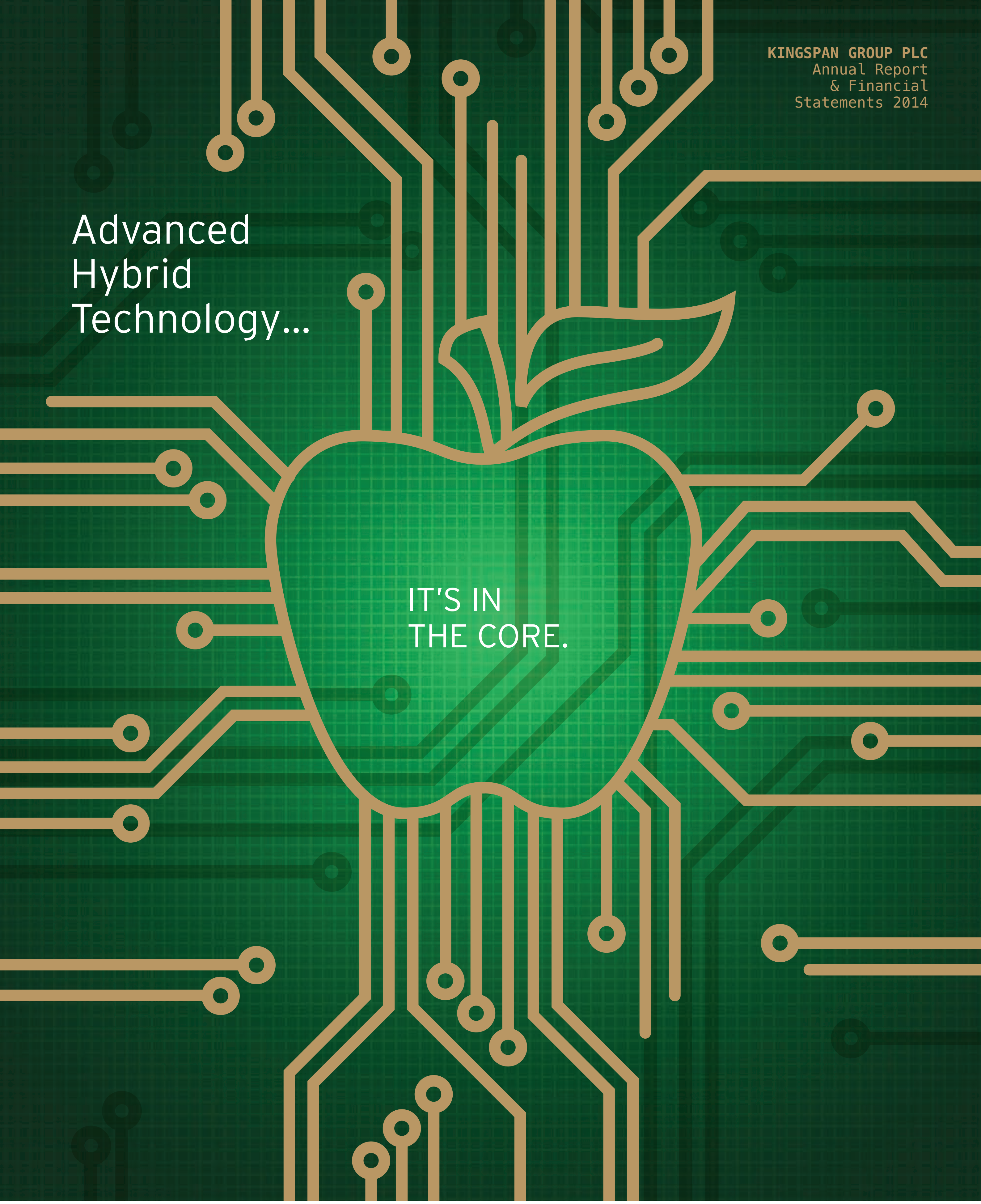
KINGSPAN GROUP PLC
Annual Report
& Financial
Statements 2014

Advanced Hybrid Technology...

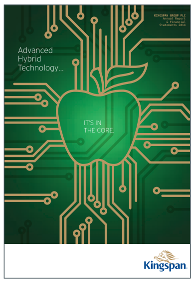


IT'S IN
THE CORE.

Kingspan®

Kingspan has always led the way in developing advanced building insulation technologies. But now we have created something truly unique...

a game-changing hybrid insulation core that is radically different from anything that has gone before it.



Today's demand for high performance buildings drives us to constantly push the boundaries of insulation performance.

To meet this demand, we've combined our world leading insulation technologies, creating an all new hybrid insulation core.

An insulation core at the heart of the world's most advanced building envelope systems, providing four performance advantages - thermal, fire, guarantee and environment - to differentiate from the status quo.

IPN QuadCore™ TECHNOLOGY

SUMMARY FINANCIALS

Revenue up 6%	**EBITDA[1] up 16%**	**Trading Profit[2] up 21%**
€1.89bn	€189.3m	€148.5m
2013: €1.78bn	**2013: €162.5m**	**2013: €122.8m**
Trading Margin up 100bps	**Profit After Tax up 20%**	**EPS up 21%**
7.9%	€106.5m	62.6 cent
2013: 6.9%	**2013: €89.1m**	**2013: 51.7 cent**

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

FINANCIAL HIGHLIGHTS

- Revenue up 6% to €1.89bn.
- Trading profit up 21% to €148.5m.
- Group trading margin of 7.9%, an increase of 100bps.
- Basic EPS up 21% to 62.6 cent.
- Final dividend per share of 10 cent. Total dividend for the year up 16% to 16.25 cent.
- An increase in net debt to €125.5m (2013: €106.7m). Net debt to EBITDA of 0.66x (2013: 0.66x).
- Increase in ROCE by 110bps to 13.4% (2013: 12.3%).

Aberdeen Sports Village, Aberdeen, UK

Parkview West, Chicago, IL, USA,

Chairman's Statement

A return to growth in our core markets, improved margin on the back of increased activity levels, and acquisitions in new markets, all contributed to a very positive result by Kingspan in 2014. Revenues grew 6% to €1.89 billion, their highest ever level and trading profits, with the benefit of improved operating leverage, increased by 21% to €148.5 million.

2014 saw strong growth return to the UK, which has traditionally been a very important market for Kingspan. At the same time in North America, which now represents our next single largest market, the economy generally, and construction activity in particular, at last began to gain some traction.

During the year, we acquired our first Insulation Boards business in the US, which increased our presence in this market and will also give us more exposure to the residential sector there. At the same time we acquired an Insulation Boards manufacturing presence in the Middle East and India which has opened up many new markets to our Insulation business. Both of these acquisitions will in time provide a platform to deliver our existing range of high performance insulation products into these markets, alongside their core product suites. Earlier in the year we announced the acquisition of Dri-Design, a high-end architectural façade business in the US. More recently, we announced that we have entered into agreements to acquire the Building Products division of Vicwest in North America and the Joris Ide Group of insulated panel businesses in Europe for a combined consideration of approximately €425 million. At the time of writing, both these acquisitions are subject to regulatory clearance, but together they represent a potential step change in scale and markets, and should significantly enhance the Group's growth potential in these regions.

Mention must also be made of the positive developments in Company's funding arrangements. During the year the Group's €300 million revolving credit facility was amended on favourable terms and extended out to 2019, and in the latter part of the year the Company secured new private placement funding to refinance maturing debt at a very competitive weighted average interest rate. These changes, together with the Group's strong balance sheet, and prudent net debt levels, all augur well to support the Group through its next phase of growth.

MANAGEMENT AND EMPLOYEES

I want to take this opportunity to thank all management and employees right across Kingspan for their tremendous work in delivering a fourth consecutive year of double digit growth in 2014, and I have no doubt that they will tackle the challenges that may lie ahead in 2015 with the same energy and enthusiasm.

UNRIVALLED THERMAL PERFORMANCE

IPN-QuadCore™ is so advanced it sets the new standard in efficient premium high performance insulated panel systems,

Buildings designed with IPN-QuadCore™ systems can reduce the costs associated with building services and lower both energy consumption and carbon emissions, delivering more efficient places to live and work.

20%
thermal efficiency improvement*

class-leading lambda
0.018 W/m.K

* A 20% thermal conductivity improvement of 18 mW/m.K when compared to typical value of 23 mW/m.K for PUR.

Chairman's Statement

A NEW LEVEL OF FIRE PERFORMANCE

Buildings featuring IPN-QuadCore™ insulated panel systems are not only functional and comfortable spaces to live and work - they are there to protect us.

If the unexpected happens, you can be sure IPN-QuadCore™ systems will deliver the specified level of protection to both personnel and property.

IPN-QuadCore™ systems are insurer certified, and third party tested with class-leading approvals.

B-s1,d0

to EN 13501-1 (lowest smoke emissions)

insurer

certified systems

DIVIDEND

The Board is recommending a final dividend of 10 cent per share, which if approved at the Annual General Meeting, will give a total dividend for the year of 16.25 cent, an increase of 16% on prior year. The total dividend for the year is covered 3.85 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 2015 to shareholders on the register at close of business on 24 April 2015.

BOARD CHANGES

Following last year's Annual General Meeting, both David Byrne and Brian Hill retired from the Board and once again I'd like to thank each of them for his respective contribution to the Board. At the same time, we were delighted to welcome Michael Cawley and John Cronin as non-executive directors. Michael brings a wealth of industry and international experience to the Board, and John brings valuable legal, corporate governance and capital markets experience, and I welcome their contributions to the Board.

This year, Kieran Murphy has informed the Board that he has decided not to seek re-election as a director when his current three year term concludes at the Annual General Meeting in May, so as to allow him to devote more time to developing his career as a non-executive director in the UK. We thank Kieran for his contribution to Kingspan over the last three years and wish him well for the future.

LOOKING AHEAD

2015 holds out the prospect of being an exciting year for Kingspan.

Momentum in our core markets in the early part of the year continues to be favourable, although the outlook in other markets remains mixed. Continued innovation in our existing businesses will see new and improved products being brought to the market such as IPN-QuadCore™ and our unique integrated data centre solutions, which continue to differentiate us from our competitors. Our recently acquired businesses are already integrating well and delivering more breadth along side our existing Kingspan businesses. The anticipated completion of the Joris Ide and Vicwest Building Products acquisitions later in the year will add two new, highly respected, brands to the Kingspan family and will extend our presence in new sectors and growing markets.

Against this backdrop, I am certain that management's continued focus on penetration of key markets, innovation within our core businesses, and a broader global footprint, will continue to deliver growth and shareholder value into the future.

EUGENE MURTAGH

CHAIRMAN

23 February 2015

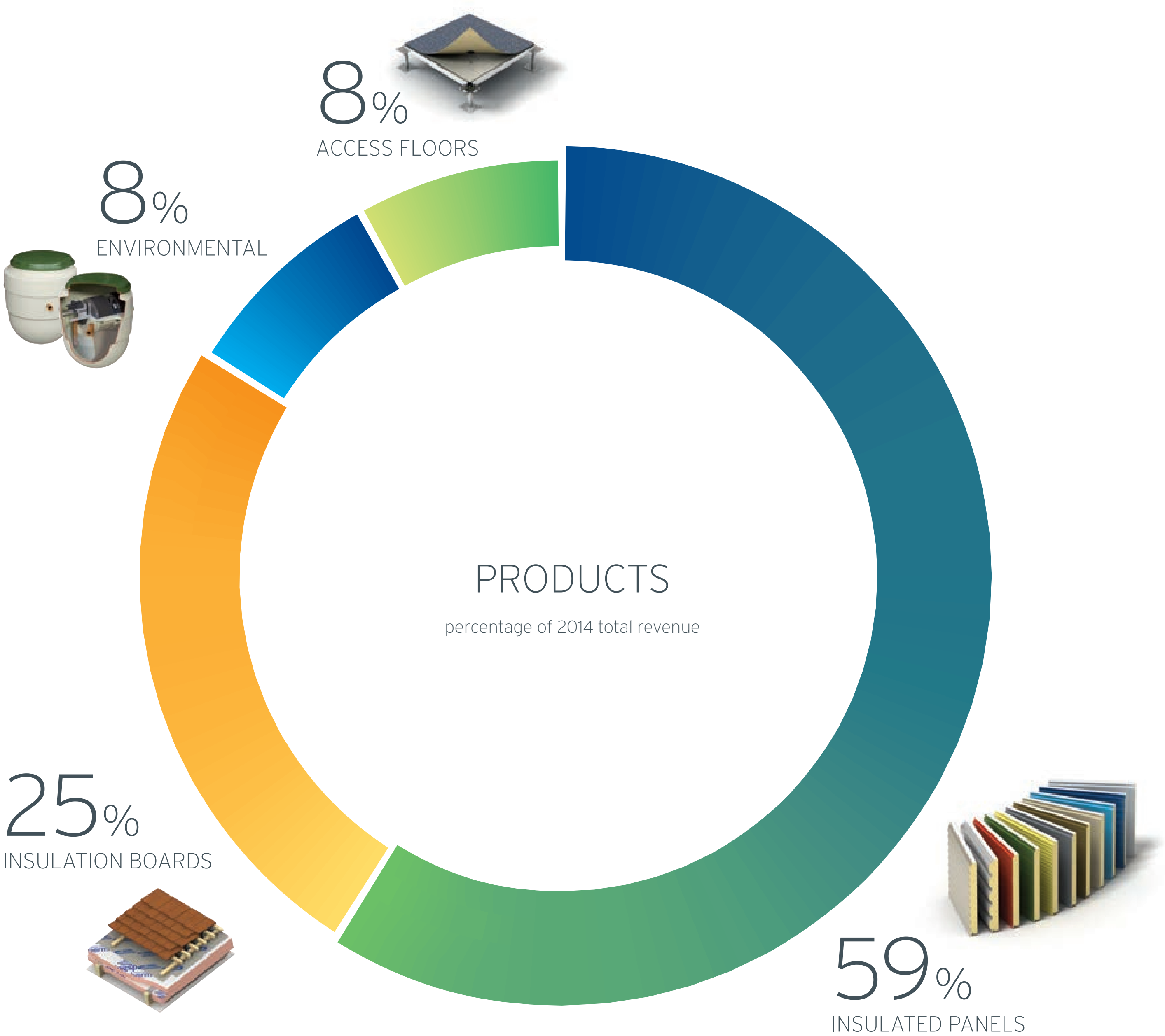
2015 HOLDS OUT THE PROSPECT OF BEING AN EXCITING YEAR FOR KINGSPAN

College Bradford, West Yorkshire, UK

Strategy & Business Model

THE BUSINESS

- A global 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



THE 3 PILLARS

to achieve an average annual return on investment of ca.

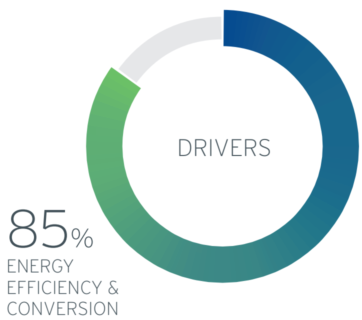
15%

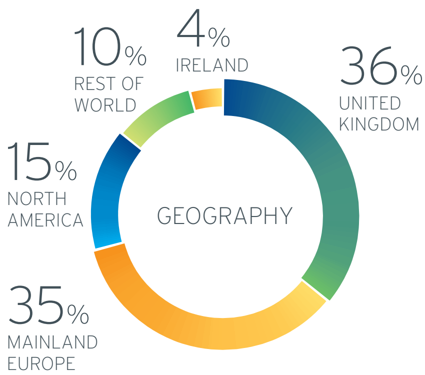
INNOVATION
Differentiated & propriety

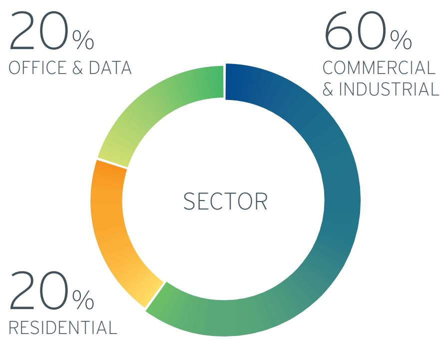
PENETRATION
Structural growth of high performance buildings

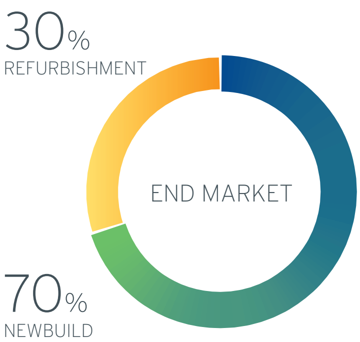
GEOGRAPHY
Globalisation of primary product set

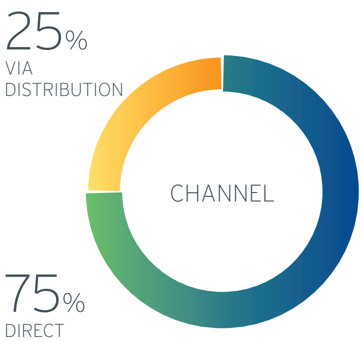
BRAND > SPECIFICATION > DIFFERENTIATION











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

2014 PROVED TO BE ANOTHER POSITIVE YEAR FOR KINGSPAN

Alaska Airlines Center, Anchorage, Alaska, USA

Chief Executive's Review

2014 proved to be another positive year for Kingspan, with global sales and trading profit growing 6% and 21% respectively. The resultant earnings improvement was 21% to 62.6 cent per share (2013: 51.7 cent per share).

The trading pattern reflected an uncharacteristically strong start to the year, leading to a more stable performance through mid-year, culminating in a strong final quarter in most of our markets. The macro-economic environment remained mixed, with clear improvement evident in the key non-residential markets in both the UK and US, contrasting with weaker activity levels in pockets of Continental Europe. Germany, one of our larger end markets, was relatively stable, levelling off from the growth levels experienced there in recent years. Trading in the Netherlands improved marginally and, more importantly, the future pipeline showed encouraging signs that ought to bear fruit over the coming years. Australasia continued its growth pattern for Kingspan, owing mainly to penetration growth.

Exiting 2014, the general mood across our core markets, and our activity pipeline, were encouraging.

FINANCIAL HIGHLIGHTS

- Revenue up 6% to €1.89bn.
- Trading profit up 21% to €148.5m.
- Group trading margin of 7.9%, an increase of 100bps.
- Basic EPS up 21% to 62.6 cent.
- Final dividend per share of 10 cent. Total dividend for the year up 16% to 16.25 cent.
- An increase in net debt to €125.5m (2013: €106.7m). Net debt to EBITDA of 0.66x (2013: 0.66x).
- Increase in ROCE by 110bps to 13.4% (2013: 12.3%).

OPERATIONAL HIGHLIGHTS

- Insulated Panels sales and trading profit up 7% and 18% respectively, reflecting strong margin improvement, particularly in the United Kingdom, North America, Australasia, and Kingspan Energy, our integrated solar panel business.
- Insulation Boards sales and trading profit up 8% and 35% respectively, owing to robust performance in both the UK and Benelux markets, and the continued growth of Kooltherm's® market presence more widely.
- A positive data centre activity backdrop was beneficial to Access Floors in the Americas, and improving office volume in the UK led to overall sales in line with the prior year (H2 +7%) and trading profit up 12%.
- Stability at the Environmental division remained the priority, and the many new initiatives underway should lead to profit growth in 2015.
- Three acquisitions were completed during the year: Dri-Design, a high end architectural façade business in the US, Pactiv Insulation, a rigid foam board producer in the US, and PAL Insulation, a Dubai based supplier of ducting insulation. The combined consideration for these was €114.4m.

UNIQUE GUARANTEE

Backed by an unprecedented thermal guarantee, IPN-QuadCore™ offers up to 40 years of 'as built' thermal performance as standard, helping to minimise lifetime operational energy costs and providing trouble-free ownership and peace of mind.

industry-leading
40yr
thermal performance guarantee

a lifetime of
as built
performance

Chief Executive's Review

PROTECTING THE ENVIRONMENT

When it comes to the environment, Kingspan has always been one step ahead. IPN-QuadCore™ technology is free from substances with a high global warming potential (GWP), such as HFCs.

With zero waste to landfill in the UK and zero halogenated flame retardants, IPN-QuadCore™ systems create environmentally responsible buildings that benefit from enhanced green ratings.

contributes to
green
building ratings

paves the way towards
net-zero
energy buildings

With IPN-QuadCore™ it's all about providing value.

Not only could you save on first cost, you could see a faster return on investment as your building will save more energy and emit less carbon dioxide from day one and throughout it's operational life.

IPN-QuadCore™ insulated panel systems can be the easiest, largest and most cost-effective step on the route to a Net-Zero Energy Building, helping to save the planet.

INSULATED PANELS

UK

Growth resumed in Kingspan's Insulated Panel business in the UK during 2014, after a number of relatively stable years. Some large-scale conversion successes played a part in this improvement, along with a more general lift in the sectors we are most exposed to. These sectors include low-rise non-residential buildings in the retail, distribution and manufacturing space among others. Benchmark® Architectural continues to challenge traditional and conventional high end façades, a journey that will likely last for many years. Kingspan Energy, our Integrated Rooftop Solar PV and Insulated Panel offering, posted a significant improvement over prior year, and again exited the year with an encouraging pipeline. Standards of building envelope continue to rise, evident from continually increasing insulation thicknesses, and geared towards advancing the lifetime energy performance of these buildings for their owners/occupiers. The UK has been, and remains, a prominent global voice on this front.

MAINLAND EUROPE & MIDDLE EAST

Given the mixed backdrop across Mainland Europe, our performance varied somewhat. Sales in Germany were broadly flat whilst a slight improvement was experienced in the Netherlands. France showed encouraging improvement in commercial and industrial applications where penetration growth is capable of advancing significantly over the medium to longer term. Central and Eastern Europe weakened towards year-end, partly linked to the Russian crisis, and Turkey's economic fragility continued to weigh on volumes there. Across the wider Gulf region, both activity and pipeline have been strong and should lead to a positive outcome in 2015.

Kingspan is also in the early stages of developing a presence in key markets in Africa. Early indications and contracts won have both been encouraging.

AMERICAS

2014 was a year of significant advancement for our Insulated Panels business in North America. By mid-year, a record order-book and rising penetration pointed towards a strong second half, which duly materialised. Further sizeable projects were converted from traditional systems, boding well for the early part of 2015. The energy agenda is firmly centre stage in the US at present, with efficiency and conservation being key. Our role in this improving dynamic will be to continue driving penetration growth through specification.

In addition, we are in the early stages of exploring entry into the neighbouring Mexican market.

AUSTRALASIA

Similar to North America, the growth in low-energy buildings continues to push ahead in Australia and New Zealand. Our volume grew significantly in 2014 and we expect to build upon this in 2015.

IRELAND

Volumes in this market are still relatively low by historic comparison, albeit with a significant growth in activity in 2014. This momentum is likely to continue as Ireland gradually rebuilds itself, and the overhang from the 'boom' years gets absorbed, giving way to further newbuild opportunity.

Emirates Golf Club, Dubai, UAE

INSULATED PANELS

Turnover
up 7%[1]

€1,111.4m

2013: €1,036.0m

Trading Profit
up 18%

€89.2m

2013: €75.6m

Trading Margin
up 70bps

8%

2013: 7.3%

1 Comprising acquisition impact +1%, volume +3%, price/mix +3% and currency impact nil

THE GROWTH IN LOW-ENERGY BUILDINGS CONTINUES TO PUSH AHEAD IN AUSTRALIA AND NEW ZEALAND

The River Studio, Warwickshire, UK.
Built to EnerPHit standard (Passivhaus refurbishment standard)

INSULATION BOARDS

Turnover up 8%[1]	Trading Profit up 35%	Trading Margin up 170bps
€477.1m	€39.9m	8.4%
2013[2]: €441.9m	2013[2]: €29.5m	2013[2]: 6.7%

1 Comprising growth from acquisition impact +3%, price/mix +1%, volume +2% and currency impact +2%
2 Restated to reflect adoption of IFRS 11 'Joint Arrangements'

Chief Executive's Review

INSULATION BOARDS

UK

The strong revenue growth pattern reported in the first half of the year continued through to year-end, driven by a combination of positive residential and non-residential construction, and continued penetration growth of Kooltherm®. Albeit still at embryonic levels, specifications continue to grow for Optim-R™ as an 'ultra-thin' insulation solution. Housing activity growth eased off somewhat in late 2014 after a relatively strong run for the previous couple of years. Forecasts for this segment remain positive, as they do for office construction, both of which present scope for further insulation volume growth in the coming years.

MAINLAND EUROPE

Insulation Boards sales volume showed a marked improvement in the Benelux with mid-single digit growth in Germany. This, as in recent years, is being predominately driven by the rising adoption of Kooltherm® in Western Europe. Further growth through specification will remain the medium to longer term focus in this region. Central European markets also provided growth as high performance rigid board begins to take a foothold from traditional alternatives. These regions are already well disposed towards Insulated Panel as a thermally efficient form of construction which should bode well for Board as a thermal solution. Our recently commissioned PIR Board facility in Eastern Germany is ideally situated to service this and key surrounding target markets.

NORTH AMERICA

Following our acquisition of Pactiv Insulation during the third quarter, Kingspan's rigid board presence, and relevance, in North America has increased substantially. This business currently features XPS extruded polystyrene as a technology. Given the low penetration of this form of insulation in North America, our primary near-term focus will be on expanding our sales and capacity of XPS. Medium and longer term this product set will be complemented by the introduction of Kooltherm® and Optim-R™ to the North American market.

AUSTRALASIA & MIDDLE EAST

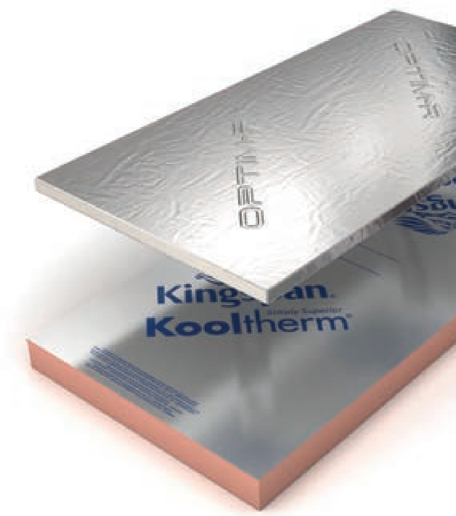
Building upon the progress of recent years, penetration of Kooltherm® rigid board continued to forge ahead in Australia, again displacing lower performing insulation alternatives that still dominate the region. The process of establishing a new manufacturing facility in Melbourne has commenced to bolster this momentum and is scheduled for production in early 2017.

Our insulation presence in the Gulf and Middle East regions received a significant boost following the acquisition of PAL in late 2014. PAL's primary business is the delivery of ducting insulation, and has now begun the process of incorporating Kingspan's wider product set into the many markets it serves.

IRELAND

Insulation revenue in Ireland grew by mid-single digit levels, reflecting the growing presence of Kooltherm® in this market. Volume slippage in other product sets was experienced as margin took priority over volume. Construction forecasts suggest that recent momentum is likely to continue into 2015 and beyond, a trend that Kingspan is ideally positioned to capitalise on.

SPECIFICATIONS CONTINUE TO GROW FOR OPTIM-R™ TOGETHER WITH CONTINUED PENETRATION GROWTH OF KOOLTHERM®



Kingspan.

Chief Executive's Review

ACCESS FLOORS

2014 was a year characterised by solid data centre related activity in North America compensating for stubbornly lethargic office construction activity. This is in stark contrast to the UK market that appears to be midway through an upward cycle in office construction. The latter is likely to lead to notable growth in Access Floor applications through 2015 and 2016 given the late cycle nature of when flooring is installed.

In North America, whilst maintaining our market share in the weaker office market, our focus has been primarily on advancing energy efficient and more complete air distribution systems that are incorporated as an integrated floor application. Our unique range is used as the primary chassis for intelligently distributing air to cool individual data servers. The full commercialisation of this product set is our key near-term focus, in advance of more general office construction activity which is forecast to improve from late 2015 onward.

ENVIRONMENTAL

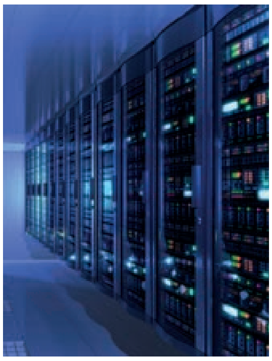
Sales in this division were broadly stable in 2014.

In our water business, revenue was marginally ahead on prior year, after a relatively sluggish start and picked up towards year end. Water treatment products performed best, with rainwater harvesting lagging despite the anticipated growth in this market. That dynamic may change as regulated water charges and conservation initiatives continue to increase in the future.

The micro-wind business saw the soft launch of the KW15 turbine in the fourth quarter, and interest levels are encouraging for 2015. Conventional fuel storage products performed well, and an expanding product set is designed to position the business for future growth not only in the UK and Ireland, but also more internationally.

Renewables remains competitive, both in solar thermal and hot water storage. We plan to see this phase of market instability through by maintaining our market share and investing further in lower cost manufacturing techniques to ensure our sustained presence in this sector longer term.

2014 WAS A YEAR CHARACTERISED BY SOLID DATA CENTRE RELATED ACTIVITY IN NORTH AMERICA



ACCESS FLOORS

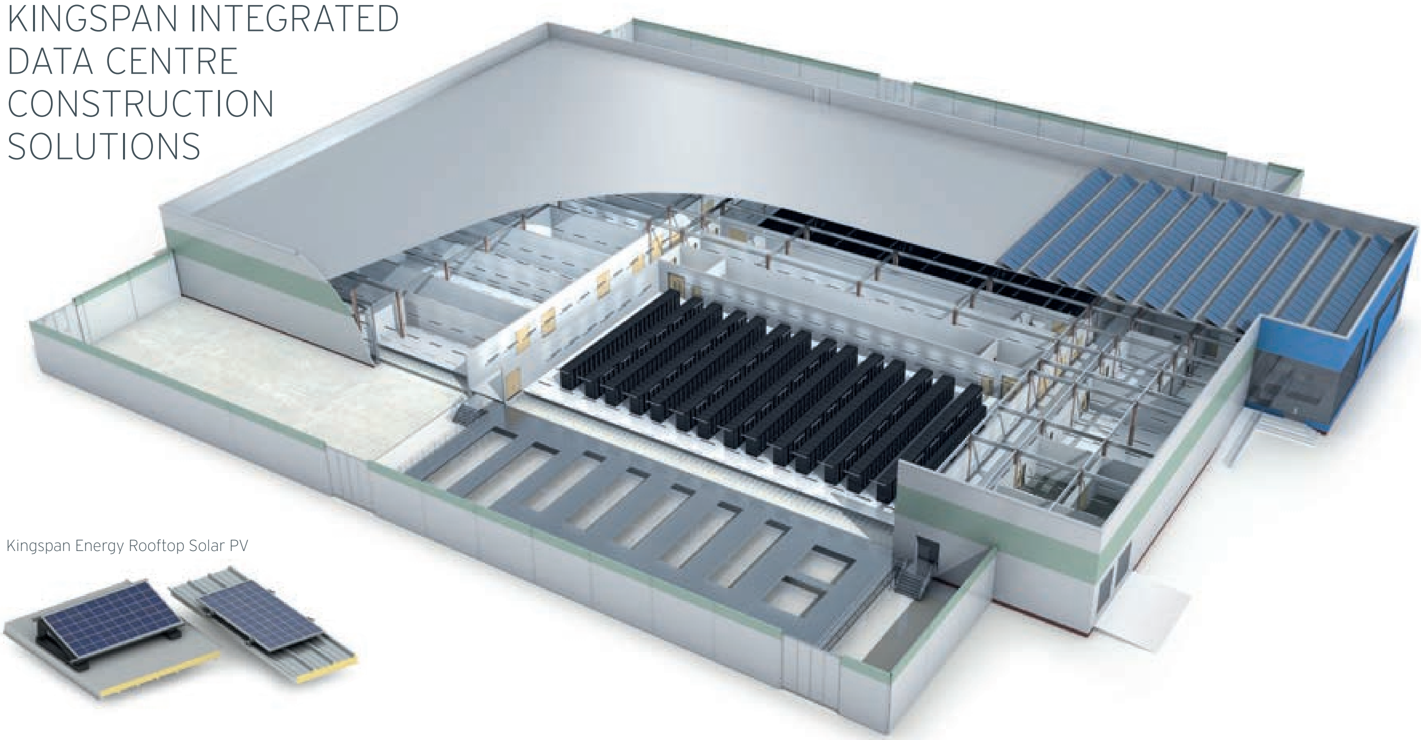
Turnover up 1%[1]	Trading Profit up 12%	Trading Margin up 120bps
€155.1m	€18.2m	11.7%
2013: €154.2m	2013: €16.2m	2013: 10.5%

1 Comprising volume +5%, price/mix -6% and currency impact +2%

ENVIRONMENTAL

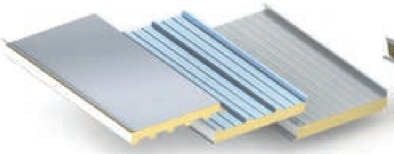
Turnover up 2%	Trading Profit	Trading Margin
€147.6m	€1.2m	0.8%
2013: €144.7m	2013: €1.5m	2013: 1.0%

KINGSPAN INTEGRATED DATA CENTRE CONSTRUCTION SOLUTIONS

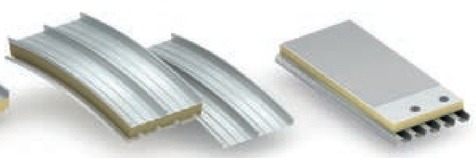


Kingspan Energy Rooftop Solar PV

Kingspan Fire Rated Insulated Roof Panel Systems



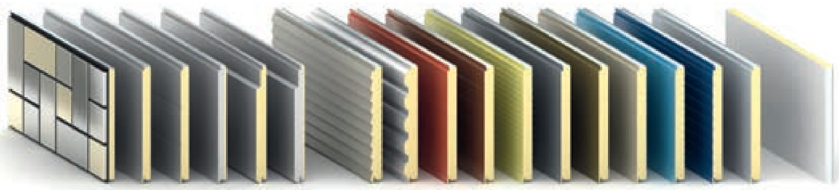
Fire Rated Roof Systems



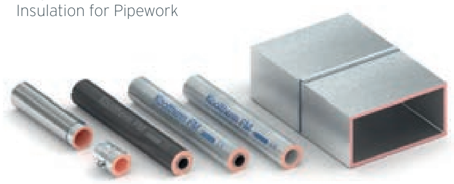
Kingspan Intermediate Floors

BENCHMARK
Fire Rated Façade Systems

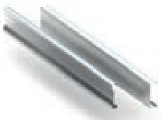
Kingspan Fire Rated
Insulated Architectural Wall Panel Systems



Kingspan Insulated Ductwork &
Insulation for Pipework



Kingspan
Secondary Steelwork



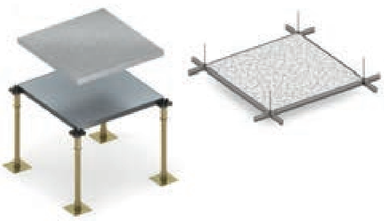
Internal Fire Rated
Compartmentation Wall
& Ceiling Systems

Internal Fire
Rated Doors

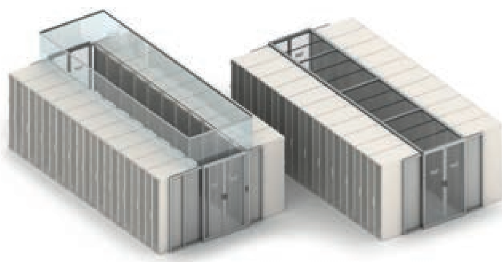
Kingspan Height
Safety Systems

Kingspan LED Lighting Solutions

Kingspan Access Floor Systems



Tate Airflow Cooling Solutions



THE PROCESS OF 'STAYING AHEAD' IS A CENTRAL THEME THROUGHOUT KINGSPAN.

Royal North Shore Hospital, Sydney, Australia

Chief Executive's Review

INNOVATION

The process of 'staying ahead' is a central theme throughout Kingspan.

Much of the emphasis in recent years has focused on 'core' performance, predominately from both a thermal and fire perspective. Kooltherm® remains a key platform for growth, and will in the coming 2-3 years see itself transition to the next generation with notably improved thermal values, from an evolving set of inputs. Optim-R™, our vacuum insulated offering, was launched in 2013. Technically and commercially it is positioned at the very upper end, and as a result, the process of building volume scale in this product can be expected to be gradual.

IPN-QuadCore™ is being developed for a more mainstream Insulated Panel offering. It is a unique Kingspan hybrid formulation that moves rigid foam in Insulated Panels to a completely new level, providing up to 20% in thermal advantage per thickness over the industry average. It will be launched in limited applications by mid-year 2015 and rolled out more globally in the following two years or so.

NET-ZERO ENERGY

A number of years back we set ourselves the goal of achieving Net-Zero Energy status throughout Kingspan by 2020. This entails everything ranging from the procurement of renewable energy to local on-site generation of renewable power. While the rate of expansion of Kingspan in recent years makes the 2020 target more challenging, we remain on plan to reach 50% by the end of 2016. The table above outlines that progress.

Year	Total Energy Use GWh	Total Renewable Energy GWh	NZE %
2012A	317	27	9
2013A	327	60	18
2014A	312	88	28
2015P	334	143	43
2016P	337	181	54
2017P	342	193	56

A=Actual; P=Plan

OUR STRATEGY

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

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

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

Chief Executive's Review

KINGSPAN GROUP NEWS APP

Stay up to date and connected with the new Kingspan News app.

Customers, investors, colleagues and anyone with an interest in Kingspan can now use their iPhone to access breaking global news from across the Kingspan Group and the construction industry in our main markets.

Initially available for iPhone and the iPad, the app will allow users to:

- Get a better understanding of Kingspan activities across the Globe from the shareprice to new product launches
- Access information on the main trends in our market sectors
- Follow links to deeper content
- Filter by region or see everything
- Share stories with others
- Link to Kingspan Group website

ACQUISITIONS

During 2014 we completed three acquisitions for a combined consideration of €114.4m, Dri-Design, a high end architectural façade business in the US, Pactiv Insulation, a rigid foam board producer in the US, and PAL Insulation, a Dubai based supplier of ducting insulation. The recent performance and early integration of those businesses has been most encouraging. Since then, we have entered into agreements to acquire Vicwest Building Products in Canada for C$155m, and Joris Ide Group in Belgium for €315m. Both of these businesses offer Kingspan tremendous growth avenues, in market niches largely untouched by our current brand presence. These transactions are subject to regulatory approval in their respective jurisdictions, and we hope to be in a position to complete these processes during the first half of this year. More recently, earlier this month we bought out the 50% share in Kingspan Tarec Industrial Insulation held by our joint venture partner, Recticel NV, and will now fully integrate this premium performance pipe insulation business into our UK and Belgian Insulation Boards businesses.

Following these transactions, we expect peak net debt/EBITDA to be relatively conservative, at aproximately two times.

LOOKING AHEAD

The positive momentum experienced in late 2014 has carried through into the early part of 2015, and should lead to a solid first quarter notwithstanding a flat January. This is particularly so in the UK, North America, and Germany. Central Europe and Turkey remain somewhat fragile, owing in both cases to the neighbouring political situation, the outcomes of which remain uncertain.

Amongst our 2015 priorities will be the execution of the recently announced Joris Ide acquisition, and that of Vicwest announced late 2014, as well as completing the integration of the businesses successfully acquired during the year. This integration phase is well underway in all three cases, and their outlook is encouraging. Furthermore, maintaining a strong balance sheet will remain the bedrock of our financial strategy.

Energy costs, catalysed by recent oil prices, have been the subject of vast debate in recent months, with no clear consensus on future trends emerging. Whatever that outcome, we live in a time where concern over the future of fossil fuel is unquestionably at an all-time high. From both geopolitical and environmental perspectives, the focus on energy conservation and alternative sources is almost certain to remain relentless. With our unparalleled global solutions portfolio, this backdrop can only be encouraging for Kingspan.

GENE M. MURTAGH

CHIEF EXECUTIVE OFFICER

23 February 2015

Iowa Western Community College, (IWCC), Council Bluffs, IA, USA

THE POSITIVE MOMENTUM EXPERIENCED IN LATE 2014 HAS CARRIED THROUGH INTO THE EARLY PART OF 2015

Financial Review

OVERVIEW OF RESULTS

Group revenue increased by 6% to €1.89bn (2013: €1.78bn) and trading profit increased by 21% to €148.5m (2013: €122.8m) resulting in an improvement of 100 basis points in the Group's trading profit margin to 7.9% (2013: 6.9%). Basic EPS for the year was 62.6 cent (2013: 51.7 cent), representing an increase of 21%.

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

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+6%	-	+1%	+7%
Insulation Boards	+3%	+2%	+3%	+8%
Environmental	-2%	+4%	-	+2%
Access Floors	-1%	+2%	-	+1%
Group	**+4%**	**+1%**	**+1%**	**+6%**

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

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+14%	-	+4%	+18%
Insulation Boards	+29%	+5%	+1%	+35%
Environmental	-16%	-1%	-	-17%
Access Floors	+10%	+2%	-	+12%
Group	**+16%**	**+2%**	**+3%**	**+21%**

CHANGE IN ACCOUNTING POLICY AND RECLASSIFICATION

IFRS 11 'Joint Arrangements' has been adopted as required by IFRS for the year ended 31 December 2014. All comparatives have been restated accordingly. Further details are set out in note 12.

FINANCE COSTS (NET)

Finance costs for the year increased by €0.4m to €14.0m (2013: €13.6m). Finance costs included a non-cash charge of €0.1m (2013: €0.3m) in respect of the Group's legacy defined benefit pension schemes. A net non-cash charge of €0.8m (2013: credit of €0.7m) was recorded in respect of swaps on the Group's USD private placement notes. The Group's net interest expense on borrowings (bank and loan notes) was €13.1m compared to €14.0m in 2013. This decrease reflects lower average net debt levels in 2014 compared to 2013 and favourable financing initiatives undertaken in 2014. The interest expense is driven extensively by gross debt balances with cash yields negligible in the current environment. Average gross debt during the year was €304m (2013: €298m) with average cash balances amounting to €186m (2013: €158m). The average is calculated by reference to the month end position.

NON TRADING ITEMS

The Group recorded a non trading charge of €2.1m (2013: charge of €3.5m) in the year. The charge is a composite item comprising an impairment of €2.1m in respect of certain goodwill within the Environmental division, a loss of €2.7m on the disposal of a property asset and a credit of €2.7m in respect of a surplus deferred consideration accrual on an acquisition made in a prior year. The charge in the prior year is a composite item which is set out in further detail in the Group's 2013 annual report.

TAXATION

The tax charge for the year was €21.0m (2013: €12.8m) which represents an effective tax rate of 16.4% (2013: 13.8%) on earnings before amortization and non trading items.

Sta Christiana School, Rodaun, Austria

Haletra NV, Houthalen-Helchteren, Belgium

DIVIDENDS

The Board has proposed a final dividend of 10 cent per ordinary share payable on 15 May 2015 to shareholders registered on the record date of 24 April 2015. When combined with the interim dividend of 6.25 cent per share, the total dividend for the year increased to 16.25 cent (2013: 14.0 cent), an increase of 16%.

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 €11.7m (2013: €7.7m) as at 31 December 2014 .

KEY PERFORMANCE INDICATORS

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

Key Performance Indicators	2014	2013
Basic EPS growth	21%	18%
Sales growth	6%	10%
Trading margin	7.9%	6.9%
Free cashflow (€m)	109.3	78.2
Return on capital employed	13.4%	12.3%
Net debt/EBITDA	0.66x	0.66x

(A) BASIC EPS GROWTH

The growth in EPS is accounted for by the 21% increase in trading profit, generating a 19% increase in profit after tax.

(B) SALES GROWTH

of 6% (2013: 10%) was driven by a 1% contribution from acquisitions, a 4% increase in underlying sales and a 1% increase due to the effect of currency translation.

(C) TRADING MARGIN

by division is set out below:

	2014	2013
Insulated Panels	8.0%	7.3%
Insulation Boards	8.4%	6.7%
Environmental	0.8%	1.0%
Access Floors	11.7%	10.5%

The Insulated Panels division trading margin reflects an increase in overall margin due to positive overall operating leverage within the division, reflecting increased volume, and a positive business mix oriented towards higher specification industrial and architectural applications. The trading margin improvement in the Insulation Boards division reflects some recovery in overall margin, continuing progression in Kooltherm® volumes and a positive business mix in Mainland Europe. The modest decrease in the Environmental trading margin reflects the relative product mix year on year, in particular a decline in renewables. 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 and data centre product mix.

(D) FREE CASHFLOW

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

	2014 €m	2013 €m
EBITDA*	189.3	162.5
Non-cash items	16.2	5.9
Movement in working capital	(27.7)	(16.1)
Movement in provisions	(6.5)	(5.1)
Net capital expenditure	(40.6)	(36.6)
Property disposal proceeds	9.7	-
Pension contributions	(2.4)	(3.6)
Finance costs	(13.9)	(13.4)
Income taxes paid	(14.8)	(15.4)
Free cashflow	109.3	78.2

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

Working capital at year end was €263.3m (2013: €212.5m) and represents 13.4% (2013: 12.0%) of annual turnover. 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 of steel and chemicals.

(E) RETURN ON CAPITAL EMPLOYED,

calculated as operating profit divided by total equity plus net debt, was 13.4% in 2014 (2013: 12.3%). The creation of shareholder value through the delivery of long term returns well in excess of the Group's cost of capital is a core principle of Kingspan's financial strategy.

(F) NET DEBT TO EBITDA measures

the ratio of debt to earnings and at 0.66x is comfortably less than the Group's banking covenant of 3.5x in both 2014 and 2013.

CAPITAL STRUCTURE AND GROUP FINANCING

The Group funds itself through a combination of equity and debt. Debt is funded through a combination of syndicated bank facilities and private placement loan notes. The primary bank debt facility is a €300m revolving credit facility, with a syndicate of international banks, entered into in April 2012 and amended in March 2014. The facility, which was undrawn at year end, was favourably amended from a pricing perspective with the term extended to March 2019. In December 2014 the Group agreed a €127.5m private placement loan note with equal maturities of 6, 8 and 10 years. These notes will be drawn in March 2015 to fund the repayment of pre-existing loan notes of $158m. In December 2014, the Group agreed bi-lateral facilities of €190m with three banks with a two year maturity which were undrawn at year-end. The Group has two US Private Placement loan notes in issue and the total Private Placement debt outstanding at year-end was $400m. $158m of this matures in March 2015, $42m matures in March 2017 with the balance of $200m maturing in August 2021.

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

Financial Review

NET DEBT

Net debt increased by €18.8m during 2014 to €125.5m (2013: €106.7m). This is analysed in the table below:

Movement in Net Debt	2014 €m	2013 €m
Free cashflow	109.3	78.2
Acquisitions (net of disposal proceeds)	(105.0)	(1.5)
Share issues	5.5	2.8
Dividends paid	(25.3)	(22.0)
Cashflow movement	(15.5)	57.5
Exchange movements on translation	(3.3)	1.0
Decrease / (increase) in net debt	(18.8)	58.5
Net debt at start of year	(106.7)	(165.2)
Net debt at end of year	(125.5)	(106.7)

KEY FINANCIAL COVENANTS

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

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

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

	Covenant	2014 Times	2013 Times
Net debt/ EBITDA	Max. 3.5	0.66	0.66
EBITDA/ Net interest	Min. 4.0	13.5	12.0

FINANCIAL RISK MANAGEMENT

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

INVESTOR RELATIONS

Kingspan is committed to interacting with the international financial community to ensure a full understanding of the Group's strategic plans and its performance against these plans. During the year, the executive management presented at nine capital market conferences and conducted 320 institutional one-on-one and group meetings.

SHARE PRICE AND MARKET CAPITALISATION

The Company's shares traded in the range of €11.23 to €14.67 during the year. The share price at 31 December 2014 was €14.35 (31 December 2013: €13.00) giving a market capitalisation of €2.46 billion (2013: €2.21 billion). Total shareholder return for 2014 was 11.64%.

GEOFF DOHERTY

CHIEF FINANCIAL OFFICER

23 February 2015

Cefn Castell, Criccieth, UK

Risk and 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 currently known to the Directors, or which they currently deem less material, 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 effects on financial results.	The exposure to the cyclicality 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 2014 from €109m to €1,123m, representing 16% and 59% 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 risk is further mitigated by continuing innovation and compelling marketing programmes. The Group has also a deep understanding of changing consumer and industry dynamics in its key markets, enabling Kingspan to respond appropriately to issues which may impact our business performance. In 2014 the Group spent €13.4m on research and development across over 40 projects.

RISK DESCRIPTION	POTENTIAL IMPACT	RISK MITIGATION
PRODUCT FAILURE		
A key risk to Kingspan's business is the potential for functional failure of products. Kingspan's brands are well established in our industry. They represent 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.	Health, safety and security of our people or customers. Brand reputation and / or market share. Adverse effects on financial results	Dedicated structures and processes are in place to manage and monitor product quality controls throughout the business: - The majority of new products go through a certification process which is undertaken by a recognised and reputable authority (for example, in the UK it is the Building Research Establishment, BRE) before it is brought to market. - Our businesses employ quality control specialists and operate strict policies to ensure consistently high standards are maintained in addition to the sourcing and handling of raw materials. - Quality audits are undertaken at our manufacturing sites. - Documented and tested product recall procedures are embedded in all our businesses and regularly reviewed. - Effective training is delivered to our staff. - We proactively monitor the regulatory and legislative environment.
BUSINESS INTERRUPTION (INCLUDING IT CONTINUITY)		
The Group can only carry on business as long as it has the 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 24 plants in the Panels division and 18 plants in the Boards division, one plant provides cover for another. This is further mitigated through consequential loss insurance and business continuity plans which are updated regularly.
CREDIT RISKS AND CREDIT CONTROL		
As part of the overall service package 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 €334.7m expressed net of provision for default in payment. This represents a net risk of 18% of sales. Of these receivables approximately 76% 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 for Kingspan is:

"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.

OUR AIMS

ENVIRONMENT	MARKETPLACE	WORKPLACE	COMMUNITY
Incorporate the ethos of sustainability into the vision and values of the organisation	Continue to invest in research and development focused on high performance building envelopes	Provide a safe and healthy working environment for all employees	Be a responsible member of the communities in which we operate
Strive to achieve Net Zero Energy across the Group and actively reduce the carbon footprint	Conversion of marketplace from traditional insulation and building techniques to high performance solutions	Continually acknowledge that our people are our most important asset and to actively encourage our employees development and training	Continue to make a positive impact and support various initiatives in our local communities
Minimise waste, harmful emissions and water usage associated with the manufacture, distribution and, where possible, the end-of-life management of our products and services	Ensure sustainability is considered in the manufacture of our products through to design, installation, use and end-of-life of buildings	Become a preferred employer in the Building Materials sector	Support a broad range of charitable causes
Consider best practice sustainable building design when constructing or refurbishing manufacturing facilities, and ensuring the sustainable management of all sites	Ensure supply chain accountability and responsible sourcing	Engage with our employees to enhance performance	

STRATEGIC PLANS

ENVIRONMENT	MARKETPLACE	WORKPLACE	COMMUNITY
Achieve Net-Zero Energy. Action plan – "Buy more, generate more, save more"	Ensure 'staying ahead' is a central theme across Kingspan through continued investment in research and development	Keep our people safe - to achieve ISO 180001 accreditation at all manufacturing sites	Ensure our companies are rooted in local communities
'Buy More' through 'green' gas and electricity procurement	Market leader in the field of High Performance Insulation globally, greater emphasis of proprietary and differentiating technologies – enhancing the sustainability of our products	Focus on career development and increasing leadership skills across our workforce through training and development programmes	Continue to meet stakeholder expectations
'Generate More' - Identify further Photovoltaic and Biomass roll-out opportunities	Engage with suppliers to maintain excellent product quality standards	Develop our people to grow with us	Continue to actively encourage employee participation in the local community
Save More' – Kingspan LED systems and heat recovery roll-out	Spread the word on sustainability – to be proactive with legislators	Continued investment in the graduate recruitment programme, adding graduates to the existing talent pool in the organisation	
Reduce waste and manage water usage	Produce safe, high quality, sustainable products – encourage customers to recycle		

ENVIRONMENT

Net-Zero Energy

In 2011, the Group CEO, Gene Murtagh, set the ambitious target of becoming a Net-Zero Energy (NZE) business, which in essence aims to have all facilities running on renewable power by 2020. While the rate of expansion of Kingspan in recent years makes the 2020 target more challenging, we remain on plan and expect to reach 50% by the end of 2016.

Becoming a NZE business is important to Kingspan for a number of reasons, not least as an example to our customers of what can be achieved using the Kingspan suite of technologies. However, there are compelling reasons why all businesses should be working towards Net-Zero. There are obvious environmental and green credential benefits of being energy neutral, as well as the future-proofed compliance with ever more stringent building regulations, but there is also a starker economic case that supports the Net-Zero argument.

For starters, NZE businesses benefit from greatly reduced energy costs. With traditional grid-based prices predicted to soar over the coming decades, finding ways to reduce dependence on external electricity supplies could have a significant impact on the bottom line for businesses. There is also the issue of business continuity. With concerns about grid capacity shortfalls and geopolitical tension, mitigating energy risk represents good corporate governance in the 21st century, and becoming a NZE business improves energy security.

At Kingspan, we follow a defined three-step process to help our customers, and ourselves, to achieve NZE. While the process is always the same, the measures taken vary widely depending on the context of the building: its location, climate, orientation, size, usage and future plans. Simplified, the process involves energy efficiency (EnvelopeFirst), Insulate and Generate followed by off-site generation schemes if necessary. Using these principles it is possible to achieve Net-Zero Energy for almost any building. Indeed with the right planning, it is possible to determine the cost-optimal route to NZE, balancing initial capital cost with lifetime operational costs to determine the most appropriate measures to undertake.

During 2014 28% of the energy used across the Group was from renewable sources (2013: 18%).

Year	Total Energy Use GWh	Total Renewable Energy GWh	NZE %
2012A	317	27	9
2013A	327	60	18
2014A	312	88	28
2015P	334	143	43
2016P	337	181	54
2017P	342	193	56

Corporate Social Responsibility

Some of the key projects undertaken in order to help us achieve our NZE goal in 2014 were;

KINGSPAN INSULATION SELBY UK – Kingspan Insulation took over a 1980's built, 32,000m² production and warehouse facility near Selby, Yorkshire in 2008 to expand its manufacturing capacity. The building Kingspan inherited was old and inefficient. It leaked a lot of heat through the life-expired roof, and was poorly lit by an outdated lighting system. This gave the existing building a very poor EPC rating of 'F'. An extensive refurbishment was essential to help Kingspan Insulation achieve its NZE goal.

The upgrade started with a complete replacement of the existing roof, 30,000m² of high-performance Trapezoidal Roof insulated panels were installed, delivering thermal efficient, low infiltration and weatherproof roof. Approximately 6.8% of the roof was covered in Kingspan Day-Lite Trapezoidal polycarbonate roof lights, the optimum balance to allow plenty of natural daylight to enter the building, without compromising on thermal performance.

With the refurbished roof in place, a team from Kingspan Energy installed a bespoke 15,000m² Rooftop Solar PV system. This 2.5MWp system is expected to generate 2.14GWh of electricity per year; enough to power 500 homes.

Moving to the inside of the building, Kingspan undertook a fundamental redesign of the building's lighting system. Intelligent controls were installed alongside Kingspan Smart-Lite High Bay LED luminaries.

As a result the energy consumption has been drastically reduced and the building now achieves an EPC grade of 'A'. The overall operational cost of the building's lighting has fallen by 91%, with savings generated expected to pay for the installation of the system in just over three years.

KINGSPAN ENVIRONMENTAL PORTADOWN, NORTHERN IRELAND – At the end of 2014, Kingspan Energy installed Northern Ireland's largest rooftop solar PV array on the Kingspan Environmental site in Portadown to help them on their way to achieving their NZE goal. The fully-funded system is expected to generate enough electricity to meet 30% of the site's daytime annual energy demand. Similar to the Selby project, the system was installed in conjunction with the replacement of the life-expired roof at the site. A new, highly energy-efficient insulated panel roof was installed on the building to improve its thermal performance, with the rooftop solar PV system mounted on top.

The 1.3MWp installation is set to generate 1.1GWh of electricity per year; enough to power 258 homes. It consists of 4,844 modules in total, covering 18,000m² of building space.

KINGSPAN INSULATED PANELS UK – During 2014, Kingspan Insulated Panels in the UK completed a major energy efficiency upgrade to their Holywell site through an Energy Performance Contract (EPC) with third parties. The EPC is guaranteed to deliver over 1.1GWh savings which equates to over 10% of the site's electricity use.

At the Sherburn site a major energy efficiency retrofit is underway through an EPC. The energy efficiency measures include a new building management system, Kingspan Smart-Lite LED lighting, a new compressed air system and over 70 new energy meters alongside a sophisticated automatic monitoring and targeting system. Overall the investment will reduce site energy use by almost 15%. A particular highlight is the Kingspan Smart-Lite LED lighting system that has reduced lighting energy demand by 85%. When you add a full roof renovation and a 5MWp solar PV system capable of supplying most of the site's electricity demand the site is well on the way to being Net-Zero Energy.

KINGSPAN INSULATION UK – Currently local anaerobic digester (AD) plants are exporting both heat and power directly into the largest of the Group's Insulation production facilities in Pembridge, UK. The 500KVA electrical input, providing 2GWh annually, has been synchronised with the PV scheme to create a priority system where grid electricity has the lowest demand priority. This site also provides 2GWh per annum of heat energy in the form of hot water which is directed to two recently installed heat recovery systems. Another AD plant will come on stream in early 2015 with additional energy savings accruing from this.

Heat recovery systems have also been installed in Selby and Basildon which will save 6GWh and 2GWh per annum respectively. The Basildon site has also had a replacement energy efficient thermal oil boiler installed, used for process heating. This will reduce site gas consumption by a further 1.9GWh per annum.

KINGSPAN INSULATED PANELS GERMANY – In 2014 the energy consumption of Kingspan Insulated Panels Germany manufacturing site was reduced by over 5GWh. This was due to the installation of new meters and on-going energy efficiency projects including temperature management systems, internal partioning and other refurbishment works.

CARBON DISCLOSURE PROJECT

Each year Kingspan participates in the Carbon Disclosure Project (CDP), thereby publicly disclosing our environmental information. This disclosure covers all our manufacturing sites worldwide. CDP is the world's leading sustainability reporting platform and in 2014 Kingspan were ranked in the top 5 Irish companies by disclosure score and performance score. Our aim is to achieve an 'A' score on the global climate performance leader Index which focuses on companies that achieve performance scores in the highest band.

ISO 50001 ENERGY MANAGEMENT

During 2014 the Insulation Boards flagship facility in Pembridge UK and the Group's corporate headquarters in Kingscourt Ireland were accredited with the ISO 50001 Energy Management System. ISO 50001 is an international standard that provides a framework for establishing energy management best practice to help organisations to improve their energy efficiency. The success at Pembridge and Kingscourt adds to the accreditation achieved by the Insulated Panels site at Holywell in 2013. Similar initiatives are planned for other facilities in 2015.

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.

Currently in the Insulated Panels facility in Kingscourt Ireland, waste insulation is now recycled into the manufacturing process. In Holywell, the main manufacturing hub in the UK, panels that are rejected for quality reasons are either sold as grade B panels or recycled through the baling process. The Insulated Panels are transported to a reclamation facility, where the steel is extracted and recycled, and the waste core is baled and is sent to an Energy from Waste (EfW) power production plant. Each bale weighs approximately 1.5 tonnes and has the ability to generate 850kWh of energy. Kingspan Insulated Panels sites at Holywell, Sherburn and Kingscourt sent no waste to landfill in 2014.

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. In 2014, the Pembridge manufacturing facility achieved 83% landfill avoidance with a target of 97% in place for 2015.

In the Environmental division, the manufacturing site in Portadown is currently achieving a recycling rate of 95%. In 2014 additional emphasis on cardboard recovery and recycling resulted in 68 pallets of cardboard weighing approximately 25 tonnes being recycled.

In the Access Floors division, the facility at Jessup US continued to retain zero landfill status during 2014. 100 tonnes of general waste was sent for incineration to help generate 60MWh of electrical energy. 2014 also saw a further reduction in the landfill waste at the Red Lion site in the US, down to 0.2%. This was achieved through improved cement fill processes which resulted in reduced cement waste sent to landfill. In 2014, 200 tonnes of general waste was sent to incinerators to help generate 120MWh of electrical energy. 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. Water is however consumed during the access floor manufacturing process and in 2014 the conservation of water in the Red Lion facility US amounted to 3.5 million gallons through water recycling. In other business divisions water is mainly used for general catering and sanitation purposes and Kingspan continues to aim to maximise water conservation through the use of rainwater harvesting and other water saving technologies such as sensoring systems and water flow regulators.

MARKETPLACE

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.

SUSTAINABLE PRODUCT DEVELOPMENT

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

Kingspan Insulation has long held a worldwide reputation for innovation and quality when it comes to its extensive range of insulation products. The company was one of the first to recognise the need to provide architects with a range of products that not only insulated, but evolved with the advances in building design to meet both new building regulations and sustainability guidelines. During 2013, Kingspan launched its next generation Optim-R™ insulation. Optim-R™ not only reduces the physical space that needs to be allocated for insulation thanks to its streamlined nature but its innovative design means that it is up to 5 times more efficient than traditional insulation products.

Launched in 2013, Kingspan Energy is focused on providing cost-saving energy solutions for industrial and commercial buildings, offering a range of fully integrated and lifetime warranted rooftop solar photovoltaic (PV) systems. The photovoltaic systems are highly versatile and are suitable for pitched and flat roof applications on new build, retrofit or refurbishment projects. Kingspan Energy have developed a unique offering within the marketplace as all solar PV solutions can be combined with all Kingspan insulated roof panels to provide completely integrated building envelope solutions. During 2014, Kingspan Energy delivered one of the UK's largest rooftop solar photovoltaic system for Jaguar Land Rover's new Engine Manufacturing Centre in the West Midlands, UK and the project case study is outlined herein.

At the end of 2014 Kingspan Insulated Panels launched its ZerO Energy Lighting solution, a system that combines polycarbonate roof lights, LED lighting with smart dimming controls and photovoltaic technology to create a bespoke package, with the aim of helping businesses to eliminate their lighting electricity bills. For every project undertaken Kingspan aim to deliver a payback period of under three years based entirely on capital cost versus energy and maintenance cost. The system will also help to future-proof building owners against upcoming changes to legislation requiring minimum standards for building energy ratings.

IPN Quadcore™ is being developed for a more mainstream Insulated Panel offering. It is a unique Kingspan hybrid formulation that moves rigid foam in Insulated Panels to a completely new level, providing up to 20% thermal advantage per thickness over our industry's average. It will be launched in limited applications by mid-year 2015, then rolled out more globally in subsequent years.

Kingspan is fully committed to developing products that are sustainable throughout their

Kingspan Insulated Panels launched its ZerO Energy Lighting solution

Corporate Social Responsibility

KINGSPAN ENERGY ROOFTOP SOLAR PV

Kingspan Energy Rooftop Solar PV is a versatile solar photovoltaic (PV) system that is suitable for pitched and flat roof applications on new build, retrofit or refurbishment projects.

Jaguar Land Rover Case Study

During 2014, Kingspan Energy was chosen to deliver one of the UK's largest rooftop solar photovoltaic systems for Jaguar Land Rover's new Engine Manufacturing Centre based at i54 South Staffordshire, Wolverhampton, West Midlands.

The premium car manufacturer Jaguar Land Rover is at the forefront of driving sustainability values and responsible use of resources in all areas of their business and these considerations were critically important in the design and build of their new Engine Manufacturing Centre. Jaguar Land Rover also had a strong desire to integrate the most cost-effective and efficient solar photovoltaic (PV) system into the envelope of the new factory building. This would not only provide renewable energy and costs savings but also deliver an attractive return on investment.

Kingspan ENERGY

Kingspan Energy was selected to lead the project from start to finish and in just 11 weeks the team designed and installed the 5.8 MWp photovoltaic system covering 35,000 m^2 of the roof space. The installation includes more than 21,000 of 275 Wp polycrystalline PV modules linked together by over 100 mile of electric cables.

The system is expected to generate 30% of the plant's annual energy requirements with enough output to power more than 1,600 homes. All the electric power generated from the system is free to be used on site and replaces electricity that would otherwise have been purchased from the grid. The system is also expected to save over 2,400 tonnes of CO_2 every year, the equivalent of burning 1,225 tonnes of natural gas.

Expected savings, in terms of lower energy rates and reduced energy consumption from the grid, coupled with the impressive cut in carbon dioxide emissions will distinguish the new Engine Manufacturing Centre as one of the most energy-efficient facilities in the country, powered by renewable energy.

The project sets a remarkable example of how manufacturing companies can embrace large-scale renewable solutions as part of their business strategy to not only enhance their sustainability credentials, but to generate significant savings for their business.

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

ETHICAL PROCUREMENT AND 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 longterm relationships with key suppliers and contractors.

The Kingspan Insulation Boards and Kingspan Insulated Panels divisions aim to have all of their suppliers accredited to the BS EN ISO 9001/14001 and OHSAS 18001. Although not currently compulsory for its suppliers, Kingspan has many long-standing relationships with them and as such they are either working towards this accreditation, or have already achieved it.

WORKPLACE

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.

HEALTH & SAFETY

With over 6,600 employees worldwide, Kingspan is committed to providing a safe and healthy workplace for all employees. Kingspan has a strong reputation for health and safety in the workplace and takes seriously its responsibility for staff welfare.

The 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. OH SAS 18001, in conjunction with increased resources applied to the management of health and safety, has helped to deliver significant improvement in performance. Currently 58% of manufacturing sites are accredited to OH SAS 18001, the internationally recognised Occupational Health and Safety Management System Standard, with plans in place to increase this to 70% by 2016. At a minimum it is a requirement to adhere to all local health and safety laws in the jurisdictions in which we operate.

Health and safety key performance indicators are in place for each business division which are reported to top management on a monthly basis. Where accidents occur they are reported and remedial action immediately taken where necessary.

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.

TRAINING & DEVELOPMENT

To attract and retain the best people it is recognised that we need to invest in their training and development. Each business unit, supported at Group level, takes responsibility for their own training and development programmes covering not only the essential work-related skills, techniques and knowledge but providing the appropriate skills to facilitate career progression into the future.

The Kingspan Insulation division is currently rolling out a programme for employee wellbeing integrating employee involvement and participation in several improvement initiatives. It is aimed at increasing ownership and responsibility for health and safety at all levels in the organisation.

The Environmental division hold regular workshops including a managers' programme and a diversity, respect and dignity workshop.

In North America, the Access Floors division initiated a Behaviour Base Safety Programme which was comprehensively implemented during 2014. Job safety analysis sheets for all operations were developed through employee participation and training was provided at all levels of the organisation.

GRADUATE RECRUITMENT

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

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

Corporate Social Responsibility

AWARDS

In 2014, Kingspan Energy won the Commercial Solar Installation of the Year category at the Solar Power Portal Awards Ceremony in Birmingham for its roof refurbishment and solar PV installation project at the Kingspan Insulation Selby site. The judges said that the project served as an exemplar to others, and were particularly impressed by the energy efficiency rating improvement from an 'F' to 'A'.

Kingspan Insulated Panels UK were awarded the Carbon Trust Standard in 2014 in recognition of the excellent performance of its UK manufacturing sites. The company's sites in Holywell, Sherburn and Walsall were each recognised for various initiatives that actively manage and reduce their carbon emissions. To achieve the Carbon Trust Standard, organisations must be able to both display annual carbon reductions over a period of three years and prove that they have the necessary management procedures, plans and targets in place to continue achieving year-on-year carbon reductions in the future.

In 2014 Kingspan Insulation was named as Australia's most 'Trusted Brand' in the insulation product category, at the biennial Infolink Trusted Brand awards and earned 5th place overall for the most Trusted Brand across all product categories.

Kingspan was once again recognised as one of the leading business brands in the UK in the 2014 Superbrands® league table, the prestigious independent annual listing coordinated by The Centre for Brand Analysis.

COMMUNITY

COMMUNITY RELATIONSHIPS

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

KINGSPAN INSULATION COMMUNITY TRUST

Since its establishment in 2006, Kingspan has donated over £210,000 to the Kingspan Insulation Community Trust which helps to fund community initiatives around Herefordshire, Worcestershire and North Yorkshire in the UK. The main objectives of the fund are to support the conservation, protection and improvement of the physical and natural environment; to encourage biodiversity; to improve the health and fitness of young people through recreation; and to promote road safety.

GIVE & GAIN DAY

For the last five years, Kingspan has been taking part in the "Give & Gain Day" organised by the "Business in the Community" network in the UK. As part of this event, every year, after months of planning, a team from Kingspan Insulated Panels spends a full day working on the grounds of a local school, to make it a better place for its pupils and teachers.

JUNIOR ACHIEVEMENT

Kingspan is proud to be involved with Junior Achievement Ireland which encourages young people to remain in education and helps them develop the skills they need to succeed in a changing world. This year 8 volunteers afforded fantastic learning opportunities to 250 students in 6 local schools through various initiatives. One such initiative was where the third and fourth class pupils from a local school got the opportunity to visit the new Kingspan Environmental wind factory in Carrickmacross, Co. Monaghan. They were given a guided tour and an insight into how wind mills work. They also visited other departments including customer service and finance.

Members of Kingspan Panels at Give & Gain Day 2014, Flintshire's Ysgol Merllyn Primary School

TEAM JOLLY

For the last three years, Kingspan Insulated Panels New Zealand has been sponsoring Olympic gold medal sailors Jo Aleh and Polly Powrie, known as Team Jolly. Following on from their success in London 2012, they went on winning many international titles, including the world title at La Rochelle, France in August 2013 as well as the ISAF sailing World Cup in Mallorca in March 2014.

The New Zealand team recently commented on the support they received from the company -

> "we have been lucky to have support from some amazing sponsors this year. Kingspan have helped us in a big way by sponsoring our new boat. It has made a huge difference for us and we have enjoyed sailing the boat to a few victories this year!"

Team Jolly

SPORT IN THE COMMUNITY

Kingspan Stadium, Belfast, Northern Ireland.

In June 2014, Kingspan Group entered into a 10 year agreement with Ulster Rugby for the naming rights to what is now known as Kingspan Stadium. The former Ravenhill Ground, has recently undergone extensive redevelopment, and plays host to numerous rugby matches each season from under-10 mini rugby right through to the Senior Cup final. It is expected that the agreement will result in significant investment for the game of rugby at all levels within the Province. More information can be found at www.ulsterrugby.com.

Since becoming the main sponsors in 1995 Kingspan have had a long association with Cavan GAA. Our sponsorship sees us exclusively sponsoring the main stadium, Kingspan Breffni Park, located in Cavan town and the men's senior inter-county team. At local level we also give our support to the Kingscourt Stars GAA club, and Kingspan Insulated Panels Poland sponsor the local football club - Powiślanka Lipsko.

Charitable Support

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

IRISH HOSPICE FOUNDATION

THE IRISH HOSPICE FOUNDATION

For the past five years Kingspan have been the main sponsor for the Irish Hospice Foundation's cycle charity fundraiser. In 2014, 47 cyclists took on the trip across Spain as they cycled from San Sebastian to Barcelona tackling some Pyrenees peaks along the way. All the proceeds from the event benefitted the Nurses for Night Care service provided by the Irish Hospice Foundation. Kingspan has already pledged its support to the 2015 cycle challenge from Genoa to Rome. More information can be found at www.hospicefoundation.ie.

Participants in the Irish Hospice Foundation cycle

ARC

Kingspan was pleased once again to support the Arc 10k run in the Phoenix Park in Dublin in May 2014. Arc is a registered charity offering personal support to men and women affected by cancer. The support is holistic and complements medical treatment with counselling, psychological support, complementary treatments and care. Arc services are provided free of charge and further details can be found at www.arccancersupport.ie.

AUSTRALIA COASTREK

In 2014 a team of 4 from the Insulated Panels manufacturing site at St Mary's Sydney undertook the Sydney Coastrek, a 55 kilometre endurance trek along Sydney's coastline. In completing the challenge almost AUS$10,000 was raised for the Fred Hallows Foundation, a charity focusing on blindness prevention in Africa, Asia and Australia.

National Theatre, London, UK
Photo: Philip Vile

Governance

CHAIRMAN'S INTRODUCTION

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

Kingspan 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.

This statement describes how Kingspan has applied the principles of the UK Corporate Governance Code (September 2012), and the Irish Corporate Governance Annex, throughout 2014.

EUGENE MURTAGH

CHAIRMAN

The Board

CHAIRMAN

EUGENE MURTAGH
(Age 72)

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 (17 years, chair).

EXECUTIVES

GENE M. MURTAGH
(Age 43)

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 Panel business and of the Environmental business. He joined the Group in 1993, and has a deep knowledge of all of the Group's businesses and the wider construction materials industry.

Committees: Nominations (7$^{1}/_{2}$ years)

GEOFF DOHERTY
(Age 43)

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 accountants in Dublin. He is a qualified chartered accountant, with extensive experience of capital markets and financial management in an international manufacturing environment.

RUSSELL SHIELS
(Age 53)

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 58)

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 43)

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

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

NON-EXECUTIVES

HELEN KIRKPATRICK M.B.E.*
(Age 56)
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 of UTV Ireland Limited. She is a director of United Dairy Farmers, a non-executive director of Dale Farm Limited and an ex officio member of the Senate of Queen's University Belfast. Helen was formerly a non-executive director of the International Fund for Ireland, Enterprise Equity Venture Capital Group, Crumlin Together Ltd and NI-CO Ltd. She brings her considerable financial and business acumen to the Board and to the Audit Committee.

Committees: Audit (7½ years, chair), Nominations (6 years), Remuneration (6 years), Senior Independent Director.

KIERAN MURPHY*
(Age 56)
M.A., DIP MUSIC

Kieran Murphy was appointed to the Board in March 2012.

Key skills & experience: He is a senior adviser at 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 of University College London Hospitals, 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: Remuneration (1½ years, chair).

LINDA HICKEY*
(Age 53)
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 is also a member of the board of the Irish Blood Transfusion Service. She brings to the Board her considerable knowledge and experience in capital markets and corporate governance.

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

MICHAEL CAWLEY*
(Age 60)
B.COMM., F.C.A.

Michael Cawley was appointed to the Board in May 2014.

Key skills & experience: He is a chartered accountant, and was formerly Chief Operating Officer & Deputy Chief Executive of Ryanair. Prior to joining Ryanair he had experience in a number of different distribution and manufacturing industries, including as Finance Director of the Gowan Group, one of Ireland's largest private companies. He is chairman of Fáilte Ireland, and also a non-executive director of Paddy Power plc, and Ryanair Holdings plc. He brings to the Board extensive international financial and business experience.

Committees: Audit (½ year), Remuneration (½ year).

JOHN CRONIN*
(Age 55)

John Cronin was appointed to the Board in May 2014.

Key skills & experience: He is a qualified solicitor, and chairman and partner of McCann FitzGerald. He has many years' experience in banking, structured finance and capital markets matters, and is a member of the International Bar Association. He brings valuable legal, corporate governance and capital markets experience to the Board.

Committees: Nominations (½ year).

SECRETARY

LORCAN DOWD
(Age 46)

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 2014.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

Group turnover for the year ended 31 December 2014 was €1.89bn (2013: €1.78bn), trading profit was €148.5m (2013: €122.8m), profit after tax was €106.5m (2013: €89.1m), and earnings per share were 62.6 cent (2013: 51.7 cent).

An interim dividend of 6.25 cent per share was paid to shareholders on 26 September 2014 (2013: 5.5 cent). The Directors are recommending a final dividend of 10 cent per share for the year ended 31 December 2014 (2013: 8.5 cent), giving a total dividend for the year of 16.25 cent (2013: 14.0 cent). The final dividend if approved at the Annual General Meeting will be paid on 15 May 2015 to shareholders on the register at close of business on 24 April 2015.

The Group's key financial performance indicators are set out in the Financial Review, and the financial statements for the year ended 31 December 2014 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 2014. The key points include:

- Revenue up 6% to €1.89bn.
- Trading profit up 21% to €148.5m.
- Group trading margin of 7.9%, an increase of 100bps.
- Basic EPS up 21% to 62.6 cent.
- Final dividend per share of 10 cent. Total dividend for the year up 16% to 16.25 cent.
- An increase in net debt to €125.5m (2013: €106.7m). Net debt to EBITDA of 0.66x (2013: 0.66x).
- Increase in ROCE by 110bps to 13.4% (2013:12.3%).
- Insulated Panels sales and trading profit up 7% and 18% respectively, reflecting strong margin improvement, particularly in the United Kingdom, North America, Australasia, and Kingspan Energy, our integrated solar panel business.
- Insulation Boards sales and trading profit up 8% and 35% respectively, owing to robust performance in both the UK and Benelux markets, and the continued growth of Kooltherm's® market presence more widely.
- A positive datacentre activity backdrop was beneficial to Access Floors in the Americas, and improving office volume in the UK led to overall sales in line with prior year (H2 +7%) and trading profit up 12%.
- Stability at the Environmental division remained the priority, and the many new initiatives underway should lead to profit growth in 2015.
- Three acquisitions were completed during the year: Dri-Design, a high end architectural façade business in the US, Pactiv Insulation, a rigid foam board producer in the US, and PAL Insulation, a Dubai based supplier of ducting insulation. Combined consideration for these was €114.4m.

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;
- Product failure;
- Failure to innovate;
- 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 2014, the Group's research and development expenditure amounted to €13.4m (2013: €13.7m). Research and development expenditure is generally written off in the year in which it is incurred. During 2014 Kingspan's continuing investment in research and development involved multiple 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, IPN-Quadcore™, microwind, parkdek, an extended range of daylighting systems and Kreate façade solutions, new access floor finishes and an expansive range of data center airflow management products.


Student Castle, Manchester, UK

Report of the Directors

CORPORATE GOVERNANCE
The Directors are committed to achieving the highest standards of corporate governance. A statement describing how Kingspan has applied the principles of good governance set out in the UK Corporate Governance Code (September 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. Michael Cawley and John Cronin were appointed as non-executive directors with effect from 1 May 2014 and David Byrne and Brian Hill retired as non-executive directors on the same date. Kieran Murphy has informed the Board that he has decided not to seek re-election as a director when his current three year term concludes at the Annual General Meeting next May.

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.

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 2014 is set out in the Shareholder Information section in this Annual Report.

FINANCIAL INSTRUMENTS
In the normal course of business, the Group has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk, and credit risk.
The Company's financial risk objectives and policies are set out in note 20 of the financial statements. The Company's policies relating to hedging are set out in note 1 of the financial statements.

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

DIRECTORS' & SECRETARY'S INTEREST IN SHARES
The beneficial interests of the Directors and Secretary and their spouses and minor children in the shares of the Company at the end of the financial year are as follows:

	31 December 2014	31 December 2013
Eugene Murtagh	30,018,000	30,000,000
Gene M. Murtagh	1,128,999	1,128,999
Geoff Doherty	207,432	150,692
Russell Shiels	368,307	353,307
Peter Wilson	268,812	234,898
Gilbert McCarthy	247,637	227,637
Helen Kirkpatrick	26,000	26,000
Kieran Francis Murphy	0	0
Linda Hickey	5,000	5,000
Michael Cawley*	20,000	0
John Cronin*	3,000	0
Lorcan Dowd	3,132	2,310
	32,296,319	32,128,843

* Appointed 01/05/2014

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 20 February 2015, there had been no changes in the Directors' and Secretary's interests in shares since the 31 December 2014.

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 2014, 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
On the 27 January 2015 Kingspan announced that it had entered into an agreement to acquire 100% of the shares of Steel Partners NV, the holding company of the Joris Ide Group. The consideration is expected to be circa €315m and will be satisfied in part by the issue of three million shares in Kingspan Group plc to one of the vendors. The acquisition remains subject to regulatory approval. There have been no other significant events since 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

23 February 2015

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 eight 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.

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

- Adopting the Group's rolling 5 year strategic plan and the annual budget;
- Approving all major capital expenditure and material contracts, acquisitions and disposals of businesses and other assets;
- Appointment of senior executives and succession planning;
- On recommendation of the Remuneration Committee determining the remuneration for executive directors, secretary and non-executive directors;
- Reviewing management's corporate and financial performance;
- Overall review of the Group's internal controls.

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

As part of the performance evaluation process the Chairman meets at least once annually with the non-executive directors without the executive directors being present to review the performance of the Board, the conduct of Board meetings and committee meetings, and the general corporate governance of the Group. In addition, the non-executive directors, led by the senior independent director, meet annually without the Chairman present to appraise the workings of the Board.

Attendance at Board and Committee Meetings

	Board		Audit		Nominations		Remuneration	
	A	B	A	B	A	B	A	B
Eugene Murtagh	8	8			1	1		
Gene M. Murtagh	8	8			1	1		
Geoff Doherty	8	8						
Russell Shiels	8	7						
Peter Wilson	8	7						
Gilbert McCarthy	8	8						
Helen Kirkpatrick	8	8	4	4	1	1	4	4
Kieran Murphy	8	8					4	4
Linda Hickey	8	8	4	4				
Michael Cawley	7	7	3	3			3	3
John Cronin	7	6						
David Byrne	1	1	1	0	1	1	1	1
Brian Hill	1	1			1	1	1	1

Column A - indicates the number of meetings held during the period the director was a member of the Board and/or committee.
Column B - indicates the number of meetings attended during the period the director was a member of the Board and/or committee.

Kingspan

Corporate Governance Report

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.

THE COMPANY SECRETARY

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

THE SENIOR INDEPENDENT DIRECTOR

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

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. 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.

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: Helen Kirkpatrick, Kieran Murphy, Linda Hickey, Michael Cawley and John Cronin. Helen Kirkpatrick is nominated as the senior independent director of the Company. 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 views Ms Hickey's capital markets experience and her corporate governance expertise as a tremendous asset, and considers her prior knowledge of the Company as a considerable benefit in enabling her to contribute effectively to Board discussions.

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

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

APPOINTMENT TO THE BOARD

All appointments to the Board are made on the recommendation of the Nominations Committee. In addition the Nominations Committee reviews the various committees and makes recommendations to the Board on the appointment of the chairman and the membership of each. The standard terms of appointment of non-executive directors are available, on request, from the Company Secretary. Further details of the activities of the Nominations Committee during the year are set out below.

INFORMATION 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. Individual directors may seek independent professional advice at the expense of the Company in furtherance of their duties as a director. The Group has arranged appropriate insurance cover in respect of legal action against its directors.

The Company has procedures whereby directors (including non-executive directors) receive formal induction and familiarisation with Kingspan's business operations and systems on appointment. 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 2014, the Board's review of its effectiveness was facilitated by Independent Board Review, a division of Independent Audit Limited, using their online assessment service Thinking Board. Their facilitation helped ensure that the review was rigorous and covered the important influences on the Board's effectiveness. As independent advisors, they discussed with the Company the focus and coverage of the Board and committee questionnaires, administered the questionnaires on a confidential basis, analysed the results independently from the Board and management, and presented the findings and their suggestions in a paper which was discussed with the Chairman and provided to the Board.

RE-ELECTION OF DIRECTORS

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

BOARD COMMITTEES

The Board has established the following committees: Audit, Nominations and Remuneration committees. All committees of the Board have written terms of reference setting out their authorities and duties and these terms are available on the Group's website www.kingspan.com. Brief details of these committees, including the chairman and members of each committee, are set out below.

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)
Linda Hickey*	(2013)
Michael Cawley*	(2014)

* 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;
- 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)	(1998)
Gene M. Murtagh	(2007)
Helen Kirkpatrick*	(2009)
Linda Hickey*	(2014)
John Cronin*	(2014)

* 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 2014, both to consider the annual re-election of directors at the Company's Annual General Meeting, and to recommend the appointment of John Cronin and Michael Cawley as non-executive directors to the Board.

The committee considered whether or not to engage a firm of consultants to assist in the process of recruiting new non-executive directors, and agreed that in order to ensure best fit with the Company, it would use the knowledge and contacts of the committee to identify suitable candidates. Using the Board's knowledge and contacts, the committee identified a pool of potential candidates and Mr Cronin and Mr Cawley were considered to be the most suitable. The committee members met with John Cronin and Michael Cawley before agreeing to recommend their 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:

Kieran Murphy (Chair)*	(2013)
Helen Kirkpatrick*	(2009)
Michael Cawley*	(2014)

* 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:

Corporate Governance Report

- 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. Further information regarding the Company's Annual General Meeting is set out in the Other Information Section in this Annual Report.

KEY SHAREHOLDER ENGAGEMENTS 2014

February	Full Year Results 2013
March	Annual Report 2013
May	Interim Management Statement
May	Annual General Meeting 2014
August	Interim Results 2014
November	Interim Management Statement

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 2014 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

As chairman of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2014.

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

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

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

c) is congruent both with the strategy of the Kingspan Group and with the interests of shareholders.

The table below shows the mix between fixed (base salary and pension), and variable performance related pay (annual bonuses and performance share plan incentives). The bonuses earned by the executive directors in respect of the year ended 31 December 2014 are detailed later in this report, and they reflect the achievement of 21% growth in basic earnings per share in Kingspan during the year. In relation to the PSP Awards granted in 2012, Kingspan achieved top quartile TSR performance in its peer group for the fourth cycle in a row, and further details on the vesting of the PSP Awards are set out later in this report.

EXECUTIVE DIRECTORS' REMUNERATION MIX*

*Refers to executive directors as at 31.12.2014.

This report has been prepared having regard to the provisions of Section D of the UK Corporate Governance Code (Sept 2012) and the Irish Corporate Governance Annex.

KIERAN MURPHY
CHAIRMAN, REMUNERATION COMMITTEE

EXECUTIVE DIRECTORS' REMUNERATION PACKAGE

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

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

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

The key elements of the 2015 remuneration package for each of the executive directors, as approved by the Remuneration Committee, are set out below:

Report of the Remuneration Committee

Link to strategy	Current Operation	Maximum Opportunity
BASE SALARY		
To attract and retain skilled and experienced individuals.	Base salaries are reviewed by the Remuneration Committee in November each year. The committee engages a leading firm of independent consultants to carry out a benchmark report of the executive directors' basic and total remuneration packages. Factors taken into account by the committee include the Group's overall performance, the executive directors' role and personal performance, movements in pay generally across the Group and competitive market practice. Where applicable, changes in salary are effective from 1 January.	No prescribed maximum base salary or maximum annual increase. Increases will generally be in line with increases across the Group, but may be higher or lower in certain circumstances to reflect changes in roles and responsibilities, or to allow newly appointed executives to move progressively towards market norms.
BENEFITS		
To provide market competitive benefits.	In addition to their base salaries, executive directors' benefits include life and health insurance and the use by the executive directors of company cars (or a taxable car allowance), in line with typical market practice.	No prescribed maximum level, as benefits depend on individual director circumstances.
PERFORMANCE RELATED BONUS		
To reward achievement of annual performance targets.	Executive directors receive bonus payments based on the attainment of stretching financial targets set prior to the start of each year by the Remuneration Committee. Bonuses are paid on a sliding scale if the targets are met. For 2015, the committee has selected the following performance targets: **CEO & CFO:** Group EPS growth targets over prior year, with maximum bonus being payable on the achievement of 115% of target. **Divisional MDs:** 60% of their bonus opportunity is based on achieving divisional profit growth targets, 40% of their bonus opportunity is payable on the achievement of Group EPS growth targets over prior year, with maximum bonus being payable on the achievement of 115% of target in each case.	The maximum bonus potential is up to 100% of base salary.

Link to strategy	Current Operation	Maximum Opportunity
SHARE OPTIONS		
To align the interests of senior managers and executive directors with those of the Group's shareholders and to provide long term performance based incentives.	**Performance Share Plan** Executive directors are entitled to participate in the Group's Performance Share Plan (PSP). Under the terms of the PSP, performance shares are awarded to the executive directors and the senior management team. The performance shares will vest after three years only if the Company's underlying performance has improved during the vesting period, and if certain performance criteria are achieved over the vesting period. For 2015 grants, the committee has selected the following performance targets: • Up to 50% of the award will vest (on a sliding scale) on achievement of average EPS growth of between CPI plus 5% (below which no performance shares will vest) and CPI plus 10% (where all will vest). • Up to 50% of the award will vest (on a sliding scale) on achievement of total shareholder return (TSR) compared to a selected peer group, where no performance shares vest if performance is below the median and 50% vest if performance is at or above 75th percentile point, compared with the selected peer group. • A further Exceptional Performance Award (not exceeding 25% of the individual's total award) 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. The Performance Share Plan was approved by shareholders in May 2008. The percentage of share capital which can be issued under the PSP complies with IAIM guidelines, and may not, when aggregated with all other options or awards granted over the preceding 10 year period, exceed 10% of the issued share capital of the Company (or 3% over 3 years). Details of PSP Awards granted to the executive directors are set out in the table later in this Remuneration Report.	The maximum value of any PSP Award may not, at the date of grant, exceed: in the case of the CEO: 100% of base salary, plus 25% Exceptional Performance Award, and in the case of other executive directors: 100% of base salary.
PENSION SCHEME AND OTHER ALLOWANCES		
To attract and retain skilled and experienced individuals.	The Group operates a defined contribution pension scheme for executive directors. Pension contributions are calculated on base salary only. Contributions are determined on an individual basis and take into account a number of factors including age, length of service, and number of years to retirement. Where local legislation imposes a cap on pension contributions, the Company may agree to make a non-pensionable annual payment to the executive, subject to all applicable employee and employer payroll taxes.	No prescribed maximum pension contribution/annual payment. Contributions will depend on individual circumstances.

REMUNERATION TABLE FOR 2014

	Salary and Fees		Performance Bonus[1]		Benefits[2]		Pension Contributions[3]		Total	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000	2014 €'000	2013 €'000	2014 €'000	2013 €'000	2014 €'000	2013 €'000
EXECUTIVE DIRECTORS										
Gene M. Murtagh	**635**	635	**635**	593	**29**	27	**127**	127	**1,426**	1,382
Geoff Doherty	**490**	490	**490**	457	**29**	28	**123**	123	**1,132**	1,098
Russell Shiels[4]	**365**	350	**365**	319	**30**	30	**130**	128	**891**	827
Peter Wilson[4]	**391**	353	**391**	344	**17**	16	**175**	163	**973**	876
Gilbert McCarthy	**375**	360	**375**	257	**18**	16	**75**	72	**843**	705
	2,256	2,188	**2,256**	1,970	**123**	117	**630**	613	**5,265**	4,888
Charge to Consolidated Income Statement for share options and awards									**1,760**	**1,644**
									7,025	6,532
NON-EXECUTIVE DIRECTORS[5]										
Eugene Murtagh[6]	**191**	191	-	-	-	-	-	-	191	191
Helen Kirkpatrick	**85**	85	-	-	-	-	-	-	85	85
Kieran Murphy	**80**	75	-	-	-	-	-	-	80	75
Linda Hickey[6]	**75**	44	-	-	-	-	-	-	75	44
Michael Cawley[7]	**50**	-	-	-	-	-	-	-	50	-
John Cronin[7]	**50**	-	-	-	-	-	-	-	50	-
David Byrne[8]	**28**	84	-	-	-	-	-	-	28	84
Brian Hill[8]	**28**	81	-	-	-	-	-	-	28	81
Tony McArdle[9]	-	31	-	-	-	-	-	-	-	31
	587	591	-	-	-	-	-	-	587	591
Total									**7,612**	7,123

1 Performance related 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 The Group operates a defined contribution pension scheme for executive directors. Certain executives have elected to receive part of their prospective pension entitlement as a non-pensionable cash allowance in lieu of the pension benefit foregone, subject to all applicable employee and employer payroll taxes.
4 Russell Shiels' remuneration has been converted to Euro at the following rate USD: 1.328 (2013: 1.329). Peter Wilson's remuneration has been converted to Euro at the following rate STG: 0.806 (2013: 0.849).
5 Non-executive directors' fees comprise a base fee of €70,000 per annum, plus an additional fee of between €5,000 and €15,000 for membership and/or chairmanship of Board committees.
6 Linda Hickey was appointed as a non-executive director on 1 June 2013.
7 Michael Cawley and John Cronin were both appointed as non-executive directors on 1 May 2014.
8 David Byrne and Brian Hill both retired as non-executive directors on 1 May 2014.
9 Tony McArdle retired as a non-executive director on 9 May 2013.

REVIEW OF REMUNERATION COMMITTEE ACTIVITIES

The Remuneration Committee met 4 times during the year. Each meeting was fully attended by all members of the committee.

Base salary. In October the committee reviewed the base salary of each of the executive directors. 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 cognizance also of other similar sized Irish plcs.

The committee agreed that there would be no increase in the base salaries of the Chief Executive and the Chief Financial Officer (which have remained frozen at 2008 and 2011 levels respectively). The committee approved increases of between 3% and 5% in base salary for each of the Divisional MDs to bring them into line with the peer group median benchmark. Overall, therefore, this represents a 2.3% increase in the total salaries for the executive directors.

Performance related bonus: Annual performance targets for 2014 were set prior to the start of the year, and reflect stretching 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 2014 bonus targets were achieved by each of the executives.

The Chief Executive's and the Chief Financial Officer's annual bonuses were based on Group EPS growth targets over prior year, with maximum bonus being payable on the achievement of 120% of target. Having achieved 21% growth in basic EPS, the committee determined that this target was exceeded, and therefore 100% of the maximum bonus was achieved. For each of the Divisional MDs, up to 60% of their bonus opportunity 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, with maximum bonus being payable on the achievement of 120% of target in each case. Having reviewed each of the division's performance and the Group EPS growth as above, the committee determined that each of the Divisional MDs had achieved their targets therefore each executive achieved 100% of their maximum bonus. In November the committee set challenging performance targets in respect of the 2015 annual performance 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 2012 had been met by reference to EPS and TSR targets over the three year period to 31 December 2014.

The committee noted that Kingspan had achieved top quartile performance in its peer group for the fourth 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 that, as the vesting conditions had been satisfied in full, the PSP Awards granted in 2012 should vest in full. The committee also determined that, as the conditions of the Exceptional Performance Award were partly satisfied, 20% of that award should vest.

In October the committee considered the PSP targets that should apply to future awards and having had regard to the current economic climate and the Group's strategic plan, it determined that a more stretching EPS target should apply. Accordingly the committee agreed that in respect of future awards up to 50% of the award will vest (on a sliding scale) on achievement of average EPS growth of between CPI plus 5% (below which no performance shares will vest) and CPI plus 10% (where all will vest).

The TSR targets remain the same for future awards. The TSR peer group for all PSP Awards granted on or before 31 December 2013 comprise the following companies:

Companie 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	

In 2013, the Remuneration 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 agreed that the following peer group should apply for all PSP Awards granted after 1 January 2014:

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

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

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

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

Non-executive directors: The non-executive directors each receive a fee which is set by the Remuneration Committee and approved by the Board on advice from the independent professional advisors. The basic non-executive director fee is €70,000, and an additional fee of between €5,000 and €15,000 is paid for membership and/or chairmanship of Board committees, to reflect the additional role and responsibilities. Non-executive director fee levels are reviewed annually, and there was no change to the rate of fees paid to the non-executive directors in 2014. The non-executive directors do not have service contracts and do not participate in any bonus or share option schemes. The non-executive directors do not receive any pension or other benefits. There is no provision for compensation for loss of office.

SHARE OPTION TABLE FOR 2014

Director	At 31 Dec 2013	Granted during the year	Exercised or lapsed during the year	At 31 Dec 2014	Option price €	Average option price €	Earliest exercise date	Latest expiry date
Gene M. Murtagh								
Standard Share	200,000	-	(200,000)	-	5.65		23/09/2007	23/09/2014
Option Scheme	36,195	-	-	36,195	10.90		05/09/2008	05/09/2015
	48,115	-	-	48,115	14.18		05/09/2009	05/09/2016
	284,310	-	(200,000)[1]	84,310		12.77		
Performance	495,096	44,097	-	539,193	0.13		27/03/2012	25/02/2021
Share Plan	106,574	11,024	(20,000)	97,598	0.13		27/03/2012	25/02/2021
	601,670	55,121	(20,000)[2]	636,791	0.13	0.13		
Geoff Doherty								
Performance Share Plan	157,584	34,028	(56,000)[3]	135,612	0.13	0.13	01/03/2014	25/02/2021
Russell Shiels								
Standard Share	50,000	-	(50,000)	-	5.65		23/09/2007	23/09/2014
Option Scheme	22,571	-	-	22,571	10.90		05/09/2008	05/09/2015
	15,562	-	-	15,562	14.18		05/09/2009	05/09/2016
	88,133	-	(50,000)[4]	38,133		12.24		
Performance Share Plan	129,584	24,732	-	154,316	0.13	0.13	01/03/2014	25/02/2021
Peter Wilson								
Standard Share	94,614	-	(94,614)	-	5.65		23/09/2007	23/09/2014
Option Scheme	11,884	-	-	11,884	10.90		05/09/2008	05/09/2015
	20,462	-	-	20,462	14.18		05/09/2009	05/09/2016
	126,960	-	(94,614)[5]	32,346		12.97		
Performance Share Plan	238,984	26,660	-	265,644	0.13	0.13	27/03/2012	26/02/2021
Gilbert McCarthy								
Standard Share	20,000	-	(20,000)	-	5.65		23/09/2007	23/09/2014
Option Scheme	15,277	-	-	15,277	10.90		05/09/2008	05/09/2015
	25,000	-	-	25,000	14.18		05/09/2009	05/09/2016
	60,277	-	(20,000)[6]	40,277		12.94		
Performance Share Plan	159,584	26,042	-	185,626	0.13	0.13	02/03/2013	25/02/2021
Company Secretary								
Lorcan Dowd								
Standard Share	7,638	-	-	7,638	10.90		05/09/2008	05/09/2015
Option Scheme	10,000	-	-	10,000	14.18		05/09/2009	05/09/2016
	17,638	-	-	17,638		12.76		
Performance Share Plan	35,480	6,250	-	41,730	0.13	0.13	01/03/2014	25/02/2021

1 Exercised on 26 February 2014. Market value on day of exercise €14.50.

2 Lapsed on 01 March 2014.

3 Exercised on 04 March 2014. Market value on day of exercise €14.53.

4 Exercised on 11 September 2014. Market value on day of exercise €12.74.

5 Exercised (93,416) on 06 March 2014. Market value on exercise date €14.65. Exercised (1,198) on 19 June 2014. Market Value on exercise date €12.35.

6 Exercised on 03 June 2014. Market value on day of exercise €13.00.

The closing price for Kingspan's shares on 31 December 2014 was €14.35, and the Company's shares traded between the range of €11.23 and €14.67 during the year.

GOVERNANCE

Composition: The Remuneration Committee comprises three independent non-executive directors, Kieran Murphy (chairman), Helen Kirkpatrick and Michael Cawley. Brian Hill and David Byrne retired from the committee on 1 May 2014, and Kieran Murphy took over as chairman and Michael Cawley was appointed to the committee on the same date.

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

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

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

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

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

Payment of the annual bonus is deferred until March of the following year after the audited financial statements have been approved, which the committee considers is an appropriate deferral period in a manufacturing environment.

Minimum shareholding requirements: The Remuneration Committee recognises that share ownership is important in aligning the interests of management with those of shareholders. The committee has adopted a policy whereby executive directors are required to build up and retain, within five years of appointment, a minimum holding in Kingspan shares (or fully vested share options) with equivalent market value to 100% base salary. The current shareholdings of the executive directors as a multiple of 2015 salary (as at 31 December 2014) are shown in the table below.

	No. shares held	Multiple of salary
Gene Murtagh	1,128,999	25.5 x times
Geoff Doherty	207,432	6.1 x times
Russell Shiels	368,307	13.4 x times
Peter Wilson	268,812	9.5 x times
Gilbert McCarthy	247,637	9.0 x times

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

Say on pay: Kingspan, as an Irish incorporated company, is not subject to the UK disclosure requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. However, in accordance with Kingspan's commitment to best corporate governance practices and shareholder engagement, the Remuneration Committee 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 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 2014 AGM in relation to the 2013 Directors' Remuneration Report.

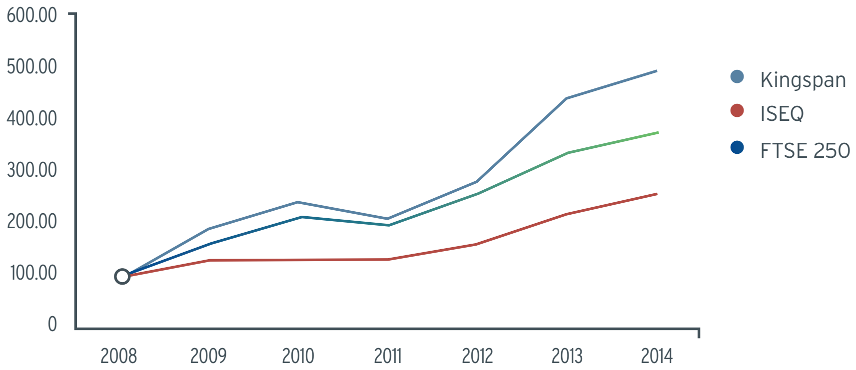
ADVISORY VOTE ON 2013 DIRECTORS' REMUNERATION REPORT

Total votes	For	%	Against	%
123,897,625	122,334,229	98.74	1,563,396	1.26

Performance graph

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

TOTAL SHAREHOLDER RETURNS



Report of the Audit Committee

I am pleased to present the report of the Audit Committee for the year ended 31 December 2014.

The 2012 edition of the UK Corporate Governance Code ("the Code") requires the Audit Committee, where requested by the Board, to advise on whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Code also requires the Audit Committee to report on the significant issues it has considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the external auditor. The Audit Committee is also required to review the Company's risk management and internal controls systems, including in particular internal financial controls.

During the year the committee worked with management, the external auditors, internal audit, and other members of the senior management team in fulfilling its role, and is committed to continuous improvement of financial and risk management across the Group.

The committee has satisfied itself that the 2014 Annual Report and Accounts are fair, balanced and understandable; it did so by a detailed review of these documents and by enquiry of senior financial executives. When its review was completed, the committee advised the Board accordingly.

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.

HELEN KIRKPATRICK
CHAIRMAN, AUDIT COMMITTEE

REVIEW OF AUDIT COMMITTEE ACTIVITIES

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.

Integrity of the financial statements

The committee reviewed, prior to recommending their publication to the Board, the 2014 Annual Report and the preliminary statement of annual results for the year ended 31 December 2014. 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 equipment, warranty provisions, recoverability of trade receivables and valuation of inventory; other matters reviewed included hedge accounting treatment, litigation and other treasury and tax matters.

The committee also reviewed prior to their release, the 2014 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 2014 financial statements, and how they were addressed by the committee are set out below. 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.

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 2014. 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 reviews the businesses covered in the plan and reports its 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 2014. 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 reviews the businesses covered in the plan and reports its 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 2014. 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 reviews the businesses covered in the plan and reports its 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.

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 external professional advice.

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.

Accounting for acquisitions

Total acquisition consideration in 2014 amounted to €114.4m. The committee discussed with management and the external auditors the accounting treatment for newly acquired businesses, including in particular the judgements made, and were satisfied that the treatment in the Company's accounts was appropriate.

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 2013 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 continues 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 2014 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, goodwill impairment, warranty provisions, as well as inventory and receivables.

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 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 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 Company's 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 2014 the total fees paid to the external auditor were €1.7m, of which 24% 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 therefrom.

During the year, the committee carried out a review of the effectiveness of the internal audit function. The review was based on an internal questionnaire and feedback provided by both Group and divisional management. The committee was satisfied that the internal audit function was working effectively, validating existing controls and improving risk management across the Group.

RISK MANAGEMENT

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:

Report of the Audit Committee

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

Internal controls

Following a comprehensive review carried out by the external auditors in 2011 of the business controls across the Group, the committee continued to monitor progress through 2014 of the implementation and remediation strategy in respect of any areas identified as weaknesses in the report. The external auditors, as part of the year-end audit process, updated their report, and the committee discussed the targeted improvements in the internal control system with management. The implementation is being overseen by the Group Chief Financial Officer, and the committee is satisfied that remediation is being properly executed.

GOVERNANCE

Composition: The Audit Committee comprises three independent non-executive directors, Helen Kirkpatrick B.A., F.C.A. (chairman), Linda Hickey, and Michael Cawley. David Byrne retired from the committee on 1 May 2014 and Michael Cawley F.C.A. was appointed to the committee on the same date. 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.

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

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 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.

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 Group and Company financial statements for each financial year. Under that law the directors have to prepare the Group 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 as applied in accordance with the Companies Acts 1963 - 2013. Under company law the Directors must not approve the financial statement unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the Group profit or loss 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 also required by the Transparency (Directive 2004/109/ ECO Regulations 2007 and the Interim Transparency Rules of the Irish Financial Services Regulatory Authority to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

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 Group's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

- the Group financial statements and the Company financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position of the Group and Company at 31 December 2014 and of the profit of the Group for the year then ended; and
- the Report of the Directors contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

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

- 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

23 February 2015

Independent Auditor's Report to the members of Kingspan Group plc

OPINION AND CONCLUSIONS ARISING FROM OUR AUDIT

1 OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements of Kingspan Group plc for the year ended 31 December 2014 as set out on pages 64 to 107. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's affairs as at 31 December 2014 and of 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, 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 2014; 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 our 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 €55.8 million (2013: €57.2 million)

Refer to page 56 (Report of the Audit Committee), page 77 (accounting policy) and note 21 to the 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 and basis of the provisions, the range of potential outcomes, correspondence in relation to specific claims, and relevant settlement history of provisions and claims. We considered the rollout of new technology and products and challenged management's assumptions, considering external data and past settlements, where necessary. We substantively tested material movements in the provision. We also considered the ageing, accounting for movements in the provision balances and the related disclosures to ensure compliance with IAS 37.

Goodwill €475.3 million (2013: €368.5 million)

Refer to page 56 (Report of the Audit Committee), page 74 (accounting policy) and note 10 to the 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 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 and evaluating the assumptions used by the group in the model, specifically the cash flow projections, perpetuity rates and discount rates. We compared the group's assumptions, where possible, to externally derived data and performed our own assessment in relation to key inputs, such as projected economic growth, competition, cost inflation and discount rates, 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 compared the sum of the discounted cash flows to the group's market capitalisation to assess the reasonableness of those projected cash flows. We also assessed whether the disclosures in relation to the key assumptions and in respect of the sensitivity of the outcome of the impairment assessment to changes in those key assumptions were appropriate.

Acquisition accounting (total consideration of €114.4 million (2013: €Nil)

Refer to page 57 (Report of the Audit Committee), page 74 (accounting policy) and note 23 to the financial statements.

The risk

The group has completed three acquisitions in the period. Accounting for the completed transactions involves estimating the fair value at acquisition date of the assets and liabilities of three separate businesses, including the identification and valuation, where appropriate, of intangible assets. Significant judgement is involved in relation to the assumptions used in this valuation process. There is a risk that these assumptions are inappropriate.

Our response

Our audit procedures in this area included an inspection of the legal agreements underpinning each transaction. We assessed the accounting entries used to record each acquisition, the acquisition date balance sheet of each of the acquired entities and the fair value adjustments made thereto. We also challenged the group's critical assumptions in relation to the identification and valuation of intangible assets, considering data available externally, due diligence reports and business case submissions proposing the acquisition made to the board, where possible. We also assessed whether the disclosures made were appropriate.

Inventory €236.5 million (2013: €190.4 million)

Refer to page 57 (Report of the Audit Committee), page 76 (accounting policy) and note 15 to the financial statements.

The risk

Due the nature of the group's business, including the volume of stock held, the project-specific nature of certain products and general technological advancements, there is a risk in respect of obsolescence and consequently the net realisable value of inventory.

Our response

Our audit procedures in this area included assessing management's controls over the management of inventory and the identification of obsolete items. We assessed the net realisable value of inventory by considering both future estimated sales prices and budgeted usage and tested that the net realisable value is expected to be in excess of the carrying cost of this inventory. We recalculated the slow moving inventory provision to assess whether the resulting provisions were 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 €334.7 million (2013: €293.0 million)

Refer to page 57 (Report of the Audit Committee), page 78 (accounting policy) and note 16 to the financial statements.

The risk

The group has significant trade receivables, primarily with customers in the construction industry and there is a risk that the group's provision against receivables is misstated.

Our response

Our audit procedures included assessing management's controls over the credit control and receivables collection processes. We evaluated the receipt of cash received after the year end relating to 31 December 2014 balances and considered 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 the adequacy of the related disclosures.

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

Materiality for the group financial statements as a whole was set at €6.0 million (2013: €5.0 million). This has been calculated using a benchmark of Group profit before taxation (of which it represents 5% (2013: 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 €100,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The structure of the group's finance function is such that certain transactions and balances are accounted for by the central group finance team, with the remainder accounted for in the group's reporting components. We performed audit procedures, including those in relation to the significant risks set out above, on those transactions and balances accounted for at group and component level. At a component level, audits for group reporting purposes were performed for key identified reporting components. Our audits covered 99% of total group revenue, 97% 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 component materiality levels. These component materiality levels were set individually for each component and ranged from €200,000 to €2,000,000. 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. The group audit team also visited certain component locations in order to assess the audit risk and strategy and work undertaken. Telephone conference meetings were also held with these component auditors and certain others that were not physically visited. At these visits and meetings, the findings reported to the group audit team were discussed in more detail, and any further work required by the group audit team was then performed by the component auditor.

4 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 44, in relation to going concern;

the part of the Corporate Governance Statement on pages 45 to 48 relating to the company's compliance with the ten 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 in the report to shareholders by the Board of directors' remuneration.

Independent Auditor's Report

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 Statement of the main features of the internal control and risk management systems in relation to the process for preparing the group financial statements is consistent with the group financial statements.

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 2014 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 page 59, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group and company financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

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

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

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

Our report is made solely to the company's members, as a body, in accordance with section 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
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

23 February 2015

Financial Statements 2014

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

Note		2014 €m	2013 €m
2	**REVENUE**	**1,891.2**	1,776.8
	Cost of sales	**(1,375.1)**	(1,316.8)
	GROSS PROFIT	**516.1**	460.0
	Operating costs, excluding intangible amortisation	**(367.6)**	(337.2)
	TRADING PROFIT	**148.5**	122.8
	Intangible amortisation	**(4.9)**	(3.8)
4	Non trading items	**(2.1)**	(3.5)
	OPERATING PROFIT	**141.5**	115.5
5	Finance expense	**(14.6)**	(14.1)
5	Finance income	**0.6**	0.5
6	**PROFIT FOR THE YEAR BEFORE INCOME TAX**	**127.5**	101.9
8	Income tax expense	**(21.0)**	(12.8)
	NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**106.5**	89.1
	Attributable to owners of Kingspan Group plc	**107.2**	87.6
	Attributable to non-controlling interests	**(0.7)**	1.5
		106.5	89.1
	EARNINGS PER SHARE FOR THE YEAR		
9	Basic	**62.6c**	51.7c
9	Diluted	**61.3c**	50.7c

Gene M. Murtagh, Chief Executive Officer
Geoff Doherty, Chief Financial Officer
23 February 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

Note		2014 €m	2013 €m
	Profit for the year	**106.5**	89.1
	Other comprehensive income:		
	Items that may be reclassified subsequently to profit or loss		
	Exchange differences on translating foreign operations	**58.2**	(31.4)
5	Net change in fair value of cash flow hedges reclassified to income statement	**-**	0.1
	Effective portion of changes in fair value of cash flow hedges	**0.6**	(1.0)
22	Income taxes relating to changes in fair value of cash flow hedges	**(0.1)**	0.1
	Items that will not be reclassified subsequently to profit or loss		
33	Actuarial (losses)/gains on defined benefit pension schemes	**(6.7)**	1.4
22	Income taxes relating to actuarial (losses)/gains on defined benefit pension schemes	**0.8**	(0.3)
	Total other comprehensive income	**52.8**	(31.1)
	Total comprehensive income for the year	**159.3**	58.0
	Attributable to owners of Kingspan Group plc	**159.2**	56.8
	Attributable to non-controlling interests	**0.1**	1.2
		159.3	58.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

Note		2014 €m	2013 (Restated)* €m
	ASSETS		
	NON-CURRENT ASSETS		
10	Goodwill	**475.3**	368.5
11	Other intangible assets	**31.2**	16.2
13	Property, plant and equipment	**497.0**	487.7
12	Investment in joint ventures	**8.4**	8.3
20	Derivative financial instruments	**15.4**	0.7
33	Retirement benefit assets	**4.7**	6.1
22	Deferred tax assets	**7.0**	6.6
		1,039.0	894.1
	CURRENT ASSETS		
15	Inventories	**236.5**	190.4
16	Trade and other receivables	**364.0**	308.1
20	Derivative financial instruments	**11.3**	-
	Cash and cash equivalents	**185.7**	196.6
		797.5	695.1
	TOTAL ASSETS	**1,836.5**	1,589.2
	LIABILITIES		
	CURRENT LIABILITIES		
17	Trade and other payables	**337.2**	285.5
21	Provisions for liabilities	**29.6**	39.9
20	Derivative financial instruments	**0.6**	2.4
19	Deferred contingent consideration	**0.6**	7.5
18	Interest bearing loans and borrowings	**132.7**	6.9
	Current income tax liabilities	**42.6**	37.3
		543.3	379.5
	NON-CURRENT LIABILITIES		
33	Retirement benefit obligations	**16.4**	13.8
21	Provisions for liabilities	**26.2**	17.3
18	Interest bearing loans and borrowings	**204.6**	290.7
20	Derivative financial instruments	**-**	4.5
22	Deferred tax liabilities	**22.1**	23.8
19	Deferred contingent consideration	**14.8**	-
		284.1	350.1
	TOTAL LIABILITIES	**827.4**	729.6
	NET ASSETS	**1,009.1**	859.6
	EQUITY		
24	Share capital	**23.0**	22.7
25	Share premium	**48.4**	43.1
	Capital redemption reserve	**0.7**	0.7
26	Treasury shares	**(30.7)**	(30.7)
	Other reserves	**(63.2)**	(126.1)
	Retained earnings	**1,022.9**	942.0
	EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC	**1,001.1**	851.7
29	**NON-CONTROLLING INTEREST**	**8.0**	7.9
	TOTAL EQUITY	**1,009.1**	859.6

* IFRS 11 has been adopted as required by IFRS for the year ended 31 December 2014. The comparatives for the year ended 31 December 2013 have been restated (refer to Note 12).

Gene M. Murtagh, Chief Executive Officer
Geoff Doherty, Chief Financial Officer
23 February 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Treasury Shares €m	Translation Reserve €m	Cashflow Hedging Reserve €m	Share Based Payment Reserve €m	Revaluation Reserve €m	Retained Earnings €m	Total Attributable to Owners of the Parent €m	Non-Controlling Interest €m	Total Equity €m
Balance at 1 January 2014	22.7	43.1	0.7	(30.7)	(148.0)	(0.7)	21.9	0.7	942.0	851.7	7.9	**859.6**
Transactions with owners recognised directly in equity												
Employee share based compensation	0.3	5.3	-	-	-	-	7.7	-	-	13.3	-	**13.3**
Tax on employee share based compensation	-	-	-	-	-	-	1.1	-	1.1	2.2	-	**2.2**
Exercise or lapsing of share options	-	-	-	-	-	-	(3.8)	-	3.8	-	-	-
Dividends	-	-	-	-	-	-	-	-	(25.3)	(25.3)	-	**(25.3)**
Transactions with owners	**0.3**	**5.3**	**-**	**-**	**-**	**-**	**5.0**	**-**	**(20.4)**	**(9.8)**	**-**	**(9.8)**
Total comprehensive income for the year												
Profit/(Loss) for the year	-	-	-	-	-	-	-	-	107.2	107.2	(0.7)	**106.5**
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss												
Cash flow hedging in equity												
- current year	-	-	-	-	-	0.6	-	-	-	0.6	-	**0.6**
- tax impact	-	-	-	-	-	(0.1)	-	-	-	(0.1)	-	**(0.1)**
Exchange differences on translating foreign operations	-	-	-	-	57.4	-	-	-	-	57.4	0.8	**58.2**
Items that will not be reclassified subsequently to profit or loss												
Defined benefit pension scheme	-	-	-	-	-	-	-	-	(6.7)	(6.7)	-	**(6.7)**
Income taxes relating to actuarial gains/(losses) on defined benefit pension scheme	-	-	-	-	-	-	-	-	0.8	0.8	-	**0.8**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**57.4**	**0.5**	**-**	**-**	**101.3**	**159.2**	**0.1**	**159.3**
Balance at 31 December 2014	**23.0**	**48.4**	**0.7**	**(30.7)**	**(90.6)**	**(0.2)**	**26.9**	**0.7**	**1,022.9**	**1,001.1**	**8.0**	**1,009.1**

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

	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Treasury Shares €m	Translation Reserve €m	Cashflow Hedging Reserve €m	Share Based Payment Reserve €m	Revaluation Reserve €m	Retained Earnings €m	Total Attributable to Owners of the Parent €m	Non-Controlling Interest €m	Total Equity €m
Balance at 1 January 2013	22.5	40.6	0.7	(30.7)	(116.9)	0.1	24.0	0.7	865.2	806.2	7.1	**813.3**
Transactions with owners recognised directly in equity												
Employee share based compensation	0.2	2.5	-	-	-	-	7.2	-	-	9.9	-	**9.9**
Tax on employee share based compensation	-	-	-	-	-	-	(0.2)	-	2.1	1.9	-	**1.9**
Exercise or lapsing of share options	-	-	-	-	-	-	(9.1)	-	9.1	-	-	-
Dividends	-	-	-	-	-	-	-	-	(21.6)	(21.6)	-	**(21.6)**
Transactions with non-controlling interests:												
Buy out of non-controlling interest	-	-	-	-	-	-	-	-	(1.5)	(1.5)	-	**(1.5)**
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(0.4)	**(0.4)**
Transactions with owners	**0.2**	**2.5**	**-**	**-**	**-**	**-**	**(2.1)**	**-**	**(11.9)**	**(11.3)**	**(0.4)**	**(11.7)**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	87.6	87.6	1.5	**89.1**
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss												
Cash flow hedging in equity												
- current year	-	-	-	-	-	(1.0)	-	-	-	(1.0)	-	**(1.0)**
- reclassification to profit	-	-	-	-	-	0.1	-	-	-	0.1	-	**0.1**
- tax impact	-	-	-	-	-	0.1	-	-	-	0.1	-	**0.1**
Exchange differences on translating foreign operations	-	-	-	-	(31.1)	-	-	-	-	(31.1)	(0.3)	**(31.4)**
Items that will not be reclassified subsequently to profit or loss												
Defined benefit pension scheme	-	-	-	-	-	-	-	-	1.4	1.4	-	**1.4**
Income taxes relating to actuarial gains/ (losses) on defined benefit pension scheme	-	-	-	-	-	-	-	-	(0.3)	(0.3)	-	**(0.3)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(31.1)**	**(0.8)**	**-**	**-**	**88.7**	**56.8**	**1.2**	**58.0**
Balance at 31 December 2013	**22.7**	**43.1**	**0.7**	**(30.7)**	**(148.0)**	**(0.7)**	**21.9**	**0.7**	**942.0**	**851.7**	**7.9**	**859.6**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

Note		2014 €m	2013 (Restated)* €m
	OPERATING ACTIVITIES		
31	Cash generated from operations	**168.9**	143.6
	Income tax paid	**(14.8)**	(15.4)
	Interest paid	**(14.5)**	(13.9)
	Net cash flow from operating activities	**139.6**	**114.3**
	INVESTING ACTIVITIES		
	Additions to property, plant and equipment	**(45.4)**	(41.8)
	Proceeds from disposals of property, plant and equipment	**14.5**	5.2
23	Purchase of subsidiary undertakings	**(100.5)**	(1.5)
	Payment of deferred contingent consideration in respect of acquisitions	**(4.5)**	-
	Interest received	**0.6**	0.5
	Net cash flow from investing activities	**(135.3)**	(37.6)
	FINANCING ACTIVITIES		
	(Repayment)/drawdown of bank loans	**(4.3)**	3.8
	Change in finance lease liability	**(0.1)**	(0.4)
	Proceeds from share issues	**5.5**	2.8
	Dividends paid to non-controlling interests	**-**	(0.4)
	Dividends paid	**(25.3)**	(21.6)
	Net cash flow from financing activities	**(24.2)**	(15.8)
	(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(19.9)**	60.9
	Translation adjustment	**9.0**	(4.2)
	Cash and cash equivalents at the beginning of the year	**196.6**	139.9
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**185.7**	196.6
	Cash and cash equivalents as at 1 January were made up of:		
	- Cash and cash equivalents	**196.6**	140.3
	- Overdrafts	**-**	(0.4)
		196.6	139.9
	Cash and cash equivalents as at 31 December were made up of:		
	- Cash and cash equivalents	**185.7**	196.6
	- Overdrafts	**-**	-
		185.7	196.6

* IFRS 11 has been adopted as required by IFRS for the year ended 31 December 2014. The comparatives for the year ended 31 December 2013 have been restated (refer to Note 12).

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

Note		2014 €m	2013 €m
	ASSETS		
	NON-CURRENT ASSETS		
14	Investments in subsidiaries	**1,104.0**	1,100.6
	CURRENT ASSETS		
	Intercompany receivables	**197.5**	207.8
	TOTAL ASSETS	**1,301.5**	1,308.4
	LIABILITIES		
	CURRENT LIABILITIES		
	Payables	**(0.1)**	(0.4)
	TOTAL LIABILITIES	**(0.1)**	(0.4)
	NET ASSETS	**1,301.4**	1,308.0
	EQUITY		
	Equity attributable to owners of Kingspan Group plc		
24	Share capital	**23.0**	22.7
25	Share premium	**48.4**	43.1
	Capital redemption reserve	**0.7**	0.7
26	Treasury shares	**(30.7)**	(30.7)
27	Retained earnings	**1,260.0**	1,272.2
	TOTAL EQUITY	**1,301.4**	1,308.0

Gene M. Murtagh, Chief Executive Officer
Geoff Doherty, Chief Financial Officer
23 February 2015

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Share Capital €m	Share Premium €m	Capital Redemption Reserves €m	Treasury Shares €m	Retained Earnings €m	Shareholders' Equity €m
Balance at 1 January 2013	22.5	40.6	0.7	(30.7)	1,286.7	**1,319.8**
Shares issued	0.2	2.5	-	-	-	**2.7**
Employee share based compensation	-	-	-	-	7.2	**7.2**
Dividends	-	-	-	-	(21.5)	**(21.5)**
Transactions with owners	0.2	2.5	-	-	(14.3)	**(11.6)**
Loss for the year	-	-	-	-	(0.2)	**(0.2)**
Balance at 31 December 2013	22.7	43.1	0.7	(30.7)	1,272.2	**1,308.0**

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 €m	2013 €m
OPERATING ACTIVITIES		
Profit/(loss) for the year before tax	**5.4**	(0.2)
Change in trade and other receivables	-	0.2
Change in payables	**(0.3)**	0.1
Net cash flow from operating activities	**5.1**	0.1
FINANCING ACTIVITIES		
Change in intercompany receivables	**14.7**	18.7
Proceeds from share issues	**5.5**	2.8
Dividends paid	**(25.3)**	(21.6)
Net cash flow from financing activities	**(5.1)**	(0.1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**-**	-
Net increase in cash and cash equivalents	**-**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	**-**	-

1. STATEMENT OF ACCOUNTING POLICIES

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

The Group's principal activities comprise the manufacture of insulated panels, rigid insulation boards, architectural façades, raised access floors, and environmental solutions. The Group's principal subsidiary and joint venture undertakings are set out in the Other Information 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, 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 Income Statement has been expanded to include cost of sales, gross profit and operating costs in order to assist the reader to better understand the components of profit.

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

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 unusual due to their size or incidence.

- '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 2014.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Investment Entities (Amendments to IFRS 10, 12 and IAS 27)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
- IFRIC 21 Levies

The effect of the adoption of IFRS 11 is set out in note 12. The implementation of the standards had no other significant impact on the results or financial position as set out in the Consolidated Financial Statements. .

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 include:

- IAS 19 Amendment: Defined Benefit Plans; Employee Contributions
- Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle
- Amendments to IFRS 11: Accounting for acquisitions of interests in Joint Operations
- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 and IAS 41: Bearer plants
- IAS 27: (Amendments) Equity Method in Separate Financial Statements
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: exception to consolidation

1. **STATEMENT OF ACCOUNTING POLICIES (cont'd)**

- Amendments to IAS 1: Disclosure Initiative
- Annual Improvements to IFRSs 2012-2014 Cycle
- IFRS 15: Revenue from contracts with customer
- IFRS 9 Financial Instruments (2014)

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 financial statements of joint ventures under the equity method of accounting, 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.

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.

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.

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

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.

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.

Joint Ventures
The Group's share of results and net assets of joint ventures, 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 using equity accounting. The Group adopted IFRS 11 'Joint Arrangements' from 1 January 2014 with retrospective application to 2013, as required by the standard. This standard eliminates the previous accounting policy of proportionate consolidation and makes equity accounting mandatory for joint ventures. Under equity accounting, the Group reports only its share of the profit after tax and the net investment in the Joint Ventures.

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 joint ventures, 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 an average rate 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 joint ventures 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 a joint venture that includes a foreign operation while retaining 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 =	**2014**	2013	**2014**	2013
Pound Sterling	**0.806**	0.849	**0.780**	0.833
US Dollar	**1.328**	1.329	**1.215**	1.377
Canadian Dollar	**1.467**	1.369	**1.409**	1.464
Australian Dollar	**1.473**	1.378	**1.483**	1.540
Czech Koruna	**27.534**	25.976	**27.744**	27.401
Polish Zloty	**4.185**	4.195	**4.259**	4.151
Hungarian Forint	**308.69**	296.870	**314.85**	297.080

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.

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

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.

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. Liabilities for uncertain tax positions are recognised based on the Directors best probability weighted estimate of the probable outflow of economic resources that will be required to settle the liability.

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

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

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

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

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

Grants
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.

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.

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. Depreciation is provided on a straight line basis at the rates stated below:

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.

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.

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.

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

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 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.

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

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

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 the following areas:

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

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

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

Guarantees & warranties (Note 21)
Certain products carry formal guarantees of satisfactory functional and aesthetic performance of varying periods following their purchase. Local management evaluate the constructive or legal obligation arising from customer feedback and assess the requirement to provide for any probable outflow of economic benefit arising from a settlement.

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

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

Valuation of inventory (Note 15)
Inventories are measured at the lower of cost and net realisable value. 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 for which the ultimate tax determination is uncertain. The Group recognises liabilities based on estimates of whether additional taxes will be due. Once it has been concluded that a liability needs to be recognised, the liability is measured based on the tax laws that have been enacted or substantially enacted at the end of the reporting period. The amount shown for current taxation includes a liability for tax uncertainties and is based on the Directors best probability weighted estimate of the probable outflow of economic resources that will be required to settle the liability. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

2. SEGMENT REPORTING

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

Operating segments
The Group has the following four operating segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal façades.
Insulation Boards	Manufacture of rigid insulation boards, building services insulation and engineered timber systems.
Environmental	Manufacture of environmental, pollution control and renewable energy solutions.
Access Floors	Manufacture of raised access floors.

Analysis by class of business

Segment revenue	**Insulated Panels €m**	**Insulation Boards €m**	**Environmental €m**	**Access Floors €m**	**Total €m**
Total revenue - 2014	1,111.4	477.1	147.6	155.1	**1,891.2**
Total revenue - 2013	1,036.0	441.9	144.7	154.2	1,776.8

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 2014 €m**	Total 2013 €m
Trading profit	89.2	39.9	1.2	18.2	**148.5**	
Intangible amortisation	(2.7)	(2.0)	(0.2)	-	**(4.9)**	
Non trading items	2.7	(2.7)	(2.1)	-	**(2.1)**	
Operating profit - 2014	89.2	35.2	(1.1)	18.2	**141.5**	
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
Net finance expense					**(14.0)**	(13.6)
Profit for the year before tax					**127.5**	101.9
Income tax expense					**(21.0)**	(12.8)
Net profit for the year					**106.5**	89.1

2. SEGMENT REPORTING (cont'd)

Segment assets	**Insulated Panels €m**	**Insulation Boards €m**	**Environmental €m**	**Access Floors €m**	**Total 2014 €m**	Total 2013 €m
Assets - 2014	801.2	523.3	145.9	146.7	**1,617.1**	
Assets - 2013 (restated)	691.0	412.6	150.6	131.1		1,385.3
Derivative financial instruments					**26.7**	0.7
Cash and cash equivalents					**185.7**	196.6
Deferred tax asset					**7.0**	6.6
Total assets as reported in the Consolidated Statement of Financial Position					**1,836.5**	1,589.2

Segment liabilities	**Insulated Panels €m**	**Insulation Boards €m**	**Environmental €m**	**Access Floors €m**	**Total 2014 €m**	Total 2013 €m
Liabilities - 2014	(244.4)	(116.4)	(36.8)	(27.2)	**(424.8)**	
Liabilities - 2013 (restated)	(212.5)	(87.7)	(38.1)	(25.7)		(364.0)
Interest bearing loans and borrowings (current and non-current)					**(337.3)**	(297.7)
Derivative financial instruments (current and non-current)					**(0.6)**	(6.8)
Income tax liabilities (current and deferred)					**(64.7)**	(61.1)
Total liabilities as reported in the Consolidated Statement of Financial Position					**(827.4)**	(729.6)

Other segment information	**Insulated Panels €m**	**Insulation Boards €m**	**Environmental €m**	**Access Floors €m**	**Total €m**
Capital investment - 2014 *	23.6	28.4	2.2	2.0	**56.2**
Capital investment - 2013 * (restated)	20.5	17.8	2.4	2.1	42.8
Depreciation included in segment result - 2014	(23.5)	(12.4)	(3.2)	(1.7)	**(40.8)**
Depreciation included in segment result - 2013 (restated)	(22.5)	(11.3)	(3.9)	(2.0)	(39.7)
Non-cash items included in segment result - 2014	(1.4)	(2.0)	(2.9)	(0.9)	**(7.2)**
Non-cash items included in segment result - 2013	(3.6)	(1.9)	(7.0)	(0.7)	(13.2)

* 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 - 2014	81.1	687.4	668.0	274.1	180.6	**1,891.2**
Revenue - 2013 (restated)	72.1	595.2	693.2	231.9	184.4	1,776.8
Statement of Financial Position Items						
Non-current assets - 2014	50.5	334.2	284.4	253.5	94.0	**1,016.6**
Non-current assets - 2013 (restated)	53.5	324.5	296.2	149.4	63.2	886.8
Other segmental information						
Capital investment - 2014	2.5	12.6	19.7	11.6	9.8	**56.2**
Capital investment - 2013 (restated)	2.5	15.6	18.5	4.8	1.4	42.8

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

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

3. EMPLOYEES

a) Employee Numbers

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

	2014 Number	2013 Number
Production	**4,053**	3,885
Sales and distribution	**1,527**	1,551
Management and administration	**1,047**	1,003
	6,627	6,439

b) Employee costs, including executive directors

	2014 €m	2013 €m
Wages and salaries	**270.3**	254.5
Social welfare costs	**29.9**	29.0
Pension costs - defined contribution	**9.0**	7.8
Share based payments and awards	**7.7**	7.2
	316.9	298.5
Actuarial losses/(gains) recognised in other comprehensive income	**6.7**	(1.4)
	323.6	297.1

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 2014	2013
Outstanding at 1 January	**4,748,353**	4,859,498
Granted	**800,423**	1,241,438
Forfeited	**(150,754)**	(198,484)
Exercised	**(871,236)**	(1,154,099)
Outstanding at 31 December	**4,526,786**	4,748,353
Of which, exercisable	**1,389,103**	881,938

The Group recognised an expense of €7.7m (2013: €7.2m) 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 €13.88 (2013: €9.94). The weighted average contractual life of share options outstanding at 31 December 2014 is 4.2 years (2013: 4.7 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:

	2014 Awards	2013 Awards
Share price at grant date	€14.53	€8.59
Exercise price per share	€0.13	€0.13
Expected volatility	31%	50%
Expected dividend yield	1.30%	1.43%
Risk-free rate	0.3%	0.3%
Expected life	3 years	3 years

The resulting weighted average fair value of options granted in the year was €11.32 (2013: €6.58).

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

In addition to the PSP scheme, there are also some outstanding options that were granted under a legacy scheme, the Standard Share Option Scheme (SSOS), which has now expired. As at 31 December 2014 there are 946,442 options (2013: 1,743,882) outstanding under this scheme, all of which are currently exercisable at a weighted average price of €12.91 (2013: €10.46). The average remaining life is 1.3 years (2013: 1.7 years). During the current year, 751,384 options were exercised at an average exercise price of €7.19. The average share price on the date of exercise was €14.12. 46,056 options lapsed or were forfeited during the year and there was no income statement expense (2013: Nil) in relation to this scheme.

4. NON TRADING ITEMS

	2014 €m	2013 €m
Deferred consideration no longer payable	**2.7**	-
Impairment of goodwill	**(2.1)**	-
Impairment of property, plant and equipment	**(2.7)**	(6.0)
Reversal of previous impairment	**-**	2.5
	(2.1)	(3.5)

During the year $5.0m deferred consideration was paid relating to the Rigidal business which was acquired in 2012. The remaining provision for deferred consideration has been released as the associated EBITDA targets were not achieved.

The goodwill impairment relates to a business within the Environmental segment. See note 10 for further details.

The impairment of property, plant and equipment in 2014 relates to a loss made on the disposal of an industrial building in Poland for €9.75m.

The non trading items in respect of prior year are disclosed in note 4 to the Group's 2013 annual report.

The tax effect of the above items was a credit of €0.4m (2013: credit of €1.4m). The income tax expense for the year in the Consolidated Income Statement includes the impact of this effect.

5. FINANCE EXPENSE AND FINANCE INCOME

	2014 €m	2013 €m
Finance expense		
Bank loans	**2.1**	2.8
Private Placement	**11.6**	11.7
Fair value movement on derivative financial instruments	**(31.4)**	17.9
Fair value movement on private placement debt	**32.2**	(18.6)
Net defined benefit pension scheme	**0.1**	0.3
	14.6	14.1
Finance income		
Interest earned	**(0.6)**	(0.5)
Net finance cost	**14.0**	13.6

No borrowing costs were capitalised during the year (2013: €nil).

No costs were reclassified from Other Comprehensive Income to profit during the year (2013: €0.2m).

6. PROFIT FOR THE YEAR BEFORE TAX

	2014 €m	2013 €m
The profit for the year is stated after charging / (crediting):		
Distribution expenses	**90.7**	84.5
Operating lease payments	**4.0**	4.3
Product development costs (total, including payroll)	**13.4**	13.7
Depreciation	**40.8**	39.7
Amortisation of intangible assets	**4.9**	3.8
Foreign exchange loss/(gain)	**2.1**	(0.3)
Loss/(Profit) on sale of property, plant and equipment	**2.9**	(2.6)

Analysis of total auditor's remuneration for audit services

	2014 €m	2013 €m
Audit of Group (KPMG Ireland)	**0.6**	0.6
Audit of other subsidiaries (KPMG Ireland)	**-**	-
Audit of other subsidiaries (other KPMG offices)	**0.7**	0.7
	1.3	1.3

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

	2014 €m	2013 €m
Tax compliance and advisory services (KPMG Ireland)	**0.2**	0.1
Tax compliance and advisory services (other KPMG offices)	**0.2**	0.3
	0.4	0.4

7. DIRECTORS' REMUNERATION

	2014 €m	2013 €m
Fees	**0.6**	0.6
Other emoluments	**4.6**	4.3
Pension costs	**0.6**	0.6
Cost of share based payments and awards	**1.8**	1.6
	7.6	7.1

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

8. INCOME TAX EXPENSE

	2014 €m	2013 €m
Tax recognised in the Consolidated Income Statement		
Current taxation:		
Current tax expense	**20.5**	13.5
Adjustment in respect of prior years	**(0.7)**	(3.3)
	19.8	10.2
Deferred taxation:		
Origination and reversal of temporary differences	**1.2**	4.1
Effect of tax rate change	**-**	(1.5)
	1.2	2.6
Income tax expense	**21.0**	12.8

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:

	2014 €m	2013 €m
Profit for the year	**127.5**	102.0
Less share of profit of jointly controlled entities	**(0.6)**	-
Profit for the year	**126.9**	102.0
Applicable notional tax charge (12.5%)	**15.9**	12.7
Expenses not deductible for tax purposes	**4.4**	2.8
Net effect of differing tax rates	**3.3**	0.3
Utilisation of unprovided deferred tax assets	**(2.9)**	(0.6)
Impact of change in tax rates	**-**	(1.5)
Other items	**0.3**	(0.9)
Total income tax expense	**21.0**	12.8

The total tax charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Group operates. No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%.

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

The total value of deductible temporary differences which have not been recognised is €12.5m (2013: €12.5m) consisting mainly of tax losses forward. €1.6m 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

	2014 €m	2013 €m
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	**107.2**	87.6

	Number of shares ('000) 2014	Number of shares ('000) 2013
Weighted average number of ordinary shares for the calculation of basic earnings per share	**171,128**	169,468
Dilutive effect of share options	**3,621**	3,559
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**174,749**	173,027

	2014 € cent	2013 € cent
Basic earnings per share	**62.6**	51.7
Diluted earnings per share	**61.3**	50.7
Adjusted basic (pre amortisation and non trading items) earnings per share	**66.6**	54.7

The number of options which are anti-dilutive and have therefore not been included in the above calculations is 589,484 (2013: 1,139,686).

10. GOODWILL

	2014 €m	2013 (Restated) €m
At 1 January	**368.5**	384.0
Additions relating to current year acquisitions (note 23)	**78.9**	-
Impairment	**(2.1)**	-
Net exchange difference	**30.0**	(15.5)
Carrying amount 31 December	**475.3**	368.5
At 31 December		
Cost	**540.9**	432.0
Accumulated impairment losses	**(65.6)**	(63.5)
Net carrying amount	**475.3**	368.5

Cash-generating units

Goodwill acquired through business combination activity has been allocated to cash-generating units (CGUs) that are expected to benefit from synergies in that combination. The CGUs represent the lowest level within the Group at which the associated goodwill is monitored for internal management reporting purposes, and are not larger than the operating segments determined in accordance with IFRS 8 Operating Segments. A total of 7 (2013: 11) CGUs have been identified and these are analysed between the four business segments in the Group as set out below. The decrease in the number of CGUs in 2014 follows a review carried out during the year. All businesses within the various CGUs exhibit similar and/or consistent profit margin and asset intensity characteristics. Assets and liabilities have been assigned to the CGUs on a reasonable and consistent basis.

	Cash-generating units		Goodwill (€m)	
	2014	2013	**2014**	2013
Insulated Panels	**3**	5	**196.4**	159.1
Insulation Boards	**1**	3	**149.7**	88.0
Environmental	**1**	1	**50.4**	49.7
Access Floors	**2**	2	**78.8**	71.7
Total	**7**	11	**475.3**	368.5

Impairment testing methodology and results

Goodwill is subject to impairment testing on an annual basis. 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 budgets and years 2-5 extracted from the strategic plans. The cash flow projections are based on projected results of the individual cash generating units. They include assumptions regarding future organic growth. Cash flows after year 5 are assumed to continue in perpetuity at a rate of 2%, reflecting inflation but no other growth. The use of cash flows in perpetuity is considered appropriate in light of the Group's established history of earnings growth and cash flow generation, its strong financial position, its demonstrated ability to make earnings enhancing acquisitions and the nature of the industry in which the Group operates.

The value-in-use represents the present value of the future cash flows, including the terminal value, discounted at a rate appropriate to each CGU. The real pre-tax discount rates used range from 8.1% to 9.5% (2013: 9.3% to 10.3%); these rates are based on the Group's estimated weighted average cost of capital.

The 2014 annual goodwill impairment testing process resulted in no impairment being recorded as the value-in-use exceeded the carrying value of each CGU. However, in the case of a business unit within the Environmental segment an impairment charge of €2.1m has been recorded. This follows trading volumes falling short of projections such that the associated goodwill is no longer considered recoverable.

Key sources of estimation uncertainty

The cash flows have been arrived at taking account of the Group's strong financial position, its established history of earnings and cash flow generation and the nature of the insulation industry. However, expected future cash flows are inherently uncertain and are therefore liable to material change over time. The key assumptions employed in arriving at the estimates of future cash flows are subjective and include projected EBITDA margins, net cash flows, discount rates used and the duration of the discounted cash flow model.

Significant goodwill amounts

The goodwill allocated to the Panels Western Europe, Panels North America and Insulation Boards CGUs accounts for 72% of the total carrying amount of €475.3m. The goodwill allocated to each of the remaining CGUs is less than 15% of the total carrying value in all other cases. The additional disclosures required for the three CGUs with significant goodwill are as follows:

	Panels Western Europe		Panels North America		Insulation Boards	
Goodwill (€m)	**86.4**	81.0	**105.2**	73.2	**149.7**	89.4
Discount rate (%)	**8.1**	9.3	**9.5**	9.3	**8.1**	9.3
Excess of value-in-use over carrying amount (€m)	**903.8**	597.3	**65.5**	60.3	**617.1**	169.3

10. GOODWILL (cont'd)

Panels Western Europe, Panels North America and Insulation Boards are not included in the CGUs referred to in the "Sensitivity analysis" section below. Given the magnitude of the excess of value-in-use over carrying amount, it is not considered reasonably possible that there would be a change in the key assumptions such that the carrying amount would exceed value-in-use. Consequently no further disclosures are considered to be warranted for these CGUs.

Sensitivity analysis

Sensitivity analysis has been performed and results in additional disclosures in respect of 1 of the 7 CGUs. The key assumptions, methodology used and values applied to each of the key assumptions for this CGU are in line with those outlined above. This CGU had goodwill of €50.4m at 31 December 2014. The table below identifies the amount by which each of the following assumptions would need to change to arrive at a zero excess of the present value of the future cash flows over the book value of net assets.

Reduction in operating margin	1.0 percentage points
Increase in pre-tax discount rate	1.3 percentage points

The average operating margin for the CGU over the initial 5-year period is projected to be 5.2%. The value-in-use is €135m, resulting in an excess over carrying value at 31 December 2014 of €28.3m.

11. OTHER INTANGIBLE ASSETS

	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
As at 31 December 2014				
Cost	**20.1**	**42.8**	**9.8**	**72.7**
Accumulated depreciation and impairment charges	**(11.1)**	**(23.6)**	**(6.8)**	**(41.5)**
Net carrying amount	**9.0**	**19.2**	**3.0**	**31.2**
At 1 January 2014, net carrying amount	3.8	11.9	0.5	**16.2**
Acquisitions through business combinations (note 23)	6.2	8.9	3.1	**18.2**
Additions	-	-	0.4	**0.4**
Amortisation charge for year	(1.4)	(2.2)	(1.3)	**(4.9)**
Effect of movement in exchange rates	0.4	0.6	0.3	**1.3**
At 31 December 2014, net carrying amount	9.0	19.2	3.0	**31.2**

	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
As at 31 December 2013				
Cost	13.0	32.4	5.5	50.9
Accumulated depreciation and impairment charges	(9.2)	(20.5)	(5.0)	(34.7)
Net carrying amount	3.8	11.9	0.5	16.2
At 1 January 2013, net carrying amount	5.1	13.8	1.4	20.3
Amortisation charge for year	(1.3)	(1.7)	(0.8)	(3.8)
Effect of movement in exchange rates	-	(0.2)	(0.1)	(0.3)
At 31 December 2013, net carrying amount	3.8	11.9	0.5	16.2

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

12. JOINT VENTURES

The Group adopted IFRS 11 'Joint Arrangements' from 1 January 2014 with retrospective application to 2013, as required by the standard. Previously the Group reported its share of the results from jointly controlled entities separately on each line of the Income Statement and its share of the assets and liabilities separately on each line of the Statement of Financial Position.

The standard now requires that the Group report only its share of the profit after tax and the net investment in the Joint Ventures. The share of the profit after tax from Joint Ventures for the year ending 31 December 2014 was €0.6m (2013: €0.01m).

Due to the relative size of these amounts, the share of results from Joint Ventures has been included within the Operating Costs line of the Income Statement.

The effect of adoption of IFRS 11 on the individual line items in the 2013 Statement of Financial Position and the Statement of Cash Flows is as follows:

	Pre-IFRS 11 Restatement €m	IFRS 11 Restatement €m	Post-IFRS 11 Restatement €m
Assets			
Non-Current Assets	891.3	2.8	894.1
Current Assets	703.2	(8.1)	695.1
Liabilities			
Current Liabilities	(383.1)	3.6	(379.5)
Non-Current Liabilities	(351.8)	1.7	(350.1)
Net assets	859.6	-	859.6

	Pre-IFRS 11 Restatement €m	IFRS 11 Restatement €m	Post-IFRS 11 Restatement €m
Net cash flow from operating activities	127.7	(13.4)	114.3
Net cash flow from investing activities	(37.7)	0.1	(37.6)
Net cash flow from financing activities	(29.7)	13.9	(15.8)
Net increase in cash and cash equivalents	60.3	0.6	60.9
Translation	(4.2)	-	(4.2)
Cash and cash equivalents at beginning of year	141.2	(1.3)	139.9
Cash and cash equivalents at end of year	197.3	(0.7)	196.6

13. PROPERTY, PLANT AND EQUIPMENT

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

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

	Land and buildings €m	Plant and machinery €m	Motor vehicles €m	Total €m
As at 31 December 2013 (Restated)				
Cost	363.8	706.6	13.6	1,084.0
Accumulated depreciation and impairment charges	(96.7)	(489.4)	(10.2)	(596.3)
Net carrying amount	267.1	217.2	3.4	487.7
At 1 January 2013, net carrying amount	277.4	222.3	4.1	503.8
Acquisitions through business combinations (note 23)	(1.0)	-	-	(1.0)
Additions	4.3	37.8	1.7	43.8
Disposals	(1.4)	(0.8)	(0.4)	(2.6)
Reclassification	(0.5)	1.0	(0.5)	-
Reanalysed from "held for sale"	0.4	-	-	0.4
Depreciation charge for year	(8.7)	(29.6)	(1.4)	(39.7)
Impairment charge for year	-	(5.6)	-	(5.6)
Effect of movement in exchange rates	(3.4)	(7.9)	(0.1)	(11.4)
At 31 December 2013, net carrying amount	267.1	217.2	3.4	487.7

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

Net Book Value	€0.4m	(2013: €6.7m)
Depreciation	€0.5m	(2013: €0.2m)

Included within the cost of land and buildings and plant and machinery are assets in the course of construction to the value of €0.1m and €9.0m respectively (2013: €0.2m and €25.0m). These assets have not yet been depreciated.

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

14. INVESTMENTS IN SUBSIDIARIES

Company	**2014 €m**	2013 €m
At 1 January	**1,100.6**	1,093.4
Share options and awards	**3.4**	7.2
At 31 December	**1,104.0**	1,100.6

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

	2014 €m	2013 (Restated) €m
Raw materials and consumables	**182.6**	145.1
Work in progress	**5.5**	5.5
Finished goods	**76.1**	66.4
Inventory impairment allowance	**(27.7)**	(26.6)
	236.5	190.4

A total of €1.16bn (2013: €1.09bn) of inventories was included in the Consolidated Income Statement as an expense. This includes a net income statement charge of €0.4m arising on the inventory impairment allowance (2013: charge of €0.2m). 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

	2014 €m	2013 (Restated) €m
Amounts falling due within one year:		
Trade receivables, gross	**363.0**	322.9
Impairment allowance	**(28.3)**	(29.9)
Trade receivables, net	**334.7**	293.0
Other receivables	**13.8**	5.9
Prepayments	**15.5**	9.2
	364.0	308.1

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

The Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were determined to be impaired and a total impairment allowance of €28.3m (2013: €29.9m) has been recorded accordingly. The movement on the impairment allowance for the year is as follows:

	2014 €m	2013 (Restated) €m
At 1 January	**29.9**	40.6
Effect of movement in exchange rates	**1.0**	(0.8)
Fair value adjustments	**-**	(3.2)
Provided during the year	**7.9**	5.4
Written off during the year	**(7.0)**	(4.9)
Released during the year	**(3.5)**	(7.2)
At 31 December	**28.3**	29.9

There are no material dependencies or concentrations of 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 76% of net receivables are covered by credit insurance or other forms of collateral such as letters of credit or bank guarantees.

Aged Analysis

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

	2014 €m	2013 (Restated) €m
Neither past due nor impaired		
- Invoice date less than 90 days	**205.6**	192.2
- Invoice date greater than 90 days	**7.5**	6.2
Past due but not impaired		
- 0 to 60 days overdue	**88.6**	69.3
- 60+ days overdue	**20.7**	14.5
Past due and impaired (fully or partially)	**40.6**	40.7
	363.0	322.9

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is €nil (2013: €nil).

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

17. TRADE AND OTHER PAYABLES

	2014 €m	2013 (Restated) €m
Amounts falling due within one year:		
Trade payables	**176.4**	144.3
Accruals	**134.6**	120.8
Deferred income	**3.2**	0.3
Irish income tax & social welfare	**0.9**	0.2
Other income tax & social welfare	**10.8**	11.5
Value added tax	**11.3**	8.4
	337.2	285.5

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

18. INTEREST BEARING LOANS AND BORROWINGS

	2014 €m	2013 (Restated) €m
Current financial liabilities		
Bank loans and overdrafts (unsecured)	**2.6**	6.9
Private Placements	**130.1**	-
	132.7	6.9

	2014 €m	2013 €m
Non-current financial liabilities		
Private placements	**204.0**	290.4
Bank loans (unsecured)	**0.6**	0.3
	204.6	290.7

Analysis of Net Debt

	2014 €m	2013 (Restated) €m
Cash and cash equivalents	**185.7**	196.6
Derivative financial instruments	**26.1**	(5.7)
Current borrowings	**(132.7)**	(6.9)
Non current borrowings	**(204.6)**	(290.7)
Total Net Debt	**(125.5)**	(106.7)

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 December 2014 the Group arranged new notes totalling €127.5m. These notes have a deferred draw down date of March 2015 and have a weighted average maturity of 8 years.

In addition the Group has a committed revolving credit facility with a syndicate of banks of €300m maturing in March 2019 and committed bilateral facilities of €190m which mature in December 2016. The facilities are fully undrawn at year end.

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

Net debt, which is a non GAAP measure, is stated net of interest rate and currency hedges which relate to hedges of debt. Foreign currency derivatives of €0.01m (2013: €0.5m) which are used for transactional hedging are not included in the definition of net debt.

19. DEFERRED CONTINGENT CONSIDERATION

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

	2014 €m	2013 €m
Opening balance	**7.5**	7.9
Effect of movement in exchange rates	**1.8**	(0.4)
Arising on current year acquisitions (note 23)	**13.9**	-
Released during year	**(3.3)**	-
Amounts paid	**(4.5)**	-
Closing balance	**15.4**	7.5

Of the amount due at the reporting date, €14.8m is due after one year (2013: €nil). Discounting of the non-current element has not been applied because the discount would be immaterial.

During the year $5.0m deferred contingent consideration was paid relating to the Rigidal business which was acquired in 2012. The remaining provision for deferred contingent consideration on the Rigidal acquisition has been released as the associated EBITDA targets were not achieved.

The deferred contingent consideration arising on current year acquisitions relates to the Pal and Dri Design acquisitions. It includes a potential amount payable to the former owners if certain trading targets are achieved and an estimate of the cost of the buy-out of the non-controlling interests. There are put and call option arrangements in place that are exercisable between years 3 and 5 and are based on a multiple of EBITDA. As it is anticipated that the Group will complete the purchase of these businesses, the Group has consolidated the acquired entities as 100% subsidiaries.

The amount of deferred contingent consideration that has been recognised is arrived at by the application of a range of outcomes and associated probabilities in order to determine the carrying amount.

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial Risk Management

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

The Group's risk management strategies include the usage of derivatives (other than for speculative 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 December 2014 the Group arranged new notes totalling €127.5m. These notes have a deferred draw down date of March 2015 and have a weighted average maturity of 8 years.

In addition the Group has a committed revolving credit facility with a syndicate of banks of €300m maturing in March 2019 and committed bilateral facilities of €190m which mature in December 2016. The facilities are fully undrawn at year end. Both the private placements and the revolving credit facility have an interest cover test (EBITDA: Net Interest must exceed 4 times) and a net debt test (Net Debt: EBITDA must be less than 3.5 times). In addition, the revolving credit facility has a requirement that the Group's net assets must exceed €400m. These covenant tests have been met for the covenant test period to 31 December 2014.

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total €43m (2013: €51m) 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 2014 €m	Contractual cash flow €m	Within 1 year €m	Between 1 and 2 years €m	Between 2 and 5 years €m	Greater than 5 years €m
Non derivative financial instruments						
Bank loans	3.2	3.2	2.6	0.5	0.1	-
Private placement loan notes	334.1	397.5	143.8	10.5	61.4	181.8
Finance lease liabilities	0.1	0.1	-	0.1	-	-
Trade and other payables	337.2	337.2	337.2	-	-	-
Deferred contingent consideration	15.4	15.4	0.6	-	14.8	-
Derivative financial liabilities / (assets)						
Interest rate swaps used for hedging:						
Carrying values	(2)					
Net inflows		2.4	0.9	0.7	0.7	0.1
Cross currency interest rate swaps used for hedging:						
Carrying value	(24.1)					
- outflow		283.5	9.2	126.6	45.2	102.5
- inflow		293.2	12.7	124.4	48.3	107.8
Foreign exchange forwards used for hedging:						
Carrying value assets	(0.6)					
Carrying value liabilities	0.6					
- outflow		33.5	33.5			
- inflow		33.6	33.6			

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

	Carrying amount 2013 €m	Contractual cash flow €m	Within 1 year €m	Between 1 and 2 years €m	Between 2 and 5 years €m	Greater than 5 years €m
Non derivative financial instruments						
Bank loans	7.2	7.3	7.0	0.2	0.1	-
Private placement loan notes	290.4	366.0	15.2	126.9	55.8	168.1
Finance lease liabilities	0.3	0.3	0.3	-	-	-
Trade and other payables	285.5	285.5	285.5	-	-	-
Deferred contingent consideration	7.5	7.5	7.5	-	-	-
Derivative financial liabilities / (assets)						
Interest rate swaps used for hedging:						
Carrying values	(0.7)					
Net inflows		0.8	0.8	0.7	0.6	(1.3)
Cross currency interest rate swaps used for hedging:						
Carrying value	6.3					
- outflow		286.7	8.9	126.5	47.0	104.3
- inflow		282.1	12.0	123.9	46.5	99.7
Foreign exchange forwards used for hedging:						
Carrying value assets	-					
Carrying value liabilities	0.5					
- outflow		63.0	63.0	-	-	-
- inflow		62.5	62.5	-	-	-

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£60m and short USD$32m. At 31 December 2014 hedges were in place covering 30% and 29% 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 2014, the impact of changing currency rates versus Euro compared to the average 2013 rates was positive €57.4m. In common with many other international groups, the Group does not currently seek to externally hedge its translation exposure.

Sensitivity analysis for primary currency risk

A 10% volatility of the EUR against GBP and USD in respect of transaction risk in the reporting entities functional currency would impact reported after tax profit by €6.2m (2013: €6.2m) and equity by €2.6m (2013: €4.4m).

20. 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 dollar interest rate swaps for US$40m of the private placement. The fixed rate and maturity date on the swaps match the fixed rate on the private placement for all instruments. The instruments were designated as hedging instruments at inception and continued to qualify as effective hedges under IAS 39 at 31 December 2014.

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 2014

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

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

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

After the impact of hedging transactions

As at 31 December 2014

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

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

The weighted average maturity of debt is 3.9 years as at 31 December 2014 (2013: 3.9 years).

After the impact of hedging transactions

As at 31 December 2013

	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	4.4%	7.2	6.0	1.2	7.2	-
Loan notes	3.76%	290.4	175.3	115.1	145.3	145.1
		297.6	**181.3**	**116.3**	**152.5**	**145.1**

	Total €m	At fixed interest rate €m	At floating interest rate €m
Euro	**146.0**	145.2	0.8
GBP	**85.4**	-	85.4
USD	**66.2**	36.1	30.1
	297.6	**181.3**	**116.3**

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 €1.4m (2013: €1.2m) and equity by €1.4m (2013: €1.2m).

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:

	2014 €m	2013 €m
Cash & cash equivalents	**185.7**	196.6
Trade and other receivables	**334.7**	293.0
Derivative financial assets	**26.7**	0.7

Trade receivables arise from a wide and varied customer base spread across various activities, end uses and geographies, and as such there is no significant concentration of credit risk. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and a significant element of credit risk is covered by credit insurance or other forms of collateral such as letters of credit or bank guarantees.

20. 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

For 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:

2014	Loans and receivables €m	Derivatives designated as hedging instruments €m	Total €m
Current:			
Trade receivables	334.7	-	**334.7**
Other receivables	13.8	-	**13.8**
Cash and cash equivalents	185.7	-	**185.7**
Derivative financial instruments	-	11.3	**11.3**
	534.2	11.3	**545.5**
Non Current:			
Derivative financial instruments	-	15.4	**15.4**
	-	15.4	**15.4**

2013	Loans and receivables €m	Derivatives designated as hedging instruments €m	Total €m
Current:			
Trade receivables	293.0	-	**293.0**
Other receivables	5.9	-	**5.9**
Cash and cash equivalents	196.6	-	**196.6**
	495.5	-	**495.5**
Non Current:			
Derivative financial instruments	-	0.7	**0.7**
	-	0.7	**0.7**

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

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

The carrying amounts of financial liabilities presented in the Statement of Financial Position relate to the following measurement categories as defined in IAS 39:

2014	Financial liabilities in fair value hedge €m	Financial liabilities measured at fair value €m	Financial liabilities measured at amortised cost €m	Derivatives designated as hedging instruments €m	Total €m
Current:					
Borrowings	-	-	132.7	-	**132.7**
Trade payables	-	-	176.4	-	**176.4**
Accruals	-	-	134.6	-	**134.6**
Derivative financial instruments	-	-	-	0.6	**0.6**
Deferred contingent consideration	-	0.6	-	-	**0.6**
	-	0.6	443.7	0.6	**444.9**
Non current:					
Borrowings	135.4	-	69.2	-	**204.6**
Derivative financial instruments	-	-	-	-	**-**
Deferred contingent consideration	-	14.8	-	-	**14.8**
	135.4	14.8	69.2	-	**219.4**

2013	Financial liabilities in fair value hedge €m	Financial liabilities measured at fair value €m	Financial liabilities measured at amortised cost €m	Derivatives designated as hedging instruments €m	Total €m
Current:					
Borrowings	-	-	6.9	-	**6.9**
Trade payables	-	-	144.3	-	**144.3**
Accruals	-	-	120.8	-	**120.8**
Derivative financial instruments	-	-	-	2.4	**2.4**
Deferred contingent consideration	-	-	7.5	-	**7.5**
	-	-	279.5	2.4	**281.9**
Non current:					
Borrowings	29.7	-	261.0	-	**290.7**
Derivative financial instruments	-	-	-	4.5	**4.5**
	29.7	-	261.0	4.5	**295.2**

Fair value hierarchy

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

Normally, the derivatives entered into by the Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates (Level 2). All derivatives entered into by the Group are included in Level 2 and consist of foreign currency forward contracts, interest rate swaps and cross currency interest rate swaps.

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

	As at 31 December 2014			As at 31 December 2013		
	Level 1 €m	Level 2 €m	Level 3 €m	Level 1 €m	Level 2 €m	Level 3 €m
Financial Assets						
Interest rate swaps	-	2.0	-	-	0.7	-
Foreign exchange contracts for hedging	-	24.7	-	-	-	-
Financial Liabilities						
Deferred contingent consideration	-	-	15.4	-	-	7.5
Foreign exchange contracts for hedging	-	0.6	-	-	6.9	-

During the period ended 31 December 2014, 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 2014			As at 31 December 2013		
	Carrying amount €m	Fair Value €m	Level	Carrying amount €m	Fair Value €m	Level
Private Placement Loan Notes	334.1	383.7	2	290.4	333.5	2
Bank Loans	3.2	3.2	2	7.2	7.2	2

Capital Management Policies and Procedures

The Group employs a combination of debt and equity to fund its operations. As at 31 December 2014 the total capital employed in the Group was as follows:

	2014 €m	2013 €m
Net Debt	125.5	106.7
Equity	1,009.1	859.6
Total Capital Employed	1,134.6	966.3

The Board's objective when managing capital is to maintain a strong capital base so as to maintain the confidence of investors, creditors and the market. The Board monitors the return on capital (defined as total shareholders' equity plus net debt), and targets a return of 15% together with a dividend level that is compatible with industry norms, but which also reflects any exceptional market conditions.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group actively manages foreign currency and interest rate exposure, as well as actively managing the net asset position, in order to create bottom line value. This necessitates the development of a methodology to optimise the allocation of financial resources on the one hand and the return on capital on the other.

The Board closely monitors externally imposed capital restrictions which are present due to covenants within the Group's core banking facilities. These covenants include a requirement that the net assets of the Group be maintained at a minimum level of €400m.

There were no changes to the Group's approach to capital management during the year.

21. PROVISIONS FOR LIABILITIES

Guarantees and warranties	2014 €m	2013 €m
At 1 January	57.2	63.4
Arising on acquisitions	2.7	0.4
Provided during year	25.3	25.3
Claims paid	(19.5)	(21.7)
Provisions released	(12.2)	(8.7)
Effect of movement in exchange rates	2.3	(1.5)
At 31 December	55.8	57.2
Current liability	29.6	39.9
Non-current liability	26.2	17.3
	55.8	57.2

21. PROVISIONS FOR LIABILITIES (cont'd)

The Group manufactures a wide range of insulation and related products for use primarily in the construction sector. Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers and a provision is carried in respect of the expected costs of settling warranty and guarantee claims which arise. Both the number of claims and the cost of settling the claim are sensitive to change but not to such an extent as would cause a material change in the provision. Provisions are reviewed by management on a regular basis, and adjusted to reflect the current best estimate of the economic outflow. If it is no longer probable that an outflow of economic benefits will be required, the related provision is reversed.

For the non-current element of the provision, the Group anticipates that these will be utilised within three years of the reporting date. Discounting of the non-current element has not been applied because the discount would be immaterial.

The Group is not engaged in any material litigation.

22. DEFERRED TAX ASSETS AND LIABILITIES

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

	2014 €m	2013 €m
Deferred tax assets	**7.0**	6.6
Deferred tax liabilities	**(22.1)**	(23.8)
Net Position	**(15.1)**	(17.2)

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 2014 is as follows:

	Balance 1 Jan 2014 €m	Recognised in profit or loss €m	Recognised in equity €m	Recognised in other comprehensive income €m	Translation adjustment €m	Arising on acquisitions €m	Balance 31 Dec 2014 €m
Property, plant and equipment	(30.5)	(0.9)	-	-	(1.5)	-	**(32.9)**
Intangibles	(4.5)	(0.2)	-	-	-	-	**(4.7)**
Other temporary differences	17.4	0.3	2.1	(0.1)	1.4	0.6	**21.7**
Pension obligations	(1.2)	(0.4)	-	0.8	-	-	**(0.8)**
Unused tax losses	1.6	-	-	-	-	-	**1.6**
	(17.2)	(1.2)	2.1	0.7	(0.1)	0.6	**(15.1)**

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

The movement in the net deferred tax position for 2013 is as follows:

	Balance 1 Jan 2013 €m	Recognised in profit or loss €m	Recognised in equity €m	Recognised in other comprehensive income €m	Translation adjustment €m	Arising on acquisitions €m	Balance 31 Dec 2013 €m
Property, plant and equipment	(26.4)	(2.7)	-	-	(1.4)	-	(30.5)
Intangibles	(5.2)	0.7	-	-	-	-	(4.5)
Other temporary differences	15.9	(1.9)	1.9	0.1	1.4	-	17.4
Pension obligations	(0.5)	(0.4)	-	(0.3)	-	-	(1.2)
Unused tax losses	-	1.6	-	-	-	-	1.6
	(16.2)	(2.7)	1.9	(0.2)	-	-	(17.2)

23. BUSINESS COMBINATIONS

The Group made three acquisitions during the year in order to expand its market penetration, geography and market presence.

On 28 February 2014 the Group acquired 95% of the share capital in Dri-Design Inc., a high-end architectural façades business in the US. This acquisition will allow the Group to expand its product offering to customers in its Panels division.

On 1 November 2014 the Group's Insulation Boards division acquired the trade of the Building Insulation division of Pactiv LLC. Pactiv Building Insulation produces a comprehensive range of XPS insulation products under the GreenGuard brand which it supplies throughout the USA from its manufacturing base in Virginia.
On 3 November 2014 the Group acquired 90% of the share capital in PAL International, a rigid insulation boards business with a manufacturing presence in Dubai and India and sales throughout the Middle East and North Africa. These acquisitions will allow the Group's Insulation Boards division to expand its geographical footprint into these new markets.

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

	Pactiv €m	Pal €m	Dri-Design €m	Total €m
Non-current assets				
Intangible assets	13.1	-	5.1	**18.2**
Property, plant and equipment	4.3	5.7	0.2	**10.2**
Deferred tax asset	-	-	0.5	**0.5**
Current assets				
Inventories	9.8	3.3	1.0	**14.1**
Trade and other receivables	0.6	9.4	2.9	**12.9**
Current liabilities				
Trade and other payables	(7.5)	(8.0)	(2.2)	**(17.7)**
Provisions for liabilities	(1.4)	(0.6)	(0.7)	**(2.7)**
Total identifiable assets	18.9	9.8	6.8	**35.5**
Goodwill	37.3	19.8	21.8	**78.9**
Total consideration	56.2	29.6	28.6	**114.4**
Satisfied by:				
Cash (net of cash acquired)	56.2	20.9	23.4	**100.5**
Deferred contingent consideration	-	8.7	5.2	**13.9**
	56.2	29.6	28.6	**114.4**

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

The acquired goodwill is attributable principally to the profit generating potential of the businesses, together with cross-selling opportunities and other synergies expected to be achieved from integrating the acquired businesses into the Group's existing business. The total amount of goodwill that is expected to be deductible for tax purposes is €59.1m.

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to €13.8m. The fair value of these receivables is €12.9m (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of €0.9m.

In the case of Pal and Dri Design, the deferred contingent consideration includes a potential amount payable if certain trading targets are achieved and an estimate of the cost of the buy-out of the non-controlling interest. There are put and call option arrangements in place that are exercisable between years 3 and 5 and are based on a multiple of EBITDA. As these options are expected to be exercised, the Group has consolidated the acquired entities as 100% subsidiaries.

23. BUSINESS COMBINATIONS (cont'd)

In the post-acquisition period to 31 December 2014, the acquired businesses contributed revenue of €28.3m and a trading profit of €3.3m to the Group's results.

The full year revenue and trading profit had the acquisitions taken place at the start of the year, would have been €101.2m and €13.6m respectively.

The Group incurred acquisition related costs of €1.1m (2013: nil) relating to external legal fees and due diligence costs. These costs have been included in administrative expenses in the Consolidated Income Statement.

24. SHARE CAPITAL

	2014 €m	2013 €m
Authorised		
220,000,000 Ordinary shares of €0.13 each	**28.6**	28.6
Issued and fully paid		
Ordinary shares of €0.13 each		
Opening balance - 174,976,563 (2013: 173,403,075) shares	**22.7**	22.5
Share options exercised - 1,622,620 (2013: 1,573,488) shares	**0.3**	0.2
Closing balance - 176,599,183 (2013: 174,976,563) shares	**23.0**	22.7

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

25. SHARE PREMIUM

	2014 €m	2013 €m
At 1 January	**43.1**	40.5
Premium on share options exercised under employee share based compensation schemes (Note 3)	**5.3**	2.6
At 31 December	**48.4**	43.1

26. OTHER RESERVES

	2014 €m	2013 €m
Revaluation reserve	**0.7**	0.7
Treasury shares	**(30.7)**	(30.7)

At 31 December 2014, the Group held 4,938,257 (2013: 4,938,257) treasury shares in the Company.

27. 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 profit for the financial year was €5.4m (2013: loss of €0.2m).

28. DIVIDENDS

Equity dividends on ordinary shares:	2014 €m	2013 €m
2014 Interim dividend 6.25 cent (2013: 5.5 cent) per share	**10.7**	9.3
2013 Final dividend 8.5 cent (2012: 7.25 cent) per share	**14.6**	12.3
	25.3	21.6
Proposed for approval at AGM		
Final dividend of 10 cent (2013: 8.5 cent) per share	**17.2**	14.5

This proposed dividend for 2014 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 2014 in accordance with IAS 10 Events After the Reporting Date. The proposed final dividend for the year ended 31 December 2014 will be payable on 15 May 2015 to shareholders on the Register of Members at close of business on 24 April 2015.

29. NON-CONTROLLING INTEREST

	2014 €m	2013 €m
At 1 January	**7.9**	7.1
Dividends paid to non-controlling interest	**-**	(0.4)
(Loss) / profit for the year attributable to non-controlling interest	**(0.7)**	1.5
Share of foreign operations' translation movement	**0.8**	(0.3)
At 31 December	**8.0**	7.9

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

	2014 €m	2013 (Restated) €m
(Decrease) / increase in cash and bank overdrafts	**(19.9)**	60.9
Decrease / (increase) in debt	**4.3**	(3.8)
Decrease in lease finance	**0.1**	0.4
Change in net debt resulting from cash flows	**(15.5)**	57.5
Translation movement - relating to US dollar loan	**(43.6)**	23.5
Translation movement - other	**8.5**	(4.0)
Derivative financial instruments movement	**31.8**	(18.5)
Net movement	**(18.8)**	58.5
Net debt at start of the year	**(106.7)**	(165.2)
Net debt at end of the year	**(125.5)**	(106.7)

31. CASH GENERATED FROM OPERATIONS

	2014 €m	2013 (Restated) €m
Profit for the year	**106.5**	89.1
Add back non-operating expenses:		
Income tax expense	**21.0**	12.8
Depreciation of property, plant and equipment	**40.8**	39.7
Amortisation of intangible assets	**4.9**	3.8
Impairment of non-current assets	**5.6**	5.7
Employee equity-settled share options	**7.7**	7.2
Finance income	**(0.6)**	(0.5)
Finance expense	**14.6**	14.1
Non cash items	**2.1**	(0.9)
Loss / (profit) on sale of property, plant and equipment	**2.9**	(2.6)
Change in inventories	**(23.5)**	(6.7)
Change in trade and other receivables	**(26.9)**	(7.2)
Change in trade and other payables	**22.7**	(2.2)
Change in provisions	**(6.5)**	(5.1)
Pension contributions	**(2.4)**	(3.6)
Cash generated from operations	**168.9**	143.6

32. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

(i) Government grants

In certain circumstances, as set out in the grant agreements (the most significant of which are ceasing to trade, or the disposal of grant aided assets), government grants may be repayable up to a maximum amount of €4.2m (2013: €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.

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

(iii) Leases

Operating Leases	**2014**	2013
	Minimum payments €'000	Minimum payments €'000
Total obligations under non-cancellable operating leases are due as follows:		
- within one year	**8.3**	7.0
- between 1 - 5 years	**17.3**	16.8
- after 5 years	**1.6**	1.1
	27.2	24.9

(iv) Future capital expenditure
Capital expenditure in subsidiary entities, approved by the Directors but not provided in the financial statements, is as follows:

	2014 €m	2013 €m
Contracted for	**11.5**	9.5
Not contracted for	**25.7**	5.8
	37.2	15.3

33. PENSION OBLIGATIONS

The Group operates defined contribution schemes in each of its main operating locations. It also has unfunded obligations in a German subsidiary and two legacy defined benefit schemes in the UK (both closed to future accrual).

In 2012 the Group acquired a Panels business in Germany. In line with normal business practice in Germany the acquired companies are not required to fund, and have not funded, independent schemes for post employment benefit obligations. Instead, commencing from the date the employee becomes eligible to receive the income stream, this obligation is satisfied from available cash resources of the relevant employing company. Provision has been made for the unfunded liability.

Defined contribution schemes
The total cost charged to profit or loss of €9.0m (2013: €5.4m) represents employer contributions payable to these schemes in accordance with the rules of each plan. An amount of €4.0m (2013: €4.0m) 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 €1.7m (2013: €2.7m), and the expected contributions for 2015 are €1.7m.

As noted above, the Group also has pension obligations in Germany which are accounted for as defined benefit obligations. However the variability in the valuation of these obligations is lower than would traditionally apply to funded schemes as there are no scheme assets for which returns must be forecast. €0.8m of pension entitlements have been paid to retired former employees during the year (2013: €0.7m).

The pension costs relating to all of the above defined benefit obligations are assessed in accordance with the advice of qualified actuaries. In the case of the two legacy Group schemes, the most recent actuarial valuations were performed as of 31 March 2013. In general, actuarial valuations are not available for public inspection; however, the results of valuations are advised to members of the various schemes.

The extent of the Group's obligation under these schemes is sensitive to judgemental actuarial assumptions, of which the principal ones are set out below. It is not considered that any reasonable sensitivity analysis on these assumptions would materially alter the scheme obligations.

	2014	2013
Life expectancies		
Life expectancy for someone aged 65- Males	**22.2**	22.3
Life expectancy for someone aged 65 - Females	**24.4**	24.6
Life expectancy at age 65 for someone aged 45 - Males	**23.9**	24.0
Life expectancy at age 65 for someone aged 45 - Females	**26.3**	26.6
Rate of increase in salaries	**0.0% - 2.0%**	0.0% - 2.5%
Rate of increase of pensions in payment	**0.0% - 1.9%**	0.0% - 2.2%
Rate of increase for deferred pensioners	**2.0%**	2.3% - 2.5%
Discount rate	**1.5% - 3.6%**	3.2% - 4.6%
Inflation rate	**2.0%**	2.3%

33. PENSION OBLIGATIONS (cont'd)

Movements in net liability recognised in the balance sheet

	2014 €m	2013 €m
Net liability in schemes at 1 January	**(7.7)**	(12.3)
Employer contributions	**2.4**	3.5
Recognised in income statement	**(0.1)**	(0.3)
Recognised in statement of comprehensive income	**(6.7)**	1.4
Foreign exchange movement	**0.4**	-
Net liability in schemes at 31 December	**(11.7)**	(7.7)

Defined benefit pension income / expense recognised in the income statement

	2014 €m	2013 €m
Current service cost	**(0.1)**	(0.2)
Adjustment in respect of prior years	**-**	0.2
Settlements of scheme obligations	**0.1**	-
Movement on scheme obligations	**(3.0)**	(2.8)
Interest on scheme assets	**2.9**	2.5
	(0.1)	(0.3)

Analysis of amount included in other comprehensive income

	2014 €m	2013 €m
Actual return less interest on scheme assets	**3.9**	0.7
Experience loss arising on scheme liabilities (present value)	**-**	0.6
Actuarial gains / (loss) arising from changes in demographic assumptions	**0.6**	(0.9)
Actuarial gains / (loss) arising from changes in financial assumptions	**(11.2)**	1.0
(Losses) / gains recognised in other comprehensive income	**(6.7)**	1.4

The cumulative actuarial loss recognised in other comprehensive income to date is €19.1m (2013: €12.4m).

In 2014, the actual return on plan assets was €6.8m (2013: €3.1m).

Asset Classes and Expected Rate of Return
The assets in the scheme at each year end were as follows:

Asset Classes as % of Total Scheme Assets	2014	2013
Equities	**58%**	70%
Bonds (Corporates)	**21%**	19.5%
Bonds (Gilts)	**21%**	9.5%
Cash	**0%**	1.0%
	100.0%	100.0%

33. PENSION OBLIGATIONS (cont'd)

The net pension liability is analysed as follows:

	2014 €m	2013 €m
Equities	**41.7**	42.8
Bonds (Corporates)	**14.8**	11.9
Bonds (Gilts)	**15.3**	5.9
Cash	**0.2**	0.6
Fair market value of plan assets	**72.0**	61.2
Present value of obligation	**(83.7)**	(68.9)
Deficit	**(11.7)**	(7.7)
Analysed between:		
Funded schemes' surplus	**4.7**	6.1
Unfunded obligations	**(16.4)**	(13.8)
	(11.7)	(7.7)
Related deferred tax liability	**0.9**	1.2

Changes in present value of defined benefit obligations

	2014 €m	2013 €m
At 1 January	**68.9**	71.0
Current service cost	**0.1**	0.2
Other expenses	**-**	(0.3)
Interest cost	**3.0**	2.7
Benefits paid	**(2.7)**	(2.9)
Settlement	**(0.3)**	-
Actuarial losses / (gains)	**10.6**	(0.7)
Effect of movement in exchange rates	**4.1**	(1.1)
At 31 December	**83.7**	68.9

Changes in present value of scheme assets during year

	2014 €m	2013 €m
At 1 January	**61.2**	58.7
Interest on scheme assets	**2.9**	2.5
Employer contributions	**1.7**	2.7
Other expenses	**-**	(0.1)
Benefits paid	**(1.9)**	(2.2)
Settlement	**(0.1)**	-
Actual return less interest	**3.9**	0.7
Effect of movement in exchange rates	**4.3**	(1.1)
At 31 December	**72.0**	61.2

33. PENSION OBLIGATIONS (cont'd)

History of Assets, Liabilities, Experience Gains and Losses

	2014 €m	2013 €m	2012 €m	2011 €m	2010 €m
Fair value of plan assets	**72.0**	61.2	58.7	52.4	49.6
Present value of defined benefit obligation	**(83.7)**	(68.9)	(71.0)	(53.8)	(51.2)
Surplus / (deficit) *	**(11.7)**	(7.7)	(12.3)	(1.4)	(1.6)
Experience gains / (losses) arising on scheme liabilities (present value)	**-**	(0.6)	0.1	-	(1.0)
% of defined benefit obligation	**0.0%**	0.9%	0.2%	0.0%	1.9%
Assumptions (loss) / gain	**(10.6)**	0.1	(0.2)	(0.4)	(3.0)
% of defined benefit obligation	**12.7%**	0.1%	0.3%	0.7%	5.9%
Actual return less interest on scheme assets	**3.9**	0.7	0.9	(2.7)	3.0
% of scheme assets	**5.4%**	1.1%	1.6%	(5.1%)	6.1%

* The movement in the deficit during 2012 largely arises as a result of the €14.7m pension obligations assumed as part of the TKCG acquisition.

34. RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure under IAS 24 Related Party Disclosures relate to (i) transactions between group companies, (ii) compensation of key management personnel and (iii) goods and services purchased from entities affiliated with certain Directors.

(i) Transactions between subsidiaries and associates are carried out on an arm's length basis. The Company received dividends from subsidiaries of €Nil (2013: €Nil), and there was a decrease in the intercompany balance of €10.3m (2013: €18.7m).

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 €4.425m during the year from the Company (2013: €3.825m). Dividends of €0.33m were paid to other key management personnel (2013: €0.27 million).

(iii) The Group purchased hotel accommodation services in the sum of €2,000 (2013: €Nil) from a company controlled by Mr Eugene Murtagh.

(iv) The Group purchased legal services in the sum of €67,376 (2013: N/A) from McCann FitzGerald Solicitors, a firm in which Mr John Cronin is a partner.

35. POST BALANCE SHEET EVENTS

The Group has announced two acquisitions which are in the process of obtaining regulatory approval at the date of approval of these financial statements. Further details of these possible acquisitions are set out below.

Vicwest
On 11 November 2014 Kingspan announced that it had entered into an agreement to acquire the Building Products ("BP") division of Vicwest Inc ("Vicwest").

Vicwest is a Canadian listed company. Its BP division comprises three Insulated Panel manufacturing plants in addition to a number of profiling facilities across Canada and the US.

The consideration is expected to be circa C$154.5m inclusive of debt and reorganisation costs, payable in cash on completion. The BP revenues for the 12 months to 31 December 2013 were C$253.7m, and pro forma EBITDA for the same period was C$13.2m. Forecast pro forma EBITDA for 2014 is C$15.0m. BP had gross assets of C$127.1m as at 30 June 2014. Post acquisition, Kingspan plans to implement further changes in the BP business and the impact of these changes is expected to increase the annual pro forma EBITDA to circa C$18.0m. The current management team of the BP business will be transferring to Kingspan following completion.

The acquisition of the BP business will be funded from Kingspan's existing credit facilities.

Completion of the Agreement is subject to a number of conditions including, but not limited to, anti trust approvals. Subject to receipt of all required approvals, closing is expected to occur in the first half of 2015.

Joris Ide
On 27 January 2015 Kingspan announced that it had entered into an agreement with Ergon Capital Partners II NV and Bremhove NV to acquire 100% of the shares of Steel Partners NV, the holding company of the Joris Ide Group ("Joris Ide").

Joris Ide is a pan European manufacturer and supplier of insulated panels, profiles and related accessories, with leading market positions in France and the Benelux. It has 5 insulated panel manufacturing facilities in Belgium, Germany, Romania and Russia, and 11 regional manufacturing sites across Europe, which provide a uniquely complementary geographic footprint to Kingspan's existing European insulated panel business.

The consideration for the business will be circa €315m inclusive of debt, which will vary depending on the specific amount of working capital and debt on completion. The consideration will be satisfied on completion partly in cash and by the assumption of debt, with the balance of the consideration satisfied by the issue of three million shares in Kingspan Group plc to Bremhove NV, which is the holding company of the founder and major shareholder, Mr Joris Ide.

In the 12 months to 31 December 2014, Joris Ide had unaudited revenues of €465m and EBITDA of €36m. Revenues and adjusted EBITDA to 31 December 2013 were €435m and €28m respectively. As at 31 December 2013, Joris Ide had gross assets of €316m, and on completion net assets excluding goodwill are expected to be €135m.

The existing management team of Joris Ide will be retained in the business, and will continue to manage and develop the business distinct from the Kingspan brand. The acquisition is conditional on regulatory clearance, and is expected to complete towards the end of the first quarter of 2015.

As the initial accounting for the above business combinations is incomplete further details on these two prospective acquisitions have not been provided.

There have been no other material events subsequent to 31 December 2014 which would require disclosure in this report.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 23 February 2015.

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 7 May 2015 at 10.00 a.m.

Notice of the 2015 AGM is now available to view online at www.kingspan.com/agm2015

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 5 May 2015 (48 hours before the meeting).

AMALGAMATION OF SHAREHOLDING ACCOUNTS

Shareholders who receive duplicate sets of Company mailings due to multiple accounts in their name should write to the Company's Registrar to have their accounts amalgamated.

WARNING TO SHAREHOLDERS

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company Secretary or the Registrar.

FINANCIAL CALENDAR

Preliminary results announced:	23 February 2015
Annual General Meeting:	7 May 2015
Payment date for 2014 final dividend:	15 May 2015
Ex dividend date:	23 April 2015
Record date:	24 April 2015
Half-yearly financial report:	24 August 2015
Interim management statement:	9 November 2015

SHARE REGISTRAR

Administrative enquiries about the holding of Kingspan Group plc shares should be directed to:

The Company Registrar:
Computershare Investor Services (Ireland) Limited,
Heron House,
Corrig Road,
Sandyford Industrial Estate,
Dublin 18.

BANKERS

KBC Bank NV	Ulster Bank Ireland Limited
HSBC Bank plc	Bank of Ireland
Danske Bank AS	Commerzbank
Bank of America	ING Bank NV

SOLICITORS

McCann FitzGerald,
Riverside One,
Sir John Rogerson's Quay,
Dublin 2,
Ireland.

Macfarlanes,
20 Cursitor Street,
London,
EC4A 1LT,
England.

STOCKBROKERS

Goodbody,
Ballsbridge Park,
Ballsbridge,
Dublin 4,
Ireland.

UBS Limited,
1 Finsbury Avenue,
London,
EC2M 2PP,
England.

AUDITOR

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

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 2014 is set out below.

STRUCTURE OF THE COMPANY'S SHARE CAPITAL

At 31 December 2014, 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 176,599,183 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	%
30/01/2015	Eugene Murtagh	30,018,000	17.49%
03/03/2015	Generation Investment Management LLP	11,057,787	6.44%
25/02/2015	BlackRock, Inc.	15,453,330	9.00%
10/03/2015	Allianz Global Investors Europe GmbH	6,901,173	4.02%
06/02/2015	Prudential plc	6,855,000	3.99%
20/11/2014	Invesco Limited	6,739,231	3.93%
13/03/2015	BNP Paribas Investment Partners S.A.	5,291,444	3.07%

Shareholding analysis as at 31 December 2014

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1000	2,835	59.78	1,336,209	0.76
1001 - 10,000	1,561	32.92	4,637,923	2.63
10,001 - 100,000	226	4.77	7,341,253	4.16
100,001 - 1,000,000	89	1.88	29,282,077	16.58
Over 1,000,000	31	0.65	134,001,721	75.88
	4,742	100	176,599,183	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 26 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 7 May 2015.

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

POWERS OF DIRECTORS INCLUDING POWERS IN RELATION TO ISSUING OR BUYING BACK BY THE COMPANY OF ITS SHARES

Under its Articles, the business of the Company shall be managed by the Directors, who exercise all powers of the Company as are not, by the Companies Acts or the Articles, required to be exercised by the Company in general meeting.

The Directors are currently authorised to issue a number of shares equal to the authorised but as yet unissued share capital of the Company on such terms as they may consider to be in the best interests of the Company, under an authority that was conferred on them at the Annual General Meeting held on 1 May 2014.

SHAREHOLDER INFORMATION

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 7 May 2015 unless renewed and resolutions to that effect are being proposed at the Annual General Meeting to be held on 7 May 2015.

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 1 May 2014, 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 7 May 2015, 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
IRELAND		
Aerobord Limited	100	Manufacturing
Kingscourt Trustee Company Limited	100	Trustee Company
Kingspan Century Limited	100	Manufacturing
Kingspan Enterprise Investments Limited	100	Holding Company
Kingspan Environmental (Ireland) Limited	100	Manufacturing
Kingspan Europe	100	Holding Company
Kingspan Finance	100	Finance Company
Kingspan Funding Europe	100	Finance Company
Kingspan Funding Ireland	100	Finance Company
Kingspan Funding Overseas	100	Finance Company
Kingspan Holdings (Irl) Limited	100	Management & Procurement
Kingspan Holdings (North America) Limited	100	Holding Company
Kingspan Holdings (Overseas) Limited	100	Holding Company
Kingspan Holdings Limited	100	Holding Company
Kingspan Insulation Limited	100	Manufacturing
Kingspan International Finance	100	Finance Company
Kingspan Investments (CEMEI)	100	Finance Company
Kingspan Investments Europe	100	Finance Company
Kingspan Investment Ireland Limited	100	Holding Company
Kingspan Limited	100	Manufacturing
Kingspan Nominees Limited	100	Holding Company
Kingspan Renewables (Irl) Limited	100	Manufacturing
Kingspan RE Limited	100	Property Company
Kingspan Research & Development Limited	100	Product Development
Kingspan Resources Limited	100	Property Company
Kingspan Securities Limited	100	Finance Company
Kingspan Securities No. 2 Limited	100	Finance Company
UNITED KINGDOM		
Building Innovation (Group) Limited	100	Holding Company
Building Innovation Limited	100	Sales & Marketing
Ecotherm Insulation (UK) Limited	100	Manufacturing
Ever 2479 Ltd	100	Holding Company
Hewetson Holdings Limited	100	Holding Company
Interlink Fabrications Limited	100	Finance Company
Kingspan Access Floors Holdings Limited	100	Holding Company
Kingspan Access Floors Limited	100	Manufacturing
Kingspan Energy Limited	100	Sales & Marketing
Kingspan Environmental & Renewables Limited	100	Holding Company
Kingspan Environmental Limited	100	Manufacturing
Kingspan Funding UK	100	Finance Company
Kingspan Group Limited	100	Holding Company
Kingspan Holdings (Insulation) Limited	100	Holding Company
Kingspan Holdings (Panels) Limited	100	Holding Company
Kingspan Holdings (Structural & Offsite) Limited	100	Holding Company
Kingspan Hot Water Systems Limited	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
Kingspan Tarec Industrial Insulation Limited	50	Manufacturing
Kingspan Timber Solutions Limited	100	Manufacturing
Springvale Insulation Limited	100	Manufacturing
T T Plastics Limited	100	Holding Company
AUSTRALIA		
Austrell Group Limited	100	Holding Company
Kingspan Holdings Australia Pty Limited	100	Holding Company
Kingspan Insulated Panels Pty Limited	100	Manufacturing
Kingspan Insulation Pty Ltd	100	Sales & Marketing
Nova-Duct Technologies Pty. Ltd.	100	Product Development
Tate Access Floors Pty Limited	100	Sales & Marketing
AUSTRIA		
Hoesch Bausysteme GmbH	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
AZERBAIJAN		
Izopoli Mahdut Mesuliyeti Cemiyeti	100	Sales & Marketing
BELGIUM		
Isocab N.V.	100	Manufacturing
Kingspan Door Components SA	100	Manufacturing
Kingspan Holding Belgium NV	100	Holding Company
Kingspan NV	100	Sales & Marketing
Kingspan Tarec Industrial Insulation NV	50	Manufacturing
Unidek N.V.	100	Sales & Marketing
BOSNIA AND HERZEGOVINA		
Kingspan d.o.o.	100	Sales & Marketing
BULGARIA		
Izopoli EAD	100	Sales & Marketing
Kingspan EOOD	100	Sales & Marketing
CANADA		
Kingspan Insulated Panels Limited	100	Manufacturing
Tate ASP Access Floors Inc	100	Manufacturing
CHINA		
Tate Access Floors (Shanghai) Co., Ltd.	100	Sales & Marketing
CROATIA		
Hoesch Gradjevinski Elementi D.o.o.	100	Sales & Marketing
Kingspan d.o.o.	100	Sales & Marketing
CZECH REPUBLIC		
Hoesch Stavebni Systemy S.R.O	100	Sales & Marketing
Kingspan a.s.	100	Manufacturing
DENMARK		
Kingsan A/S	100	Sales & Marketing
Kingspan Danmark A/S	100	Sales & Marketing
Kingspan Insulation ApS	100	Sales & Marketing
EGYPT		
Izopoli Egypt LLC	51	Sales & Marketing
ESTONIA		
Kingspan OU	100	Sales & Marketing
FINLAND		
Kingspan Oy	100	Sales & Marketing

	Shareholding %	Nature of business
FRANCE		
Isocab France S.A.S	100	Manufacturing
Kingspan SARL	100	Sales & Marketing
Unidek SARL	100	Sales & Marketing
GERMANY		
Hoesch Bausysteme GmbH	100	Sales & Marketing
Kingspan Environmental GmbH	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
Kingspan Holding GmbH	100	Holding Company
Kingspan Insulation GmbH & Co. KG	100	Sales & Marketing
Kingspan Insulation Verwaltungs GmbH	100	Holding Company
Kingspan Property GmbH	100	Holding Company
Kingspan TEK GmbH	100	Manufacturing
Kingspan Gefinex GmbH	100	Manufacturing
HONG KONG		
Tate Access Floors (Hong Kong) Limited	100	Sales & Marketing
HUNGARY		
Hoesch Epitoelemek Kft	100	Manufacturing
Kingspan Kereskedelmi Kft	100	Manufacturing
INDIA		
Kingspan India Private Limited	100	Sales & Marketing
PAL System India Private Limited	90	Manufacturing
JERSEY		
Kingspan Overseas Investments Limited	100	Finance Company
LATVIA		
Kingspan SIA	100	Sales & Marketing
LITHUANIA		
Kingspan UAB	100	Sales & Marketing
LUXEMBOURG		
Naps Holdings (Luxembourg) S.á.r.l.	100	Holding Company
NETHERLANDS		
Hoesch Bouwsystemen B.V.	100	Sales & Marketing
Kingspan BV	100	Sales & Marketing
Kingspan Holding Netherlands BV	100	Holding Company
Kingspan Insulation BV	100	Manufacturing
Kingspan Property BV	100	Holding Company
Kingspan Unidek B.V.	100	Manufacturing
Unidek Group B.V.	100	Holding Company
NEW ZEALAND		
Kingspan Insulation NZ Limited	100	Sales & Marketing
Kingspan Limited	100	Manufacturing
NORWAY		
Kingspan AS	100	Sales & Marketing
Kingspan Miljo AS	100	Sales & Marketing
POLAND		
Kingspan Environmental Sp. z o.o.	100	Manufacturing
Kingspan Insulation Sp. z o.o.	100	Sales & Marketing
Kingspan Sp. z o.o.	100	Manufacturing

	Shareholding %	Nature of business
ROMANIA		
Hoesch Sisteme Pentru Constructii S.R.L	100	Sales & Marketing
Kingspan S.R.L.	100	Sales & Marketing
RUSSIA		
Kingspan LLC	99	Sales & Marketing
SERBIA		
Kingspan d.o.o.	100	Sales & Marketing
SINGAPORE		
Kingspan Pte Limited	100	Sales & Marketing
SLOVAKIA		
Kingspan s.r.o.	100	Sales & Marketing
SLOVENIA		
Kingspan Kft Kereskedelmi Podruznica Ljubljana	100	Sales & Marketing
SOUTH AFRICA		
Kingspan Insulated Panels (Pty) Ltd	100	Sales & Marketing
SPAIN		
Kingspan Holdings Spain S.L.	100	Holding Company
Kingspan Suelo Technicos S.L.	50	Sales & Marketing
SWEDEN		
Kingspan AB	100	Sales & Marketing
SWITZERLAND		
Kingspan GmbH	100	Sales & Marketing
TURKEY		
Izopoli Impeks Prefabrik Panel Sanayi ve Ticaret Ltd. Sti	51	Sales & Marketing
Izopoli Yapi Elemanlari Taahhut San. Ve Tic A.S.	51	Manufacturing
UKRAINE		
Kingspan Lviv	100	Sales & Marketing
Kingspan Ukraine LLC	100	Sales & Marketing
UNITED ARAB EMIRATES		
Kingspan Insulated Panels Manufacturing LLC	100	Manufacturing
Kingspan International FZE	100	Sales & Marketing
PAL Middle East PIR LLC	90	Sales & Marketing
PAL System International FZCO	90	Manufacturing
UNITED STATES OF AMERICA		
ASM Modular Systems Inc	100	Manufacturing
Dri-Design Inc.	95	Manufacturing
Kingspan Energy Inc.	100	Sales & Marketing
Kingspan Holdings Panels US Inc.	100	Holding Company
Kingspan Holdings US Inc	100	Holding Company
Kingspan Insulated Panels Inc.	100	Manufacturing
Kingspan Insulation LLC	100	Manufacturing
Kingspan-Medusa Inc.	100	Holding Company
Morin Corporation	100	Manufacturing
Tate Access Floors Inc	100	Manufacturing

GROUP FIVE YEAR SUMMARY

RESULTS (amounts in €m)

	2014	2013	2012	2011	2010
Revenue	**1,891.2**	1,776.8	1,628.7	1,546.9	1,193.2
Operating Profit	**141.5**	115.5	104.7	90.9	67.4
Net profit before tax	**127.5**	101.9	89.9	77.8	55.7
Operating cashflow	**171.3**	146.7	160.6	127.1	72.4

EQUITY (amounts in €m)

	2014	2013	2012	2011	2010
Gross assets	**1,836.5**	1,589.2	1,585.8	1,434.3	1,213.1
Working capital	**263.3**	212.5	200.0	188.6	159.9
Total shareholder equity	**1,009.1**	859.6	813.4	734.9	666.9
Net debt	**125.5**	106.7	165.5	170.1	120.8

RATIOS

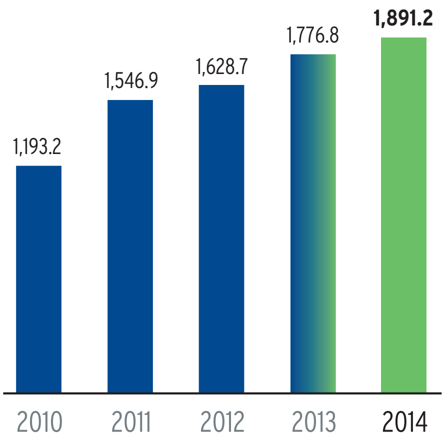
	2014	2013	2012	2011	2010
Net debt as % of total shareholders' equity	**12.4%**	12.4%	20.3%	23.1%	18.1%
Current assets / current liabilities	**1.47**	1.83	1.65	1.68	1.55

PER ORDINARY SHARE (amounts in €cent)

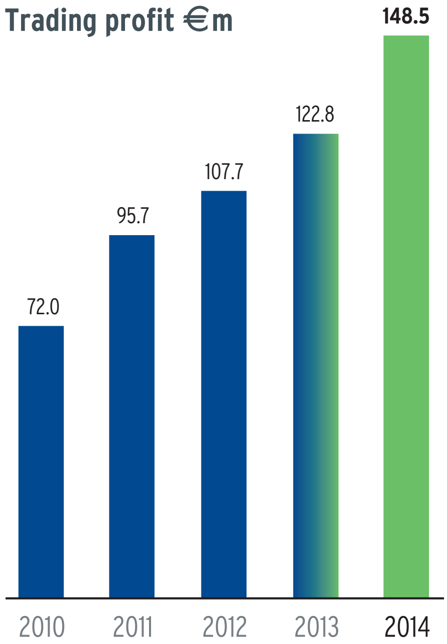
	2014	2013	2012	2011	2010
Earnings	**62.6**	51.7	43.8	37.1	29.2
Operating cashflows	**100.1**	87.1	95.8	76.3	43.5
Net assets	**589.7**	507.2	485.0	441.1	400.8
Dividends	**16.25**	14.0	12.25	11.00	10.00

AVERAGE NUMBER OF EMPLOYEES	**6,627**	6,439	5,754	5,776	4,890

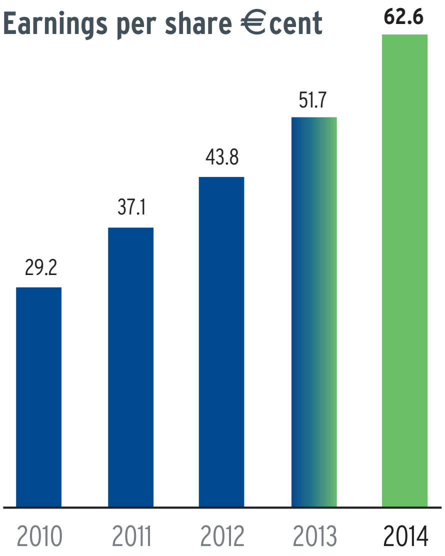
Revenue €m



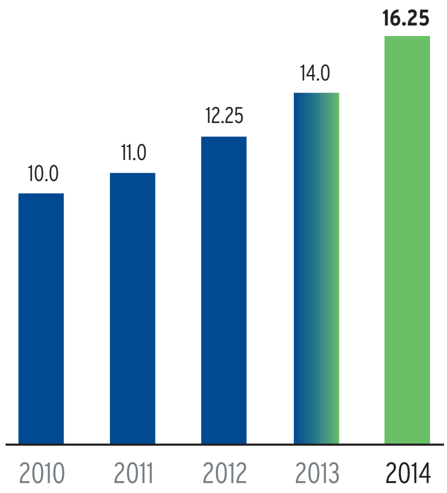
Trading profit €m



Earnings per share €cent



Dividends per share €cent



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