cent per share, the total dividend for the year increases to 14.0 cent (2012: 12.25 cent), an increase of 14.3%.

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 €7.7m as at 31 December 2013 (31 December 2012: liability of €12.3m).

KEY PERFORMANCE INDICATORS

The Group has a set of key performance indicators which are set out in the table below:

	2013	2012
Basic EPS growth	18%	18%
Sales growth	10%	5%
Trading margin	6.9%	6.6%
Free cashflow (€m)	77.7	106.6
Return on capital employed	12.3%	10.7%
Net debt/EBITDA	0.66x	1.12x

EPS growth. The growth in EPS is accounted for by the 14% increase in trading profit generating a 19.4% increase in profit after tax.



QUEEN ALIA INTERNATIONAL AIRPORT, NEW TERMINAL, JORDAN.

Sales growth of 10% (2012: 5%) was driven by a 12% contribution from acquisitions, a 1% increase in underlying sales offset by a 3% decrease due to the negative impact of currency translation.

Trading margin by division is set out below:

	2013	2012
Insulated Panels	7.3%	7.3%
Insulation Boards	6.5%	6.3%
Environmental	1.0%	0.7%
Access Floors	10.5%	9.9%

The Insulated Panels division trading margin reflects an increase in overall margin due to a positive business mix oriented towards higher specification industrial and architectural applications which offset the initially dilutive impact of acquisitions made towards the end of 2012. The trading margin improvement in the Insulation Boards division reflects some recovery in overall margin and business mix in Mainland Europe. The increase in the Environmental trading margin was due to the impact of restructuring initiatives undertaken on the divisional cost base. The increase in trading margin in Access Floors reflects the year on year sales mix between domestic and international markets as well as the office/data centre mix.

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.

	2013 €m	2012 €m
EBITDA*	162.9	147.9
Non-cash items	5.8	(7.4)
Movement in working capital	(16.9)	31.3
Movement in provisions	(5.1)	0.6
Net capital expenditure	(36.7)	(31.8)
Pension contributions	(3.6)	(3.0)
Finance costs	(13.3)	(17.1)
Income taxes paid	(15.4)	(13.9)
Free cashflow	77.7	106.6

*Earnings before finance costs, income taxes, depreciation, amortisation and non trading items

Working capital at year end was €209.1m (2012: €200.0m) and represents 11.7% of annual turnover (2012: 12.3%). This metric is monitored throughout the year and is subject to a certain amount of seasonal variability associated with trading patterns and the timing of significant purchases for steel and chemicals.

Return on capital employed, calculated as operating profit, adjusted for non-trading items, divided by total equity plus net debt, was 12.3% in 2013 (2012: 10.7%).

Net debt to EBITDA measures the ratio of debt to earnings and at 0.66x is comfortably less than the Group's banking covenant of 3.5x in both 2013 and 2012.



FINANCIAL REVIEW

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, entered into in April 2012 and maturing in April 2017. The facility was undrawn at year end. The Group has two US Private Placement loan notes in issue and the total Private Placement debt outstanding is \$400m. \$158m of this matures in 2015, \$42m matures in 2017 with the balance of \$200m maturing in 2021. The weighted average maturity of debt facilities at year end was 3.9 years (December 2012: 4.9 years).

The Group has significant available undrawn facilities which provide appropriate headroom for potential development opportunities.

NET DEBT

Net debt decreased by €57.9m during 2013 to €107.6m (2012: €165.5m). This is analysed in the table below:

Movement in Net Debt	2013 €m	2012 €m
Free cashflow	77.7	106.6
Acquisitions (net of disposal proceeds)	(1.5)	(72.5)
Settlement of legal costs	-	(12.3)
Share issues	2.8	2.7
Dividends paid	(22.0)	(19.3)
Cashflow movement	57.0	5.2
Exchange movements on translation	0.9	(0.6)
Decrease in net debt	57.9	4.6
Net debt at start of year	(165.5)	(170.1)
Net debt at end of year	(107.6)	(165.5)

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 net debt to net interest coverage of 4 times

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

	Covenant	2013 Times	2012 Times
Net debt/EBITDA	Maximum 3.5	0.66	1.12
EBITDA/Net interest	Minimum 4.0	12.0	10.0

FINANCIAL RISK MANAGEMENT

The Group operates a centralised treasury function governed by a treasury policy approved by the Group Board. 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

24 February 2014

RISKS & RISK MANAGEMENT

RISK MANAGEMENT IS INTEGRAL TO KINGSPAN'S STRATEGY AND TO THE ACHIEVEMENT OF KINGSPAN'S LONG-TERM GOALS.

OUR SUCCESS AS A GROUP DEPENDS ON OUR ABILITY TO IDENTIFY AND EXPLOIT THE OPPORTUNITIES GENERATED BY OUR BUSINESS AND THE MARKETS WE ARE IN. IN DOING THIS WE TAKE AN EMBEDDED APPROACH TO RISK MANAGEMENT WHICH PUTS RISK AND OPPORTUNITY ASSESSMENT AT THE CORE OF THE LEADERSHIP TEAM AGENDA.

The Group's divisions closely monitor market trends and risks on an on-going basis. These trends and risks are the focus of monthly management meetings where each business unit's performance is assessed versus budget, forecast and prior year; key performance indicators are also used to benchmark operational performance for all manufacturing sites. Such meetings are rotated around the different locations of each business unit and at least two executive directors are present. An annual assessment of trends and risks is also an integral part of each business unit's annual review of its strategic plan and budget, which are submitted to the Group Board for consideration and approval.

A combination of all of this, in what is a bottom up and top down approach, enables the Board to determine and assess the Group's risk environment.

This section describes the risk factors that are considered by the Directors to be material, their potential impact and the factors that mitigate them. However, these should not be considered as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, may also have an adverse effect on the Group.

RISK DESCRIPTION	POTENTIAL IMPACT	RISK MITIGATION
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.	Adverse effect on financial results.	The exposure to the cyclical nature of any one construction market is partially mitigated by the Group's diversification, both geographically and by product and by the Group's portfolio of products which are heavily orientated towards sustainable and energy efficient construction to meet a growing demand for energy efficient buildings and income generating energy solutions. Group sales outside UK and Ireland have increased between 2000 and 2013 from €109m to €1,119m, representing 16% and 62% respectively of the Group's turnover.
FAILURE TO INNOVATE		
Existing products may be replaced by substitute products which Kingspan does not produce or distribute leading to losses in market share and constraints in financial performance.	Kingspan's market position coming under pressure, lower top-line growth rates and profitability.	There is an on-going evaluation of our product portfolios in every market to ensure that they target current and future opportunities for profitable growth. This 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 Kingspan to respond appropriately to issues which may impact our business performance. In 2013 the Group spent €13.7m on research and development across over 50 projects.

RISKS & RISK MANAGEMENT

RISK DESCRIPTION	POTENTIAL IMPACT	RISK MITIGATION
PRODUCT FAILURE		
A key risk to Kingspan's business is the potential for functional failure of products.	Health, safety and security of our people or customers.	Dedicated structures and processes are in place to manage and monitor product quality controls throughout the business:
The Kingspan brand is well established in our industry. It represents a key element of the Group's overall marketing and positioning. In the event that our brand or reputation is damaged as a result of a product failure, this could adversely impact the Group's performance.	Brand reputation and / or market share.	■ 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.

RISK DESCRIPTION	POTENTIAL IMPACT	RISK MITIGATION
BUSINESS INTERRUPTION (INCLUDING IT CONTINUITY)		
The Group can only carry on business as long as it has the information technology and the physical infrastructure 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.	Not taking advantage of the opportunities created by changes in technology. Business continuity interrupted and business performance impaired.	IT systems are constantly reviewed and updated to meet the needs of the Group. Procedures have been established for the protection of our technology 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 26 plants in the Panels division and 15 plants in the Insulation 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 Kingspan 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 €298.6m expressed net of provision for default in payment. This represents a net risk of 17% of sales. Of these receivables approximately 80% were covered by credit insurance or other forms of collateral such as letter of credit and bank guarantees.	Adverse effects on financial results.	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.

CORPORATE SOCIAL RESPONSIBILITY

OUR AMBITION

Kingspan recognises the importance of conducting its business in a socially 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. The ambition is for Kingspan:

“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”.

Striving for sustainability in all our business products and operations is our corporate and personal responsibility. 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.

To deliver on this vision Kingspan will:

- Incorporate the ethos of sustainability into the vision and values of the organisation.
- Continue to invest in research and development in the area of maximising insulation values in products, and the integration of renewable energy products into the Kingspan solution.
- Continually improve operational performance through the setting of long-term objectives and targets related to sustainability and review progress regularly.
- Comply or exceed applicable legal and policy requirements related to the environmental and social aspects of the organisation.

- Optimise energy and raw material usage and prevent or minimise pollution and environmental damage.
- Develop a framework to continually monitor sustainability performance and actively communicate progress annually in the form of a published sustainability report, using the Global Reporting Initiative (GRI) guidelines.
- Communicate and actively promote awareness and acceptance of this policy to everyone working for or on behalf of Kingspan (including employees, shareholders, suppliers/sub-contractors and customers).
- Ensure employees are given adequate training in sustainability issues and are fully involved in helping deliver the Kingspan Group Sustainability Vision and Policy.
- Implement a Code of Conduct and supporting sustainability guidelines for key suppliers and contractors and other interested parties to ensure that they comply with the Kingspan Group Sustainability Policy.

REPORT & MEASUREMENT

Kingspan is committed to measuring and reporting its Corporate Social Responsibility (CSR) activities across all its business divisions. It is its policy to promote the use of the GRI Sustainability Reporting Guidelines on a progressive basis across its businesses, to ensure a robust reporting procedure. The GRI guidelines provide a globally recognised framework for reporting on an organisation's economic, social and environmental performance.

In October 2011 Kingspan Insulated Panels produced its fifth annual sustainability report using the GRI guidelines, to Level C standard. The next report is due to be published in 2014.

Kingspan Insulation Boards has been producing full sustainability reports since 2004 for its British business. The most recent report published in 2012 has been prepared under

the GRI guidelines, and the company undertook an external assurance process to ensure accuracy and robustness of the GRI indicator data upon which the report is based. As a result, the report is commensurate with GRI application level B+.

MARKETPLACE

Sustainable Building Products and Solutions

Kingspan, being a global provider of high performance sustainable building products and solutions for the construction industry, is committed to producing products that consume less energy and emit less carbon, and therefore reduce the impact buildings have on our environment throughout their lifecycle.

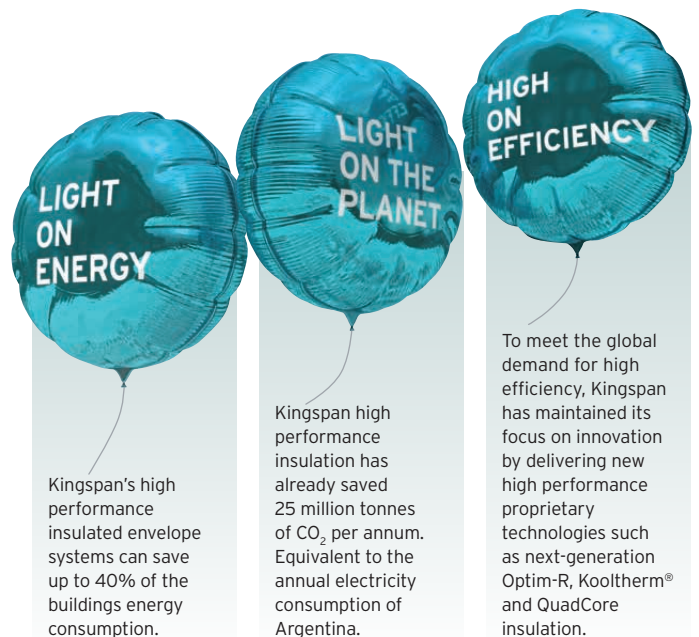
Research and Development

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 envelope solutions.

Product Lifecycle Assessments (LCA)

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 toward NetZero buildings, real environmental metrics and increased transparency on product lifecycle will become increasingly essential tools.

Kingspan Insulation Boards and Kingspan Insulated Panels continue to work with Building Research Establishment Group (BRE) to understand how their products, materials and systems will perform and how they might improve the environmental performance of their products. The objective is



LIGHT ON ENERGY

Kingspan's high performance insulated envelope systems can save up to 40% of the buildings energy consumption.

LIGHT ON THE PLANET

Kingspan high performance insulation has already saved 25 million tonnes of CO₂ per annum. Equivalent to the annual electricity consumption of Argentina.

HIGH ON EFFICIENCY

To meet the global demand for high efficiency, Kingspan has maintained its focus on innovation by delivering new high performance proprietary technologies such as next-generation Optim-R, Kooltherm® and QuadCore insulation.

IT'S IN THE CORE.

to ensure sustainability is considered in the design, manufacture, installation, use and disposal of Kingspan products and services.

Kingspan Insulation Boards was the first insulation manufacturer to openly complete and publish an independently certified Environmental Profile of its product range with the assessment of its Therma range in 2002. The vast majority of the division's British produced products hold the highest possible BRE Green Guide 2008 summary rating of A+. Kingspan Insulated Panels' key product ranges manufactured in the UK also achieve BRE Green Guide to Specification A+ rated when assessed as a roof or wall system. The Green Guide provides relevant information to help decision making by translating numerical lifecycle assessment data into a simple A+ to E scale of environmental ratings. This enables specifiers to make comparisons between materials and components.

In Australia, Kingspan Panels was the first company in the sector to produce externally verified Environmental Product Declarations (EPD) for all products manufactured at the Sydney facility. Completed in 2012, the EPD provides an externally certified Life Cycle Assessment of its insulated panel products and calculates the environmental footprint of a product at each stage of the supply chain through to end of life. In December 2013 Kingspan's roof, wall and cold

store panel range manufactured in Australia was awarded a GreenTag Gold Plus environmental rating. Greentag is a third party, green building product rating and certification system.

In 2011, Kingspan Insulated Panels North America produced an Environmental Product Declaration (EPD) for its roof and wall systems, the first of its kind awarded to a North America based manufacturer of exterior roof and wall panels.

Ethical Procurement & Supply Chain Management

Given the large environmental impact of Kingspan's raw materials, it is 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.

In 2013 Kingspan Insulation Boards became the first insulation manufacturer to be certified to the demanding BES 6001: Responsible Sourcing of Construction Products standard. This BRE framework standard was developed to enable manufacturers to prove that their products have been made with responsibly sourced constituent materials. The standard describes the organisational governance, supply chain management and environmental and social aspects that must be addressed in order to ensure the responsible sourcing of construction products. All Kooltherm, KoolDuct and Therma insulation products and cavity closers manufactured at its British facilities are now certified to BES 6001 'Very Good'.

This achievement of BES6001, was facilitated by Kingspan Insulation Boards industry leading integrated management system. This management system, implemented across its British and Irish manufacturing facilities, has been certified to ISO 9001: 2008, ISO 14001: 2004, and Occupational Health and Safety Assessment Series (OHSAS) 18001: 2007 which cover quality, environmental and health and safety management. The achievement was also predicated on over 80% of the products' raw materials coming from supply chains that are accredited to the same ISO and OHSAS standards, or equivalent.

The Kingspan Insulation Boards and Kingspan Insulated Panels Divisions aim to have all of their suppliers accredited to the ISO 9001/14001 and OHSAS 18001. Although this is 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.

ENVIRONMENT

Energy & Carbon

Net Zero Energy

Our ambition to achieve an internal Net Zero Energy environment progressed well during 2013, where 18% of our energy range was either renewably generated on-site, or procured from renewable sources. 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. This energy neutrality will be achieved by a combination of on-site renewable energy generation (including export to the supply grids), off-site renewable energy generation (related directly to Kingspan) and the purchase of renewable energy to balance out the use of energy from non-renewable sources. Together with the numerous energy conservation initiatives underway throughout the Group, a number of on-roof solar projects are currently under construction, which by the end of this year will total 11.78MWp and are predicted to deliver 10.02GWh electricity per annum (just under 10% of Group electricity use). Also in progress are several sizeable renewable energy power generation units in our UK facilities, which should be operational by 2016. This will significantly move the dial in our global Net Zero Energy Project, consistent with achieving Net 50% by 2016.



Kingspan New Zealand sponsors the New Zealand womens 470 sailing team of Jo Aleh and Olivia Powrie, Olympic Champions 2012 and World Champions 2013.

CORPORATE SOCIAL RESPONSIBILITY

Net Zero Energy Progression

	Renewable GWH*	% Total Use
2009A	5	2
2011A	16	5
2013A	60	18
2016P	170	52

*Renewable power either generated on site, or bought in (A: actual; P: plan)

In 2012, Kingspan Insulated Panels in the UK became the first manufacturer of Insulated metal cladding systems to be certified to the prestigious Carbon Trust Standard in recognition of the company being at the forefront of industry initiatives to minimise carbon emissions and energy usage. The Carbon Trust Standard is designed to provide a robust, objective analysis of a company's carbon performance over a number of years. Organisations must be able to display both annual reductions in energy usage over a period of three years and prove that they have the necessary management procedures, plans and targets to continue to achieve further year-on-year carbon reductions in the future.



Since 2012 Kingspan has participated in the Carbon Disclosure Project (CDP), thereby publically disclosing our environmental information. This

disclosure covers all our manufacturing sites throughout the world. The CDP organisation has awarded Kingspan the Disclosure Leader accolade.

During the year Kingspan's flagship Insulated Panels site in the UK was accredited with ISO 50001 Energy Management System. ISO 50001 is a newly developed international

standard that provides a framework for establishing energy management best practice to help organisations to improve their energy efficiency. Similar initiatives are underway at the Group's flagship Insulation Boards and Access Floors facilities in the UK and the Group's corporate headquarters in Ireland.

Waste & Recycling

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.

In 2013 Insulated Panels plants in Holywell and Kingscourt were zero waste to landfill sites with all waste either being recycled or sent to waste to energy plants which helped generate 449,472kWh of electricity in 2013. The amount of waste recycled is carefully monitored to ensure that the different waste streams are segregated as efficiently and thoroughly as possible. Kingspan Insulated Panels 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.

The Waste Working Group in the Insulation Boards division continues to develop solutions to minimise waste and to find the best disposal routes for waste materials from manufacturing and those taken back from construction sites. An audited Waste Management Procedure has been established covering correct definition and labelling of waste streams and waste management flows for all waste streams generated on-site.

CORPORATE SOCIAL RESPONSIBILITY

In the Access Floors facility in Jessup, US zero landfill status has been achieved through 100% recycling of waste metals and 100% incineration of waste matter toward generation of electricity. In the Red Lion facility in the US, landfill waste is down to 0.3% of the materials used with initiatives in process toward the goal of zero to landfill. While in Access Floors in the UK increasing levels of waste are being recycled back into the supply chain and a service to recycle old floor systems is also offered to customers.

Water

As a proportion of inputs into the manufacturing process, water is relatively small compared to other resources. However Kingspan does use water for general catering and sanitary purposes, and recognises the necessity to act responsibly in managing water resources on site - to this end, Kingspan continues to aim to maximise our use of harvested rain water, having installed its first on site rain water harvesting system in 2009. Kingspan aims to increase the number of sites and the amount of rainwater harvested in a phased manner with cost effective and sustainable rainwater harvesting under consideration for several Kingspan Insulation Boards sites.



WORKPLACE

Health & Safety

Kingspan has a strong reputation for health and safety in the workplace and takes seriously its responsibility for staff welfare.

In the UK, reviews carried out as part of the Investor in People framework have noted the company's approach to

occupational health and well being as a particular strength, and investments continue to be made to ensure these high standards are maintained. Provision of a high quality working environment is viewed as fundamental to maintaining healthy and motivated staff, and to retaining staff for the long-term. OHSAS 18001, in conjunction with increased resources applied to the management of health and safety, has helped to deliver significant improvement in performance.



All nine of Kingspan Insulation Boards manufacturing sites in the UK and Ireland have already been certified to OHSAS 18001 as part of its integrated management system and the system will be fully implemented at a further five sites by the end of 2014.

Kingspan Insulated Panels had already achieved OHSAS 18001 at all of its UK and Ireland sites along with the manufacturing facilities in Turkey, Hungary and Belgium, Leuze. The manufacturing sites in Australia and Dubai were awarded the accolade in 2013. There are currently plans in place to achieve accreditation for manufacturing sites in France and Belgium in 2014. Also the UK site in Holywell, North Wales was awarded the Royal Society for the Prevention of Accidents Gold (RoSPA) Award for the sixth consecutive year in 2013.

The Environmental Division has achieved OHSAS 18001 for all sites in Ireland.



Kingspan Graduate Brochure



In early 2014 the Access Floors facility in Hull, UK gained the OHSAS 18001 Occupational Health and Safety Management System standard to add to its ISO 9001 quality standard and ISO 14001 environmental standard.

Graduate recruitment

Kingspan is recognised throughout the construction industry for its commitment to innovation, design, quality and technical expertise; but these assets are only derived from determined and committed people managing day-to-day processes. Under Kingspan's Graduate Recruitment Programme, we work closely with the main universities and colleges to recruit top graduates primarily in the engineering, marketing and information technology 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.

AWARDS

The Insulated Panels site in Holywell, UK had its approach to the prevention of accidents and ill health recognised in the RoSPA Occupational Health and Safety Awards 2013 where they were presented with a Gold medal for the sixth year running. The RoSPA Occupational Health and Safety Awards scheme is the largest and longest running programme of its kind in the UK recognising commitment to accident and ill health prevention in the workplace.

Over the last few years Kingspan Insulated Panels has worked with other stakeholders in the local area to help clean up the Dee Estuary, and regenerate the Greenfield Dock (which was re-opened in August 2009). Kingspan Insulated Panels received the Big Dee Day Business Award in September 2013 in recognition of its contribution to this major coastal clean-up event since 2007.

Kingspan Insulation Boards was awarded the 2013 Herefordshire and Worcestershire Chamber of Commerce CSR in the Community Award.



Tate Access Floors products were selected as 2013 Money Saving Product Winners in Buildings Magazine in March 2013. The Tate products selected were the SmartAire® and DirectAire® in-floor cooling solutions for data centres. The annual selection showcases products and services that save facilities managers money, whether it is in terms of utility bills, employee productivity, time, maintenance needs or product lifecycle.

COMMUNITY

Community Relationships

As a large and successful international company, Kingspan recognises its role in contributing to the communities in which it operates. Across our site locations, we work with a number of local schools, sports clubs and community organisations, providing sponsorships and support for fundraising events.



Learning about road safety through play at Athelstan Community Primary School

The Kingspan Insulation Community Trust was established in 2006 as a registered charity, through which Kingspan donates to community initiatives around Herefordshire, Worcestershire and North Yorkshire. To date, over £175,000 has been awarded for projects in the local community supporting

conservation of the environment, biodiversity, health and fitness of young people or promotion of road safety.

Further details about the Trust can be found on its website: www.kingspaninsulationcommunitytrust.org



Kingspan Panels created a 'Forest School' at Glan Aber Primary School in Holywell, UK

Also during 2013, more than 40 volunteers from Kingspan Panels spent a day giving back to the community as part of Business in the Community's "Give & Gain Day". A team from Kingspan Panels created a "Forest School" at Glan Aber Primary School in Boot End, Holywell, UK. This included a bird hide, nest boxes and a wormery for recycling waste, raised beds, reclaimed boats for seats and many other improvements.

Charitable Support

Kingspan is proud to support a wide variety of charitable initiatives in the community. We also encourage and support the fundraising of colleagues who participate in various fundraising activities.

CORPORATE SOCIAL RESPONSIBILITY



Kingspan sponsored the cycle tour from Biarritz to Narbonne for The Irish Hospice Foundation

Now in its fifth year Kingspan have been the main sponsor for the Irish Hospice Foundation's cycle charity fundraiser. In July 2013 some 60 cyclists left Dublin to take part in a 630 km cycle from Biarritz to Narbonne. In 2014 the challenge will be to cycle from San Sebastian to Barcelona with an opportunity to tackle the Pyrenees.



The Irish Hospice Foundation supports the development of hospice care and promotes the hospice philosophy in Ireland. More information on its good work can be found at its website: www.hospice-foundation.ie

In May 2013, a group from Kingspan took part in the ARC mini marathon in Dublin's Phoenix Park which was sponsored by Kingspan.

ARC was founded in 1994 and is an organisation that offers professional personal support to men and women affected by cancer and their families. Further details can be found at www.arccancersupport.ie

In 2013 21sq m of Kingspan Solar Tubing was installed at Casa Bridget Group Home in Romania. The tubes are linked to two buffer tanks (also supplied by Kingspan) and the system provides 50-60 showers a day to residents and day centre children. It also provides five houses with all domestic water needs. Kingspan work with the charity Crosscause on making this happen. Further details can be found at www.crosscause.ie



Members of Kingspan at the ARC Mini Marathon in Dublin.



GOVERNANCE

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

Kingspan is committed to applying the principles of best practice corporate governance to facilitate effective, entrepreneurial and prudent management, and to drive the long-term success of the Group.

The Corporate Governance Report, including the Report of the Remuneration Committee and the Report of the Audit Committee describe how Kingspan has applied the principles of the UK Corporate Governance Code (September 2012), and the Irish Corporate Governance Annex, throughout 2013.

EUGENE MURTAGH
CHAIRMAN



THE BOARD

CHAIRMAN

EUGENE MURTAGH
(Age 71)

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 (16 years, Chair).

EXECUTIVES

GENE M. MURTAGH
(Age 42)

Gene M. 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 Panels 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 (6 years), Acquisitions (7 years).

GEOFF DOHERTY
(Age 42)

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, having previously worked in IWP International plc, PricewaterhouseCoopers and BDO Simpson Xavier accountants in Dublin. He is a qualified chartered accountant, with extensive experience of financial management in an international manufacturing environment.

Committees: Acquisitions (3 years).

RUSSELL SHIELS
(Age 52)

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

Key skills & experience: He was previously managing director of the Group's Building Components and Raised Access Floors businesses in the UK. He has experience in many of the Group's key businesses, and 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 57)

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 22)

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

Key skills & experience: He has been with the Group for over 13 years, 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

DAVID BYRNE*
(Age 66)

David Byrne was appointed to the Board in January 2005.

Key skills & experience: He served as EU Commissioner with responsibility for Health and Consumer Protection from 1999 to 2004. Prior to that, he served as Attorney General of Ireland from 1997 to 1999. Currently he is deputy chairman and senior independent director of DCC plc. He brings to the Board his considerable expertise in legal and risk oversight as well as his international experience.

Committees: Audit (8½ years), Nominations (5 years), Remuneration (7 years), Senior Independent Director.

BRIAN HILL*
(Age 69)
B.E., C.ENG., M.ENG.SC.,
M.B.A., F.I.MECH.E.

Brian Hill joined the Board in June 2005.

Key skills & experience: He was formerly a director of CRH plc where he was Head of the Europe Products & Distribution division. He was previously a non-executive director of Wavin NV. Throughout his career he has gained a broad knowledge and experience of the European construction industry.

Committees: Acquisitions (7 years, Chair), Nominations (½ year), Remuneration (7 years, Chair).

HELEN KIRKPATRICK M.B.E.*
(Age 55)
B.A., F.C.A.

Helen Kirkpatrick joined the board in June 2007.

Key skills & experience: She is also a non-executive director of UTV Media plc and 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 is a fellow of Chartered Accountants Ireland and is a member of the Chartered Institute of Marketing. She brings her considerable financial and business acumen to the Board and to the Audit Committee.

Committees: Audit (6½ years, Chair), Nominations (5 years), Remuneration (5 years).

KIERAN MURPHY*
(Age 55)
M.A., DIP MUSIC

Kieran Murphy was appointed to the Board in March 2012.

Key skills & experience: He is a partner in Gleacher Shacklock LLP, having previously been managing director corporate finance in Kleinwort Benson/Dresdner Kleinwort. He is currently a non-executive director of Aliaxis S.A. and an independent member of the Council of City University, London. During his career, he has gained particular expertise in the building and construction sector, including advising on several of Europe's landmark deals.

Committees: Acquisitions (2 years), Remuneration (½ year).

LINDA HICKEY*
(Age 52)
B.B.S.

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 (½ year).

SECRETARY

LORCAN DOWD
(Age 45)

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 in private practice.

* Independent

REPORT OF THE DIRECTORS

THE DIRECTORS HAVE PLEASURE IN
PRESENTING THEIR REPORT WITH THE
AUDITED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2013.

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 facades, raised access floors, engineered timber systems, environmental management systems, sustainable water and renewable energy solutions.

RESULTS AND DIVIDENDS

Group turnover for the year ended 31 December 2013 was €1.79bn (2012: €1.63bn), trading profit was €122.8m (2012: €107.7m), profit after tax was €89.2m (2012: €74.7m), and earnings per share were 51.7 cent (2012: 43.8 cent).

An interim dividend of 5.5 cent per share was paid to shareholders on 20 September 2013 (2012: 5.0 cent). The Directors are recommending a final dividend of 8.5 cent per share for the year ended 31 December 2013 (2012: 7.25 cent), giving a total dividend for the year of 14.0 cent (2012:



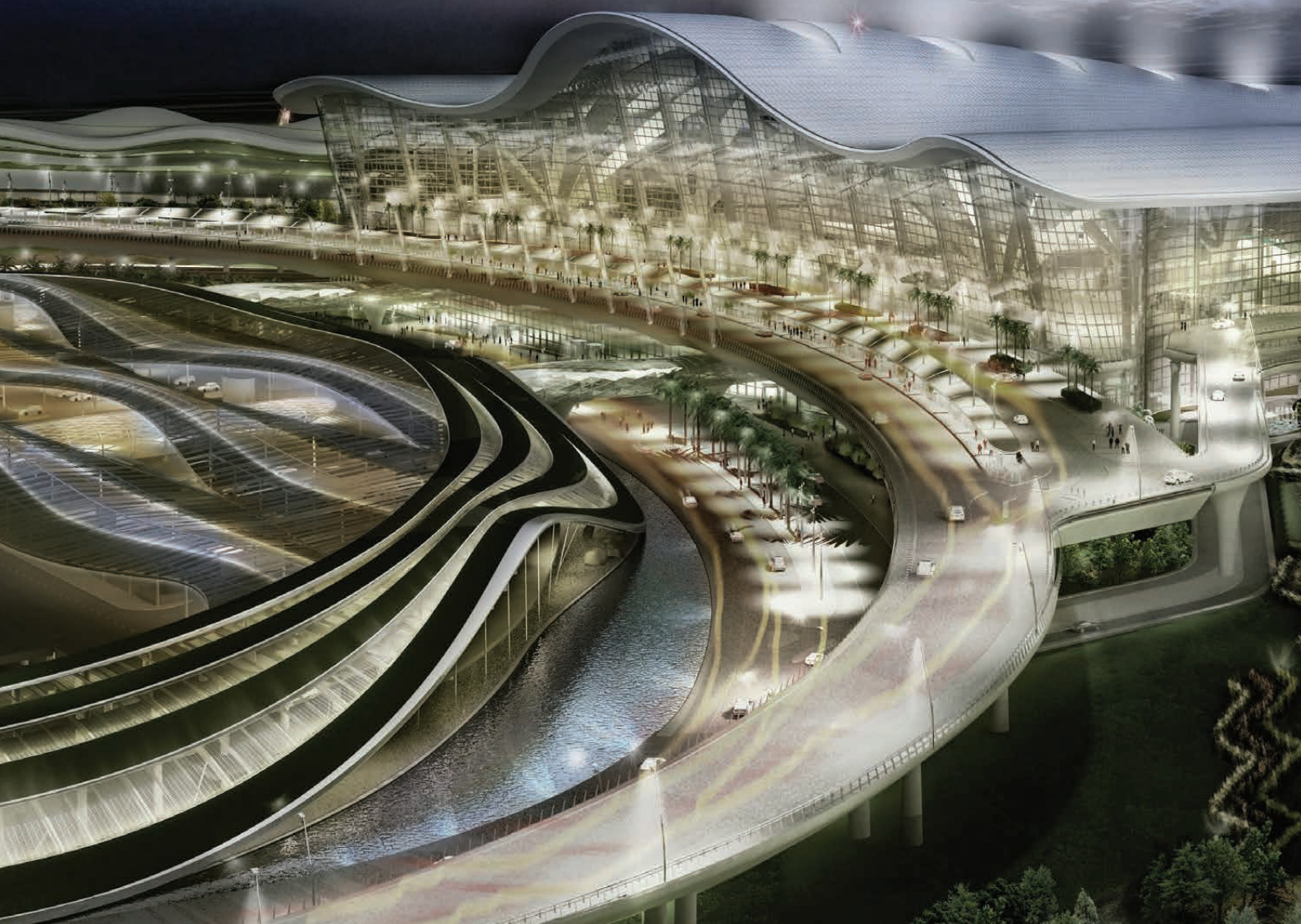


12.25 cent). The final dividend if approved at the Annual General Meeting will be paid on 15 May 2014 to shareholders on the register at close of business on 25 April 2014.

The Group's key financial performance indicators are set out in the Financial Review, and the financial statements for the year ended 31 December 2013 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

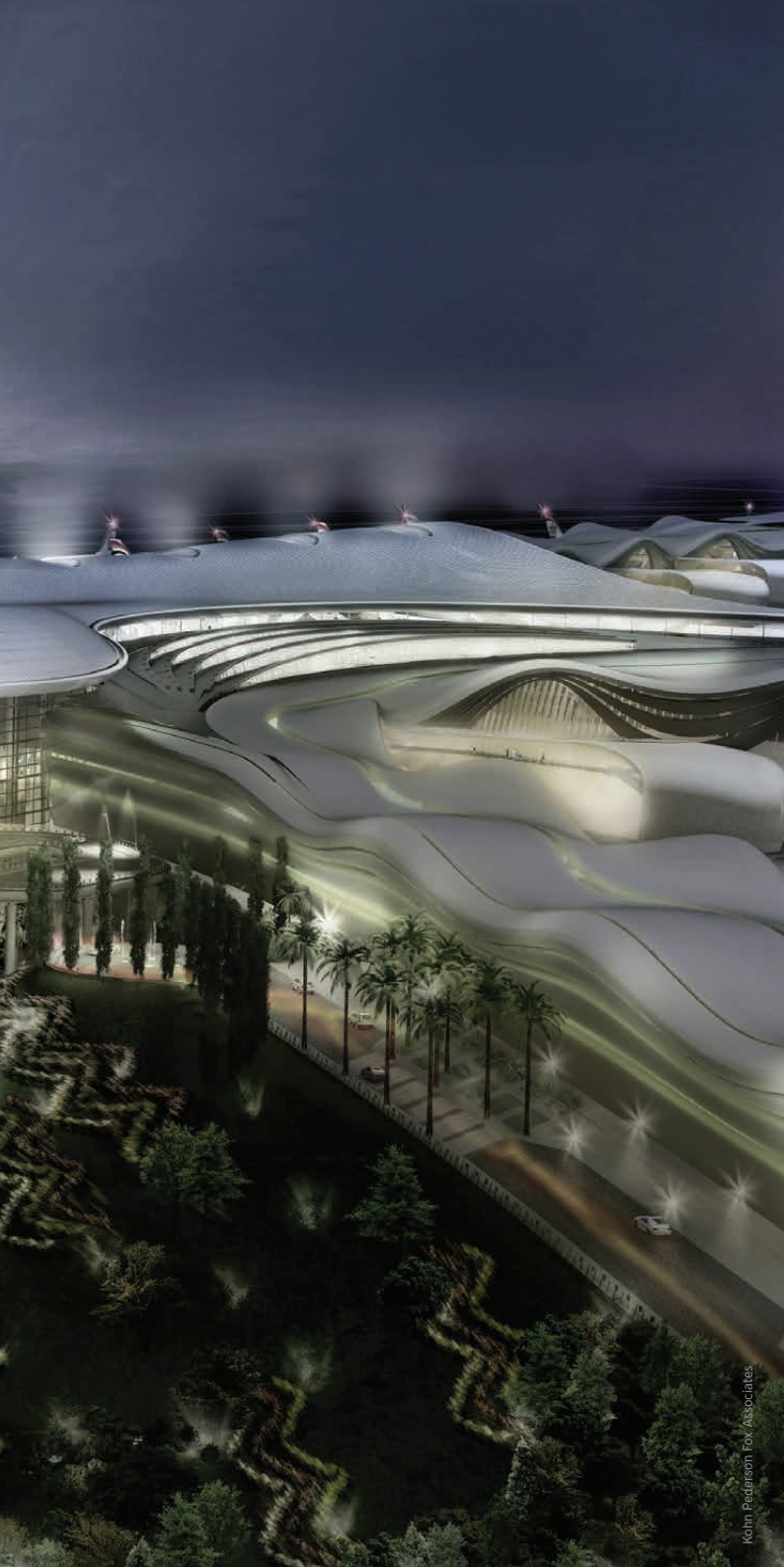
The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the Group. The Directors have provided appropriate systems and resources, including the appointment of suitably qualified accounting personnel, to maintain proper books and accounting records throughout the Group, in order to ensure that the requirements of Section 202 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 2013. The key points include:

- Group sales up 10% to €1.79bn.
- Trading profit up 14% to €122.8m.
- Profit after tax up 19% to €89.2m.
- Group trading margin of 6.9%, an increase of 30bps. The underlying trading margin before the impact of acquisitions increased by 40bps.
- Basic EPS up 18% to 51.7 cent.
- A decrease in net debt to €107.6m (2012: €165.5m). Net debt to EBITDA of 0.66x (2012: 1.12x).
- Increase in ROCE by 160bps to 12.3% (2012:10.7%).
- Insulated Panels sales were up 23% and trading profit was up 23%, with significant contribution from the ThyssenKrupp Construction and Rigidal Industries LLC acquisitions. Underlying sales pre-currency and acquisitions were up 2%.



Kohn Pedersen Fox Associates

- A solid performance in Insulation Boards where sales were down 3% (flat pre-currency), albeit improving in the UK in the second half with markets stabilising in Continental Europe.
- Improving UK office activity and resilient data centre related construction led to a positive year for Access Floors with sales in line with previous year (+5% pre-currency).
- Trading in Environmental proved tough with sales down 12% (H2 -5%) in a year of tight markets and internal consolidation.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group's business are detailed in the Risks and Risk Management section of this Annual Report. The principal risks are:

- Volatility in the macro environment;
- Failure to innovate;
- Product failure;
- Business interruption (including IT continuity);
- Credit risks and credit control.

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 2013, the Group's research and development expenditure amounted to €13.7m (2012: €13.6m). Research and development expenditure is generally written off in the year in which it is incurred. During 2013 Kingspan's continuing investment in research and development involved over 50 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, microwind, and new access floor product ranges.

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 2012) and the Irish Corporate Governance Annex is included in the Governance section of 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 many of the projects that are on-going across the Group, with further details available on the Group's website www.kingspan.com.

DIRECTORS AND SECRETARY

The Directors and secretary of the Company at the date of this report are as shown in this Annual Report. Linda Hickey was appointed as a non-executive director with effect from 1 June 2013 and Tony McArdle retired as a non-executive director on the 9 May 2013.

REPORT OF THE DIRECTORS

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 Dec. 2013	31 Dec. 2012
Eugene Murtagh	30,000,000	30,000,000
Gene M. Murtagh	1,128,999	1,128,103
Geoff Doherty	150,692	150,000
Russell Shiels	353,307	353,307
Peter Wilson	234,898	232,498
Gilbert McCarthy	227,637	217,129
Helen Kirkpatrick	26,000	26,000
Brian Hill	11,000	11,000
David Byrne	3,000	3,000
Kieran Murphy	0	0
Linda Hickey*	5,000	0
Lorcan Dowd	2,310	3,966
	32,142,843	32,125,003

* appointed 01/06/2013

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 the 24 February 2014, there had been no changes in the Directors' and Secretary's interests in shares since the 31 December 2013.



QUEENSTOWN AQUATIC CENTRE, NEW ZEALAND.

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 21 of the financial statements.

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 2013 is set out in the Shareholder Information section of this Annual Report.



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 58 manufacturing sites, and has operations in over 70 countries worldwide.

The Company's principal subsidiary undertakings at 31 December 2013, 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.

AUDITORS

In accordance with Section 160(2) of the Companies Act 1963 the Company's auditors, 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

24 February 2014

CORPORATE GOVERNANCE REPORT

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

The Board comprises 11 directors five of whom are executives, and six including the Chairman are non-executive directors. The names and other details of all of the directors as at the date of this report and brief biographies of each which highlight the range of experience they bring to the Board, are set out in the section headed "The Board" in this Annual Report. 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. The directors believe that the Board includes an appropriate balance of skills and ability to provide effective leadership and control to the Group.

The Board met formally nine times during the year, as well as informally 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. These include 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, reviewing management's corporate and financial performance, and 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		Acquisitions	
	A	B	A	B	A	B	A	B	A	B
Eugene Murtagh	9	9			1	1				
Gene M. Murtagh	9	9			1	1			2	2
Geoff Doherty	9	8							2	2
Russell Shiels	9	8								
Peter Wilson	9	9								
Gilbert McCarthy	9	9								
Tony McArdle	3	3			1	1			2	2
David Byrne	9	8	4	3	1	1	4	4		
Brian Hill	9	8	2	2			4	4	2	1
Helen Kirkpatrick	9	9	4	4	1	1	4	4		
Kieran Murphy	9	9					2	2	2	2
Linda Hickey	5	5	2	2						

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.

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.

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.

BOARD BALANCE AND INDEPENDENCE

The Board is of the view that its current size and structure works well, and that the balance of executive and non-executive directors generates a good degree of constructive and effective challenge and debate. An externally facilitated evaluation of the Board, carried out in 2011, determined that there was a good mix of skills and experience on the Board. 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.

CORPORATE GOVERNANCE REPORT

Throughout the year half of the Board, excluding the Chairman, comprised independent non-executive directors. The Board has considered the relationships and circumstances that might affect a director's judgement, and has determined the following non-executive directors to be independent: David Byrne, Brian Hill, Helen Kirkpatrick, Kieran Murphy and Linda Hickey. David Byrne is nominated as the senior independent director of the Company, and is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive or Chief Financial Officer. 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.

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 therefore concluded that Ms Hickey's independence was not affected.

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 benefit not a disadvantage in enabling her to contribute effectively to Board discussions.

APPOINTMENTS TO THE BOARD

All appointments to the Board are made by the Board 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 AND 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. 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. 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 the Kingspan's business operations and systems on appointment. 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. In 2011, the Board engaged a firm of independent external consultants, Independent Audit Limited, to facilitate a review of the performance and effectiveness of the Board and its committees. In 2012 and 2013 the review of the Board followed up on the themes identified in the external consultant's report. A further externally facilitated evaluation of the Board will be undertaken before the end of 2014.

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: Acquisitions, 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. Brief details of these committees, including the chairman and members of each committee, are set out below.

Acquisitions Committee

The members of the Acquisitions Committee and the date of their first appointment to the committee are set out below:

Brian Hill (Chair)*	(2007)
Gene M. Murtagh	(2007)
Geoff Doherty	(2011)
Kieran Murphy*	(2012)

* independent non-executive director

The Acquisitions Committee has been established by the Board to consider and appraise all acquisition proposals made by the Group within its authorised limits, and to approve any investments, joint ventures, and capital expenditure within those limits which it considers to promote the Group

strategy. The committee also carries out a periodic review of investments made within the previous years to review actual performance against forecast targets. The committee met twice during 2013 to consider and approve a significant new capex proposal in our Western Europe insulation business, and also to review and report to the Board on the post acquisition performance of all acquisitions made in the previous three years, in accordance with the committee's terms of reference.

Audit Committee

The members of the Audit Committee and the date of their first appointment to the committee are set out below:

Helen Kirkpatrick (Chair)*	(2007)
David Byrne*	(2005)
Linda Hickey*	(2013)

* independent non-executive director

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 main responsibilities of the Audit Committee include:

- Monitoring the integrity of the Group's Financial Statements and reviewing significant financial reporting judgements contained in them;
- Considering whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- Reviewing the Group's internal controls and risk management systems;
- Monitoring and reviewing the effectiveness of the Group's internal audit function;
- Making recommendations to the Board in relation to the re-appointment or, if considered appropriate, removal of the external auditors and approving the remuneration and terms of engagement of the external auditors;
- Monitoring the independence and objectivity of the external auditors and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;

CORPORATE GOVERNANCE REPORT

- Determining policy for the engagement of the external auditors to supply non-audit services;
- Reporting to the Board, identifying any matters in respect of which it considers that action is needed and making recommendations as to the steps to be taken.

The members of the Audit Committee bring considerable financial and accounting experience to the committee's work, and in particular the Board considers that the chairman of the Audit Committee, Helen Kirkpatrick B.A., 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 2012) and the Irish Corporate Governance Annex.

Nominations Committee

The members of the Nominations Committee and the date of their first appointment to the committee is set out below:

Eugene Murtagh (Chair)	(1990)
Gene M. Murtagh	(2007)
David Byrne*	(2009)
Helen Kirkpatrick*	(2009)
Brian Hill*	(2013)

* independent non-executive director

The Nominations Committee assists the Board in ensuring that the composition of the Board and its committees is 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 once in 2013, both to consider the annual re-election of directors at the Company's Annual General Meeting, and to recommend the appointment of Linda Hickey as a 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 a new non-executive director, 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. Using the Board's knowledge and contacts, the committee identified a pool of potential candidates and Ms Hickey was considered to be the most suitable. All of the committee members met with Ms Hickey before agreeing to recommend her appointment to the Board.

Remuneration Committee

The members of the Remuneration Committee and the date of their first appointment to the committee is set out below:

Brian Hill (Chair)*	(2007)
David Byrne*	(2007)
Helen Kirkpatrick*	(2009)
Kieran Murphy*	(2013)

* independent non-executive director

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 principal terms of reference of the Remuneration Committee are:

- to establish the remuneration policy applicable to the executive directors to encourage an enhanced performance, and reward individuals for their contribution to the success of the Group;
- to agree annually the remuneration package for each of the executive directors, including bonuses and other incentive arrangements;
- to agree a reference group of peer organisations against whom to benchmark the nature and level of executive remuneration on an on-going basis;
- to approve the grant of share options/awards to executive directors;
- to determine the policy and scope of pension arrangements for the executive directors;
- to set performance objectives for the Chief Executive and other executive directors;
- to report to shareholders on the committee's work and compliance with the UK Corporate Governance Code (September 2012) as enhanced by the Irish Corporate Governance Annex.

The report of the Remuneration Committee is set out in this Annual Report, which describes how the Company has applied the principles Section D of the UK Corporate Governance Code (September 2012) 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.

INTERNAL CONTROL AND 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 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 Auditors 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.

STATEMENT OF COMPLIANCE

The directors confirm that the Company has throughout the accounting period ended 31 December 2013 complied with the provisions of the UK Corporate Governance Code (September 2012) 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

REPORT OF THE REMUNERATION COMMITTEE

I AM PLEASED TO PRESENT THE DIRECTORS' REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2013. THIS REPORT HAS BEEN PREPARED HAVING REGARD TO THE PROVISIONS OF SECTION D OF THE UK CORPORATE GOVERNANCE CODE (SEPTEMBER 2012) AS ENHANCED BY THE IRISH CORPORATE GOVERNANCE ANNEX.

The Remuneration Committee comprises four independent non-executive directors, Brian Hill (chairman), David Byrne, Helen Kirkpatrick and Kieran Murphy. Brian Hill took over as chair of the committee on 1 June 2013 and Kieran Murphy was appointed to the committee on the same date.

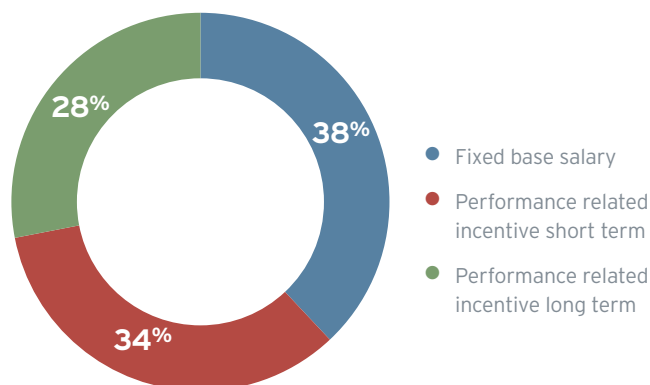
The primary objective of the Remuneration Committee is to ensure that the remuneration policy attracts, retains and motivates the executive directors, and links rewards to corporate and individual performance and enhanced shareholder value. The committee considers it essential that there is alignment between executive remuneration and the Kingspan Group strategy.

In setting remuneration levels the Remuneration Committee aims to ensure that the executive directors' total remuneration package supports achievement of the Group strategy whilst taking into consideration the market rates and practices of other quoted Irish and industry peer companies of similar size and scope.

The bonus and share option incentives are designed to provide rewards for achieving objectives that will increase shareholder value. The Remuneration Committee considers it important that a significant proportion of the executive directors' total package is linked to corporate and individual performance.

EXECUTIVE DIRECTORS' REMUNERATION MIX*

*Refers to executive directors as at 31.12.2013.



EXECUTIVE REMUNERATION FOR 2013

During the year the Remuneration Committee met four times.

Annual bonus: Annual performance targets for 2013 were set prior to the start of the year, and reflect the Group's strategic objectives and challenging financial targets. All executives were eligible for a maximum bonus opportunity of up to 100% of base salary. The Remuneration Committee reviewed the extent to which the 2013 bonus targets were achieved by each of the executives. The Chief Executive's and the Chief Financial Officer's annual bonus was based solely on Group EPS growth targets over prior year, with maximum bonus



being payable on the achievement of 120% of target. The committee determined that this target was substantially but not fully met, and therefore the actual bonus achieved was 93.33%. For each of the Divisional MDs, up to 60% of their annual bonus was based on achieving stretching divisional profit targets, and a further 40% of the Divisional MDs bonus opportunity was payable on the achievement of Group EPS growth targets over prior year. Having reviewed each of the division's performance and the Group EPS growth as above, the committee determined that overall Russell Shields had achieved 91.30% of bonus, Peter Wilson had achieved 97.33% of bonus, and Gilbert McCarthy had achieved 71.49% of bonus. The Board believes that retrospective disclosure of specific bonus targets would be inappropriate as the targets are commercially sensitive business information.

Long Term Incentives: The committee also reviewed the extent to which the vesting targets in respect of the PSP Awards granted in 2011 had been met by reference to EPS and TSR targets over the three year period to 31 December 2013. The committee noted that Kingspan had achieved top quartile performance in its peer group for the third cycle in a row. The committee determined that EPS growth had exceeded CPI plus 7% and that Kingspan's TSR performance had exceeded the 75th percentile of its peer group and therefore, as the vesting conditions had been satisfied in full, the PSP Awards granted in 2011 should vest in full. The committee also determined that as the conditions of the Exceptional Performance Award were partially satisfied, 20% of that award vested.

EXECUTIVE REMUNERATION FOR 2014

In November the Remuneration Committee carried out a review of each of the executive directors' remuneration package, having regard to the Group's overall performance, the executive directors' personal performance and competitive market practice. Where applicable, changes

in salary were effective from 1 January 2014. The various elements of the 2014 remuneration package for each of the executive directors as approved by the committee comprise the following:

- **Basic salary.** The committee reviewed the base salary of each of the executive directors. The committee engaged Mercers, a leading firm of independent consultants, to carry out a benchmark report of the executive directors' basic and total remuneration packages. The committee considered that, as a globally based building materials group, the appropriate comparator should be similar sized companies in the industry peer group referenced in the Performance Share Plan, but having cognisance also of other Irish plcs. The committee had regard to the Group's performance, the independent benchmark report and where apposite the committee made appropriate merit adjustments. The committee agreed that there would be no increase in the base salaries of the Chief Executive and the Chief Financial Officer having regard to continuing macro uncertainties (and which have remained frozen at 2008 and 2011 levels respectively). The committee approved increases of between 4% 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 2.2% increase in the total salaries for the executive directors.
- **Benefits.** In addition to their base salaries, executive directors' benefits include health insurance and the use by the executive directors of company cars (or a taxable car allowance), in line with typical market practice.
- **Performance related bonus.** Executive directors receive bonus payments of up to 100% of base salary based on

REPORT OF THE REMUNERATION COMMITTEE

the attainment of stretching annual performance targets set prior to the start of each year by the Remuneration Committee, with bonuses paid on a sliding scale if the targets are met. For 2014, the committee selected performance targets which were a combination of Group EPS growth and divisional profit targets, with maximum bonus being paid on the achievement of 120% of target.

■ **Share options.** Executive directors are entitled to participate in the Group Performance Share Plan (PSP), details of which are set out below. Participation in the PSP is subject to individual award limits which were approved by shareholders, and comply with IAIM guidelines. Details of the number of PSP Awards granted to each executive director during 2013 are set out in the share option table below.

■ **Pension scheme.** 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.

CLAWBACK

Payment of the bonus is deferred until March of the following year after the audited financial statements have been approved, which the committee considers is an appropriate deferral period in a manufacturing environment. A formal bonus clawback arrangement is in place in respect of the executive directors' performance related pay in the event of fraud or gross misfeasance.

SERVICE CONTRACTS

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

MINIMUM SHAREHOLDING REQUIREMENTS

The Remuneration Committee recognises that share ownership is important in aligning the interests of management with those of shareholders. During the year the committee 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 2013 salary (as at 31 Dec 2013) are shown in the table below.

	Shares	x Salary
Gene M. Murtagh	1,128,999	2311%
Geoff Doherty	150,692	399%
Russell Shiels	353,307	1258%
Peter Wilson	234,898	823%
Gilbert McCarthy	227,637	789%

NON-EXECUTIVE DIRECTORS

The non-executive directors each receive a fee which is set by the Remuneration Committee and approved by the Chairman on advice from the independent professional advisors, and reflects the time commitment involved in the performance of their duties. 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. 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.

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, save as set out in the table below.

REMUNERATION TABLE FOR 2013

	Salary and Fees		Performance Bonus ¹		Benefits ²		Pension Contributions ³		Total	
	2013 €'000	2012 €'000	2013 €'000	2012 €'000	2013 €'000	2012 €'000	2013 €'000	2012 €'000	2013 €'000	2012 €'000
EXECUTIVE DIRECTORS										
Gene M. Murtagh	635	635	593	595	27	26	127	127	1,382	1,383
Geoff Doherty	490	490	457	459	28	26	123	123	1,098	1,098
Russell Shiels ⁴	350	350	319	341	30	32	128	130	827	853
Peter Wilson ⁴	353	357	344	134	16	15	163	168	876	674
Gilbert McCarthy	360	300	257	123	16	5	72	60	705	488
	2,188	2,132	1,970	1,652	117	104	613	608	4,888	4,496
Charge to Consolidated Income Statement for share options and awards									1,644	1,413
									6,532	5,909
NON-EXECUTIVE DIRECTORS⁵										
Eugene Murtagh ⁶	191	191	-	-	-	-	-	143	191	334
David Byrne	84	75	-	-	-	-	-	-	84	75
Brian Hill	81	75	-	-	-	-	-	-	81	75
Helen Kirkpatrick	85	75	-	-	-	-	-	-	85	75
Kieran Murphy ⁷	75	63	-	-	-	-	-	-	75	63
Linda Hickey ⁸	44	-	-	-	-	-	-	-	44	-
Tony McArdle ⁹	31	75	-	-	-	-	-	-	31	75
Danny Kitchen ¹⁰	-	27	-	-	-	-	-	-	-	27
	591	581	-	-	-	-	-	143	591	724
Total									7,123	6,633

- 1 Bonus targets are set annually at the start of each year and comprise a combination of EPS growth and divisional profit targets.
- 2 Benefits principally relate to health insurance premiums and company cars/car allowances.
- 3 All executive directors participate in defined contribution pension schemes. Certain executives have elected to receive part of their prospective pension entitlement as a taxable non-pensionable cash allowance in lieu of the pension benefit foregone, at an equivalent overall cost to the Company.
- 4 Russell Shiels' remuneration has been converted to Euro at the following rate USD: 1.329 (2012: 1.286). Peter Wilson's remuneration has been converted to Euro at the following rate STG: 0.849 (2012: 0.811).
- 5 With effect from January 2013 the non-executive directors fees were restructured to comprise a base fee, plus additional fees for committee membership/chair.
- 6 Pension contributions to Eugene Murtagh ceased on his attaining age 70.
- 7 Kieran Murphy was appointed as a non-executive director on 1 March 2012.
- 8 Linda Hickey was appointed as a non-executive director on 1 June 2013.
- 9 Tony McArdle retired as a non-executive director on 9 May 2013.
- 10 Danny Kitchen retired as a non-executive director on 10 May 2012.

REPORT OF THE REMUNERATION COMMITTEE

PERFORMANCE SHARE PLAN

The Performance Share Plan (PSP), approved by shareholders in May 2008, rewards the performance of managers and the executive directors based on the overall performance of the Group, thus aligning the interests of management and executive directors with the interests of shareholders. 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 certain performance criteria are achieved over the vesting period. These conditions are:

- Up to 50% of the award will vest (on a sliding scale) on achievement of average EPS growth of between CPI plus 3.5% (below which no performance shares will vest) and CPI plus 7% (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 any individual's total award) can be awarded which only vests (on a sliding scale) if the Group's TSR ranking is above the 75th percentile point compared with the selected peer group. During the year Exceptional Performance Awards were only granted by the committee to the Chief Executive.

Prior to granting the PSP Awards in 2013 the committee considered the appropriateness of these performance conditions, and determined them to be sufficiently stretching in the current market environment.

The maximum value of any PSP Award may not, at the date of grant, in the case of the Chief Executive exceed 125% of base salary, and in the case of other employees exceed such lower percentage as may be determined by the Remuneration Committee. 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).

The TSR peer group for all PSP awards in respect of performance periods ending on or before 31 December 2013 comprised the following companies:

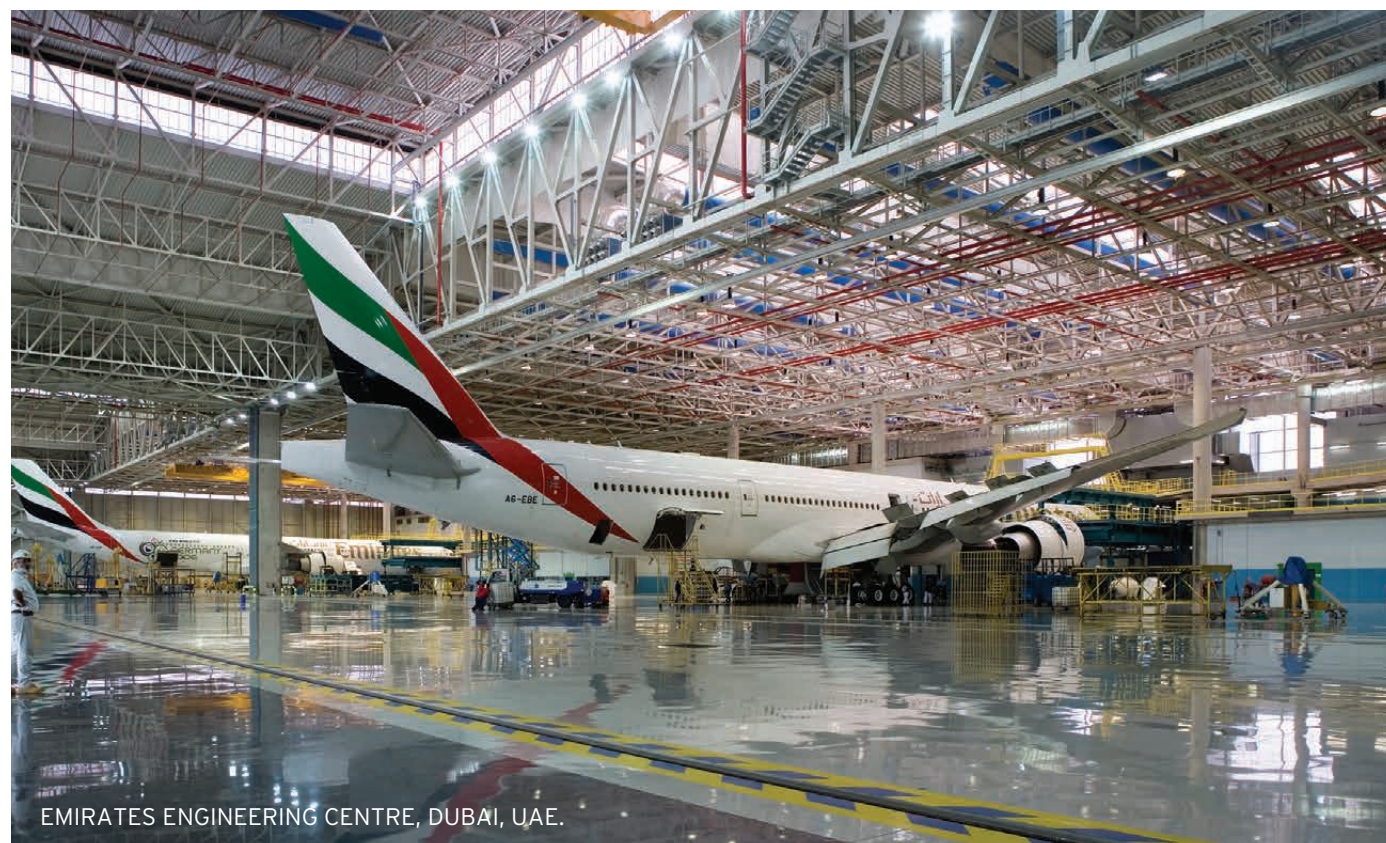
Compagnie de Saint Gobain	CRH Plc
Dyckerhoff AG	Geberit AG
Grafton Group Plc	Lafarge SA
Marshalls Plc	Martin Marietta Materials Inc
Rockwool Intl. A/S	SA Des Ciments Vicat
SIG Plc	Travis Perkins Plc
Uponor Corp	Uralita SA
Wienerberger AG	

During the year, the committee reviewed the TSR peer group and determined that some of the constituent companies in the PSP peer group were no longer suitable, and should be replaced with a mix of both similar and larger-sized companies from Kingspan's key markets. The committee considered potential alternate comparator companies by reference to business activity, size, and geographic market, and agreed that the following peer group should apply for all future PSP Awards:

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	

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. 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. 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. 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 options granted to the executive directors under the Standard Share Option Scheme which remain exercisable are set out in the table later in this Remuneration Report.



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SHARE OPTION TABLE

Details of share options granted to the directors and secretary under the Performance Share Plan and the Standard Share Option Scheme are as follows:

Director	At 31 Dec 2012	Granted during the year	Exercised or lapsed during the year	At 31 Dec 2013	Option price cent	Average option price cent	Earliest exercise date	Latest expiry date
Gene M. Murtagh								
Standard Share	200,000			200,000	565		23/09/2007	23/09/2014
Option Scheme	36,195			36,195	1090		05/09/2008	05/09/2015
	48,115			48,115	1418		05/09/2009	05/09/2016
	284,310			284,310		776		
Performance	88,324	18,250		106,574	13		27/03/2013	26/02/2020
Share Plan	422,096	73,000		495,096	13		27/03/2013	26/02/2020
	510,420	91,250		601,670	13	13		
Geoff Doherty								
Performance								
Share Plan	102,584	55,000		157,584	13	13	01/03/2014	01/03/2020
Russell Shiels								
Standard Share	50,000			50,000	565		23/09/2007	23/09/2014
Option Scheme	22,571			22,571	1090		05/09/2008	05/09/2015
	15,562			15,562	1418		05/09/2009	05/09/2016
	88,133			88,133		850		
Performance								
Share Plan	129,584	45,000	(45,000) ¹	129,584	13	13	27/03/2013	26/02/2020
Peter Wilson								
Standard Share	97,014		(2,400) ²	94,614	565		23/09/2007	23/09/2014
Option Scheme	11,884			11,884	1090		05/09/2008	05/09/2015
	20,462			20,462	1418		05/09/2009	05/09/2016
	129,360		(2,400)	126,960		752		
Performance								
Share Plan	193,984	45,000		238,984	13	13	27/03/2013	26/02/2020
Gilbert McCarthy								
Standard Share	10,000		(10,000) ³		330			
Option Scheme	20,000			20,000	565		23/09/2007	23/09/2014
	15,277			15,277	1090		05/09/2008	05/09/2015
	25,000			25,000	1418		05/09/2009	05/09/2016
	70,277		(10,000)	60,277		1052		
Performance								
Share Plan	114,584	45,000		159,584	13	13	27/03/2013	26/02/2020
Company Secretary								
Lorcan Dowd								
Standard Share	7,638			7,638	1090		05/09/2008	05/09/2015
Option Scheme	10,000			10,000	1418		05/09/2009	05/09/2016
	17,638			17,638		1276		
Performance								
Share Plan	40,180	10,300	(15,000) ⁴	35,480	13	13	01/03/2014	26/02/2020

1 Exercised on 12/11/2013 (market price per share at date of exercise €13.11)

2 Exercised on 26/03/2013 (market price per share at date of exercise €9.45)

3 Exercised on 16/09/2013 (market price per share at date of exercise €11.70)

4 Exercised on 04/03/2013 (market price per share at date of exercise €9.01)

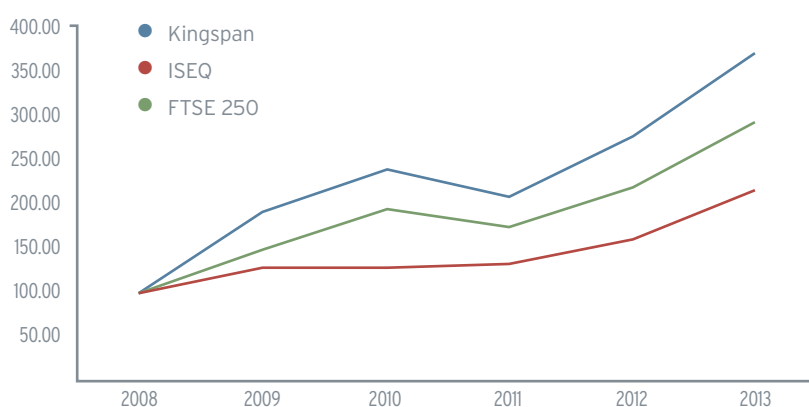
REPORT OF THE REMUNERATION COMMITTEE

The closing price for Kingspan's shares on 31 December 2013 was €13.00, and the company's shares traded between the range of €8.36 and €13.65 during the year.

TSR PERFORMANCE GRAPH

This graph shows the Company's TSR performance against the performance of the ISEQ and the FTSE 250 Indices over the five-year period from 31 December 2008 to 31 December 2013.

TOTAL SHAREHOLDER RETURNS



EXTERNAL ADVISORS

The Remuneration Committee obtained advice during the year from independent external consultants, Mercer, in relation to market trends, comparator benchmarking, and developments in legal and governance frameworks. 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.

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 2013 AGM in relation to the 2012 Directors' Remuneration Report.

SAY ON PAY

Whilst Kingspan, as an Irish incorporated company, is not subject to the new UK disclosure requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, in accordance with Kingspan's commitment to best practice corporate governance and shareholder engagement, the Remuneration Committee have incorporated a number of the disclosure requirements in this report, and the Board, on the recommendation of the Remuneration Committee, will put this report

ADVISORY VOTE ON 2012 DIRECTORS' REMUNERATION REPORT

Total votes	For	%	Against	%
135,169,798	130,206,660	96.33	4,963,138	3.67

BRIAN HILL

CHAIRMAN, REMUNERATION COMMITTEE

REPORT OF THE AUDIT COMMITTEE

I AM PLEASED TO PRESENT THE REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2013. THIS REPORT HAS BEEN PREPARED HAVING REGARD TO THE PROVISIONS OF SECTION C OF THE UK CORPORATE GOVERNANCE CODE (SEPTEMBER 2012) AND THE IRISH CORPORATE GOVERNANCE ANNEX.

COMPOSITION OF THE AUDIT COMMITTEE

The Board has established an Audit Committee, the terms of reference of which are available for inspection on the company's website www.kingspan.com.

The Audit Committee comprises three independent non-executive directors, Helen Kirkpatrick B.A., F.C.A. (chairman), David Byrne and Linda Hickey. Tony McArdle and Brian Hill retired from the committee on 9 May 2013 and 1 June 2013 respectively. The Board has determined that the chairman of the committee, Helen Kirkpatrick, has appropriate recent and relevant financial experience. The Board considers that the committee as a whole has an appropriate and experienced blend of commercial, financial, and industry expertise to enable it to fulfil its duties.

The committee met four times during the year. Each committee meeting was attended by the Group Chief Financial Officer, the Group Financial Controller, and the Head of Internal Audit. The external auditors also attended these meetings as required. 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.

ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the committee discharged its responsibilities in the following manner:

Integrity of the financial statements

The committee reviewed, prior to recommending their publication to the Board, the preliminary statement of annual results for the year ended 31 December 2013. In undertaking this review, the committee discussed with management and the external auditors the critical accounting policies and judgements that had been applied. The committee compared the results with management accounts and budgets, and reviewed reconciliations between these and the final results. It discussed a report from the external auditors at that meeting identifying the significant accounting and judgemental issues that arose in the course of the audit, and it considered the management representation letter requested by the auditors for any non-standard issues and monitored action taken by management as a result of any recommendations. Key issues addressed by the committee included a review of fair values on acquisition, the carrying amount of goodwill, intangible assets and property, plant and



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equipment, litigation and warranty provisions, recoverability of trade receivables, valuation of inventory, hedge accounting treatments and other treasury matters and tax matters.

The committee also reviewed prior to their release, the 2013 half-year results and compared the results with management accounts and budgets, focusing on financial controls and the internal control environment, and key areas of judgement.

It reviewed the appropriateness of Group accounting policies and monitored changes to and compliance with accounting standards on an on-going basis.

The primary areas of judgement considered by the committee in relation to the Group's 2013 financial statements, and how these were addressed, were:

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 2013. 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 analyses these costs as a percentage of divisional sales.

The committee has agreed an annual Internal Audit Plan. The Internal Audit team review the businesses covered in the plan and report their findings to the committee. This review includes a detailed analysis of the adequacy of warranty provisions for warranty claims on hand or that are expected to arise in future.

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 2013. 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 security (including credit insurance) that is in place.

The committee has agreed an annual Internal Audit Plan. The Internal Audit team review the businesses covered in the plan and report their findings to the Audit Committee. This review includes a detailed review of sales ledgers and an analysis of the adequacy of bad debt provisions.

Valuation of inventory and adequacy of inventory provision

The committee reviewed the valuation and provisioning for inventory at 31 December 2013. 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.

The committee has agreed an annual Internal Audit Plan. The Internal Audit team review the businesses covered in the plan and report their findings to the committee. This review includes a detailed review of inventory systems and a review of physical inventory for indicators that net realisable value may be below cost.

REPORT OF THE AUDIT COMMITTEE

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

In addition 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.

External auditors

In 2011 the committee put the external audit contract out to tender, as a result of which KPMG was appointed. Following completion of the 2012 year-end audit, the committee carried out a review of the effectiveness of the external auditors and the audit process. The review was based on an internal questionnaire which assessed the external audit quality against several performance criteria with particular focus on robustness of the audit process, understanding of the business, quality of delivery, skills and expertise of the people and service, and value-added advice. The review included discussions with both Group management and feedback provided by divisional management. The committee will continue to monitor the performance and objectivity of the external auditors on an annual basis, and take this into account when making its recommendations to the Board in relation to the re-appointment (or otherwise) of the external auditors.

Prior to commencement of the 2013 year-end audit and half-year review, the committee approved the external auditors' work plan and resources, and agreed with the auditors various key areas of focus, including accounting for acquisitions, impairments, warranty provisions, as well as a granular focus on certain higher risk jurisdictions.

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

The committee obtained confirmation from the external auditors that in their professional judgement they are independent from the Group. The committee ensured that the independence of the external audit was not compromised by obtaining an account of all relationships between the external auditors and the Group, and by reviewing the economic importance of the Group to the external auditors by monitoring the audit fees as a percentage of total income generated from the relationship with the Group.

The committee has a policy on the provision of non-audit services by the external auditors that seeks to ensure that the services provided by the external auditors are not, or are not perceived to be, in conflict with auditor independence. The policy provides that fees for non-audit services performed by the external auditors should not exceed 50% of the audit fee in any year. In 2013 the total fees paid to the external auditor were €1.7m, of which 25% was for non-audit work (see Financial Statements – 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 from them.

As part of its standing schedule of business, the committee carried out the annual risk assessment of the business. The risk analysis sets out the gross and net risk by assessing the probability and potential impact of each risk and taking into account the effectiveness of internal controls. The principal risks facing the business as identified by the committee are set out below, and fuller details of their potential impact and the Group's mitigating controls are set out in the Risks and Risk Management section of this Annual Report:

- volatility in the macro environment;
- failure to innovate;
- product failure;
- business interruption (including IT continuity);
- credit risks and credit control.

Code of Conduct

The Group has a Code of Conduct, setting the standard by which all employees across the Group are expected to conduct themselves. The Code of Conduct is available on the Group's website www.kingspan.com. Reporting procedures have been adopted and notified to all employees, and staff are encouraged to raise any concerns about possible improprieties or breaches of the Code of Conduct in any area of the Group, either to management, or through a confidential phone service which has been established for the purpose. Any non-compliance with the Code of Conduct or reports to the confidential phone service, are then reported to the committee, which monitors fraud and/or misconduct through regular updates.

Internal controls

Responsibility for the implementation of the Group's system of internal control has been delegated to executive management. This ensures the embedding of the system of internal control throughout the Group's operations, and ensures that the organisation is capable of responding quickly to evolving business risks, and that significant internal control issues, should they arise, are reported quickly to appropriate levels of management. Such a system of internal control by its nature is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable, but not absolute, assurance against material misstatement or loss.

The main features of the internal controls that relate specifically to the Group's financial reporting and accounts consolidation process are set out in the Corporate Governance Statement in this Annual Report.

In 2011 the external auditors carried out a comprehensive business and controls review, across all of the Group's businesses. This review produced a detailed report on the internal control system across the Group and highlighted any significant control weaknesses. In 2013, the committee monitored progress of the remediation strategy across any areas identified as weaknesses in the report, with the implementation being overseen by the Group Chief Financial Officer. The external auditors, as part of both the year-end audit and the half year review process, updated their report, and the committee discussed the targeted improvements in the internal control system with management. The committee satisfied itself that remediation was being properly executed.

HELEN KIRKPATRICK
CHAIRMAN, AUDIT COMMITTEE

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 state of affairs of the Group and parent 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 proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2013 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.



EMIRATES ENGINEERING CENTRE, DUBAI, UAE.

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 Parent 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 Parent 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 Parent Company, together with a description of the principal risks and uncertainties that they face.

In accordance with the UK Corporate Governance Code (September 2012) the directors consider that:

- the Annual Report and financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable.

By order of the Board

GENE M. MURTAGH, CHIEF EXECUTIVE OFFICER

GEOFF DOHERTY, CHIEF FINANCIAL OFFICER

24 February 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KINGSPAN GROUP PLC

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 2013 as set out on pages 80 to 123, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Shareholders' Equity, the Company Statement of Cash Flows and the related notes 1 to 37.

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2013 and its profit for the year then ended;
- the Company Statement of Financial Position gives a true and fair view, in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Acts 1963 to 2013, of the state of the Company's affairs as at 31 December 2013; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013 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:

Warranty provisions (€57.3m)

Refer to page 69 (Report of the Audit Committee), page 93 (accounting policy) and note 22 to the Group financial statements.

■ The Risk

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 of the provisions, the range of potential outcomes, correspondence in relation to specific claims, and relevant settlement history of provisions and claims. We also considered the ageing, accounting for movements in the provision balances and the related disclosures.

Goodwill (€369.9m)

Refer to page 69 (Report of the Audit Committee), page 90 (accounting policy) and note 10 to the Group financial statements.

■ The Risk

The Group has significant goodwill, and there is a risk that the carrying value of this goodwill may be impaired. Recoverability of the goodwill is based on forecasting and discounting future cash flows, and significant judgement is involved in relation to the assumptions used in the Group's goodwill impairment model.

■ Our Response

Our audit procedures in this area included assessing the Group's impairment model, evaluating the assumptions used by the Group in its impairment model, specifically the cash flow projections, perpetuity rates and discount rates used. We compared the Group's assumptions, where possible, to externally derived data and performed our own assessment in relation to key inputs into the model. We examined the sensitivity analysis performed by Group management and performed our own sensitivity analysis in relation to the key assumptions. 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 these key assumptions were appropriate.

Inventory (€192.0m)

Refer to page 69 (Report of the Audit Committee), page 92 (accounting policy) and note 15 to the Group financial statements.

■ The Risk

Due the nature of the Group's business, there is a risk in respect of obsolescence and net realisable value of inventory.

■ Our Response

Our audit procedures in this area included testing management's controls over the management of inventory and the identification of obsolete items; assessed the net realisable value of the inventory through an assessment of both future estimated sales prices and budgeted usage, testing that the net realisable value is expected to be in excess of the carrying cost of this inventory and recalculating the slow moving inventory provision to assess whether the methodology applied was in compliance with the Group's inventory provisioning policy and resulted in inventory being carried at the lower of cost and net realisable value.

Trade Receivables (€298.6 m)

Refer to page 69 (Report of the Audit Committee), page 94 (accounting policy) and note 16 to the Group financial statements.

■ The Risk

The Group has significant trade receivables, primarily with customers in the construction industry. Consequently, there is a risk that the Group's provision against receivables is not adequate.

■ Our Response

Our audit procedures included assessing management's controls over the credit control and receivables collection processes; testing the receipt of cash received after the year end relating to 31 December 2013 balances; and testing the adequacy of the Group's provisions against trade receivables by assessing management's assumptions in respect of customers' ability to pay based, inter alia, on the historical trading experience with the relevant customers. We also assessed whether the adequacy of the related disclosures reflected the related credit risk.

3 OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality is a term used to describe the acceptable level of precision in financial statements. The concept of materiality is applied in planning and performing the audit and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming our opinion on them. In accordance with International Standards on Auditing (ISAs) (UK and Ireland), we identify a monetary amount, "materiality for the financial

INDEPENDENT AUDITOR'S REPORT

statements as a whole", based on our judgement as to the quantitative misstatement or omission that might reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The materiality for the Group financial statements as a whole was set at €5.0m. This has been calculated using a benchmark of Group profit before taxation (of which it represents 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 agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit in excess of €0.1m, 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 operating units. We performed audit procedures, including those in relation to the significant risks set out above, on those transactions and balances accounted for at operating unit and Group level. In relation to the operating units, audits for Group reporting purposes were performed for key identified reporting components. Our audits covered 97% of total Group revenue, 99% of Group profit before taxation and 99% of Group total assets.

The audits undertaken for Group reporting purposes at the key reporting components were all performed to local materiality levels. These local materiality levels were set individually for each component and ranged from €0.2m to €2.0m.

Detailed audit instructions were sent to the auditors in all of these identified locations. 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.

Statutory audits are performed in other subsidiaries that are not included in scope for group reporting purposes and certain of these are completed after the date of this report.

4 WE HAVE NOTHING TO REPORT IN RESPECT OF 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 53, in relation to going concern;
- the part of the Corporate Governance Report on pages 54-59 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance annex specified for our review; and
- certain elements of disclosures to shareholders by the Board in the Report of Directors' Remuneration.

In addition, the Companies Acts 1963 to 2013 require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

5 OUR CONCLUSIONS ON OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACTS 1963 TO 2013 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 the books of account and, in our opinion, proper books of account 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 Report 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.

The net assets of the Company, as stated in the Company Statement of Financial Position, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2013 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

BASIS OF OUR REPORT, RESPONSIBILITIES AND RESTRICTIONS ON USE

As explained more fully in the Statement of Directors' Responsibilities set out on pages 72 and 73, 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 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 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.

INDEPENDENT AUDITOR'S REPORT

Our report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act 1990. 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

24 February 2014

1 Stokes Place
St. Stephen's Green
Dublin 2,
Ireland

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CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

Note		2013 €'000	2012 €'000
2	REVENUE	1,790,291	1,628,718
	TRADING PROFIT	122,805	107,702
	Intangible amortisation	(3,790)	(3,125)
4	Non trading items	(3,485)	112
	OPERATING PROFIT	115,530	104,689
5	Finance expense	(14,078)	(15,327)
5	Finance income	533	590
6	PROFIT FOR THE YEAR BEFORE INCOME TAX	101,985	89,952
8	Income tax expense	(12,829)	(15,274)
	NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	89,156	74,678
	Attributable to owners of Kingspan Group plc	87,643	73,526
	Attributable to non-controlling interests	1,513	1,152
		89,156	74,678
	EARNINGS PER SHARE FOR THE YEAR		
9	Basic	51.7c	43.8c
9	Diluted	50.7c	42.9c
	Gene M. Murtagh, Chief Executive Officer Geoff Doherty, Chief Financial Officer 24 February 2014		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

Note	2013 €'000	2012 €'000
Profit for the year	89,156	74,678
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(31,464)	12,421
5 Net change in fair value of cash flow hedges reclassified to income statement	152	244
Effective portion of changes in fair value of cash flow hedges	(1,028)	(1,724)
Income taxes relating to changes in fair value of cash flow hedges	97	-
Items that will not be reclassified subsequently to profit or loss		
34 Actuarial gains/(losses) on defined benefit pension schemes	1,350	851
23 Income taxes relating to actuarial gains/(losses) on defined benefit pension schemes	(328)	208
Total comprehensive income for the year	57,935	86,678
Attributable to owners of Kingspan Group plc	56,723	85,607
Attributable to non-controlling interests	1,212	1,071
	57,935	86,678

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

Note	2013 €'000	2012 €'000
ASSETS		
NON-CURRENT ASSETS		
10 Goodwill	369,858	385,427
11 Other intangible assets	16,204	20,253
13 Property, plant and equipment	491,888	508,056
21 Derivative financial instruments	674	10,039
34 Retirement benefit assets	6,099	2,357
23 Deferred tax assets	6,615	9,178
	891,338	935,310
CURRENT ASSETS		
15 Inventories	191,981	191,294
16 Trade and other receivables	313,827	313,961
21 Derivative financial instruments	26	3,226
Cash and cash equivalents	197,318	141,611
	703,152	650,092
17 Non-current assets classified as held for sale	-	404
	703,152	650,496
TOTAL ASSETS	1,594,490	1,585,806
LIABILITIES		
CURRENT LIABILITIES		
18 Trade and other payables	288,793	297,596
22 Provisions for liabilities	39,967	49,426
21 Derivative financial instruments	2,359	193
20 Deferred contingent consideration	7,474	506
19 Interest bearing loans and borrowings	6,947	3,749
Current income tax liabilities	37,540	43,359
	383,080	394,829
NON-CURRENT LIABILITIES		
34 Retirement benefit obligations	13,837	14,671
22 Provisions for liabilities	17,289	13,951
19 Interest bearing loans and borrowings	292,352	316,218
21 Derivative financial instruments	4,481	-
23 Deferred tax liabilities	23,829	25,407
20 Deferred contingent consideration	-	7,352
	351,788	377,599
TOTAL LIABILITIES	734,868	772,428
NET ASSETS	859,622	813,378
EQUITY		
25 Share capital	22,747	22,542
26 Share premium	43,145	40,570
Capital redemption reserve	723	723
28 Treasury shares	(30,707)	(30,707)
Other reserves	(126,152)	(92,061)
Retained earnings	942,008	865,196
EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC	851,764	806,263
31 NON-CONTROLLING INTEREST	7,858	7,115
TOTAL EQUITY	859,622	813,378

Gene M. Murtagh, Chief Executive Officer
Geoff Doherty, Chief Financial Officer
24 February 2014

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Share Capital €'000	Share Premium €'000	Capital Redemption Reserve €'000	Treasury Shares €'000	Translation Reserve €'000	Cashflow Hedging Reserve €'000	Share Based Payment Reserve €'000	Revaluation Reserve €'000	Retained Earnings €'000	Total Attributable to Owners €'000	Non- Controlling Interest €'000	Total Equity €'000
Balance at 1 January 2013	22,542	40,570	723	(30,707)	(116,884)	97	24,013	713	865,196	806,263	7,115	813,378
Transactions with owners recognised directly in equity												
Shares issued	205	2,575	-	-	-	-	-	-	-	2,780	-	2,780
Employee share based compensation	-	-	-	-	-	-	7,227	-	-	7,227	-	7,227
Tax on employee share based compensation	-	-	-	-	-	-	(233)	-	2,089	1,856	-	1,856
Exercise or lapsing of share options	-	-	-	-	-	-	(9,143)	-	9,143	-	-	-
Dividends	-	-	-	-	-	-	-	-	(21,570)	(21,570)	-	(21,570)
Transactions with non-controlling interests:												
Buy out of non-controlling interest	-	-	-	-	-	-	-	-	(1,515)	(1,515)	(27)	(1,542)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(442)	(442)
Transactions with owners	205	2,575	-	-	-	-	(2,149)	-	(11,853)	(11,222)	(469)	(11,691)
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	87,643	87,643	1,513	89,156
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss												
Cash flow hedging in equity												
- current year	-	-	-	-	-	(1,028)	-	-	-	(1,028)	-	(1,028)
- reclassification to profit	-	-	-	-	-	152	-	-	-	152	-	152
- tax impact	-	-	-	-	-	97	-	-	-	97	-	97
Exchange differences on translating foreign operations	-	-	-	-	(31,163)	-	-	-	-	(31,163)	(301)	(31,464)
Items that will not be reclassified subsequently to profit or loss												
Defined benefit pension scheme	-	-	-	-	-	-	-	-	1,350	1,350	-	1,350
Income taxes relating to actuarial gains/ (losses) on defined benefit pension scheme	-	-	-	-	-	-	-	-	(328)	(328)	-	(328)
Total comprehensive income for the year	-	-	-	-	(31,163)	(779)	-	-	88,665	56,723	1,212	57,935
Balance at 31 December 2013	22,747	43,145	723	(30,707)	(148,047)	(682)	21,864	713	942,008	851,764	7,858	859,622

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Share Capital €'000	Share Premium €'000	Capital Redemption Reserve €'000	Treasury Shares €'000	Translation Reserve €'000	Cashflow Hedging Reserve €'000	Share Based Payment Reserve €'000	Revaluation Reserve €'000	Retained Earnings of the Parent €'000	Total Attributable to Owners €'000	Non-Controlling Interest €'000	Total Equity €'000
Balance at 1 January 2012	22,344	38,059	723	(30,707)	(129,386)	1,577	19,381	713	806,144	728,848	6,137	734,985
Transactions with owners recognised directly in equity												
Shares issued	198	2,511	-	-	-	-	-	-	-	2,709	-	2,709
Employee share based compensation	-	-	-	-	-	-	6,737	-	-	6,737	-	6,737
Tax on employee share based compensation	-	-	-	-	-	-	1,145	-	419	1,564	-	1,564
Exercise or lapsing of share options	-	-	-	-	-	-	(3,250)	-	3,250	-	-	-
Dividends	-	-	-	-	-	-	-	-	(19,202)	(19,202)	-	(19,202)
Transactions with non-controlling interests:												
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(93)	(93)
Transactions with owners	198	2,511	-	-	-	-	4,632	-	(15,533)	(8,192)	(93)	(8,285)
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	73,526	73,526	1,152	74,678
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss												
Cash flow hedging in equity												
- current year	-	-	-	-	-	(1,724)	-	-	-	(1,724)	-	(1,724)
- reclassification to profit	-	-	-	-	-	244	-	-	-	244	-	244
Exchange differences on translating foreign operations	-	-	-	-	12,502	-	-	-	-	12,502	(81)	12,421
Items that will not be reclassified subsequently to profit or loss												
Defined benefit pension scheme	-	-	-	-	-	-	-	-	851	851	-	851
Income taxes relating to actuarial gains/ (losses) on defined benefit pension scheme	-	-	-	-	-	-	-	-	208	208	-	208
Total comprehensive income for the year	-	-	-	-	12,502	(1,480)	-	-	74,585	85,607	1,071	86,678
Balance at 31 December 2012	22,542	40,570	723	(30,707)	(116,884)	97	24,013	713	865,196	806,263	7,115	813,378

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 €'000	2012 €'000
OPERATING ACTIVITIES		
Profit for the year before income tax	101,985	89,952
Depreciation of property, plant and equipment and amortisation of intangible assets	43,874	43,284
Impairment of non-current assets	5,651	21,655
Employee equity-settled share options	7,227	6,737
Finance income	(533)	(590)
Finance expense	14,078	15,327
Non cash items	(957)	(1,273)
Negative goodwill	(49)	(34,458)
Profit on sale of property, plant and equipment	(2,571)	(182)
Settlement of legal costs	-	(12,272)
Change in inventories	(6,708)	10,634
Change in trade and other receivables	(8,064)	37,619
Change in trade and other payables	(2,154)	(16,450)
Change in provisions	(5,099)	609
Pension contributions	(3,558)	(3,026)
Cash generated from operations	143,122	157,566
Taxes paid	(15,406)	(13,905)
Net cash flow from operating activities	127,716	143,661
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(41,845)	(34,239)
Proceeds from disposals of property, plant and equipment	5,151	2,445
Purchase of subsidiary undertakings, net of disposals	(1,542)	(72,519)
Payment of deferred contingent consideration in respect of acquisitions	-	(477)
Interest received	525	533
Net cash flow from investing activities	(37,711)	(104,257)
FINANCING ACTIVITIES		
Drawdown / (repayment) of bank loans	3,804	(3,605)
Change in finance lease liability	(423)	(278)
Proceeds from share issues	2,780	2,709
Interest paid	(13,853)	(17,321)
Dividends paid to non-controlling interests	(442)	(93)
Dividends paid	(21,570)	(19,202)
Net cash flow from financing activities	(29,704)	(37,790)
INCREASE IN CASH AND CASH EQUIVALENTS	60,301	1,614
Translation adjustment	(4,209)	2,238
Cash and cash equivalents at the beginning of the year	141,226	137,374
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	197,318	141,226
Cash and cash equivalents as at 1 January were made up of:		
- Cash and cash equivalents	141,611	141,067
- Overdrafts	(385)	(3,693)
	141,226	137,374
Cash and cash equivalents as at 31 December were made up of:		
- Cash and cash equivalents	197,318	141,611
- Overdrafts	-	(385)
	197,318	141,226

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

Note		2013 €'000	2012 €'000
	ASSETS		
	NON-CURRENT ASSETS		
14	Investments in subsidiaries	1,100,580	1,093,353
	CURRENT ASSETS		
	Trade and other receivables	4	261
	Intercompany receivables	207,755	226,443
	TOTAL ASSETS	1,308,339	1,320,057
	LIABILITIES		
	CURRENT LIABILITIES		
	Payables	(366)	(290)
	TOTAL LIABILITIES	(366)	(290)
	NET ASSETS	1,307,973	1,319,767
	EQUITY		
	Equity attributable to owners of Kingspan Group plc		
25	Share capital	22,747	22,542
26	Share premium	43,145	40,570
	Capital redemption reserve	723	723
28	Treasury shares	(30,707)	(30,707)
29	Retained earnings	1,272,065	1,286,639
	TOTAL EQUITY	1,307,973	1,319,767

Gene M. Murtagh, Chief Executive Officer
Geoff Doherty, Chief Financial Officer
24 February 2014

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share Capital €'000	Share Premium €'000	Capital Redemption Reserves €'000	Treasury Shares €'000	Retained Earnings €'000	Shareholders' Equity €'000
Balance at 1 January 2013	22,542	40,570	723	(30,707)	1,286,639	1,319,767
Shares issued	205	2,575	-	-	-	2,780
Employee share based compensation	-	-	-	-	7,227	7,227
Dividends	-	-	-	-	(21,570)	(21,570)
Transactions with owners	205	2,575	-	-	(14,343)	(11,563)
Loss for the year	-	-	-	-	(231)	(231)
Balance at 31 December 2013	22,747	43,145	723	(30,707)	1,272,065	1,307,973

	Share Capital €'000	Share Premium €'000	Capital Redemption Reserves €'000	Treasury Shares €'000	Retained Earnings €'000	Shareholders' Equity €'000
Balance at 1 January 2012	22,344	38,059	723	(30,707)	1,296,655	1,327,074
Shares issued	198	2,511	-	-	-	2,709
Employee share based compensation	-	-	-	-	6,737	6,737
Dividends	-	-	-	-	(19,202)	(19,202)
Transactions with owners	198	2,511	-	-	(12,465)	(9,756)
Profit for the year	-	-	-	-	2,449	2,449
Balance at 31 December 2012	22,542	40,570	723	(30,707)	1,286,639	1,319,767

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 €'000	2012 €'000
OPERATING ACTIVITIES		
Profit/(loss) for the year before tax	(231)	2,449
Change in trade and other receivables	257	(261)
Change in payables	76	95
Net cash flow from operating activities	102	2,283
FINANCING ACTIVITIES		
Change in intercompany receivables	18,688	14,210
Proceeds from share issues	2,780	2,709
Dividends paid	(21,570)	(19,202)
Net cash flow from financing activities	(102)	(2,283)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	-
Net increase in cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 principle subsidiary and joint venture undertakings are set out in the Group Companies section of this Annual Report.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), which comprise standards and interpretations issued by the International Accounting Standards Board (IASB) and International Accounting Standards and Standing Interpretations Committee interpretations that have been subsequently adopted by the EU.

The Company financial statements have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Acts, 1963 to 2013. The Company has taken advantage of the exemption in Section 148(8) of the Companies Act 1963 from presenting to its members the Company Income Statement and related notes which form part of the approved financial statements of the Company as the Company publishes Company and Consolidated financial statements together.

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, plus unrecognised past service cost less the present value of the defined benefit obligation.

The accounting policies set out below have been applied consistently in the periods presented in these consolidated financial statements.

The layout of the Consolidated Income Statement has been changed during the year to align the report more closely with the key reporting metrics used by the Chief Operating Decision Maker, which the Group has defined as the Board of Directors. These key metrics are revenue and trading profit.

These consolidated financial statements have been prepared in Euro, rounded to the nearest thousand, unless otherwise stated. The Euro is the presentation currency of the Group and the functional currency of the Company.

IFRS does not define certain Income Statement headings. For clarity, the following are the definitions as applied by the Group:

- 'Trading profit' refers to the operating profit generated by the businesses before intangible asset amortisation and gains or losses from non trading items.
- 'Non trading items' refers to material gains or losses on the disposal or acquisition of businesses and material related acquisition and integration costs, and material impairments to the carrying value of intangible assets or property, plant and equipment. It is determined by management that each of these items relate to events or circumstances that are non-recurring in nature.
- 'Operating profit' is profit before income taxes and net finance costs.

The Group makes this distinction to give a better understanding of the financial performance of the business.

Changes in Accounting Policies and Disclosures

The following are the new standards that were effective for the Group's financial year ending 31 December 2013. They had no significant impact on the results or financial position as set out in the Consolidated Financial Statements.

- IFRS 13 Fair Value Measurement
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)
- IAS 19 Employee Benefits (amended 2011)
- Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

The Group has also early adopted the amendments to IAS 36 (2013).

There are a number of forthcoming requirements of IFRSs as adopted by the EU which are not yet effective and have therefore not been adopted in these financial statements. These new standards and interpretations, which are effective from the beginning of the periods outlined below include:

- January 2014 - Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32), IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements (2012), IAS 28 Investments in Associates and Joint Ventures (2012).
- Unknown date - IFRS 9 Financial Instruments

The Group does not plan to adopt these standards early and the extent of their impact is not likely to be material.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings as well as the proportionally consolidated financial statements of joint ventures, drawn up to 31 December each year.

Business combinations

Business combinations are accounted for using the acquisition method as at the date of acquisition, which is the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity to gain benefits from its activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

The fair value of consideration paid in a business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control. To the extent that settlement of all or any part of a business combination is deferred, the fair value of the deferred component is determined through discounting the amounts payable to their present value at the date of exchange. The discount component is 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 consideration contingent on future events, the amount of the adjustment is included at its estimated fair value. Contingent Deferred Consideration is included in the acquisition Statement of Financial Position at fair value. Any subsequent adjustment to Contingent Deferred Consideration is recognised in profit or loss.

When the initial accounting for a business combination is determined provisionally, the provisional amounts of the identifiable assets, liabilities and contingent liabilities are adjusted within twelve months of the acquisition date based on further information which is obtained about conditions existing at the acquisition date.

The interest of non-controlling shareholders is initially stated at the appropriate proportion of the fair values of the assets and liabilities recognised; goodwill is not allocated to the non controlling interest. After the date of combination, the non controlling interest is allocated its share of changes in equity.

Transaction costs are expensed to the Income Statement as incurred.

Goodwill

Goodwill is the excess of the fair value of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination and relates to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised.

Goodwill arising in respect of acquisitions completed prior to 1 January 2004 (being the transition date to IFRS) is included at its deemed cost, which equates to its net book value recorded under previous GAAP. In line with the provisions applicable to a first-time adopter under IFRS, the accounting treatment of business combinations undertaken prior to the transition date was not reconsidered in preparing the opening IFRS Statement of Financial Position as at 1 January 2004, and goodwill amortisation ceased with effect from the transition date.

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 profit or loss.

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.

Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating unit or combinations of cash-generating units, to which the goodwill relates. The impairment testing is performed annually and additionally at any time where an indicator of impairment is considered to exist. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets (other than goodwill)

Intangible assets acquired separately are recognised initially at cost. Intangible assets acquired in a business acquisition are recognised initially at fair value as at the date of acquisition. Following initial recognition, the intangible asset is carried at its cost or initial fair value less any accumulated amortisation and accumulated impairment losses.

The carrying amounts of intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes of circumstances indicate that the carrying values may not be recoverable.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives are as follows:

Customer relationships	2 - 6 years
Trademarks & Brands	2 - 10 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where a subsidiary is acquired or disposed of during the financial year, the consolidated financial statements include the attributable results from or to the effective date of acquisition or disposal.

Jointly Controlled Entities

In line with IAS 31 Interests in Joint Ventures, the Group's share of results and net assets of jointly controlled entities, which 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, are accounted for on the basis of proportionate consolidation from the date on which joint control is established and are derecognised when joint control ceases. The Group combines its share of the jointly controlled entities' individual income and expenses, assets and liabilities and cash flows on a line by line basis with similar items in the Consolidated Financial Statements.

Loans to jointly controlled entities are classified as loans and receivables within financial assets.

Transactions eliminated on consolidation

All intra-group balances and transactions, including unrealised profit arising from intra-group transactions, are eliminated on consolidation.

Foreign currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the relevant functional currency at the rate of exchange ruling at the reporting date. All currency translation differences on monetary assets and liabilities are taken to the Consolidated Income Statement.

Foreign operations

Results and cash flows of subsidiaries and jointly controlled entities, including goodwill and fair value adjustments arising on acquisition, which do not have the Euro as their functional currency, are translated into Euro at actual exchange rates for the year, or average where this is a reasonable approximation, and the related Statement of Financial Position is translated at the rates of exchange ruling at the reporting date. Foreign currency differences arising on translation of the results of such subsidiaries and jointly controlled entities at average rates and on the restatement of the opening net assets at closing rates, are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Exchange rates of material currencies used were as follows:

	Average rate		Closing Rate	
Euro =	2013	2012	2013	2012
Pound Sterling	0.849	0.811	0.833	0.816
US Dollar	1.329	1.286	1.377	1.319
Canadian Dollar	1.369	1.285	1.464	1.313
Australian Dollar	1.378	1.242	1.540	1.271
Czech Koruna	25.976	25.135	27.401	25.092
Polish Zloty	4.195	4.182	4.151	4.086
Hungarian Forint	296.870	289.200	297.080	292.550

Impairment (other than goodwill)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of value in use and the fair value less costs to sell. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge on assets other than goodwill is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount, taking account of the adjustment to the amortisation charge required when the impairment loss is reversed.

Impairment losses, if applicable, are recognised in profit or loss.

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.

Inventories

Inventories are measured at the lower of cost and net realisable value on a first-in-first-out basis. In the case of raw materials, cost means purchase price including transport and handling costs, less trade discounts. For work in progress and finished goods, cost consists of direct materials, direct labour and directly attributable production overheads and other costs incurred in bringing them to their existing location and condition. An impairment allowance is made for obsolete, slow-moving and defective items as appropriate.

Net realisable value comprises the actual or estimated selling price in the ordinary course of business (less trade discounts), less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution.

Income taxes

The tax expense recognised in the income statement comprises the sum of current income tax and deferred tax not recognised in other comprehensive income or directly in equity.

Current tax:

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

Capital grants received in respect of the purchase of property, plant and equipment are treated as a reduction in the purchase price of the property, plant and equipment. Grants received in respect of revenue expenditure are recorded in the consolidated income statement to match the relevant expenditure. A contingent liability is disclosed for grants 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. Certain items of property that had been revalued to fair value prior to the date of transition to IFRS (1 January 2004) are measured on the basis of deemed cost, being the revalued amount as at the date the revaluation was performed.

An item of property, plant and equipment is derecognised upon disposal or when no longer in use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Income Statement in the year the item is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Property, plant and equipment, excluding freehold land, is depreciated at appropriate rates in order to write them off over their expected useful life to their residual values. The depreciation rates generally applied on a straight line basis are:

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

Estimated useful lives and residual values are re-assessed annually.

Assets under construction are not depreciated until they are ready for use.

Assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than continued use. This condition is regarded as satisfied only when the sale is highly probable (to be completed within one year from date of classification) and the asset is available for immediate sale in its present condition. Property, plant and equipment once classified as held for sale is not depreciated.

Where assets that were previously classified as held for sale no longer meet the held for sale criteria, they are reclassified to non-current assets and an appropriate adjustment is made to depreciation to reflect the period during which depreciation was not charged.

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have transferred to the Group, are capitalised in the Consolidated Statement of Financial Position and are depreciated over their useful lives with any impairment being recognised in the Consolidated Income Statement. The asset is recorded at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the finance lease. Thereafter they are accounted for in accordance with the accounting policy applicable to that category of asset. The capital elements of future obligations under leases are included in liabilities in the Consolidated Statement of Financial Position and analysed as appropriate between current and non-current amounts. The interest elements of the lease payments are charged to the Consolidated Income Statement over the periods of the relevant agreements and represent a constant proportion of the balance of capital repayments outstanding, in line with the implicit interest rate.

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 Consolidated Income Statement on a straight-line basis over the lease term.

Pension costs

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for own shares held, and the effects of dilutive potential ordinary shares, arising from share entitlements exercisable by employees.

Provisions

A provision is recognised in the Consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

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

Dividends are recognised as a liability in the period in which they are declared and approved, or in the case of an interim dividend, when it has been approved by the Directors and paid.

Hedging

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from a host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related.

On initial designation of a derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship and on an ongoing basis as to, whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the likelihood of the transaction occurring must be highly probable and must present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as movements in profit or loss unless they are accounted for as cash flow hedges.

Cash flow hedges

The Group utilises cash flow hedges in its treasury activities. For the purposes of hedge accounting, hedges are classified as cash flow hedges if they hedge exposure to fluctuations in future cash flows derived from a particular risk associated with a recognised asset or liability, a firm commitment or a highly probable forecast transaction.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised as a separate component of other comprehensive income with the ineffective portion being reported as finance expense or income in the Consolidated 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.

Cash and cash equivalents

Cash and cash equivalents principally comprise cash on hand, demand bank accounts, and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

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.

Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are considered for impairment on a case by case basis (with due regard to credit insurance where in place) when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

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

Revenue

Revenue represents the value of goods supplied and excludes 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 activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as 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 cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a recognised valuation methodology for the pricing of share options. The cost of equity-settled transactions is recognised over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group and based on the best available estimates at that date, will ultimately vest depending on the satisfaction of service and non-market performance conditions. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest. The cost of all equity settled transactions is recognised in the income statements of the subsidiaries where the employees have rendered services in exchange for the grant of equity-settled share based remuneration.

Upon exercise of share options, the cash proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in the Group's Consolidated Financial Statements with the corresponding credit being recognised directly in equity as a capital contribution.

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.

Borrowing costs

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs directly attributable to the acquisition, construction, or production of 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 or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in Finance Income and Expense.

Significant judgements and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement and make assumptions in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, relate primarily to impairment of assets, guarantees and warranties, defined benefit pension schemes and share based payments.

All of the following areas require the use of significant estimates and judgements:

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 or combinations of 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 22)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Recoverability of trade receivables (Note 16)

Kingspan 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. Kingspan'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.

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 and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. 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 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. This segment includes the Tarec joint ventures (see note 12).
Environmental	Manufacture of environmental, pollution control and renewable energy solutions.
Access Floors	Manufacture of raised access floors.

Analysis by class of business

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total €m
Segment revenue					
Total revenue - 2013	1,036.0	455.4	144.7	154.2	1,790.3
Total revenue - 2012	840.4	470.4	163.8	154.1	1,628.7

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.

Segment result (profit before finance expense)

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 2013 €m	Total 2012 €m
Trading profit	75.6	29.5	1.5	16.2	122.8	
Intangible amortisation	(2.0)	(1.6)	(0.2)	-	(3.8)	
Non trading items	2.5	-	(6.0)	-	(3.5)	
Operating profit - 2013	76.1	27.9	(4.7)	16.2	115.5	
Trading profit	61.7	29.5	1.2	15.3		107.7
Intangible amortisation	(0.9)	(1.6)	(0.5)	(0.1)		(3.1)
Non trading items	21.2	(10.4)	(10.7)	-		0.1
Operating profit - 2012	82.0	17.5	(10.0)	15.2		104.7
Net finance expense					(13.5)	(14.7)
Profit for the year before tax					102.0	90.0
Income tax expense					(12.8)	(15.3)
Net profit for the year					89.2	74.7

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. SEGMENT REPORTING (cont'd)

Segment assets

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 2013 €m	Total 2012 €m
Assets - 2013	691.0	417.2	150.6	131.1	1,389.9	
Assets - 2012	695.8	422.7	164.3	139.0		1,421.8
Derivative financial instruments					0.7	13.2
Cash and cash equivalents					197.3	141.6
Deferred tax asset					6.6	9.2
Total assets as reported in the Consolidated Statement of Financial Position					1,594.5	1,585.8

Segment liabilities

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 2013 €m	Total 2012 €m
Liabilities - 2013	(206.2)	(89.9)	(38.1)	(25.7)	(359.9)	
Liabilities - 2012	(223.4)	(88.4)	(37.1)	(26.7)		(375.6)
Interest bearing loans and borrowings (current and non-current)					(299.3)	(320.0)
Derivative financial instruments (current and non-current)					(6.8)	(0.2)
Deferred contingent consideration (current and non-current)					(7.5)	(7.9)
Income tax liabilities (current and deferred)					(61.4)	(68.8)
Total liabilities as reported in the Consolidated Statement of Financial Position					(734.9)	(772.5)

Other segment information

	Insulated Panels €m	Insulation Boards €m	Environmental €m	Access Floors €m	Total 2013 €m
Capital investment - 2013 *	20.5	18.1	2.4	2.1	43.1
Capital investment - 2012 *	84.7	9.4	1.7	2.7	98.5
Depreciation included in segment result - 2013	(22.5)	(11.7)	(3.9)	(2.0)	(40.1)
Depreciation included in segment result - 2012	(21.5)	(12.3)	(4.1)	(2.3)	(40.2)
Non- cash items included in segment result - 2013	(3.6)	(1.9)	(7.0)	(0.7)	(13.2)
Non- cash items included in segment result - 2012	30.9	(12.2)	(11.9)	(0.8)	6.0

* Capital investment includes fair value of property, plant and equipment 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 - 2013	72.3	599.1	700.9	231.9	186.1	1,790.3
Revenue - 2012	64.6	614.7	569.3	222.6	157.5	1,628.7
Statement of Financial Position Items						
Non-current assets - 2013	53.5	323.3	294.6	149.4	63.2	884.0
Non-current assets - 2012	56.1	334.7	292.2	159.7	73.8	916.5
Other segmental information						
Capital investment - 2013	2.5	15.7	18.7	4.8	1.4	43.1
Capital investment - 2012	1.5	15.0	69.8	6.3	5.9	98.5

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

3. EMPLOYEES

a) Employee Numbers

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

	2013 Number	2012 Number
Production	3,885	3,532
Sales and distribution	1,551	1,404
Management and administration	1,003	818
	6,439	5,754

b) Employee costs, including executive directors

	2013 €'000	2012 €'000
Wages and salaries	254,535	227,151
Social welfare costs	29,040	27,020
Pension costs - defined contribution	7,752	8,285
Pension costs - defined benefit (Note 34)	(2)	53
Share based payments and awards	7,227	6,737
	298,552	269,246
Actuarial gains recognised in other comprehensive income	(1,350)	(851)
	297,202	268,395

c) Employee Share Based Compensation

The Group currently operates one 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	
	2013	2012
Outstanding at 1 January	4,859,498	4,600,737
Granted	1,241,438	1,397,657
Expired / lapsed	-	-
Forfeited	(198,484)	(208,584)
Exercised	(1,154,099)	(930,312)
Outstanding at 31 December	4,748,353	4,859,498
Of which, exercisable	881,938	664,471

The Group recognised an expense of €7,227,409 (2012: €6,737,000) 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 €9.94 (2012: €7.75). The weighted average contractual life of share options outstanding at 31 December 2013 is 4.7 years (2012: 4.9 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:

	2013 Awards	2012 Awards
Share price at grant date	€8.59	€8.05
Exercise price per share	€0.13	€0.13
Expected volatility	50%	50%
Expected dividend yield	1.43%	1.37%
Risk-free rate	0.3%	0.7%
Expected life	3 years	3 years

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. The resulting weighted average fair value of options granted in the year was €6.58 (2012: €6.67).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

3. EMPLOYEES (cont'd)

In addition to the PSP scheme, there are also some outstanding options that were granted under a legacy scheme, the Standard Share Option Scheme (SSOS), which has now expired. As at 31 December 2013 there are 1,743,882 options (2012: 2,507,496) outstanding under this scheme, all of which are currently exercisable at a weighted average price of €10.46 (2012: €10.10). The average remaining life is 1.7 years (2012: 2.7 years). During the current year, 419,389 options were exercised at an average exercise price of €6.27. The average share price on the date of exercise was €10.39. 344,225 options lapsed or were forfeited during the year and there was no income statement expense (2012: Nil) in relation to this scheme.

4. NON TRADING ITEMS

	2013 €'000	2012 €'000
Impairment of plant & machinery	(6,046)	-
Reversal of previous impairment	2,512	-
Negative goodwill	49	34,458
Acquisition related costs	-	(13,176)
Impairment of goodwill & intangibles	-	(21,170)
	(3,485)	112

The impairment of plant and machinery relates to certain assets within the Environmental segment. Due to difficult trading conditions in specific activities, the carrying value of the associated plant and machinery has been written down to nil. In addition, an accrual has been recorded for the potential repayment of associated grant aid.

The reversal of previous impairment, which was originally made in 2008, arises following receipt of compensation from a landowner following the aborted development of a new Insulated Panels plant in Canada.

Negative goodwill represents the excess of the fair value of the acquired net assets in the Thyssenkrupp Construction Group (TKCG) over the consideration paid to acquire the business. The excess has been recorded as a credit to the Income Statement in line with IFRS 3 (2008) 'Business Combinations'. The fair values were reassessed in 2013, resulting in a further credit of €48,626.

Acquisition related costs relate to the legal and other due diligence costs incurred in acquiring TKCG. In addition, the Group incurred costs in integrating the acquisition into the Group's operations and structures.

The impairment of goodwill and intangibles in 2012 arose as a result of the annual goodwill impairment review required under IAS 36. It relates to the Group's timberframe and renewable activities which are respectively part of the Insulation Boards and Environmental cash generating units.

The tax effect of the above items was €1.4m (2012: credit of €1.5m). The income tax expense for the year in the Consolidated Income Statement includes the impact of this effect.

5. FINANCE EXPENSE AND FINANCE INCOME

	2013 €'000	2012 €'000
Finance expense		
Bank loans	2,878	3,302
Private Placement	11,671	12,414
Finance leases	2	8
Fair value movement on derivative financial instruments	17,890	2,872
Fair value movement on private placement debt	(18,620)	(3,269)
Net defined benefit pension scheme	257	-
	14,078	15,327
Finance income		
Interest earned	(533)	(607)
Net defined benefit pension scheme	-	17
	(533)	(590)
Net finance cost	13,545	14,737

No borrowing costs were capitalised during the year (2012: €nil).

€0.152m was reclassified from Other Comprehensive Income to profit during the year (2012: €0.244m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

6. PROFIT FOR THE YEAR BEFORE TAX

	2013 €'000	2012 €'000
The profit for the year is stated after charging / (crediting):		
Distribution expenses	84,541	86,765
Operating lease payments	4,254	5,464
Product development costs (total, including payroll)	13,712	13,638
Depreciation	40,085	40,159
Amortisation of intangible assets	3,790	3,125
Foreign exchange loss/(gain)	(254)	653
Profit on sale of property, plant and equipment	(2,571)	(182)

Analysis of total auditor's remuneration for audit services

	2013 €'000	2012 €'000
Audit of Group (KPMG Ireland)	618	493
Audit of other subsidiaries (KPMG Ireland)	-	50
Audit of other subsidiaries (other KPMG offices)	682	832
	1,300	1,375

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

	2013 €'000	2012 €'000
Tax compliance and advisory services (KPMG Ireland)	145	77
Tax compliance and advisory services (other KPMG offices)	274	304
Other assurance services (KPMG Ireland)	-	3
Other assurance services (other KPMG offices)	23	140
	442	524

7. DIRECTORS' REMUNERATION

	2013 €'000	2012 €'000
Fees	591	581
Other emoluments	4,275	3,888
Pension costs	613	751
Cost of share based payments and awards	1,644	1,413
	7,123	6,633

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

8. INCOME TAX EXPENSE

	2013 €'000	2012 €'000
Tax recognised in the Consolidated Income Statement		
Current taxation:		
Current tax expense	13,465	22,461
Adjustment in respect of prior years	(3,270)	(4,451)
	10,195	18,010
Deferred taxation:		
Origination and reversal of temporary differences	4,116	(483)
Effect of tax rate change	(1,482)	(2,253)
	2,634	(2,736)
Income tax expense	12,829	15,274

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

8. INCOME TAX EXPENSE (cont'd)

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

	2013 €'000	2012 €'000
Profit before tax	101,985	89,952
Less share of jointly controlled entities	6	(1,226)
	101,991	88,726
Applicable notional tax charge (12.5%)	12,749	11,091
Expenses not deductible for tax purposes	2,799	13,060
Items not subject to tax	-	(4,183)
Net effect of differing tax rates	330	1,873
Utilisation of unprovided deferred tax assets	(663)	-
Impact of change in tax rates	(1,482)	(2,253)
Other items	(904)	(4,314)
Total effective tax charge	12,829	15,274

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 standard rate of corporation tax in the UK reduced from 24% to 23% on 1 April 2013. Furthermore, Finance Act 2013 was substantively enacted on 17 July 2013 and provided for a reduction in the corporate income tax rate to 20% from 1 April 2015. Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind. As such, the rate reduction to 20% is reflected in the closing deferred tax balance. A deferred tax benefit of €1.48m has been recognised in the Consolidated Income Statement as a result of this change in rate for year ended 31 December 2013.

The total value of deductible temporary differences which have not been recognised is €12.5m consisting mainly of tax losses forward (2012: €7.8m). €3.8m of the losses expire within 20 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

	2013 €'000	2012 €'000
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	87,643	73,526
	Number of shares ('000)	Number of shares ('000)
	2013	2012
Weighted average number of ordinary shares for the calculation of basic earnings per share	169,468	167,698
Dilutive effect of share options	3,559	3,501
Weighted average number of ordinary shares for the calculation of diluted earnings per share	173,027	171,199
	2013 € cent	2012 € cent
Basic earnings per share	51.7	43.8
Diluted earnings per share	50.7	42.9
Adjusted basic (pre amortisation and non trading items) earnings per share	54.7	44.7

The number of options which are anti-dilutive and have therefore not been included in the above calculations is 1,139,686 (2012: 1,616,200).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. GOODWILL

	2013 € '000	2012 € '000
At 1 January	385,427	373,959
Additions relating to current year acquisitions (note 24)	-	29,428
Impairment	-	(20,813)
Net exchange difference	(15,569)	2,853
Carrying amount 31 December	369,858	385,427
At 31 December		
Cost	433,319	448,888
Accumulated impairment losses	(63,461)	(63,461)
Net carrying amount	369,858	385,427

Impairment testing

Goodwill is tested for impairment at the same level as it is monitored by management for internal reporting purposes, which is either at the individual or combination CGU level. For this purpose, 11 CGUs have been identified in the Group (2012: 11).

The 11 CGUs convert into 7 for the purposes of the goodwill impairment exercise, because the Offsite Timberframe CGU and the Australian Insulation Boards CGU are both tested as part of the Insulation Boards goodwill impairment test and the Australia / New Zealand Panels CGU is tested as part of the Insulated Panels goodwill impairment test, to reflect the manner in which the related goodwill is monitored by management for internal reporting purposes.

Segments	No. of CGUs	Name of CGUs
Insulated Panels	5	Panels Western Europe, Panels CEMEI, Panels North America, Panels Australia/New Zealand, Rigidal
Insulation Boards	3	Insulation, Insulation Australia, Offsite Timberframe
Environmental	1	Environmental
Access Floors	2	Access Floors Europe, Access Floors North America
Total cash-generating units	11	

The impairment testing for the CGUs (combinations of CGUs) is carried out at the following level:

Impairment Testing Level

1. Panels Western Europe
2. Panels CEMEI
3. Panels North America
4. Insulation Boards
5. Environmental
6. Access Floors Europe
7. Access Floors North America

CGUs Included

- Panels Western Europe, Panels Aus / NZ and Rigidal
Panels CEMEI
Panels North America
Insulation - Insulation Australia - Offsite Timberframe
Environmental
Access Floors Europe
Access Floors North America

Impairment testing methodology

The recoverable amounts of the CGUs are determined from value-in-use calculations based on 5 year financial forecasts approved by the Board of Directors, with year 1 extracted from budget and years 2-5 extracted from the Strategic Plan. The cash flow projections are based on projected results of the individual cash generating units. They include assumptions regarding future organic growth and allow for negative growth in some CGU's in certain years. Cash flows after year 5 are assumed to continue in perpetuity at a rate of 2% reflecting inflation. Sensitivity analysis is carried out on all budgets and strategic plans used in the calculations.

The discount factor is based on a weighted average cost of capital incorporating relevant government bonds for the risk-free rate, equity risk premium and cost of debt appropriate to the Group.

The discount rate applied reflects the specific risks of each CGU (or combination of CGUs). The discount rate used is between 9.3% and 10.3%. The higher discount rates are used in potentially higher risk markets such as Eastern Europe, while a lower rate is applied to more stable markets such as Western Europe and North America.

The key assumptions for these forecasts include management's estimates of revenue growth, future profitability and level of working capital required to support trading, together with future capital expenditure requirements. These assumptions are consistent with the prior year. Different sensitivity assumptions are used for those CGUs or combinations of CGUs where the associated goodwill is greater than 20% of the total.

In the results of the prior year these impairment reviews resulted in an impairment charge of €10.4m in the Insulation Boards CGU and €10.4m in the Environmental CGU. The total charge in 2012 of €20.8m was included within non trading items in the Consolidated Income Statement.

The impairment testing carried out on the goodwill at 31 December 2013 identified significant headroom in the recoverable amount of the related CGUs as compared to their carrying value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. GOODWILL (cont'd)

Sensitivity analysis

Sensitivity analysis is performed by flexing for the following changes in key assumptions:

- 10% change in annual average growth rate of sales with related reduction in the EBITDA margin
- +/- 1-2% change in discount rate applied to cash flows

The key sensitivity for the impairment calculations is the growth in sales and EBITDA margin. Applying these assumptions, no impairment would arise in 2013.

Significant Goodwill

CGUs or combinations of CGUs for which the carrying amount of goodwill is significant for the purposes of impairment testing in comparison with the Group's total carrying amount of goodwill are deemed by management to be as follows:

	Panels North America		Panels Western Europe		Insulation Boards	
	2013	2012	2013	2012	2013	2012
Carrying amount of goodwill (€'000)	73,186	76,185	80,959	85,871	89,359	91,557
Basis upon which recoverable amount is assessed	discounted cash flows		discounted cash flows		discounted cash flows	
Discount rate	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%

Forecast EBITDA in Panels North America, Panels Western Europe and Insulation would need to reduce by 33%, 70% and 34% respectively for an impairment to arise.

11. OTHER INTANGIBLE ASSETS

	Customer Relationships €'000	Patents & Brands €'000	Other Intangibles €'000	Total €'000
As at 31 December 2013				
Cost	12,990	32,379	5,500	50,869
Accumulated depreciation and impairment charges	(9,157)	(20,437)	(5,071)	(34,665)
Net carrying amount	3,833	11,942	429	16,204
At 1 January 2013, net carrying amount	5,135	13,763	1,355	20,253
Amortisation charge for year	(1,328)	(1,651)	(811)	(3,790)
Effect of movement in exchange rates	26	(170)	(115)	(259)
At 31 December 2013, net carrying amount	3,833	11,942	429	16,204
As at 31 December 2012				
Cost	13,522	32,885	5,567	51,974
Accumulated depreciation and impairment charges	(8,387)	(19,122)	(4,212)	(31,721)
Net carrying amount	5,135	13,763	1,355	20,253
At 1 January 2012, net carrying amount	5,948	2,524	58	8,530
Acquisitions through business combinations (note 24)	514	13,060	1,556	15,130
Impairment	-	(357)	-	(357)
Amortisation charge for year	(1,328)	(1,524)	(273)	(3,125)
Effect of movement in exchange rates	1	60	14	75
At 31 December 2012, net carrying amount	5,135	13,763	1,355	20,253

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

12. JOINTLY CONTROLLED ENTITIES

The following are jointly controlled entities, in which the Group holds 50% of the voting shares, and which have been incorporated into the Consolidated Financial Statements using the proportionate consolidation method of accounting.

- Kingspan Tarec Industrial Insulation Limited
- Kingspan Tarec Industrial Insulation NV

The aggregate amounts relating to these entities that have been included in the Consolidated Financial Statements are as follows:

	2013 €'000	2012 €'000
Revenue	15,027	16,803
Profit / (loss) for the year before income tax	(6)	1,230
Income tax expense	20	(4)
Net result for the year	14	1,226
Non-current assets	5,532	5,698
Current assets	7,116	6,033
	12,648	11,731
Non-current liabilities	(1,695)	(1,715)
Current liabilities	(5,502)	(4,515)
	(7,197)	(6,230)

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €'000	Plant and machinery €'000	Motor vehicles €'000	Total €'000
As at 31 December 2013				
Cost	367,324	711,408	13,566	1,092,298
Accumulated depreciation and impairment charges	(97,252)	(492,967)	(10,191)	(600,410)
Net carrying amount	270,072	218,441	3,375	491,888
At 1 January 2013, net carrying amount	280,836	223,135	4,085	508,056
Acquisitions through business combinations (note 24)	(1,000)	-	-	(1,000)
Additions	4,312	38,091	1,672	44,075
Disposals	(1,455)	(757)	(369)	(2,581)
Reclassification	(519)	1,027	(508)	-
Reanalysed from "held for sale"	395	-	-	395
Depreciation charge for year	(8,813)	(29,852)	(1,420)	(40,085)
Impairment charge for year	-	(5,621)	(2)	(5,623)
Effect of movement in exchange rates	(3,684)	(7,582)	(83)	(11,349)
At 31 December 2013, net carrying amount	270,072	218,441	3,375	491,888
	Land and buildings €'000	Plant and machinery €'000	Motor vehicles €'000	Total €'000
As at 31 December 2012				
Cost	372,859	729,804	16,507	1,119,170
Accumulated depreciation and impairment charges	(92,023)	(506,669)	(12,422)	(611,114)
Net carrying amount	280,836	223,135	4,085	508,056
At 1 January 2012, net carrying amount	231,791	207,761	3,688	443,240
Acquisitions through business combinations (note 24)	49,621	13,517	900	64,038
Additions	2,663	30,506	1,281	34,450
Disposals	(631)	(1,283)	(350)	(2,264)
Reclassification	267	(330)	63	-
Depreciation charge for year	(7,514)	(31,147)	(1,498)	(40,159)
Impairment charge for year	(485)	-	-	(485)
Effect of movement in exchange rates	5,124	4,111	1	9,236
At 31 December 2012, net carrying amount	280,836	223,135	4,085	508,056

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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

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

Net Book Value	€6,743,000	(2012: €6,972,000)
Depreciation	€227,000	(2012: €32,000)

Included within the cost of land and buildings and plant and machinery are assets in the course of construction to the value of €0.2m and €25.0m respectively (2012: €0.5m and €11.6m). 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	2013 €'000	2012 €'000
Investment in Subsidiaries		
At 1 January	1,093,353	1,086,616
Share options and awards	7,227	6,737
At 31 December	1,100,580	1,093,353

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

	2013 €'000	2012 €'000
Raw materials and consumables	145,690	148,543
Work in progress	6,102	6,792
Finished goods	66,876	68,589
Inventory impairment allowance	(26,687)	(32,630)
	191,981	191,294

A total of €1.09bn (2012: €947.3m) of inventories was included in the Consolidated Income Statement as an expense. This includes a net income statement charge of €0.2m arising on the inventory impairment allowance (2012: charge of €1m). 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

	2013 €'000	2012 €'000
Amounts falling due within one year:		
Trade receivables, gross	328,656	333,250
Impairment allowance	(30,066)	(40,750)
Trade receivables, net	298,590	292,500
Other receivables	5,997	11,496
Prepayments	9,240	9,965
	313,827	313,961

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

16. TRADE AND OTHER RECEIVABLES (cont'd)

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 €30.1m (2012: €40.8m) has been recorded accordingly. The movement on the impairment allowance for the year is as follows:

	2013 €'000	2012 €'000
At 1 January	40,750	25,131
Effect of movement in exchange rates	(791)	274
Fair value adjustments / arising on acquisitions	(3,221)	16,720
Provided during the year	5,468	9,368
Written off during the year	(4,957)	(5,146)
Released during the year	(7,183)	(5,597)
At 31 December	30,066	40,750

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 80% 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:

	2013 €'000	2012 €'000
Neither past due nor impaired		
- Invoice date less than 90 days	197,309	185,588
- Invoice date greater than 90 days	6,343	1,603
Past due but not impaired		
- 0 to 60 days overdue	69,665	77,719
- 60+ days overdue	14,559	22,427
Past due and impaired (fully or partially)	40,780	45,913
	328,656	333,250

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is €nil (2012: €nil).

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

17. ASSETS HELD FOR SALE

	2013 €'000	2012 €'000
Property:		
Insulation Boards	-	165
Environmental	-	239
	-	404
	2013 €'000	2012 €'000
Opening Balance	404	392
Reclassified to property, plant and equipment	(395)	-
Acquired during the year	-	1,100
Disposals	-	(1,100)
Effect of movement in exchange rates	(9)	12
Closing Balance	-	404

Included in the movements during 2012 is an installation business acquired as part of a larger acquisition which was subsequently disposed of for €1.1m.

The assets held for sale at 31 December 2012 consisted of two properties. The sale of these properties is no longer considered to be imminent and hence they were reclassified back into property, plant & equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

18. TRADE AND OTHER PAYABLES

Amounts falling due within one year

	2013 €'000	2012 €'000
Trade payables	145,136	151,078
Accruals	122,807	134,171
Deferred income	271	185
Irish income tax & social welfare	217	288
Other income tax & social welfare	11,854	8,102
Value added tax	8,508	3,772
	288,793	297,596

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

19. INTEREST BEARING LOANS AND BORROWINGS

	2013 €'000	2012 €'000
Current financial liabilities		
Bank loans and overdrafts (unsecured)	6,787	3,236
Finance lease obligations	160	513
	6,947	3,749

	2013 €'000	2012 €'000
Non-current financial liabilities		
Private placements	290,442	313,957
Bank loans (unsecured)	242	522
Finance lease obligations	46	116
Other loans	1,622	1,623
	292,352	316,218

Analysis of Net Debt

	2013 €'000	2012 €'000
Cash and cash equivalents	197,318	141,611
Derivative financial instruments	(5,657)	12,827
Current borrowings	(6,947)	(3,749)
Non current borrowings	(292,352)	(316,218)
Total Net Debt	(107,638)	(165,529)

The Group's core funding is provided by two private placements totalling US\$400m, of which US\$158m matures in March 2015, US\$42m matures in 2017 and a further US\$200m matures in 2021. In addition the Group has a committed revolving credit facility of €300m maturing in April 2017. The facility is fully undrawn at year end. More details of the Group's loans and borrowings are set out in note 21.

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 of €0.483m (2012: €0.244m) which are used for transactional hedging are not included in the definition of net debt.

20. 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.

	2013 €'000	2012 €'000
Opening balance	7,858	824
Effect of movement in exchange rates	(356)	15
Arising on current year acquisitions (note 24)	-	7,498
Released during year	(28)	(2)
Amounts paid	-	(477)
Closing balance	7,474	7,858

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

20. DEFERRED CONTINGENT CONSIDERATION (cont'd)

Of the amount due at the reporting date, €nil is due after one year (2012: €7.352m). Discounting of the non-current element was not applied in 2012 because the discount would be immaterial.

The deferred contingent consideration mainly relates to the Rigidal business which was acquired in 2012. The ultimate deferred consideration that will be payable will depend on cumulative EBITDA generated by the business over the first two years of ownership. The amount of deferred contingent consideration that has been recognised is adjusted by the application of a range of outcomes and associated probabilities in order to determine the carrying amount. Further information has not been disclosed as it is considered commercially sensitive.

21. 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 transactions), 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 two private placements totalling US\$400m, of which US\$158m matures in March 2015, US\$42m matures in March 2017 and a further US\$200m matures in 2021.

In addition the Group has a committed revolving credit facility of €300m maturing in April 2017. The facility is fully undrawn at year end. Both the private placements and the revolving credit facility have an interest cover test (Net Interest: EBITDA 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 2013.

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total €51m (2012: €56m) 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 2013 €'000	Contractual cash flow €'000	Within 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Greater than 5 years €'000
Non derivative financial instruments						
Bank loans	7,029	7,255	6,989	192	61	13
Private placement loan notes	290,442	366,021	15,154	126,944	55,792	168,131
Other loans	1,622	1,622	-	-	-	1,622
Finance lease liabilities	206	241	187	54	-	-
Trade and other payables	288,793	288,793	288,793	-	-	-
Deferred contingent consideration	7,474	7,474	7,474	-	-	-
Derivative financial liabilities / (assets)						
Interest rate swaps used for hedging:						
Carrying values	(674)					
Net inflows		788	761	725	551	(1,249)
Cross currency interest rate swaps used for hedging:						
Carrying value	6,331					
- outflow		286,731	8,931	126,469	47,004	104,327
- inflow		282,084	12,051	123,846	46,483	99,704
Foreign exchange forwards used for hedging:						
Carrying value assets	(26)					
Carrying value liabilities	510					
- outflow		63,047	63,047	-	-	-
- inflow		62,546	62,546	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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

	Carrying amount 2012 €'000	Contractual cash flow €'000	Within 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Greater than 5 years €'000
Non derivative financial instruments						
Bank loans	3,758	3,818	3,428	390	-	-
Private placement loan notes	313,957	400,809	15,965	15,921	183,067	185,856
Other loans	1,623	1,623	-	-	-	1,623
Finance lease liabilities	629	713	589	124	-	-
Trade and other payables	297,596	297,596	297,596	-	-	-
Deferred contingent consideration	7,858	7,858	506	7,352	-	-
Derivative financial liabilities / (assets)						
Interest rate swaps used for hedging:						
Carrying values	(3,410)					
Net inflows		3,728	737	781	1,783	427
Cross currency interest rate swaps used for hedging:						
Carrying value	(9,418)					
- outflow		292,240	9,217	9,054	166,669	107,300
- inflow		307,001	12,620	12,577	173,033	108,771
Foreign exchange forwards used for hedging:						
Carrying value assets	(437)					
Carrying value liabilities	193					
- outflow		44,451	44,451	-	-	-
- inflow		44,621	44,621	-	-	-

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 2014, it is estimated that the Group is long GBP£70m and short USD\$32m. At 31 December 2013 hedges were in place covering 57% and 55% 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 2013, the impact of changing currency rates versus Euro compared to the average 2012 rates was negative €6.1m. 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 €6.2m (2012: €3.8m) and equity by €4.4m (2012: €3.3m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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

US Dollar Loan Notes

2005 Private Placement

The Group has a private placement of US\$158m fixed interest 10-year bullet repayment loan notes maturing on 29 March 2015 and 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 4.15%. 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.

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\$ 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 2013.

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 2013

	Weighted average effective interest rate	Total €'000	At fixed interest rate €'000	At floating interest rate €'000	Under 5 years €'000	Over 5 years €'000
Bank loans	4.4%	7,029	6,057	972	7,019	10
Loan notes	4.7%	290,442	290,442	-	145,254	145,188
Other loans	0%	1,622	1,622	-	-	1,622
		299,093	298,121	972	152,273	146,820
		Total €'000	At fixed interest rate €'000	At floating interest rate €'000		
Euro		2,246	1,615	631		
GBP		-	-	-		
USD		296,847	296,506	341		
		299,093	298,121	972		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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

After the impact of hedging transactions

As at 31 December 2013

	Weighted average effective interest rate	Total €'000	At fixed interest rate €'000	At floating interest rate €'000	Under 5 years €'000	Over 5 years €'000
Bank loans	4.4%	7,029	6,057	972	7,019	10
Loan notes	3.76%	290,442	175,321	115,121	145,254	145,188
Other loans	0%	1,622	1,622	-	-	1,622
		299,093	183,000	116,093	152,273	146,820

	Total €'000	At fixed interest rate €'000	At floating interest rate €'000
Euro	147,500	146,869	631
GBP	85,415	-	85,415
USD	66,178	36,131	30,047
	299,093	183,000	116,093

The weighted average maturity of debt is 3.9 years as at 31 December 2013 (2012: 4.9 years).

After the impact of hedging transactions

As at 31 December 2012

	Weighted average effective interest rate	Total €'000	At fixed interest rate €'000	At floating interest rate €'000	Under 5 years €'000	Over 5 years €'000
Bank overdrafts	5.5%	385	-	385	385	-
Bank loans	4.4%	3,373	1,905	1,468	3,373	-
Loan notes	4.14%	313,957	182,970	130,987	151,591	162,366
Other loans	0%	1,623	1,623	-	-	1,623
		319,338	186,498	132,840	155,349	163,989

	Total €'000	At fixed interest rate €'000	At floating interest rate €'000
Euro	156,313	155,119	1,194
GBP	97,259	-	97,259
USD	65,106	31,379	33,727
Others	660	-	660
	319,338	186,498	132,840

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 €1.2m (2012: €1.3m) and equity by €1.2m (2012: €1.3m).

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:

	2013 €'000	2012 €'000
Cash & cash equivalents	197,318	141,611
Trade and other receivables	313,827	313,961
Derivative financial assets	700	13,265

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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

Further details of trade receivables and associated impairment allowances, including detailed analysis of overdue debtors, is included in note 16.

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:

2013

	Loans and receivables €'000	Derivatives designated as hedging instruments €'000	Total €'000
Current:			
Trade receivables	298,590	-	298,590
Other receivables	5,997	-	5,997
Cash and cash equivalents	197,318	-	197,318
Derivative financial instruments	-	26	26
	501,905	26	501,931
Non Current:			
Derivative financial instruments	-	674	674
	-	674	674

2012

	Loans and receivables €'000	Derivatives designated as hedging instruments €'000	Total €'000
Current:			
Trade receivables	292,500	-	292,500
Other receivables	11,496	-	11,496
Cash and cash equivalents	141,611	-	141,611
Derivative financial instruments	-	3,226	3,226
	445,607	3,226	448,833
Non Current:			
Derivative financial instruments	-	10,039	10,039
	-	10,039	10,039

It is considered that the carrying amounts of the above financial assets approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

21. 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:

2013	Financial liabilities in fair value hedge €'000	Financial liabilities measured at amortised cost €'000	Derivatives designated as hedging instruments €'000	Total €'000
Current:				
Borrowings	-	6,947	-	6,947
Trade payables	-	145,136	-	145,136
Accruals	-	122,807	-	122,807
Derivative financial instruments	-	-	2,359	2,359
Deferred contingent consideration	-	7,474	-	7,474
	-	282,364	2,359	284,723
Non current:				
Borrowings	29,706	262,646	-	292,352
Derivative financial instruments	-	-	4,481	4,481
	29,706	262,646	4,481	296,833
2012	Financial liabilities in fair value hedge €'000	Financial liabilities measured at amortised cost €'000	Derivatives designated as hedging instruments €'000	Total €'000
Current:				
Borrowings	-	3,749	-	3,749
Trade payables	-	151,078	-	151,078
Accruals	-	134,171	-	134,171
Derivative financial instruments	-	-	193	193
Deferred contingent consideration	-	506	-	506
	-	289,504	193	289,697
Non current:				
Borrowings	33,727	282,491	-	316,218
Derivative financial instruments	-	-	-	-
Deferred contingent consideration	-	7,352	-	7,352
	33,727	289,843	-	323,570

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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

	As at 31 December 2013			As at 31 December 2012		
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000
Financial Assets						
Interest rate swaps	-	674	-	-	3,410	-
Foreign exchange contracts for hedging	-	26	-	-	9,855	-
Financial Liabilities						
Deferred contingent consideration	-	-	7,474	-	-	7,858
Foreign exchange contracts for hedging	-	6,841	-	-	193	-

During the period ended 31 December 2013, 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 2013			As at 31 December 2012		
	Carrying amount €'000	Fair Value €'000	Level	Carrying amount €'000	Fair Value €'000	Level
Private Placement Loan Notes	290,442	333,536	2	313,956	371,676	2
Bank Loans	7,029	7,203	2	3,758	3,791	2

Capital Management Policies and Procedures

The Group employs a combination of debt and equity to fund its operations. As at 31 December 2013 the total capital employed in the Group was as follows:

	2013 €'m	2012 €'m
Net Debt	107.6	165.5
Equity	859.6	813.4
Total Capital Employed	967.2	978.9

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.

22 PROVISIONS FOR LIABILITIES

	2013 €'000	2012 €'000
Guarantees and warranties		
At 1 January	63,377	48,746
Arising on acquisitions	434	19,010
Provided during year	25,328	28,699
Claims paid	(21,733)	(25,394)
Provisions released	(8,679)	(8,770)
Effect of movement in exchange rates	(1,471)	1,086
At 31 December	57,256	63,377
Current liability	39,967	49,426
Non-current liability	17,289	13,951
	57,256	63,377

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

22. 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. However, discounting may apply in the future if the non-current element of the provision becomes significant such that the discounting impact would be material.

Litigation	2013 €'000	2012 €'000
At beginning of year	-	7,066
Provided during year	-	4,996
Legal costs paid	-	(12,272)
Effect of movement in exchange rates	-	210
At 31 December	-	-

On 1 May 2012 judgment was issued in respect of the Borealis case in which Kingspan was plaintiff and the Group's claim was unsuccessful. The defendant's legal costs of €12.3m were settled in full by the Group.

The Group is not engaged in any other material litigation.

23. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities arising from temporary differences and unused tax losses after offset are as follows:

	2013 €'000	2012 €'000
Deferred tax assets	6,615	9,178
Deferred tax liabilities	(23,829)	(25,407)
Net Position	(17,214)	(16,229)

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 2013 is as follows:

	Balance 1 Jan 2013 €'000	Recognised in profit or loss €'000	Recognised in equity €'000	Recognised in other comprehensive income €'000	Translation adjustment €'000	Arising on acquisitions €'000	Balance 31 Dec 2013 €'000
Property, plant and equipment	(26,345)	(2,725)	-	-	(1,424)	-	(30,494)
Intangibles	(5,235)	774	-	-	-	-	(4,461)
Other temporary differences	15,894	(1,929)	1,856	97	1,445	-	17,363
Pension obligations	(543)	(348)	-	(328)	(1)	-	(1,220)
Unused tax losses	-	1,594	-	-	4	-	1,598
	(16,229)	(2,634)	1,856	(231)	24	-	(17,214)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

23. DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

The movement in the net deferred tax position for 2012 is as follows:

	Balance 1 Jan 2012 €'000	Recognised in profit or loss €'000	Recognised in equity €'000	Recognised in other comprehensive income €'000	Translation adjustment €'000	Arising on acquisitions €'000	Balance 31 Dec 2012 €'000
Property, plant and equipment	(19,378)	296	-	-	(3,051)	(4,212)	(26,345)
Intangibles	(2,069)	527	-	-	-	(3,693)	(5,235)
Other temporary differences	8,013	2,953	1,564	-	2,092	1,272	15,894
Pension obligations	348	(1,041)	-	208	(58)	-	(543)
Unused tax losses	-	-	-	-	-	-	-
	(13,086)	2,735	1,564	208	(1,017)	(6,633)	(16,229)

24. BUSINESS COMBINATIONS

In the prior year the Group made four acquisitions. The 2013 items relate to revisions to the provisional fair value adjustments that were initially determined for these prior year acquisitions. These revisions are not considered material, either individually or in aggregate, and the comparatives have therefore not been restated.

	Notes	2013 €'000	2012 €'000
Non-current assets			
Intangible assets	11	-	15,130
Property, plant and equipment	13	(1,000)	64,038
Current assets			
Inventories		(1,001)	39,620
Trade and other receivables	16	3,221	63,957
Assets held for resale, subsequently disposed of	17	-	1,100
Current liabilities			
Trade and other payables		(737)	(56,412)
Provisions for liabilities	22	(434)	(19,010)
Finance lease obligations		-	(712)
Current income tax liabilities		-	(263)
Non-current liabilities			
Retirement benefit obligations	34	-	(14,668)
Deferred tax liabilities	23	-	(6,633)
Total identifiable assets		49	86,147
Goodwill	10	-	29,428
Negative goodwill	4	(49)	(34,458)
Total consideration		-	81,117
Satisfied by:			
Cash (net of cash acquired)		-	73,619
Deferred contingent consideration	20	-	7,498
		-	81,117

25. SHARE CAPITAL

	2013 €'000	2012 €'000
Authorised		
220,000,000 Ordinary shares of €0.13 each	28,600	28,600
Issued and fully paid		
Ordinary shares of €0.13 each		
Opening balance - 173,403,075 (2012: 171,877,079) shares	22,542	22,344
Share options exercised - 1,573,488 (2012: 1,525,996) shares	205	198
Closing balance - 174,976,563 (2012: 173,403,075) shares	22,747	22,542

Details of share options exercised are set out in note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

26. SHARE PREMIUM

	2013 €'000	2012 €'000
At 1 January	40,570	38,059
Premium on share options exercised under employee share based compensation schemes (Note 3)	2,575	2,511
At 31 December	43,145	40,570

27. REVALUATION RESERVE

	2013 €'000	2012 €'000
At beginning and end of year	713	713

28. TREASURY SHARES

	2013 €'000	2012 €'000
At beginning and end of year	(30,707)	(30,707)
At 31 December 2013, the Group held 4,938,257 (2012: 4,938,257) treasury shares in the Company.		

29. RETAINED EARNINGS

In accordance with Section 148(8) of the Companies Act, 1963 and Section 7 (1A) of the Companies (Amendment) Act, 1986, 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 loss for the financial year was €0.2m (2012: profit of €2.4m).

30. DIVIDENDS

Equity dividends on ordinary shares:	2013 €'000	2012 €'000
2013 Interim dividend 5.5 cent (2012: 5.0 cent) per share	9,298	8,355
2012 Final dividend 7.25 cent (2011: 6.5 cent) per share	12,272	10,847
	21,570	19,202
Proposed for approval at AGM		
Final dividend of 8.5 cent (2012: 7.25 cent) per share	14,453	12,214

This proposed dividend for 2013 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 2013 in accordance with IAS 10 Events After the Reporting Date. The proposed final dividend for the year ended 31 December 2013 will be payable on 15 May 2014 to shareholders on the Register of Members at close of business on 25 April 2014.

31. NON-CONTROLLING INTEREST

	2013 €'000	2012 €'000
At 1 January	7,115	6,137
Dividends paid to non-controlling interest	(442)	(93)
Profit for the year attributable to non-controlling interest	1,513	1,152
Buy out of non-controlling interest	(27)	-
Share of foreign operations' translation movement	(301)	(81)
At 31 December	7,858	7,115

The buy-out of non-controlling interest relates to the Group's Insulated Panels business in New Zealand. During the year the Group acquired our partner's 49% shareholding for €1.5m, bringing our ownership to 100%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

32. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2013 €'000	2012 €'000
Increase in cash and bank overdrafts	60,301	1,614
Decrease / (increase) in debt	(3,804)	4,134
Increase / (decrease) in lease finance	423	(432)
Change in net debt resulting from cash flows	56,920	5,316
Translation movement - relating to US dollar loan	23,515	1,155
Translation movement - other	(4,059)	2,331
Derivative financial instruments movement	(18,485)	(4,242)
Net movement	57,891	4,560
Net debt at start of the year	(165,529)	(170,089)
Net debt at end of the year	(107,638)	(165,529)

33. 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 €2.5m (2012: €2.5m).

(ii) Guarantees and contingencies

The private placement loan notes (US\$400m) and the revolving credit facility (€300m) which was fully undrawn at year-end are both secured by means of cross guarantees provided by Kingspan Group plc and some of its subsidiaries. In addition, there are a number of local overdraft facilities in overseas locations which are secured by means of a guarantee from Kingspan Group plc, or some other subsidiary company.

(iii) Leasing

Finance Leases

	2013		2012	
	Minimum payments €'000	Present value of payments €'000	Minimum payments €'000	Present value of payments €'000
Finance lease and hire purchase obligations				
- within one year		160		116
- greater than one year		46		513
Total minimum lease payments	241		713	
Less: amounts allocated to future finance costs	(35)		(84)	
Present value of minimum lease payments	206	206	629	629

Operating Leases

	2013 Minimum payments €'000	2012 Minimum payments €'000
Total obligations under non-cancellable operating leases are due as follows:		
- within one year	7,030	8,644
- between 1 - 5 years	16,836	19,447
- after 5 years	992	1,631
	24,858	29,722

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

33. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (cont'd)

(iv) Future capital expenditure

Capital expenditure in subsidiary entities, approved by the Directors but not provided in the financial statements, is as follows:

	2013 €'000	2012 €'000
Contracted for	9,516	10,834
Not contracted for	5,812	1,353
	15,328	12,187

Capital expenditure in jointly controlled entities, approved by the Directors but not provided in the financial statements, is as follows:

	2013 €'000	2012 €'000
Contracted for	157	285
Not contracted for	-	6
	157	291

34. 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 it has two legacy defined benefit schemes (both closed to future accrual).

In 2013 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 €5.4m (2012: €8.3m) represents employer contributions payable to these schemes in accordance with the rules of each plan. An amount of €4.03m (2012: €3.03m) was included at year end in accruals in respect of defined contribution pension accruals.

Defined benefit schemes / obligations

In the past the Group operated two defined benefit schemes, both of which are closed to new members and to future accrual. Total pension contributions to these schemes for the year amounted to €2.73m (2012: €2.86m), and the expected contributions for 2014 are €2.73m.

As noted above, during the year 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. €0.73m of pension entitlements have been paid to retired former employees during the year (4 months to December 2012: €0.17m).

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 2010. 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.

	2013	2012
Life expectancies		
Life expectancy for someone aged 65 - Males	22.3	18.4 - 21.8
Life expectancy for someone aged 65 - Females	24.6	22.5 - 23.9
Life expectancy at age 65 for someone aged 45 - Males	24.0	23.2 - 25.1
Life expectancy at age 65 for someone aged 45 - Females	26.6	25.5 - 29.6
Rate of increase in salaries	0.0% - 2.5%	0.0% - 2.5%
Rate of increase of pensions in payment	0.0% - 2.2%	0.0% - 1.5%
Rate of increase for deferred pensioners	2.3% - 2.5%	2.0% - 2.5%
Discount rate	3.2% - 4.6%	2.9% - 4.4%
Inflation rate	2.3%	2.5% - 3.0%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

34. PENSION OBLIGATIONS (cont'd)

Movements in net liability recognised in the balance sheet

	2013 €'000	2012 €'000
Net liability in schemes at 1 January	(12,314)	(1,389)
Acquisitions through business combinations	-	(14,668)
Employer contributions	3,458	3,026
Recognised in income statement	(255)	(70)
Recognised in statement of comprehensive income	1,350	851
Foreign exchange movement	23	(64)
Net liability in schemes at 31 December	(7,738)	(12,314)

Defined benefit pension income / expense recognised in the income statement

	2013 €'000	2012 €'000
Current service cost	(172)	(53)
Adjustment in respect of prior years	183	-
Settlements of scheme obligations	(9)	(7)
Movement on scheme obligations	(2,749)	(2,803)
Expected return on scheme assets	2,492	2,793
	(255)	(70)

Analysis of amount included in other comprehensive income

	2013 €'000	2012 €'000
Actual return less interest on scheme assets	652	923
Experience loss arising on scheme liabilities (present value)	606	126
Actuarial gains/(loss) arising from changes in demographic assumptions	(887)	-
Actuarial gains/(loss) arising from changes in financial assumptions	979	(198)
Actuarial gains recognised in other comprehensive income	1,350	851

The cumulative actuarial loss recognised in other comprehensive income to date is €12.4m (2012: €13.7m).

In 2013, the actual return on plan assets was €3.1m (2012: €3.7m).

Asset Classes and Expected Rate of Return

The assets in the scheme and the expected rate of return at each year end were as follows:

	2013	2012
Asset Classes as % of Total Scheme Assets		
Equities	70%	67.6%
Bonds (Corporates)	19.5%	20.5%
Bonds (Gilts)	9.5%	9.8%
Cash	1.0%	2.1%
	100.0%	100.0%

On adoption of IAS19(R) the expected return on assets has been calculated in 2013 by reference to the Discount Rate. In the prior year separate returns were calculated for each asset class (equities 7.5%, corporate bonds 4.1%, gilts 2.3% and cash 0.5%). The prior year has not been restated as the impact is not material (return lower by €103,000). The impact of adopting IAS19(R) on the results of the current year was €1.231m, which is ultimately offset by the opposite movement in the Consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

34. PENSION OBLIGATIONS (cont'd)

The net pension liability is analysed as follows:

	2013 €'000	2012 €'000
Equities	42,814	39,699
Bonds (Corporates)	11,900	12,034
Bonds (Gilts)	5,843	5,750
Cash	619	1,212
Fair market value of plan assets	61,176	58,695
Present value of obligation	(68,914)	(71,009)
Deficit	(7,738)	(12,314)
Analysed between:		
Funded schemes' surplus	6,099	2,357
Unfunded obligations	(13,837)	(14,671)
	(7,738)	(12,314)
Related deferred tax liability	1,220	543

Changes in present value of defined benefit obligations

	2013 €'000	2012 €'000
At 1 January	71,009	53,812
Acquisitions through business combinations	-	14,668
Current service cost	172	53
Other expenses	(255)	-
Interest cost	2,749	2,803
Benefits paid	(2,882)	(1,991)
Settlement	(16)	-
Actuarial losses	(698)	72
Effect of movement in exchange rates	(1,165)	1,592
At 31 December	68,914	71,009

Changes in present value of scheme assets during year

	2013 €'000	2012 €'000
At 1 January	58,695	52,423
Expected interest on scheme assets	2,492	2,793
Employer contributions	2,732	2,860
Other expenses	(72)	-
Benefits paid	(2,156)	(1,824)
Settlement	(26)	(7)
Actuarial gains / (losses)	652	923
Effect of movement in exchange rates	(1,141)	1,527
At 31 December	61,176	58,695

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

34. PENSION OBLIGATIONS (cont'd)

History of Assets, Liabilities, Experience Gains and Losses	2013 €'000	2012 €'000	2011 €'000	2010 €'000	Restated 2009 €'000
Fair value of plan assets	61,176	58,695	52,423	49,581	52,519
Present value of defined benefit obligation	(68,914)	(71,009)	(53,812)	(51,209)	(57,611)
Surplus / (deficit) *	(7,738)	(12,314)	(1,389)	(1,628)	(5,092)
Experience gains / (losses) arising on scheme liabilities (present value)	(606)	126	-	(980)	397
% of defined benefit obligation	0.9%	0.2%	0%	1.9%	(0.7%)
Assumptions (loss) / gain	92	(198)	(402)	(3,028)	(10,293)
% of defined benefit obligation	0.1%	0.3%	0.7%	5.9%	17.9%
Actual return less expected return on scheme assets	652	923	(2,688)	3,010	5,945
% of scheme assets	1.1%	1.6%	(5.1%)	6.1%	11.3%

* 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.

35. 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 decrease in the intercompany balance of €18.7m (2012: €14.2m).

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 Company), comprise the board of directors who manage the business and affairs of the Company. As identified in the Report of the Remuneration Committee, the directors, other than the non-executive directors, serve as executive officers of the Company.

Key management personnel compensation is set out in Note 7.

Mr Eugene Murtagh received dividends of €3.825m during the year from the Company (2012: €3.45m). Dividends of €0.27m were paid to other key management personnel (2012: €0.24m).

(iii) The Group purchased the following services at arms length from companies controlled by Mr Eugene Murtagh:

	2013 €'000	2012 €'000
Hotel accommodation	-	7
Information technology services	68	57
	68	64

There was €nil owed in respect of these services at 31 December 2013 (2012: €nil).

36. POST BALANCE SHEET EVENTS

There have been no material events subsequent to 31 December 2013 which would require disclosure in this report.

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 24 February 2014.

OTHER 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 1 May 2014 at 10.00 a.m.

Notice of the 2014 AGM is now available to view online at www.kingspan.com/agm2014

You may submit your votes electronically by accessing Computershare's website:
<http://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 29 April 2014 (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.

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.

FINANCIAL CALENDAR

Preliminary results announced:	24 February 2014
Annual General Meeting:	1 May 2014
Payment date for 2013 final dividend:	15 May 2014
Ex dividend date:	23 April 2014
Record date:	25 April 2014
Half-yearly financial report:	26 August 2014
Interim management statement:	10 November 2014

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.
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STOCKBROKERS

Goodbody, Ballsbridge Park, Ballsbridge, Dublin 4, Ireland.	UBS Limited, 1 Finsbury Avenue, London, EC2M 2PP, England.
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AUDITOR

KPMG,
Chartered Accountants & Statutory Auditor,
1 Stokes Place,
St Stephen's Green,
Dublin 2,
Ireland.

SHAREHOLDER INFORMATION

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 2013 is set out below.

Structure of the Company's share capital

At 31 December 2013, 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 174,976,563 Ordinary Shares, of which the Company held 4,938,257 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	Institution	Shares held	%
08/01/2014	Eugene Murtagh	30,000,000	17.64%
25/10/2013	Generation Investment Management LLP	14,691,823	8.65%
13/12/2013	Prudential plc	11,801,463	6.94%
24/12/2013	BlackRock Inc.	10,203,573	6.00%
26/02/2014	Investec Asset Management	8,256,946	4.86%
16/10/2012	Invesco Limited	6,713,754	3.99%

Shareholding analysis as at 31 December 2013

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1000	2,838	59.29	1,364,436	0.78
1001 - 10,000	1,606	33.55	4,798,863	2.74
10,001 - 100,000	225	4.70	7,490,898	4.28
100,001 - 1,000,000	92	1.92	28,157,273	16.09
Over 1,000,000	26	0.54	133,165,093	76.10
	4,787	100	174,976,563	100

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 28 of the financial statements the Group held 4,938,257 treasury shares in the Company. The nominal value of these shares is 13c.

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 1 May 2014.

The Company's Articles may be amended by special resolution (75% majority of votes cast) passed at general meeting.

SHAREHOLDER INFORMATION

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 9 May 2013. 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 1 May 2014 unless renewed and resolutions to that effect are being proposed at the Annual General Meeting to be held on 1 May 2014.

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 9 May 2013, 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 1 May 2014, 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.

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		Shareholding %	Nature of business
IRELAND			Kingspan Tarec Industrial Insulation Limited	50	Manufacturing
Aerobord Limited	100	Manufacturing	Kingspan Timber Solutions Limited	100	Manufacturing
Kingscourt Trustee Company Limited	100	Trustee Company	Springvale Insulation Limited	100	Manufacturing
Kingspan Century Limited	100	Manufacturing	T T Plastics Limited	100	Holding Company
Kingspan Environmental (Ireland) Limited	100	Manufacturing	AUSTRALIA		
Kingspan Europe	100	Holding Company	Austrell Group Limited	100	Holding Company
Kingspan Finance	100	Finance Company	Kingspan Holdings Australia Pty Limited	100	Holding Company
Kingspan Funding Europe	100	Finance Company	Kingspan Insulated Panels Pty Limited	100	Manufacturing
Kingspan Funding Ireland	100	Finance Company	Kingspan Insulation Pty Ltd	100	Sales & Marketing
Kingspan Funding Overseas	100	Finance Company	Nova-Duct Technologies Pty. Ltd.	100	Product Development
Kingspan Holdings (Irl) Limited	100	Management & Procurement	Tate Access Floors Pty Limited	100	Sales & Marketing
Kingspan Holdings (North America) Limited	100	Holding Company	AUSTRIA		
Kingspan Holdings (Overseas) Limited	100	Holding Company	Hoesch Bausysteme GmbH	100	Sales & Marketing
Kingspan Holdings Limited	100	Holding Company	Kingspan GmbH	100	Sales & Marketing
Kingspan Insulation Limited	100	Manufacturing	AZERBAIJAN		
Kingspan International Finance	100	Finance Company	Izopoli Mahdut Mesuliyeti Cemiyeti	100	Sales & Marketing
Kingspan Investments (CEMEI)	100	Finance Company	BELGIUM		
Kingspan Investments Europe	100	Finance Company	Isocab N.V.	100	Manufacturing
Kingspan Limited	100	Manufacturing	Kingspan Door Components SA	100	Manufacturing
Kingspan Nominees Limited	100	Holding Company	Kingspan Holding Belgium NV	100	Holding Company
Kingspan Renewables (Irl) Limited	100	Manufacturing	Kingspan NV	100	Sales & Marketing
Kingspan Research & Development Limited	100	Product Development	Kingspan Tarec Industrial Insulation NV	50	Manufacturing
Kingspan Resources Limited	100	Property Company	Unidek N.V.	100	Sales & Marketing
Kingspan Securities Limited	100	Finance Company	BOSNIA AND HERZEGOVINA		
Kingspan Securities No. 2 Limited	100	Finance Company	Kingspan d.o.o.	100	Sales & Marketing
UNITED KINGDOM			BULGARIA		
Building Innovation (Group) Limited	100	Holding Company	Izopoli EAD	100	Sales & Marketing
Building Innovation Limited	100	Sales & Marketing	Kingspan EOOD	100	Sales & Marketing
Ecotherm Insulation (UK) Limited	100	Manufacturing	CANADA		
Ever 2479 Ltd	100	Holding Company	Kingspan Insulated Panels Limited	100	Manufacturing
Hewetson Holdings Limited	100	Holding Company	Tate ASP Access Floors Inc	100	Manufacturing
Hoesch Building Systems Ltd	100	Sales & Marketing	CHINA		
Interlink Fabrications Limited	100	Finance Company	Tate Access Floors (Shanghai) Co., Ltd.	100	Sales & Marketing
Kingspan Access Floors Holdings Limited	100	Holding Company	CROATIA		
Kingspan Access Floors Limited	100	Manufacturing	Hoesch Gradjevinski Elementi D.o.o.	100	Sales & Marketing
Kingspan Environmental & Renewables Limited	100	Holding Company	Kingspan d.o.o.	100	Sales & Marketing
Kingspan Environmental Limited	100	Manufacturing	CZECH REPUBLIC		
Kingspan Funding UK	100	Finance Company	Hoesch Stavebni Systemy S.R.O	100	Sales & Marketing
Kingspan Group Limited	100	Holding Company	Kingspan a.s.	100	Manufacturing
Kingspan Holdings (Insulation) Limited	100	Holding Company	DENMARK		
Kingspan Holdings (Panels) Limited	100	Holding Company	Hoesch Byggesystem A/S	100	Sales & Marketing
Kingspan Holdings (Structural & Offsite) Limited	100	Holding Company	Kingspan Danmark A/S	100	Sales & Marketing
Kingspan Hot Water Systems Limited	100	Manufacturing	Kingspan Miljocontainere A/S Denmark	100	Manufacturing
Kingspan Insulation Limited	100	Manufacturing			
Kingspan Investments Limited	100	Holding Company			
Kingspan Limited	100	Manufacturing			
Kingspan Property Limited	100	Holding Company			
Kingspan Renewables Limited	100	Manufacturing			
Kingspan Services (UK) Limited	100	Management & Procurement			

	Shareholding %	Nature of business		Shareholding %	Nature of business
ESTONIA			NORWAY		
Kingspan OU	100	Sales & Marketing	Kingspan AS	100	Sales & Marketing
FINLAND			Kingspan Miljo AS	100	Sales & Marketing
Kingspan Oy	100	Sales & Marketing	POLAND		
FRANCE			Ecotherm Polska Sp. z o.o.	100	Sales & Marketing
Isocab France S.A.S	100	Manufacturing	Kingspan Environmental Sp. z o.o.	100	Manufacturing
Kingspan SARL	100	Sales & Marketing	Kingspan Insulation Sp. z o.o.	100	Sales & Marketing
Unidek SARL	100	Sales & Marketing	Kingspan Sp. z o.o.	100	Manufacturing
GERMANY			ROMANIA		
Hoesch Bausysteme GmbH	100	Sales & Marketing	Hoesch Sisteme Pentru Constructii S.R.L	100	Sales & Marketing
Kingspan Environmental GmbH	100	Sales & Marketing	Kingspan S.R.L.	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing	RUSSIA		
Kingspan Holding GmbH	100	Holding Company	Kingspan LLC	99	Sales & Marketing
Kingspan Insulation GmbH & Co. KG	100	Sales & Marketing	SERBIA		
Kingspan Insulation Verwaltungs GmbH	100	Holding Company	Kingspan d.o.o.	100	Sales & Marketing
Kingspan Property GmbH	100	Holding Company	SINGAPORE		
Kingspan TEK GmbH	100	Manufacturing	Kingspan Pte Limited	100	Sales & Marketing
Kingspan Unidek GmbH	100	Manufacturing	SLOVAKIA		
HONG KONG			Kingspan s.r.o.	100	Sales & Marketing
Tate Access Floors (Hong Kong) Limited	100	Sales & Marketing	SLOVENIA		
HUNGARY			Kingspan Kft Kereskedelmi Podruznica Ljubljana	100	Sales & Marketing
Hoesch Epitoelemek Kft	100	Manufacturing	SPAIN		
Kingspan Kereskedelmi Kft	100	Manufacturing	Kingspan Holdings Spain S.L.	100	Holding Company
INDIA			Kingspan Suelo Technicos S.L.	50	Sales & Marketing
Kingspan India Private Limited	100	Sales & Marketing	SWEDEN		
ITALY			Kingspan AB	100	Sales & Marketing
Kingspan Renewables SRL	100	Sales & Marketing	SWITZERLAND		
JERSEY			Kingspan GmbH	100	Sales & Marketing
Kingspan Overseas Investments Limited	100	Finance Company	TURKEY		
LATVIA			Izopoli Yapi Elemanlari Taahhut San. Ve Tic A.S.	51	Manufacturing
Kingspan SIA	100	Sales & Marketing	UKRAINE		
LITHUANIA			Kingspan Lviv	100	Sales & Marketing
Kingspan UAB	100	Sales & Marketing	Kingspan Ukraine LLC	100	Sales & Marketing
LUXEMBOURG			UNITED ARAB EMIRATES		
Kingspan Holdings (Luxembourg) S.á.r.l.	100	Holding Company	Kingspan Insulated Panels Manufacturing LLC	100	Manufacturing
NETHERLANDS			UNITED STATES OF AMERICA		
Hoesch Bouwsystemen B.V.	100	Sales & Marketing	ASM Modular Systems Inc	100	Manufacturing
Kingspan BV	100	Sales & Marketing	Kingspan Environmental Inc.	100	Sales & Marketing
Kingspan Holding Netherlands BV	100	Holding Company	Kingspan Holdings Panels US Inc.	100	Holding Company
Kingspan Insulation BV	100	Manufacturing	Kingspan Holdings US Inc	100	Holding Company
Kingspan Property BV	100	Holding Company	Kingspan Insulated Panels Inc.	100	Manufacturing
Kingspan Unidek B.V.	100	Manufacturing	Kingspan-Medusa Inc.	100	Holding Company
Unidek Group B.V.	100	Holding Company	Morin Corporation	100	Manufacturing
NEW ZEALAND			Tate Access Floors Inc	100	Manufacturing
Kingspan Insulation NZ Limited	100	Sales & Marketing			
Kingspan Limited	100	Sales & Marketing			

GROUP FIVE YEAR SUMMARY

RESULTS (amounts in €m)

	2013	2012	2011	2010	2009
Revenue	1,790.3	1,628.7	1,546.9	1,193.2	1,125.5
Operating Profit	115.5	104.7	90.9	67.4	62.7
Net profit before tax	102.0	89.9	77.8	55.7	56.7
Operating cashflow	146.7	160.6	127.1	72.4	212.8

EQUITY (amounts in €m)

	2013	2012	2011	2010	2009
Gross assets	1,594.5	1,585.8	1,434.3	1,213.1	1,130.5
Working capital	209.1	200.0	188.6	159.9	121.4
Total shareholder equity	859.6	813.4	734.9	666.9	585.5
Net debt	107.6	165.5	170.1	120.8	149.1

RATIOS

	2013	2012	2011	2010	2009
Net debt as % of total shareholders' equity	12.5%	20.3%	23.1%	18.1%	25.5%
Current assets / current liabilities	1.84	1.65	1.68	1.55	1.31

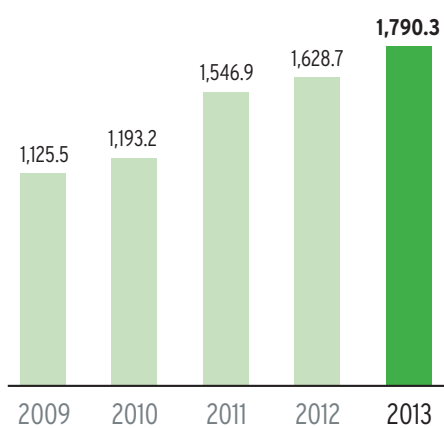
PER ORDINARY SHARE (amounts in €cent)

	2013	2012	2011	2010	2009
Earnings	51.7	43.8	37.1	29.2	28.7
Operating cashflows	86.6	95.8	76.3	43.5	128.1
Net assets	507.2	485.0	441.1	400.8	352.5
Dividends	14.0	12.25	11.00	10.00	-

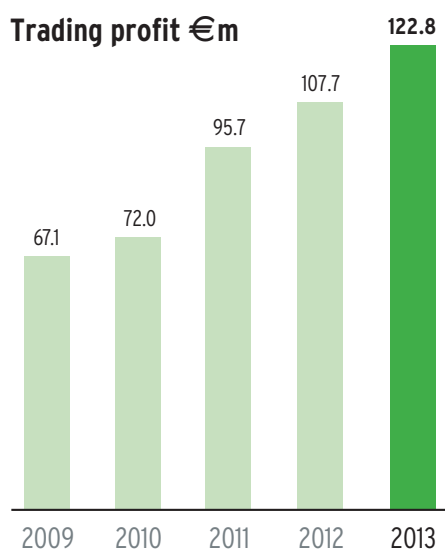
AVERAGE NUMBER OF EMPLOYEES

	2013	2012	2011	2010	2009
	6,439	5,754	5,776	4,890	5,049

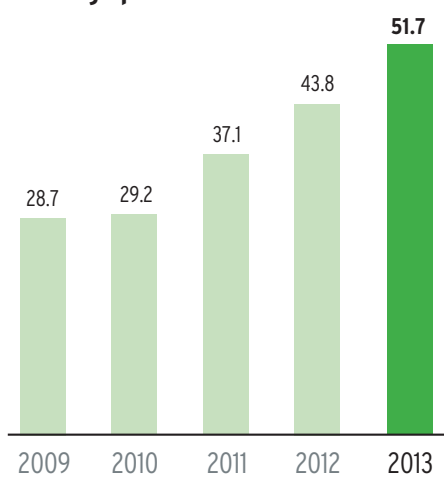
Revenue €m



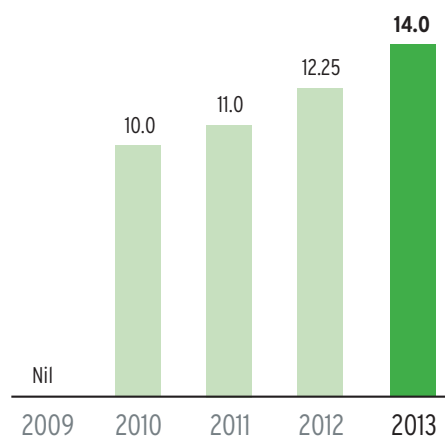
Trading profit €m



Earnings per share €cent



Dividends per share €cent





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