KINGSPAN GROUP PLC

HALF-YEARLY FINANCIAL REPORT

for the period ended 30 June 2017

KINGSPAN GROUP PLC

RESULTS FOR THE HALF YEAR 30 JUNE 2017

Kingspan, the global leader in high performance insulation and building envelope solutions, issues its half-yearly financial report for the six month period ended 30 June 2017.

Financial Highlights:

- Revenue up 19% to €1.75bn, (pre-currency, up 21%).
- Trading profit* up 6% to €177.8m, (pre-currency up 10%).
- Acquisitions contributed 10% to sales growth and 6% to trading profit growth in the period.
- Group trading margin** of 10.2%, a decrease of 120bps versus the same period in 2016.
- Net debt of €440.3m (H1 2016: €348.1m). Net debt to EBITDA of 1.06x (H1 2016: 0.9x).
- Basic EPS up 5% to 74.4 cent (H1 2016: 70.6 cent).
- Interim dividend per share up 10% to 11.0 cent (H1 2016: 10.0 cent).
- 17.3% ROCE (H1 2016: 17.8%).

Operational Highlights:

- Insulated Panel sales growth of 17% with a continuing improvement in Western Europe, solid activity in the UK and tougher, although resilient, performances in North America and Eastern Europe.
- Insulation Board sales growth of 8% with ongoing advancement of Kooltherm® in all key markets.
- Light & Air sales of €81.7m making a strong start in its maiden results period.
- Environmental continues to progress positively overall. Access Floors is ahead in the UK, albeit with a softer pipeline towards year end, with subdued activity in North America.
- The pass through of significant and ongoing raw material increases was a key trading theme in the period.

Summary Financials:

	H1 '17 €m	***H1 '16 €m***	***% Change***
Revenue	1,749.3	1,468.1	+19%
EBITDA	209.2	196.8	+6%
Trading Profit*	177.8	167.3	+6%
Trading Margin**	10.2%	11.4%	-120bps
EPS (cent per share)	74.4	70.6	+5%

** Operating profit before non-trading items and amortisation of intangibles*
*** Operating profit before non-trading items and amortisation of intangibles divided by total revenue*

Gene Murtagh, Chief Executive of Kingspan commented:
"The first six months of 2017 were strong for Kingspan. We expect end market activity to be broadly positive for the remainder of the year and at current exchange rates to deliver a full-year result at least in line with consensus. Whilst margins contracted somewhat, we anticipate further recovery of input increases in the second half. Our balance sheet is strong and ready to support our development agenda as the opportunities unfold."

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Douglas Keatinge

Business Review

In the first six months of 2017, Kingspan delivered strong revenue growth with sales up 19% over the prior year. The primary drivers of this growth were the ever increasing demand for greater energy efficiency, a robust recovery in much of Western Europe, and a significant inflationary dimension in the second quarter. Trading profit increased by 6%, which was somewhat constrained by a lag in selling price increases. Whilst chemical raw material costs will rise further in the second half, margins are expected to improve as the sales price increases notified earlier in the year come into effect.

Market activity in general has been positive, even in the UK despite the underlying political uncertainty. The US and Germany have also performed robustly, whilst the Netherlands and France in particular have demonstrated a strong recovery from the lows of a few years ago. The Nordics and Australia performed well for Kingspan, however, less positive were pockets of Central Europe and the Middle East, although penetration growth in the latter continued to drive sales growth.

So far this year we have invested €64m, €50m of which was on internal capital projects, and €14m on acquisitions, one of which marked our entry into South America, and another providing an enhanced presence in Australia. Since period end, we have acquired CPI Daylighting in the US for consideration of €40m, further bolstering our global Light & Air footprint. Our future acquisition pipeline remains healthy.

On the technology front, QuadCore® and Kooltherm® continued to increase penetration. QuadCore® represented 5% of Kingspan's Insulated Panels sales, up from initially zero in 2016, with Kooltherm accounting for 35% of Kingspan's rigid board sales, again well ahead of the same period last year.

Innovation
For decades now, innovation has been a cornerstone of Kingspan's strategy. The sole focus of this is to create consistent tangible differentiation from competing technologies and systems by providing superior performance at every step.

The vast portion of our new R&D initiatives fall into the categories of Thermal, Fire, Aesthetics and Structural.

- ❖ Thermal – our most recent developments have been QuadCore® Version 1, Kooltherm® Version 2, and Optim-R®. The first two outperform other rigid insulations by up to 20%, and materials like mineral wool by almost 60% when measured on a performance/thickness scale.
- ❖ Fire – over the last ten years, we have developed ground-breaking fire performing rigid insulations that have undergone more independent testing worldwide than any other insulation material. In all, more than 1,700 tests have been carried out on our products, and some are now achieving standards that were previously reserved for fibre containing materials often referred to as 'non-combustible'.
- ❖ Aesthetic – Kingspan's Insulated Panels and Façades now feature offerings that include Benchmark®, Matrix® and Dri-Design®. These form part of our ever-expanding array of finishes that both inspire and enable the creative freedom that today's designers require.
- ❖ Structural – the current focus of this aspect of our innovation effort is to develop multiple span flat roofing insulated panels that more fully address the conversion opportunity on membraned roofs, and open up a relatively new and under exploited market for Kingspan.

Insulated Panels

	***H1* '17 €m**	***H1* '16 €m**	**% Change**
Revenue	1,111.7	949.5	+17% (1)
Trading Profit	116.9	112.0	+4%
Trading Margin	10.5%	11.8%	-130bps

(1) Comprising underlying +11%, currency impact -1% and acquisitions +7%

<u>Mainland Europe & Middle East</u>

Activity across much of Western Europe has been strong during the first half of 2017, with the Benelux, France and Nordics being particular standouts for Kingspan. Penetration rates of high performance Insulated Panels remain relatively low in some of these regions, which when combined with wider improvement in building activity led to a strong performance in the period. Germany was broadly flat at a revenue level, and order intake has also presented somewhat of a challenge as we push to recover margin in an increasingly competitive market. Central Europe was quite mixed in the period, whilst non-residential activity in Turkey and the Middle East remained understandably subdued.

<u>UK</u>

Having delivered an uncharacteristically strong first quarter, revenue in the UK eased off as expected during the second quarter in part owing to a relatively soft retail build programme by the traditional incumbents. Quotation activity remains encouraging however and intake in quarter three is expected to improve as sectors such as data, online retail and continental retailers continue to develop their physical infrastructure across the UK. Kingspan's solutions are often a key component in these developments, now further enhanced by our Quadcore® offering which represented 5% of Panel sales in the first half, up from virtually zero a year earlier.

Americas

Insulated Panel revenue and volume were both comfortably ahead of the same period last year, owing to the strength of backlog at the turn of the year. As with most of our markets worldwide, the recovery of raw material inflation was central, particularly in the second quarter. Our strategy has been to fully recover, even at the expense of market share loss. This transpired in quarter two, and was particularly pronounced in Canada, where much of the market has not responded to the cost increases. Our near-term approach is to hold our line as we anticipate further increases in the second half. Encouragingly, market penetration in the US continues to advance. We have recently begun manufacturing in Mexico, and also acquired 51% of Panelmet in Colombia. We expect these investments to be the beginning of our longer term Latin American strategy, as we embark on an entirely new frontier for Kingspan.

Australasia

This region has again demonstrated encouraging growth as penetration rises in Australia and New Zealand, and the early efforts of our market entry into South East Asia pay dividends. The energy efficiency of buildings in general across this region lags significantly behind the levels achieved across Europe. Our aim therefore is to be instrumental in the drive towards a more efficient build environment in this region, a goal that has delivered well for Kingspan over the last decade.

Ireland

Given its relative size, the market in Ireland can be sensitive to the presence of major projects. Over the last few years this market has grown consistently, and although the medium term pipeline is very positive, actual activity in the first half of 2017 is broadly flat with 2016. We expect the second half to display a similar pattern.

Insulation Boards

	***H1*’17 €m**	***H1* ’16 €m**	**% Change**
Revenue	373.7	347.4	+8% (1)
Trading Profit	40.0	39.9	-
Trading Margin	10.7%	11.5%	-80bps

(1) Comprising underlying +11% and currency impact -3%

UK

Insulation Board sales revenue in the UK grew significantly in the first half of the year through a combination of modest overall volume growth, a notable increase in conversion to Kooltherm®, and pronounced selling price increases resulting from the steep chemical inflation we have been experiencing. The latter, when combined with the associated supply constraints imposed upon the market, has created an environment for Kingspan to accelerate conversion to our proprietary Kooltherm® technology which now represents 35% of our rigid board sales worldwide, and 34% in the UK alone.

Mainland Europe

Sales volume in Continental Europe has been strong so far this year, particularly in the Benelux, Germany and the Nordics. Whilst cost inflation recovery was somewhat slower than in other markets during the first half, quarter three will see notable traction on this front. Kooltherm conversion has also been encouraging in these markets, to the point that we intend developing a greenfield manufacturing facility in the Nordics during 2018.

Americas

Revenue in North America for our XPS products has been broadly flat with prior year as our facility in Winchester has been operating at maximum capacity. We are currently in the process of commissioning a new line there which, when fully operational, will provide approximately $40m in additional revenue potential. Concurrently, we are in the early stages of developing the specification channel for Kooltherm® and Optim-R®. Progress can be expected to be gradual in this regard as both technologies are new to the North American market.

Australasia & the Middle East

Activity in both of these markets has been tracking ahead of prior year. This has been driven in the main by the growth in conversion to Kooltherm® in Australia, now supported by our recent plant opening in Melbourne, and by the continued rise in high performance insulation across the Middle East, particularly in residential applications in the Gulf States. A new rigid board line was commissioned in the UAE earlier this year, where we would also aim to develop a Kooltherm® facility over the coming two to three years.

Ireland

The progress of our insulation business in Ireland has been very encouraging in recent times. The raw material supply shortage has resulted in us activating an accelerated conversion strategy towards Kooltherm®. This approach has been effective in both meeting our customers' insulation needs during this time of shortage, as well as simultaneously enhancing the margin profile of our business in this market.

Light & Air

	***H1*'17** €m	***H1* '16** €m
Revenue	81.7	n/a
Trading Profit	3.0	n/a
Trading Margin	3.7%	n/a

This new division, formed in the second half of 2016, aims to develop a global leadership position in the market for efficient daylighting, smoke management and ventilation systems that not only complements Kingspan's existing envelope activities, but also serves the wider building envelope market worldwide. As set out in the 2016 Annual Report, we have reported this business as a separate segment from 1 January 2017 onwards.

Starting with our original product set, we commenced a programme of expansion, through acquisition initially, to assemble a global footprint. Presently, we are manufacturing in Ireland, the UK, France, Germany and North America and expect to generate annual revenue of close to €200m, and an operating margin of approximately 7%, on plan, in what is typically a more second half weighted business. Over a five year period from now, we plan to develop the Light & Air division into a business with annual turnover exceeding €500m.

Environmental

	H1'17 €m	*H1* '16 €m	% Change
Revenue	88.9	79.5	+12% (1)
Trading Profit	6.7	4.2	+59%
Trading Margin	7.5%	5.3%	+220bps

(1) Comprising underlying +3%, currency impact -6% and acquisitions +15%

This division experienced a solid performance in the first half of the year with like-for-like revenues up 3%.

Rainwater harvesting in Australia has been a key driver of this year's growth, which now with the addition of the Rhino® brand acquired recently, moves further into larger scale non-residential water management. Effluent treatment products have also performed well, as did our Ecosafe® fuel storage range.

Hot water and solarthermal products have however continued to experience tougher trading conditions in the UK, and continuous cost improvement will remain our primary focus in this business segment medium term.

Access Floors

	H1'17 €m	*H1* '16 €m	% Change
Revenue	93.3	91.7	+2% (1)
Trading Profit	11.2	11.2	-
Trading Margin	12.0%	12.2%	-20bps

(1) Comprising underlying +4% and currency impact -2%

The trading pattern in this segment broadly mirrored that of recent years where the UK has continued to deliver a strong year-on-year result, in contrast to the class A office sector in the US which has remained relatively subdued. We can expect this pattern to prevail for the remainder of 2017, after which it is likely that office building activity in the UK will ease off.

The wider 'data' solutions dimension to this division has however continued to deliver well for Kingspan as we increase our exposure to many of the leading technology enterprises worldwide by providing multiple solutions to datacentre type applications. Also of note is the relatively embryonic but growing floor finishes product group. Together these two platforms will drive longer term evolution of this division worldwide.

Financial Review

Overview of results

Group revenue increased by 19% to €1,749.3m (H1 2016: €1,468.1m) and trading profit increased by 6% to €177.8m (H1 2016: €167.3m). This represents a 21% increase in sales and a 10% increase in trading profit on a constant currency basis. The Group's trading margin decreased by

120bps to 10.2% (H1 2016: 11.4%) reflecting the impact of higher input prices and the associated lag in recovery. The amortisation charge in respect of intangibles was €7.5m compared to €5.3m in the first half of 2016 with the increase reflecting, primarily, the year on year effect of intangible assets acquired as part of business acquisition activity during 2016. Group operating profit after amortisation and non-trading items grew 5% to €170.9m. Profit after tax was €133.1m compared to €125.7m in the first half of 2016 driven, in the main, by the growth in trading profit. Basic EPS for the period was 74.4 cent, representing an increase of 5% on the first half of 2016 (H1 2016: 70.6 cent).

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

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+11%	-1%	+7%	+17%
Insulation Boards	+11%	-3%	-	+8%
Access Floors	+4%	-2%	-	+2%
Environmental	+3%	-6%	+15%	+12%
Group *	+11%	-2%	+10%	+19%

* Includes Light & Air

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

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+2%	-4%	+6%	+4%
Insulation Boards	+3%	-3%	-	-
Access Floors	+4%	-4%	-	-
Environmental	+40%	-6%	+25%	+59%
Group *	+4%	-4%	+6%	+6%

* Includes Light & Air

Finance costs (net)
Finance costs for the period were modestly higher than the same period last year at €7.6m (H1 2016: €7.2m). Finance costs include a non-cash charge of €0.1m (H1 2016: €0.1m) relating to the Group's legacy defined benefit pension schemes. A net non-cash credit of €0.5m was recorded in respect of swaps on the Group's USD private placement notes (H1 2016: charge of €0.2m). The Group's net interest expense on borrowings (bank and loan notes) was €7.9m compared to €6.9m in the first half of 2016. The increased interest charge reflects the interest on the new private placement completed in November 2016.

Taxation
The tax charge for the first half of the year was €30.2m (H1 2016: €29.1m) which represents an effective tax rate of 18.5% on profit before tax (H1 2016: 18.8%). The decrease in the effective rate reflects the global mix of earnings year on year.

Retirement benefits
The primary method of pension provision for current employees is by way of defined contribution arrangements. The Group has two legacy defined benefit schemes in the UK which are closed to new members and to future accrual. In addition, the Group assumed a number of smaller defined benefit pension liabilities in mainland Europe through acquisitions completed in recent years. The net pension liability in respect of these schemes and obligations was €15.0m at 30 June 2017 (30 June 2016: €7.1m).

Free cashflow

Free cashflow	H1 ’17 €m	H1 ’16 €m
EBITDA*	209.2	196.8
Movement in working capital **	(84.9)	(26.0)
Net capital expenditure	(46.0)	(52.5)
Pension contributions	(0.6)	(1.1)
Net finance costs paid	(9.8)	(7.5)
Income taxes paid	(32.0)	(20.3)
Other including non-cash items	3.5	3.2
Free cashflow	39.4	92.6

**Earnings before finance costs, income taxes, depreciation, amortisation and non-trading items*
***Excludes working capital on acquisition but includes working capital movements since that point*

Working capital at 30 June 2017 was €445.4m (31 December 2016: €382.7m), an increase of €62.7m in the period. This increase is driven by the working capital on acquisitions in the period, a seasonal build in the first half of the year and increased steel and chemical prices.

The average working capital to sales % was 13.1% in H1 2017 compared to 10.5% in H1 2016.

Net Debt
Net debt increased by €12.4m during the first half of the year to €440.3m (31 December 2016: €427.9m) and this is analysed in the table below:

Movement in net debt	H1 ’17 €m	H1 ’16 €m
Free cashflow	39.4	92.6
Acquisitions and disposals	(8.6)	(80.6)
Share issues	0.1	1.0
Dividends paid	(42.0)	(30.2)
Cashflow movement	(11.1)	(17.2)
Exchange movements on translation	(1.3)	(2.9)
Increase in net debt	(12.4)	(20.1)
Net debt at start of period	(427.9)	(328.0)
Net debt at end of period	(440.3)	(348.1)

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.

In June 2017, the Group refinanced its primary syndicated bank debt facility. The new facility, negotiated on more favourable terms than the previous facility, is a €500m revolving credit facility, with a syndicate of ten international banks, with a committed term to June 2022. This facility was undrawn at 30 June 2017. This facility replaced a previous €300m syndicated facility, which was due to mature in March 2019, and bilateral agreements totalling €160m which were due to mature in January 2018.

In addition, as part of the Group's longer term capital structure, the Group has total private placement loan notes of €666m which have a weighted average maturity of 6.5 years.

The weighted average maturity of all debt facilities is 5.9 years.

As well as ongoing free cashflow generation, the Group has significant available undrawn facilities and cash which provide appropriate headroom for operational requirements and development funding. Total available headroom was approximately €706m at 30 June 2017.

Related Party Transactions
There were no changes in related party transactions from the 2016 Annual Report that could have a material impact on the financial position or performance of the Group in the first half of the year.

Principal Risks & Uncertainties
Details of the principal risks and uncertainties facing the Group can be found in the 2016 Annual Report. These risks, namely volatility in the macro environment, failure to innovate, product failure, business interruption (including IT continuity), credit risks & credit control, employee development & retention, fraud & cybercrime and acquisition & integration of new businesses, remain the most likely to affect the Group in the second half of the current year. The Group actively manages these and all other risks through its control and risk management processes.

Dividend
The Board has proposed an interim dividend of 11.0 cent per ordinary share, an increase of 10% on the 2016 interim dividend of 10.0 cent per share. The interim dividend will be paid on 6 October 2017 to shareholders on the register on the record date of 1 September 2017.

Looking Ahead
We expect end market activity to be broadly positive during the remainder of 2017, with a solid performance anticipated in the UK and Ireland, continued strength across much of Western Europe and the Nordics, and a reasonably stable environment in North America.

Conversion towards our high performance insulations and building envelopes has been on an upward trajectory for some time now. The recent pattern has been, and is expected to remain, consistent with this as the thermal, aesthetic, and fire performance of our solutions play a more significant role in specifications as we move forward.

Nearer term we anticipate an unrelenting chemical supply environment that will maintain high cost and pricing levels, which may be accompanied by a constrained flow of material. In light of these circumstances Kingspan will continue to successfully deploy its wide-ranging product set to limit the impact of this issue, and at current exchange rates we expect to at least meet the consensus view of 2017 as a whole.

RESPONSIBILITY STATEMENT

Directors' Responsibility Statement in respect of the half-yearly financial report for the six month period ended 30 June 2017

Each of the directors of Kingspan Group plc confirm our responsibility for preparing the half year financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland and with IAS 34 *Interim Financial Reporting*, as adopted by the EU, and to the best of our knowledge and belief:

a) the condensed interim financial statements comprising the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland and with IAS 34 *Interim Financial Reporting* as adopted by the EU.

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

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

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

The directors of Kingspan Group plc, and their functions, are as listed in the 2016 Annual Report.

On behalf of the Board

Gene Murtagh Chief Executive Officer	Geoff Doherty Chief Financial Officer
18 August 2017	18 August 2017

Independent Review Report to Kingspan Group PLC

Introduction

We have been engaged by the company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related explanatory notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards as adopted by the EU ("IFRSs"). Our review was conducted having regard to the Financial Reporting Council's ("FRC's") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU, the TD Regulations and the Transparency Rules of the Central Bank of Ireland.

Basis of our report, responsibilities and restriction on use

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

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

Independent Review Report to Kingspan Group PLC ***(continued)***

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

KPMG 18 August 2017
Chartered Accountants
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Dublin 2
Ireland

Kingspan Group plc

Condensed consolidated income statement (unaudited)
for the 6 month period ended 30 June 2017

	Note	**6 months ended 30 June 2017**	6 months ended 30 June 2016
		€m	€m
Revenue	*4*	**1,749.3**	1,468.1
Cost of Sales		**(1,243.5)**	(1,010.7)
Gross Profit		**505.8**	457.4
Operating Costs *		**(328.0)**	(290.1)
Trading Profit	*4*	**177.8**	167.3
Intangible amortisation		**(7.5)**	(5.3)
Non-trading items	*6*	**0.6**	-
Operating Profit		**170.9**	162.0
Finance expense	*7*	**(7.8)**	(7.4)
Finance income	*7*	**0.2**	0.2
Profit for the period before income tax		**163.3**	154.8
Income tax expense	*8*	**(30.2)**	(29.1)
Net Profit for the period		**133.1**	125.7
Attributable to owners of Kingspan Group plc		**132.8**	125.4
Attributable to non-controlling interests		**0.3**	0.3
		133.1	125.7
Earnings per share for the period			
Basic	*12*	**74.4c**	70.6c
Diluted	*12*	**73.6c**	69.7c

* Operating costs exclude intangible amortisation and non-trading items

Kingspan Group plc

Condensed consolidated statement of comprehensive income (unaudited)

for the 6 month period ended 30 June 2017

	6 months ended 30 June 2017	6 months ended 30 June 2016
	€m	€m
Net profit for financial period	**133.1**	125.7
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(54.5)**	(57.6)
Net changes in fair value of cash flow hedges	**(0.4)**	1.1
Income taxes relating to changes in fair value of cash flow hedges	**-**	(0.1)
Total comprehensive income for the period	**78.2**	69.1
Attributable to owners of Kingspan Group plc	**78.8**	69.1
Attributable to non-controlling interests	**(0.6)**	-
	78.2	69.1

Kingspan Group plc

Condensed consolidated statement of financial position

as at 30 June 2017

	Note	**At 30 June 2017 (unaudited)**	At 30 June 2016 (unaudited)	At 31 December 2016 (audited)
	Note	**€m**	€m	€m
Assets				
Non-current assets				
Goodwill	*13*	**971.1**	859.7	990.1
Other intangible assets		**91.5**	85.7	91.9
Property, plant and equipment	*14*	**674.0**	625.0	665.5
Derivative financial instruments	*10*	**31.2**	43.2	40.6
Retirement benefit assets		**6.4**	7.8	6.7
Deferred tax assets		**12.0**	10.9	12.0
		1,786.2	1,632.3	1,806.8
Current assets				
Inventories		**444.1**	322.6	365.5
Trade and other receivables		**687.4**	592.3	601.9
Derivative financial instruments	*10*	**0.7**	2.7	8.4
Cash and cash equivalents	*10*	**205.6**	166.5	222.0
		1,337.8	1,084.1	1,197.8
Total assets		**3,124.0**	2,716.4	3,004.6
Liabilities				
Current liabilities				
Trade and other payables		**686.7**	593.5	585.2
Provisions for liabilities		**40.7**	40.3	55.5
Derivative financial instruments	*10*	**0.1**	0.4	-
Deferred contingent consideration		**6.2**	6.6	6.8
Interest bearing loans and borrowings	*10*	**1.7**	123.5	41.1
Current income tax liabilities		**79.0**	73.8	77.1
		814.4	838.1	765.7
Non-current liabilities				
Retirement benefit obligations		**21.4**	14.9	20.8
Provisions for liabilities		**54.4**	42.9	45.4
Interest bearing loans and borrowings	*10*	**675.4**	434.3	657.3
Deferred tax liabilities		**37.5**	45.7	37.8
Deferred contingent consideration		**13.3**	2.4	6.1
		802.0	540.2	767.4
Total liabilities		**1,616.4**	1,378.3	1,533.1
Net Assets		**1,507.6**	1,338.1	1,471.5
Equity				
Share capital		**23.5**	23.4	23.4
Share premium		**95.6**	93.4	95.6
Capital redemption reserve		**0.7**	0.7	0.7
Treasury shares		**(13.9)**	(12.5)	(12.5)
Other reserves		**(121.9)**	(73.6)	(58.9)
Retained earnings		**1,505.9**	1,294.2	1,406.6
Equity attributable to owners of Kingspan Group plc		**1,489.9**	1,325.6	1,454.9
Non-controlling interests		**17.7**	12.5	16.6
Total Equity		**1,507.6**	1,338.1	1,471.5

Kingspan Group plc

Condensed consolidated statement of changes in equity (unaudited)
for the 6 month period ended 30 June 2017

	Share capital €m	Share premium €m	Capital redemption reserve €m	Treasury shares €m	Translation reserve €m	Cash flow hedging reserve €m	Share based payment reserve €m	Revaluation reserve €m	Put option liability reserve €m	Retained Earnings €m	Total attributable to owners of the parent €m	Non-controlling interests €m	Total equity €m
Balance at 1 January 2017	23.4	95.6	0.7	(12.5)	(95.2)	2.3	33.3	0.7	-	1,406.6	1,454.9	16.6	1,471.5
Transactions with owners recognised directly in equity													
Employee share based compensation	0.1	-	-	-	-	-	6.9	-	-	-	7.0	-	**7.0**
Exercise or lapsing of share options	-	-	-	-	-	-	(8.5)	-	-	8.5	-	-	-
Repurchase of shares	-	-	-	(1.4)	-	-	-	-	-	-	(1.4)	-	**(1.4)**
Dividends	-	-	-	-	-	-	-	-	-	(42.0)	(42.0)	-	**(42.0)**
Transactions with non-controlling interests:													
Non-controlling interest arising on acquisition	-	-	-	-	-	-	-	-	-	-	-	1.7	**1.7**
Put option liability arising on acquisition	-	-	-	-	-	-	-	-	(7.4)	-	(7.4)	-	**(7.4)**
Transactions with owners	0.1	-	-	(1.4)	-	-	(1.6)	-	(7.4)	(33.5)	(43.8)	1.7	**(42.1)**
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	132.8	132.8	0.3	**133.1**
Other comprehensive income													
Items that may be reclassified subsequently to profit or loss													
Cash flow hedging in equity													
- current year	-	-	-	-	-	(0.4)	-	-	-	-	(0.4)	-	**(0.4)**
Exchange differences on translating foreign operations	-	-	-	-	(53.6)	-	-	-	-	-	(53.6)	(0.9)	**(54.5)**
Total comprehensive income for the period	-	-	-	-	(53.6)	(0.4)	-	-	-	132.8	78.8	(0.6)	**78.2**
Balance at 30 June 2017	23.5	95.6	0.7	(13.9)	(148.8)	1.9	31.7	0.7	(7.4)	1,505.9	1,489.9	17.7	**1,507.6**

Kingspan Group plc

Condensed consolidated statement of changes in equity (unaudited)

for the 6 month period ended 30 June 2016

	Share capital €m	Share premium €m	Capital redemption reserve €m	Treasury shares €m	Translation reserve €m	Cash flow hedging reserve €m	Share based payment reserve €m	Revaluation reserve €m	Retained Earnings €m	Total attributable to owners of the parent €m	Non-controlling interests €m	Total equity €m
Balance at 1 January 2016	23.3	92.5	0.7	(11.3)	(50.9)	2.9	29.6	0.7	1,194.9	1,282.4	11.4	1,293.8
Transactions with owners recognised directly in equity												
Employee share based compensation	0.1	0.9	-	-	-	-	6.0	-	-	7.0	-	**7.0**
Exercise or lapsing of share options	-	-	-	-	-	-	(5.6)	-	5.6	-	-	-
Repurchase of shares	-	-	-	(1.2)	-	-	-	-	-	(1.2)	-	**(1.2)**
Dividends	-	-	-	-	-	-	-	-	(30.2)	(30.2)	-	**(30.2)**
Transactions with non-controlling interests:												
Change of ownership interest	-	-	-	-	-	-	-	-	(1.5)	(1.5)	1.5	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(0.4)	**(0.4)**
Transactions with owners	0.1	0.9	-	(1.2)	-	-	0.4	-	(26.1)	(25.9)	1.1	**(24.8)**
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	125.4	125.4	0.3	**125.7**
Other comprehensive income												
Items that may be reclassified subsequently to profit or loss												
Cash flow hedging in equity												
- current year	-	-	-	-	-	1.1	-	-	-	1.1	-	**1.1**
- tax impact	-	-	-	-	-	(0.1)	-	-	-	(0.1)	-	**(0.1)**
Exchange differences on translating foreign operations	-	-	-	-	(57.3)	-	-	-	-	(57.3)	(0.3)	**(57.6)**
Total comprehensive income for the period	-	-	-	-	(57.3)	1.0	-	-	125.4	69.1	-	**69.1**
Balance at 30 June 2016	23.4	93.4	0.7	(12.5)	(108.2)	3.9	30.0	0.7	1,294.2	1,325.6	12.5	**1,338.1**

Kingspan Group plc

Condensed consolidated statement of changes in equity (audited)

for the financial year ended 31 December 2016

	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Treasury Shares €m	Translation Reserve €m	Cash Flow 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 2016	23.3	92.5	0.7	(11.3)	(50.9)	2.9	29.6	0.7	1,194.9	1,282.4	11.4	**1,293.8**
Transactions with owners recognised directly in equity												
Employee share based compensation	0.1	3.1	-	-	-	-	10.4	-	-	13.6	-	**13.6**
Tax on employee share based compensation	-	-	-	-	-	-	(0.3)	-	1.7	1.4	-	**1.4**
Exercise or lapsing of share options	-	-	-	-	-	-	(6.4)	-	6.4	-	-	**-**
Repurchase of shares	-	-	-	(1.3)	-	-	-	-	-	(1.3)	-	**(1.3)**
Transfer of shares	-	-	-	0.1	-	-	-	-	-	0.1	-	**0.1**
Dividends	-	-	-	-	-	-	-	-	(48.0)	(48.0)	-	**(48.0)**
Transactions with non-controlling interests:												
Arising on acquisition	-	-	-	-	-	-	-	-	-	-	3.5	**3.5**
Change of ownership interest	-	-	-	-	-	-	-	-	(1.5)	(1.5)	1.5	-
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(0.4)	**(0.4)**
Transactions with owners	0.1	3.1	-	(1.2)	-	-	3.7	-	(41.4)	(35.7)	4.6	**(31.1)**
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	255.4	255.4	0.1	**255.5**
Other comprehensive income:												
Items that may be reclassified subsequently to profit or loss												
Cash flow hedging in equity												
- current year	-	-	-	-	-	(0.7)	-	-	-	(0.7)	-	**(0.7)**
- tax impact	-	-	-	-	-	0.1	-	-	-	0.1	-	**0.1**
Exchange differences on translating foreign operations	-	-	-	-	(44.3)	-	-	-	-	(44.3)	0.5	**(43.8)**
Items that will not be reclassified subsequently to profit or loss												
Actuarial losses of defined benefit pension scheme	-	-	-	-	-	-	-	-	(2.9)	(2.9)	-	**(2.9)**
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	0.6	0.6	-	**0.6**
Total comprehensive income for the year	-	-	-	-	(44.3)	(0.6)	-	-	253.1	208.2	0.6	**208.8**
Balance at 31 December 2016	23.4	95.6	0.7	(12.5)	(95.2)	2.3	33.3	0.7	1,406.6	1,454.9	16.6	**1,471.5**

Kingspan Group plc

Condensed consolidated statement of cash flows (unaudited)
for the 6 month period ended 30 June 2017

	6 months ended 30 June 2017	6 months ended 30 June 2016
	€m	€m
Operating activities		
Net profit for the period	**133.1**	125.7
Add back non-operating expenses:		
Income tax	**30.2**	29.1
Depreciation of property, plant and equipment	**31.4**	29.5
Amortisation of intangible assets	**7.5**	5.3
Impairment of non-current assets	**-**	1.6
Non-trading items	**(0.6)**	-
Employee equity-settled share options	**6.9**	6.0
Finance income	**(0.2)**	(0.2)
Finance expense	**7.8**	7.4
Profit on sale of property, plant and equipment	**(2.0)**	-
Changes in working capital:		
Increase in inventories	**(87.0)**	(28.3)
Increase in trade and other receivables	**(95.1)**	(116.1)
Increase in trade, other payables & provisions	**97.2**	118.4
Other:		
Pension contributions	**(0.6)**	(1.1)
Cash generated from operations	**128.6**	177.3
Taxes paid	**(32.0)**	(20.3)
Financing fees paid	**(1.8)**	-
Interest paid	**(8.2)**	(7.7)
Net cash flow from operating activities	**86.6**	149.3
Investing activities		
Additions to property, plant and equipment	**(44.6)**	(54.8)
Additions to intangible assets	**(4.8)**	-
Proceeds from disposals of property, plant and equipment	**3.4**	2.3
Proceeds from disposal of trade and assets	**5.7**	-
Purchase of subsidiary undertakings (including net debt/cash acquired)	**(14.3)**	(80.6)
Payment of deferred consideration in respect of acquisitions	**-**	(2.8)
Interest received	**0.2**	0.2
Net cash flow from investing activities	**(54.4)**	(135.7)
Financing activities		
Repayment of interest bearing loans & borrowings	**(8.8)**	(12.2)
Settlement of derivative financial instrument	**8.0**	-
Increase in finance lease liability	**1.5**	0.1
Proceeds from share issues	**0.1**	1.0
Repurchase of treasury shares	**(1.4)**	(1.2)
Dividends to non-controlling interests	**-**	(0.4)
Dividends paid	**(42.0)**	(30.2)
Net cash flow from financing activities	**(42.6)**	(42.9)
Decrease in cash and cash equivalents	**(10.4)**	(29.3)
Translation adjustment	**(6.0)**	(16.2)
Cash and cash equivalents at the beginning of the period	**222.0**	212.0
Cash and cash equivalents at the end of the period	**205.6**	166.5

Kingspan Group plc

Notes
forming part of the financial statements

1 Reporting entity

Kingspan Group plc (“the Company” or “the Group”) is a public limited company registered and domiciled in Ireland. The condensed consolidated interim financial statements of the Company as at and for the six month period ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the "Group").

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

The financial information presented in the half-yearly report does not represent full statutory accounts. Full statutory accounts for the year ended 31 December 2016 prepared in accordance with IFRS, as adopted by the EU, upon which the auditors have given an unqualified audit report, are available on the Group's website (www.kingspan.com).

2 Basis of preparation

This Half-Yearly Financial Report is unaudited but has been reviewed by the Company’s auditor.

(a) Statement of compliance

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

The Interim Financial Statements were approved by the Board of Directors on 18 August 2017.

(b) Significant accounting policies

The accounting policies applied by the Group in the Interim Financial Statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016, with the exception of non-trading items. The Group's accounting policy for non-trading items is as follows:

Non-trading items

Certain items and transactions, by virtue of their nature and significance, are disclosed separately from the main trading activities of the Group to provide the user with a greater understanding of the financial information. These items relate to events or circumstances that are not core to the Group's activities and are therefore presented as "non-trading items".

Non-trading items refers to gains or losses on the disposal of businesses, impairment of goodwill, material gains or losses on the disposal of assets and material acquisition or restructuring costs.

Non-trading items have been disclosed in Note 6 of the Interim Financial Statements.

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing these Interim Financial Statements. The principal new standards, amendments to standards and interpretations, none of which have been EU endorsed, are as follows:

	Effective Date – periods beginning on or after
IFRS 15: *Revenue from contracts with customers*	1 January 2018
IFRS 9 *Financial Instruments (2009 and subsequent amendments in 2010 and 2013)*	1 January 2018
IFRS 16: *Leases*	1 January 2019

IFRS 15: *Revenue from contracts with customers* and IFRS 9 *Financial Instruments (2009 and subsequent amendments in 2010 and 2013)* are not expected to have a material impact on the Group's financial statements.

Management are currently assessing the potential impact of the implementation of IFRS 16: *Leases*, which may be material to the Group's financial statements, but is currently not quantified.

(c) Estimates

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

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

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

(d) Going concern

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

3 Reporting currency

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

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

The following significant exchange rates were applied during the period:

	Average rate			**Closing rate**		
	H1 2017	**H1 2016**	**FY 2016**	**H1 2017**	**H1 2016**	**FY 2016**
Euro =						
Pound Sterling	**0.860**	0.780	0.819	**0.879**	0.827	**0.858**
US Dollar	**1.083**	1.117	1.110	**1.140**	1.113	**1.056**
Canadian Dollar	**1.446**	1.484	1.466	**1.484**	1.440	**1.425**
Australian Dollar	**1.436**	1.521	1.489	**1.487**	1.495	**1.462**
Czech Koruna	**26.783**	27.038	27.033	**26.294**	27.105	**27.020**
Polish Zloty	**4.268**	4.367	4.362	**4.245**	4.434	**4.422**
Hungarian Forint	**309.50**	312.74	311.43	**309.95**	316.58	**311.53**

4 Operating segments

The Group has the following five reportable segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal facades.
Insulation Boards	Manufacture of rigid insulation boards, building services insulation and engineered timber systems.
Light & Air	Manufacture of daylighting, smoke management and ventilation systems.
Environmental	Manufacture of energy storage solutions, water and microwind systems and all related service activity.
Access Floors	Manufacture of raised access floors and data centre storage solutions.

The Group has established a new division, Kingspan Light & Air, encompassing the Group's daylighting and ventilation activities effective from 1 January 2017. This activity increased significantly in the second half of 2016 due to a number of acquisitions. In the prior period and as disclosed in the 2016 Annual Report, the Group's limited activity in this sector was disclosed within the Insulated Panels segment and therefore no comparative information is disclosed in the below tables.

Analysis by class of business

Segment revenue

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Environmental €m	Access Floors €m	Total €m
Total revenue - H1 2017	**1,111.7**	**373.7**	**81.7**	**88.9**	**93.3**	**1,749.3**
Total revenue - H1 2016	949.5	347.4	-	79.5	91.7	1,468.1

Segment result (profit before finance expense)

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Environmental €m	Access Floors €m	Total €m
Trading profit - H1 2017	116.9	40.0	3.0	6.7	11.2	**177.8**
Intangible amortisation	(4.6)	(1.1)	(1.1)	(0.7)	-	**(7.5)**
Non-trading items	(2.3)	2.9	-	-	-	**0.6**
Operating result - H1 2017	110.0	41.8	1.9	6.0	11.2	**170.9**
Net finance expense						**(7.6)**
Profit for the period before income tax						**163.3**
Income tax expense						**(30.2)**
Profit for the period - H1 2017						**133.1**

Segment result (profit before finance expense)

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Environmental €m	Access Floors €m	Total €m
Trading profit - H1 2016	112.0	39.9	-	4.2	11.2	167.3
Intangible amortisation	(3.5)	(1.6)	-	(0.2)	-	(5.3)
Operating result - H1 2016	108.5	38.3	-	4.0	11.2	162.0
Net finance expense						(7.2)
Profit for the period before income tax						154.8
Income tax expense						(29.1)
Profit for the period - H1 2016						125.7

Segment assets and liabilities

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Environmental €m	Access Floors €m	Total 30 June 2017 €m	Total 30 June 2016 €m
Assets - H1 2017	**1,765.4**	**629.8**	**153.6**	**168.7**	**157.0**	**2,874.5**	
Assets - H1 2016	1,580.7	592.8	-	165.7	153.9		2,493.1
Derivative financial instruments						**31.9**	45.9
Cash and cash equivalents						**205.6**	166.5
Deferred tax asset						**12.0**	10.9
Total assets						**3,124.0**	2,716.4
Liabilities - H1 2017	**(529.9)**	**(160.8)**	**(46.5)**	**(51.9)**	**(33.6)**	**(822.7)**	
Liabilities - H1 2016	(471.0)	(156.2)	-	(46.6)	(26.8)		(700.6)
Interest bearing loans and borrowings (current and non-current)						(677.1)	(557.8)
Derivative financial instruments (current and non-current)						(0.1)	(0.4)
Income tax liabilities (current and deferred)						(116.5)	(119.5)
Total liabilities						(1,616.4)	(1,378.3)

Other segment information

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Environmental €m	Access Floors €m	Total €m
Capital Investment - H1 2017 *	**40.8**	**16.0**	**1.8**	**1.7**	**2.2**	**62.5**
Capital Investment - H1 2016 *	42.3	18.7	-	9.0	2.5	72.5
Depreciation included in segment result - H1 2017	**(20.2)**	**(7.1)**	**(1.4)**	**(1.5)**	**(1.2)**	**(31.4)**
Depreciation included in segment result - H1 2016	(19.2)	(7.4)	-	(1.7)	(1.2)	(29.5)
Non cash items included in segment result - H1 2017	**(4.2)**	**(1.5)**	**(0.1)**	**(0.5)**	**(0.6)**	**(6.9)**
Non cash items included in segment result - H1 2016	(3.6)	(1.4)	-	(0.4)	(0.6)	(6.0)

* Capital investment includes the fair value of property, plant, equipment and intangible assets acquired through additions in the period and also as part of business comibinations.

Analysis of segmental data by geography

	Republic of Ireland €m	United Kingdom €m	Rest of Europe €m	Americas €m	Others €m	Total €m
Income Statement Items						
Revenue - H1 2017	**66.2**	**455.4**	**759.1**	**336.4**	**132.2**	**1,749.3**
Revenue - H1 2016	59.5	410.1	592.3	291.4	114.8	1,468.1
Statement of Financial Position Items						
Non-current assets - H1 2017 *	**52.2**	**371.1**	**731.5**	**423.0**	**165.2**	**1,743.0**
Non-current assets - H1 2016 *	49.0	363.0	627.3	389.0	149.9	1,578.2
Capital Investment - H1 2016 **	**6.1**	**8.3**	**25.8**	**15.9**	**6.4**	**62.5**
Capital Investment - H1 2016 **	2.1	20.1	16.5	11.5	22.3	72.5

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

** Capital investment includes the fair value of property, plant, equipment and intangible assets acquired through additions in the period and also as part of business comibinations.

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

5 Seasonality of operations

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

6 Non-trading items

	6 months ended 30 June 2017 €m	6 months ended 30 June 2016 €m
Profit on disposal of trade and assets	**2.9**	-
Impairment of goodwill	**(2.3)**	-
	0.6	-

During the period, the Group disposed of the trade and assets of Kingspan Gefinex GmbH, which is part of the Insulation Boards division, for €5.7m and realised a non-trading profit of €2.9m.

The goodwill impairment relates to a US energy business, which is part of the Panels division.

There is no tax impact for the above items in the Condensed Consolidated Income Statement.

7 Finance expense and finance income

	6 months ended 30 June 2017 €m	6 months ended 30 June 2016 €m
Finance expense		
Bank loans	**0.9**	**1.1**
Private placement	**7.2**	**6.0**
Finance leases	**0.1**	**-**
Defined benefit pension scheme, net	**0.1**	**0.1**
Fair value movement on derivative financial instruments	**8.0**	**(20.5)**
Fair value movement on private placement debt	**(8.5)**	**20.7**
	7.8	**7.4**
Finance income		
Interest earned	**(0.2)**	**(0.2)**
Net finance cost	**7.6**	**7.2**

No borrowing costs were capitalised during the period (H1 2016: Nil).

8 Taxation

Taxation provided for on profits is €30.2m which represents 18.5% of the profit before tax for the period (H1 2016: 18.8%). The full year effective tax rate in 2016 was 18.6%. The taxation charge for the six month period is accrued using the estimated applicable rate for the year as a whole.

9 Analysis of net debt

	At 30 June 2017 €m	At 30 June 2016 €m
Cash and cash equivalents	**205.6**	166.5
Derivative financial instruments	**31.2**	43.2
Current borrowings	**(1.7)**	(123.5)
Non-current borrowings	**(675.4)**	(434.3)
Total net debt	**(440.3)**	(348.1)

Net debt, which is a non GAAP measure, is stated net of interest rate and currency hedges (asset of €31.2m) which relate to hedges of debt. Foreign currency derivatives (liability of €0.6m), which are used for transactional hedging, are not included in the definition of net debt.

10 Financial instruments

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

	Loans & Receivables & Other Financial Assets/(Liabilities) at Amortised Cost €m	Liabilities in a fair value hedge relationship €m	Derivatives Designated as Hedging Instruments €m	Total Net Debt by Category €m
Assets:				
Interest rate swaps	-	-	31.2	**31.2**
Cash at bank and in hand	205.6	-	-	**205.6**
Total assets	205.6	-	31.2	**236.8**
Liabilities:				
Private placement notes	(523.8)	(142.6)	-	**(666.4)**
Other loans	(10.7)	-	-	**(10.7)**
Total liabilities	(534.5)	(142.6)	-	**(677.1)**
At 30 June 2017	**(328.9)**	**(142.6)**	**31.2**	**(440.3)**

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

The Group’s private placement loan notes of €666m have a weighted average maturity of 6.5 years.

Fair value of financial instruments carried at fair value

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

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

	Level 1 30 June 2017 €m	Level 2 30 June 2017 €m	Level 3 30 June 2017 €m
Financial assets			
Interest rate swaps	-	31.2	-
Foreign exchange contracts for hedging	-	0.7	-
Financial liabilities			
Deferred contingent consideration	-	-	(19.5)
Foreign exchange contracts for hedging	-	(0.1)	-
At 30 June 2017	**-**	**31.8**	**(19.5)**

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

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

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

Deferred contingent consideration is included in Level 3. The deferred contingent consideration has increased in the period due to the PanelMet acquisition, which is outlined in more detail in Note 16. The remaining deferred contingent consideration is consistent with 31 December 2016 and is set out in notes 18 and 22 of the 2016 Annual Report. The contingent element is measured on a series of trading performance targets, and is adjusted by the application of a range of outcomes and associated probabilities.

During the period ended 30 June 2017, there were no significant changes in the business or economic circumstances that affect the fair value of financial assets and liabilities, no reclassifications and no transfers between levels of the fair value hierarchy used in measuring the fair value of the financial instruments.

Fair value of financial instruments at amortised cost

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

Private placement notes	**Carrying amount**	**Fair value**
	€m	**€m**
At 30 June 2017	**666.4**	**705.6**
At 30 June 2016	466.2	507.1

The fair value of the private placement notes, which are Level 2 financial instruments, is derived by using observable market data, principally the relevant interest rates.

11 Dividends

A final dividend on ordinary shares of 23.5 cent per share in respect of the year ended 31 December 2016 (2015: 17.0 cent) was paid on 5 May 2017.

The directors are proposing an interim dividend of 11.0 cent (2016: 10.0 cent) per share in respect of 2017, which will be paid on 6 October 2017 to shareholders on the register on the record date of 1 September 2017.

12 Earnings per share

	6 months ended 30 June 2017 €m	6 months ended 30 June 2016 €m
The calculations of earnings per share are based on the following:		
Profit attributable to owners of the Company	**132.8**	125.4
	Number of shares ('000) 6 months ended 30 June 2017	**Number of shares ('000) 6 months ended 30 June 2016**
Weighted average number of ordinary shares for the calculation of basic earnings per share	**178,570**	177,523
Dilutive effect of share options	**1,754**	2,226
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**180,324**	179,749
	€ cent	**€ cent**
Basic earnings per share	**74.4**	70.6
Diluted earnings per share	**73.6**	69.7
Adjusted basic (pre amortisation and non-trading items) earnings per share	**77.5**	73.1

At 30 June 2017, there were no anti-dilutive options (30 June 2016: Nil).

13 Goodwill

	At **30 June 2017** **€m**	At 30 June 2016 €m	At 31 Dec 2016 €m
At beginning of period	**990.1**	821.2	821.2
Acquired through business combinations	**11.7**	55.3	178.7
Impairment charge	**(2.3)**	-	-
Effect of movement in exchange rates	**(28.4)**	(16.8)	(9.8)
At end of period	**971.1**	859.7	990.1
At end of period			
Cost	**1,039.0**	925.3	1,055.7
Accumulated impairment losses	**(67.9)**	(65.6)	(65.6)
Net carrying amount	**971.1**	859.7	990.1

14 Property, plant & equipment

	At **30 June 2017** **€m**	At 30 June 2016 €m	At 31 Dec 2016 €m
Cost or valuation	**1,523.5**	1,441.9	1,505.2
Accumulated depreciation and impairment charges	**(849.5)**	(816.9)	(839.7)
Net carrying amount	**674.0**	625.0	665.5
Opening net carrying amount	**665.5**	619.1	619.1
Acquired through business combinations	**7.9**	5.0	30.9
Additions	**45.3**	54.8	113.7
Disposals	**(1.9)**	(2.3)	(8.8)
Depreciation charge	**(31.4)**	(29.5)	(63.2)
Impairment charge	**-**	(1.6)	(3.4)
Effect of movement in exchange rates	**(11.4)**	(20.5)	(22.8)
Closing net carrying amount	**674.0**	625.0	665.5

The disposals, excluding the Gefinex element, generated a profit in the period of €2.0m (H1 2016: € nil).

15 Reconciliation of net cash flow to movement in net debt

	6 months ended 30 June 2017 €m	6 months ended 30 June 2016 €m	Year ended 31 December 2016 €m
(Decrease)/increase in cash and bank overdrafts	**(10.4)**	**(29.3)**	28.1
Decrease/(increase) in interest bearing loans & borrowings	**8.8**	**12.2**	(120.6)
Settlement of derivative financial instrument	**(8.0)**	**-**	-
Increase in lease finance	**(1.5)**	**(0.1)**	(1.8)
Change in net debt resulting from cash flows	**(11.1)**	**(17.2)**	(94.3)
Translation movement - relating to US dollar loans	**14.9**	**(0.6)**	(5.6)
Translation movement - other	**(6.8)**	**(15.9)**	(19.0)
Derivative financial instruments movement	**(9.4)**	**13.6**	19.0
Net movement	**(12.4)**	**(20.1)**	(99.9)
Net debt at start of the period	**(427.9)**	**(328.0)**	(328.0)
Net debt at end of the period	**(440.3)**	**(348.1)**	(427.9)

16 Business combinations

During the period, the Group made three acquisitions for a combined total consideration of €14.3m:

- In March 2017, the purchase of 100% of the share capital of Rhino Water Tanks and Liners Pty, an Australian water tanks business;
- In April 2017, the purchase of 51% of the share capital of PanelMet S.A.S., a Colombian panels manufacturer and supplier; and
- In June 2017, the purchase of 100% of the share capital of Schütze GmbH, a German Light & Air business.

The provisional fair values of the acquired assets and liabilities in respect of these acquisitions at their respective acquisition dates, along with fair value adjustments to a number of 2016 acquisitions, are set out below:

	€'m
Non-current assets	
Intangible assets	4.5
Property, plant and equipment	7.9
Deferred tax assets	1.1
Current assets	
Inventories	1.4
Trade and other receivables	3.7
Current liabilities	
Trade and other payables	(12.4)
Provisions for liabilities	(0.7)
Non-current liabilities	
Retirement benefit obligations	(0.3)
Deferred tax liabilities	(0.9)
Total identifiable assets	**4.3**
Non-controlling interest	(1.7)
Goodwill	11.7
Total consideration	**14.3**
Satisfied by:	
Cash (net of cash/debt acquired)	14.3
Total consideration	**14.3**

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

In addition to the above consideration, there is a put option to acquire the non-controlling interest of PanelMet S.A.S. This option has been valued at €7.4m, which is based on a multiple of EBITDA, and reflects its present value.

In the post-acquisition period to 30 June 2017, the businesses acquired in the current period contributed total revenue of €5.0m and trading profit of €0.4m to the Group's results.

17 Capital and reserves

Issues of ordinary shares

949,558 ordinary shares (H1 2016: 767,589) were issued as a result of the exercise of vested options arising from the Group's share option schemes (see the 2016 Annual Report for full details of the Group's share option schemes). Options were exercised at an average price of €0.13 per option.

18 Significant events and transactions

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

- the changes in Inventories, Trade & other receivables and Trade & other payables reflect the normal business cycle;
- the fair value of derivatives moved primarily as a result of the settlement of a derivative financial instrument and the movements in the US dollar exchange rate against both sterling and the euro; and
- the negative currency translation movement of €54.5m reflected in the Condensed Consolidated Statement of Comprehensive Income reflects primarily the relative weakening of sterling year on year.

19 Related party transactions

There were no changes in related party transactions from the 2016 Annual Report that could have a material effect on the financial position or performance of the Group in the first half of the year.

20 Subsequent events

There have been no material events subsequent to 30 June 2017 which would require disclosure in this report.