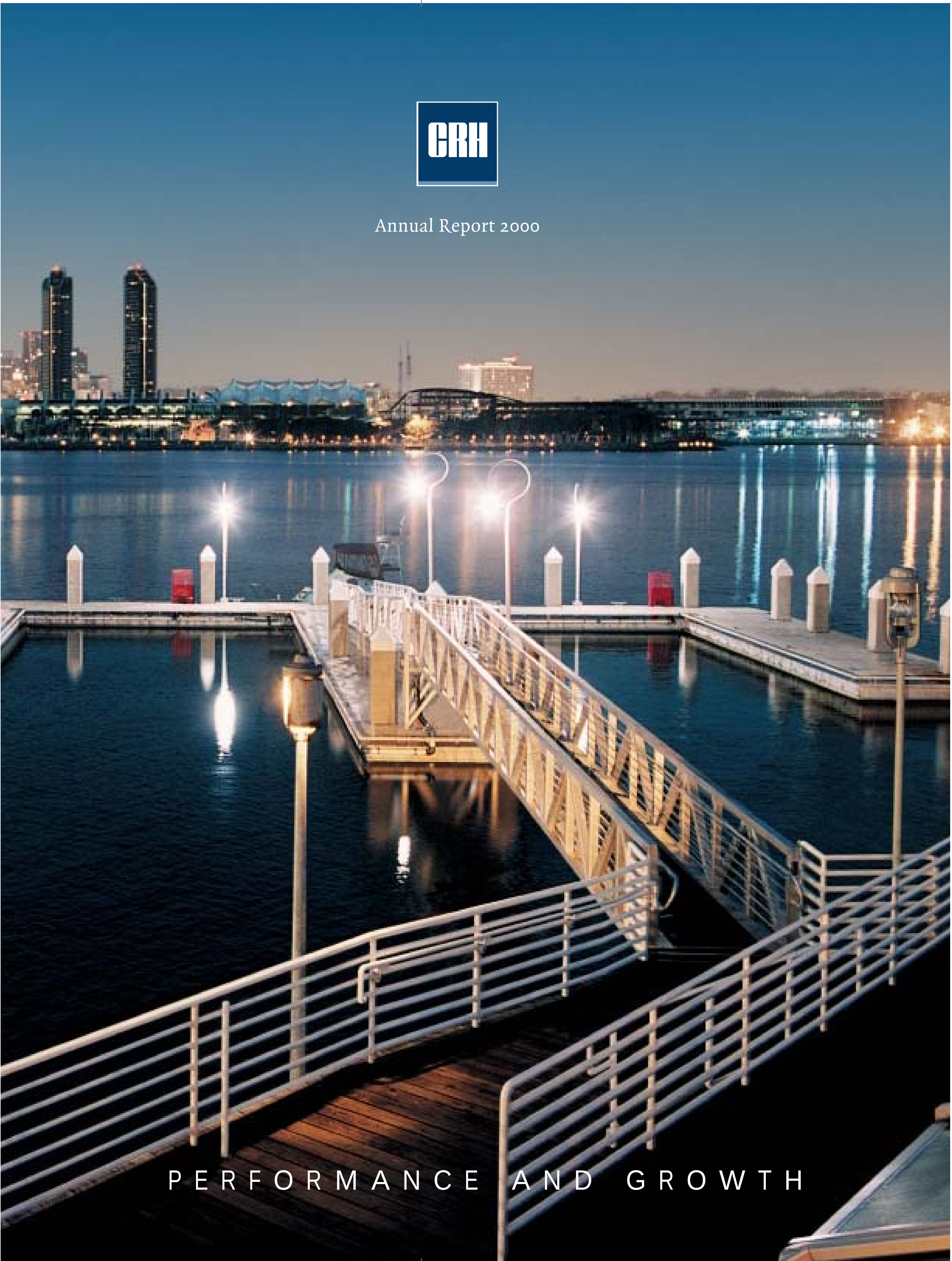


CRH

Annual Report 2000

PERFORMANCE AND GROWTH

This is the first wheelchair accessible floating dock in San Diego Bay designed to attenuate 3 feet high waves with a wave period of 3.1 seconds. Utility Vault Company, Fontana, California, (a division of Oldcastle Precast, Inc.) built and supplied 350 square metres of Trus-Channel concrete floating docks, 28 wave attenuation panels and 23 concrete piles.

CRH's strategic vision is clear and consistent

"to be a leading international building materials group delivering superior performance and growth"

CRH plc, headquartered in Ireland and with operations in 19 countries, has a presence across the construction industry supply chain through three closely related core businesses: primary materials, value-added building products and distribution. CRH has 42,500 employees at more than 1,300 locations worldwide. The Group is organised on a product basis with four Divisions in Europe and the Americas.

CRH's strategy is based on building leadership positions in its businesses in regional markets. This is achieved through continuously improving existing operations, investing in capacity enhancements, developing new products and markets and through acquiring and growing mid-sized companies. This long-term development strategy is augmented from time to time by larger deals that extend the Group's geographic reach or product range and offer new strategic platforms for future growth.

CRH is listed on the Irish and London Stock Exchanges and its ADRs are listed on NASDAQ in the US. The Group has averaged 21.5% per annum growth in total shareholder return since CRH was formed in 1970.

Page	Contents

These characteristics make CRH's vision become reality:

Strategy

Core businesses CRH concentrates solely on supplying the building and construction industry through core businesses in primary materials, value-added building products and distribution, creating valuable synergies and operating strength.

Leadership positions are patiently built in local markets by paying fair prices for good companies, through negotiated deals that meet owners' needs, and then effectively integrating and developing these businesses.

Growth platforms CRH's presence in 19 countries and across the industry supply chain, through its broad product and regional scope, gives greater exposure to opportunities and helps create new horizons for future growth.

Major deals Most of CRH's acquisition growth has come from value-adding mid-sized deals but from time to time CRH augments its traditional development with larger acquisitions that offer exceptional strategic fit or opportunity.

Unique balance A balanced business portfolio across regions, products and all building and construction sectors helps smooth the effects of industry and economic cycles.

Organisation

Flat structures CRH operates on a decentralised basis with strong experienced management teams in each division; a high degree of individual responsibility and local autonomy. A lean corporate centre provides support and overall co-ordination.

A federal group with dual citizenship and responsibilities, sharing a common purpose and set of values as members of CRH and of their own local companies.

Product basis CRH is organised broadly on a product basis with Materials Divisions and Products & Distribution Divisions in Europe and the Americas, which brings focus to business development and sharing of best practice.

Regional focus Building materials operates as a local business with competitive advantage coming from strong market positions and knowledge. CRH's regional focus tailors the product organisation to suit country, market and cultural needs.

Devolved development CRH encourages local entrepreneurship. Seasoned managing directors work with 14 development teams worldwide to generate a continuous flow of acquisitions and capital projects.

Management

Business builders With deep knowledge of its industry, the Group brings the management, products and financial resources to grow the businesses it acquires.

A learning culture As the business environment becomes more complex, the need for sharing learning and the exchange of ideas grows. Continuous improvement of CRH's performance relies on our ability to share experience throughout the Group.

People A healthy mix and depth of management keeps the organisation young and vital; owner-entrepreneurs who join with their companies, internally developed managers and highly qualified finance and development professionals.

Responsible neighbours CRH seeks, in each market and country in which it operates, to develop and conduct businesses with integrity as socially and environmentally responsible neighbours, and to contribute to the enrichment of local communities.

Control is exercised through monthly reporting, a rigorous budgeting process, tiered capital expenditure limits and Board approval of acquisitions and development projects.

Performance

Measurement The communication of best practice through innovative performance measures influences behaviour and is an important driver of margin improvement and earnings growth.

Remuneration With the potential of a high proportion of salary being variable through performance and broadly based share options, CRH's market-driven remuneration policies are central to attracting, retaining and motivating exceptional managers.

Targeted return on net assets As an industry specialist, CRH understands performance criteria for each core business. These have separate capital intensities with varying financial and business characteristics, which require different margins to deliver targeted return on net assets.

The right to grow CRH has twin imperatives - to perform and to grow. Throughout the Group, businesses must deliver performance by earning a targeted return on capital employed to justify a mandate to grow the business.

Total shareholder return is the key overall objective for the Group and focuses effort on enhancing shareholder value. CRH has consistently delivered superior long-term returns.

GEOGRAPHIC AND PRODUCT SPREAD

Number of operations	US	Canada	Chile	Argentina	Ireland	UK	France	Portugal	Spain	Belgium	Germany	Netherlands	Poland	Estonia	Finland	Latvia	Russia	Ukraine	Switzerland	Annualised production volumes
Materials																				
Cement					2								2		2			1	2	8.4 million tonnes
Aggregates	223				70	12			5				16	1	90	3		1	14	153.2 million tonnes
Asphalt and surfacing	225				21	7							1		6				1	35.8 million tonnes
Readymixed concrete	87				52	14			61				20	5	44	1	1		12	11.6 million cubic metres
Agricultural and chemical lime					21														1	0.7 million tonnes
Seawater magnesia					1															90 thousand tonnes
Products																				
Precast concrete products	62	1			2	8	2		12	6		5	5							4.8 million tonnes
Concrete blocks, pavers and rooftiles	82	6			34	17	1			5		20	9	1						13.8 million tonnes
Clay bricks, pavers and tiles	6			2	1	26					8	5	4							4.1 million tonnes
Insulation products					2	3				1	3	1	2							1.9 million cubic metres
Security gates and fencing						7	1			1	5	4	1							1.3 million lineal metres
Glass fabrication and rooflights	33	4	1	1	1	1				1	4	4								14.5 million square metres
Distribution																				
DIY stores												52							2	54 stores
Builders merchants	101						25	9	1			50	10						41	237 branches

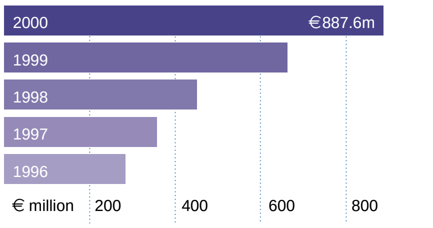
2000 HIGHLIGHTS

	€ million	
Sales	8,869.8	+ 31.7%
Trading profit	887.6	+33.8%*
Pre-tax profit	696.7	+22.1%*
Basic earnings per share	124.92c	+17.3%*
Cash earnings per share	223.94c	+26.5%*
Dividend per share	22.80c	+ 14.0%
Dividend cover (times)	5.34	
Interest cover: EBITDA basis (times)	6.7	
Interest cover: EBIT basis (times)	4.6	

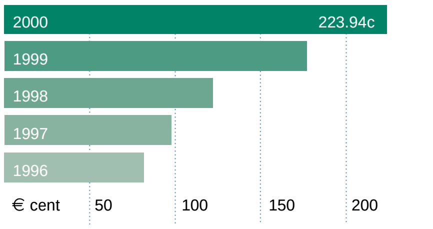
* excluding exceptional items in 1999

Financial trends 1996 to 2000

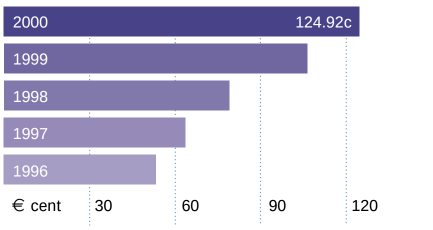
Trading profit*



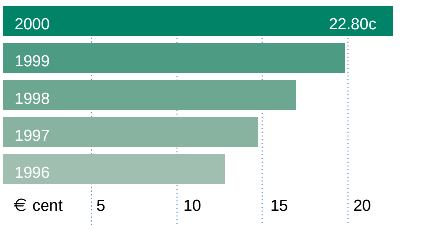
Cash earnings per share*



Basic earnings per share*

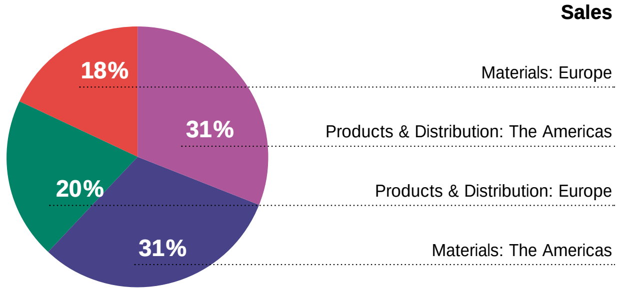


Dividend per share

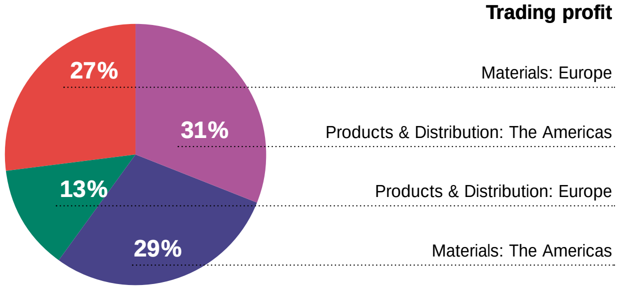


* excluding exceptional items in 1999

Sales



Trading profit



INVESTING FOR THE FUTURE

CRH focuses investment in four key areas: people, market leadership, the environment and technology. Investment in people consists of training and development to provide all employees with a path to progress; a market-based remuneration policy to attract, retain and motivate the right people; and best practice programmes to ensure an efficient, safe and healthy work place.

Attaining market leadership positions is not just about investing in acquisitions or development projects but in being the leading producer with the lowest costs. This is achieved by enhancing existing businesses to support strong organic growth while driving continuous improvement in products and processes.

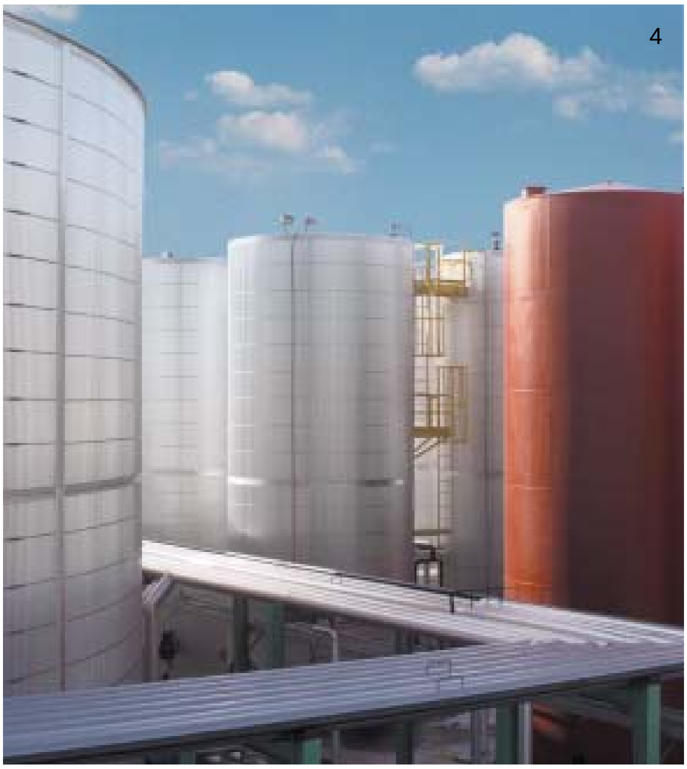
Environmental investment projects include dust and noise reduction, effluent and waste minimisation, energy efficiency, use of recycled materials, restoration of worked-out facilities and tree and shrub planting to enhance the local surroundings. Environmental investment programmes help us to be better employers and neighbours within our communities.

Investment in technology enables us to run more efficient plants; to create more effective processes; to develop product innovations; to offer better and more focused service to customers; and to measure and communicate international best practice around the Group.

In 2000, CRH invested in a wide range of projects which will contribute to overall profitability in future years and strongly underpin the future development of the Group.


1


2



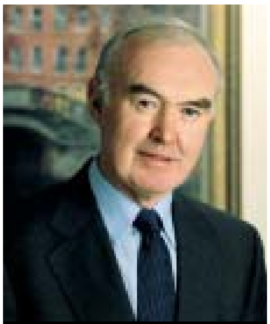
1. Roadstone Provinces' new rooftile plant under construction at Currabeg, County Cork, Ireland. This €6 million plant, which adds up to 15 million tiles from a state-of-the-art facility, was constructed in 10 months on a site adjacent to John A. Wood's pipe plant. The new plant, which produces tiles with enhanced appearance and quality, enables Roadstone Provinces to maintain its market leadership position from its strategic location and to take advantage of the buoyant housing market in the region.

2. Oldcastle APG's large pallet paver plant near Knoxville, Tennessee being readied to join five other state-of-the-art manufacturing facilities added within the last 18 months in Texas, Pennsylvania, Arizona, Massachusetts and California. This plant commissioned in November 2000 at a total cost of €8.7 million is an integral component in APG's strategy in patio and hardscape and concrete masonry products adding 1.4 million square metres of additional annual capacity and servicing the populous Tennessee, North and South Carolina and Kentucky markets.

3. Marlux nv and Remacle sa jointly building a new production plant for precast decorative concrete paving in Wallonia, Belgium. With this €7 million greenfield investment, Marlux and Remacle can play an important role in the decorative paving market in Belgium and northern France. The investment combines state-of-the-art machinery, high efficiency and the best available environmental technology. Start-up is planned for March 2001, achieving maximum annual capacity of approximately one million square metres of paving stones by 2003.

4. The US Materials Division, with a €7.4 million capital expenditure investment, developed a liquid asphalt terminal in the Mountain region at Ogden, Utah. The terminal, which is linked to the rail system, has a storage capacity of 65,000 tonnes and produces polymerised and emulsified premium grade asphalt products. The establishment of this terminal assures liquid supply to the Inter-Mountain operations and creates strategic opportunities for the Materials Division in the region.

CHAIRMAN'S STATEMENT



Pat Molloy

Strong growth in challenging market conditions

Despite challenging market conditions, in particular steep increases in the costs of energy and bitumen, CRH produced another excellent performance in the year 2000.

Group performance benefited from investment in existing businesses and from a very active acquisition programme. Overall, the strength of the Group's results for 2000 is a reflection of the broad geographic spread of the business and the quality and commitment of the management teams and employees in the 19 countries in which CRH now operates.

Full details of the challenges faced during 2000 and of the outcome for the year are contained in the Chief Executive's review and in the operations and finance reviews, which follow.

Profitability and earnings

Pre-tax profits increased by 22% to €697 million, earnings per share grew by 17% to 124.92 cent, while cash earnings per share increased by 27% to 223.94 cent, excluding exceptional items in 1999.

A final dividend of 16.10 cent per share is being recommended by the Board. This will result in an increase of 14% in the total dividend for the year. This is the 17th consecutive year of dividend increases.

Development activity

2000 was a very active year in acquiring new businesses. In all, over 60 acquisitions were completed at a cost of €1.6 billion, the most significant of these being:

• The Shelly Company: an Ohio-based aggregates, asphalt and paving contractor which was acquired in February 2000 at an effective cost of €348 million;

• The European rooflights business of Yule Catto & Co plc which was acquired in May 2000 for €77 million;

• The Dolomite Group: an integrated aggregates, asphalt and readymixed concrete producer based in Rochester, New York. This was acquired in June 2000, as was Northern Ohio Paving Company, an aggregates, asphalt and paving contractor, for a combined cash consideration of €179 million;

• The Jura Group: a major Swiss cement, aggregates and readymixed concrete producer with a substantial regional building materials distribution network. The Jura Group was acquired in November 2000 for a cash consideration of €425 million, €268 million net of expected disposals.

The Shelly and Northern Ohio acquisitions consolidate the Oldcastle Materials Group's position as a major player in the Midwest materials market, while Dolomite extends the Materials Group's operations into

"The strength of the Group's results for 2000 is a reflection of the broad geographic spread of the business and the quality and commitment of the management teams and employees in the 19 countries in which CRH now operates."

western New York State. Yule Catto Rooflights, which has strong market positions in Germany, the Netherlands, the United Kingdom and Ireland, is an ideal addition to CRH's Daylight & Ventilation group in Europe. The acquisition of Jura extends significantly the geographical reach of CRH's European operations and gives CRH the number two position in the Swiss cement market.

Financing expansion

The Group's exceptional growth over the past three decades has been largely financed from internal cash flow supplemented by occasional equity inputs from shareholders and, in recent years in particular, by increased utilisation of the Group's debt capacity.

Following an acquisition spend of €1.4 billion in 1999 and a strong level of activity in the first six months of 2000, we considered it appropriate in September 2000 to raise some extra equity to broaden the Group's investor base and support our ongoing development strategy. The 5% share placing was extremely well supported by existing and new shareholders raising €345 million, net of expenses, from investors in 12 countries reflecting the strength and diversity of our shareholder base.

With a continuation of the strong development activity in the second half of the year, acquisition spend for the full year 2000 amounted to a record €1.6 billion. Furthermore, as at 5th March, 2001, the date on which these accounts were approved, potential acquisitions totalling €453 million (completion of which is dependent, among other things, on satisfactory due diligence and in some instances regulatory approval), had been approved by the Board. While the Group's strong cash flow is capable of financing a reasonable level of ongoing acquisition activity, the Board decided that a further equity input was desirable to back the extensive resources committed to development. Accordingly, on 6th March, 2001, the Group announced a 1 for 4 Rights Issue to raise approximately €1.1 billion, net of expenses.

These equity issues ensure that the Group is not constrained in its plans to take full advantage of attractive acquisition opportunities as they arise in our various geographic, product and sectoral markets.

Board

Tony Barry retired from the Board and from the Chairmanship following the Annual General Meeting on 3rd May, 2000. Tony joined CRH in 1964, was appointed Chief Executive of CRH in 1988 and became Chairman in 1994. In those roles, he made most significant contributions to the development and success of the CRH Group. We wish him well in his retirement.

Liam O'Mahony was appointed Group Chief Executive on 1st January, 2000, in succession to Don Godson. Liam made an outstanding contribution to the establishment of CRH's current position in North America and his appointment ensures that the momentum of the Group is maintained.

Don Godson continues as a non-executive member of the Board. The Group will therefore continue to benefit from his experience and intimate knowledge of the global building products industry.

Jack Hayes has indicated that he wishes to retire from the Board at the completion of the Annual General Meeting on 9th May, 2001. Jack served with distinction as Managing Director of Finance and Development for the Group for many years and also as a non-executive Director since 1994. We thank him sincerely for his outstanding inputs and wish him well for the future.

Management and staff

CRH's track record in out-performing its competitors and delivering above-average growth is attributable to the strength of the Group's management and the quality and commitment of its 42,500 employees. I am very pleased to acknowledge their contributions to the success of CRH and to the continuation of the culture of achievement which distinguishes CRH from its competitors.

Corporate governance

The CRH Board and management are committed to achieving very high standards of corporate governance and ethical business conduct. A detailed statement of CRH compliance with the Principles of Good Governance, as set out in the Combined Code, is given on page 35.

Outlook 2001

Management's view of the outlook for 2001 is set out more fully in the Chief Executive's review and operations reviews.

Overall, it is expected that management's focus on performance improvement, and on deriving in full the benefits of the Group's investment programme, will deliver another year of progress for CRH in 2001.

CHIEF EXECUTIVE'S REVIEW

Liam O'Mahony

"Despite significant challenges in our operating environment, CRH's unique regional and sectoral balance has again underpinned significant growth in sales and profits to new record levels in 2000. Taken together with an acquisition spend of €1.6 billion across all Product Groups, it has been a year of considerable further progress."

Highlights

CRH Group made considerable further progress in 2000. Highlights include:

• Sales up 32% to a record €8.9 billion.

• Profit before tax up 22% to a record €697 million, excluding exceptional items in 1999.

• A record €1.6 billion acquisition spend; a combination of a number of significant strategic moves together with over 60 of our traditional add-ons at local and regional level.

A sincere word of thanks to our 42,500 employees in 19 countries worldwide, whose endeavours and commitment created this strong outcome for the year.

Operational performance

We faced a number of significant challenges in the year. These included:

• Satisfying buoyant customer demand in a strong but competitive Irish market.

• Generating efficiency improvements in a relatively flat UK market.

• Coping with very competitive concrete/clay markets in central Europe.

• Enhancing returns from, and further building on, our existing strong positions in Finland and Poland.

• Coping with unprecedented energy cost increases, particularly affecting our US operations.

• Mitigating the effects of major bitumen price hikes and adverse weather conditions in our US Materials businesses.

Our regional chief executives deal in some detail with how these and other issues were addressed. The team's success in dealing with these challenges, and the merits of our balanced regional, product and sectoral strategy, are clearly evident in yet another strong Group performance against a demanding industry background.

Major strategic moves

As in recent years, we took a number of further steps in 2000 which enhance the operational size and strategic strength of the Group.

The early 2000 acquisition of The Shelly Company, together with a number of subsequent smaller add-on deals, greatly advances the position of our US Materials Division in the Midwest. Shelly is a major vertically integrated producer of aggregates and asphalt, with a strong network of locations in Ohio and West Virginia. Although the Midwest was hit particularly hard by energy escalation in 2000 resulting in lower than expected results from Thompson-McCully and Shelly, the region will benefit significantly from the TEA 21 Federal US infrastructure programme, and we remain optimistic for its prospects. Towards the end of the year we returned to our roots in upstate New York, the home of our initial very successful Materials venture in 1985 with Callanan Industries. The acquisition of the Dolomite Group, the market leader in aggregates, asphalt and readymixed concrete in Rochester, New York, nicely complements these activities.

In Mainland Europe, our Products & Distribution Division built on the success of our existing daylight and ventilation businesses through the acquisition of the rooflight division of Yule Catto & Co plc. This greatly extends our operations in the UK, Benelux and Germany, and has performed well in its first year with us. Towards year-end, our Europe Materials team acquired the Jura Group in Switzerland, building on developments over the past few years in Poland and Finland.

Juracime SA cement plant at Cornaux near Neuchatel in Switzerland. The Jura Group, acquired in November 2000, is a major Swiss cement aggregates and readymixed concrete producer with a regional building materials distribution business.

This marks a further step in expanding our cement and aggregates presence in Mainland Europe. It also brings a well-positioned distribution business, with scope to add value with the support of our existing distribution teams.

Other development activity

One of the features that marks CRH out as different from its competitors is our overall approach to development. We have devolved much of this activity to regional level; where we have 14 development teams, supporting senior local and regional management in seeking value-adding businesses, which can be readily assimilated into our strong regional organisation.

This organisation continued to generate a very significant deal pipeline in 2000, as is evident in over 60 deals closed at a total cost of €1.6 billion. In addition to the major moves outlined above, there was a large number of smaller add-on deals. These were spread across all regions and product groups, with particular success for our American Products & Distribution Division throughout the year.

Human resources

The success of CRH over the years has been based on a relentless focus on performance and growth. Deriving superior performance from, and re-investing in, existing businesses gives the platform for growth; our regional development strategy has delivered the growth opportunities to build on this platform.

The big factor in attaining this success has been the quality of the people in our devolved organisation. The combination of seasoned operational executives in existing businesses, owner-entrepreneurs and their teams who join us through acquisition, and highly skilled professionals from the development and finance functions, gives us a vibrant mix of talents and cultures. As we expand globally, we are increasing our investment in human resources, and in developing future leaders at all levels of the organisation.

The health and safety of our employees is of paramount importance right across the Group, where we look to operate to best national and international standards.

The environment

As is detailed elsewhere in this Annual Report, environmental compliance is a key priority within CRH. We seek to continuously improve our performance in this area, in line with leading industry practice, through ongoing investment and management focus. Further good progress in 2000 is reflected in a substantial number of awards won by various Group companies.

e-Business

A major theme of our 2000 Group Management Seminar was 'What can e-Business do for CRH?'. While it is too early to offer definitive answers, there are a number of pilot projects underway throughout the

2000 larger acquisitions - Europe

Yule Catto Rooflights

Cost €77m

Strong market positions in Germany, Netherlands, UK and Ireland

Provides wide product range and balanced geographic spread

Integration with existing activities resulting in significant synergies

Gives leading position in a fast-growing, standards-driven sector

Jura Group

Cost €425m gross, €268m net

Surplus asset disposals will reduce cost to a net €268m

Switzerland's second largest cement manufacturer with 860,000 tonnes capacity

Strong regional aggregates and readymixed concrete operations

Significant regional building materials distribution business

New regional growth platform for both the Materials and Products & Distribution Divisions in Europe

This dramatic gateway to the Los Angeles California International Airport features multiple, cylindrical tempered glass pylons whose constantly changing colours represent the ethnic diversity of the City of Los Angeles. Oldcastle Glass Group's Chicago-based North American Glass supplied 1,460 pieces (61,000 square feet) of 10mm bent tempered glass for this project.

2000 larger acquisitions - Americas

The Shelly Company

Cost €348m

Leading integrated aggregates, asphalt and paving contractor in Ohio and West Virginia

Both states are major beneficiaries of increased highway funding

Consolidates position as a major player in the Midwest materials market

Over 200 million tonnes of strategic aggregate reserves

The Dolomite Group

Combined cost €179m

Integrated aggregates, asphalt and readymixed concrete producer in western New York State

Significant materials distribution business

Over 300 million tonnes of strategic aggregate reserves

Builds on existing strong position in eastern New York State

Northern Ohio Paving

Integrated aggregates, asphalt and paving contractor in north eastern Ohio

Over 50 million tonnes of strategic aggregate reserves

Excellent initial add-on for The Shelly Company extending geographical coverage

Group. These provide us with the opportunity to understand and evaluate where additional value can be derived for both CRH and its customers. Our products are generally bulky, and we supply local markets which are service-intensive. This requires strong responsive relationships with our suppliers and customers, which e-business will not replace, but may enhance and complement over time.

Industry consolidation

2000 has seen great change in our industry worldwide with ongoing consolidation continuing apace, resulting in greater concentration and the acquisition of many mid-sized public companies. As always, CRH strategy is to participate in industry consolidation where we see value. However, major strategic moves, which can often enhance earnings per share based on debt financing, generally involve some dilution in overall short to medium-term returns on an acquirer's total invested capital.

To date, we believe our small to medium-sized acquisition strategy has yielded superior returns for CRH and our shareholders, but we of course keep a watching brief on all opportunities. Our objectives remain unchanged – being a leading building materials group that delivers superior performance and growth.

Outlook 2001

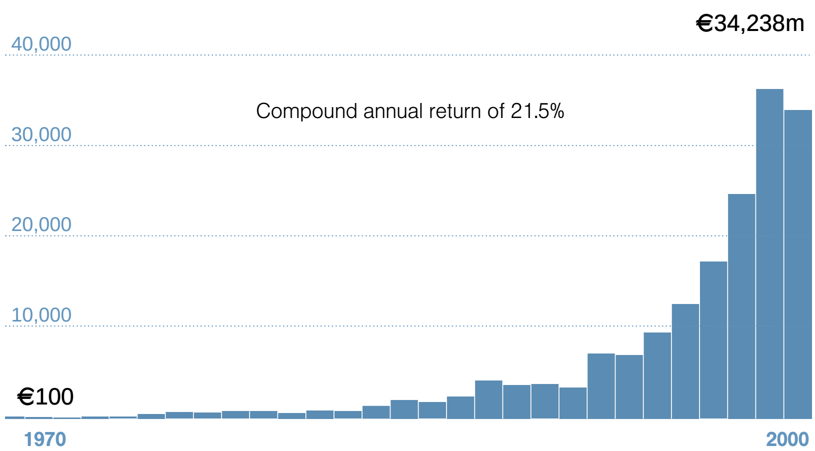
At the moment there is considerable uncertainty as to the direction of world markets, particularly with the US economy showing signs of correction after a record nine years of continuous growth.

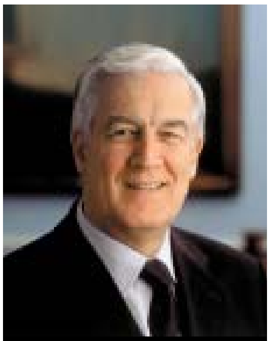
In Ireland, the outlook suggests further growth albeit at more moderate levels than in recent years. Activity in the UK is likely to remain relatively flat. In our principal Mainland European countries we see reasonable growth in 2001. Although US markets look likely to slow somewhat from recent high levels, we do not expect a major downturn and investment in infrastructure should be underpinned by an increasing impetus from the strong Federal TEA 21 highway funding. Since 31st December, 2000, trading has been satisfactory and in line with our expectations.

Overall, we expect improvements from our existing businesses and, together with the full year impact of businesses acquired during 2000, we look forward to continued progress in the year ahead.

Total shareholder return 1970-2000

A shareholder who invested the equivalent of €100 in 1970 and reinvested gross dividends would now hold shares worth €34,238 based on the share price as of 31st December, 2000. This represents a 21.5% compound annual return.




Brian Griffin

Operations review

MATERIALS: EUROPE

2000 results

	€ million		% of Group
Sales	1,637	+25%	18%
Trading profit	242	+39%	27%
Average net assets*	1,232	+59%	22%
EBIT / sales margin		14.8%	

** including goodwill*

2000 overview

The Europe Materials Division reached its sales and profit targets enjoying strong trading conditions in all market areas. Ireland continued its remarkable run with a seventh year of double-digit market growth. Operating costs were higher in the second half of the year following the sharp increases in energy costs combined with significant wage inflation in Ireland.

Poland's rate of growth slowed somewhat as corrective measures were applied to the economy in preparation for its anticipated accession to the EU. Significant expansion and development of Materials activities was achieved through a number of small acquisitions and the successful commissioning of Cementownia Ożarów's 8,000 tonne/day kiln.

The performance of our Finnish companies exceeded expectations in a strong market. Management extended the product range by entering the blacktop business in Helsinki and in northern Poland.

Markets serviced by our Spanish operations grew strongly, delivering improved sales and profits.

In November, we completed the acquisition of the Jura Group in Switzerland, which has a strong market position in cement, aggregates and concrete, extending our geographical reach in a stable European market. Work is already well advanced on disposal of non-core assets and integration with the CRH Group.

Sales for the Europe Materials Division increased by 25% to €1.6 billion and trading profits by 39% to €242 million.

Ireland

Construction activity in Ireland recorded its seventh year of strong growth with sales up 10% although activity towards the year-end was affected by poor weather conditions. Residential construction increased by 7% nationally; however, land and planning constraints in Dublin limited regional growth to 2%. Road construction works were up 25% despite delays on commencement of some planned projects. The commercial, industrial and public sectors were all buoyant. Overall, the market remained very competitive with prices again failing to match cost inflation. Profit progress was satisfactory, in line with the strong increase in sales.

To meet the increasing market demand, our Irish companies continued with their programme of investment in material reserves, plant and machinery at a total cost of €85 million in 2000.

Roadstone Dublin installed a new combination mix blacktop plant in Huntstown Quarry, set up a mobile concrete plant in Ringsend to supply the Dublin Bay Sewage Treatment with 110,000 m^3 of concrete, and made strategic investments in raw material reserves and new crushing equipment in its aggregates division. Roadstone Provinces commissioned a new rooftile plant in County Cork, installed blacktop plants in Galway and Waterford, commenced a new concrete and block operation in Waterford, acquired Ballintra Concrete in Donegal and increased aggregate reserves and crushing capacity in a number of key locations. A replacement concrete pipe factory was commissioned in John A. Wood Limited and is now in full production.

Irish Cement Limited completed a number of efficiency improvement projects and commissioned its deepwater import terminal in Dublin Port.

"We had a rewarding year with positive developments in all operational areas. Good organic growth in sales and profits was achieved with better markets and benefits from timely capital investments. The industry in Europe continued to restructure and we successfully expanded our market presence through the acquisition of the Jura Group in Switzerland. Organisation development was given added priority as we significantly strengthened our management team to support the expanded business and to explore further opportunities."

Premier Periclase Limited had an improved performance in the refractory materials market with strong volumes in an extremely competitive market. The construction of a new exhaust gas treatment system is underway and will be commissioned in the first quarter of 2001.

In Northern Ireland, construction activity was marginally up on last year in a very competitive market; however, turnover in our Farrans Construction division was well ahead due to a number of PFI (Private Finance Initiative) contracts coming on-stream.

Spain

In Spain total construction output grew by around 6% in 2000 – the fourth consecutive year of strong growth in the industry. In Catalonia, our most important regional market, increased investment in infra-structure and continuing new residential construction ensured that overall volume growth matched the national average. Slightly higher growth was recorded in Madrid where output was boosted by public investment in buildings and infrastructure. In this favourable environment, Beton Catalan's sales grew by 7%, with satisfactory margin and profit improvements.

Poland

The Polish economy continued to perform well and GDP growth at about 4% was in line with forecasts. Despite this, however, growth in construction output at 2% was significantly lower than in 1999. Continuing strong foreign direct investment, estimated to be €12 billion in the year, underpinned industrial and retail construction; however, a slowdown in office construction was evident particularly in Warsaw. Residential building, despite increasing somewhat, continues at a low level due to the ongoing lack of affordable mortgage finance.

Cement consumption increased by 2% in line with the growth in construction output. The Cementownia Ożarów and Rejowiec plants benefited from both higher volumes and increased prices in a stable market.

The new kiln at Ożarów out-performed expectations in its first full year of operation with a good run factor and high energy efficiency. The company is now well placed to take advantage of growth in the Polish cement market.

The Group continued to extend its presence throughout Poland by investments in concrete products and aggregates to build leading positions in selected regional markets. A total of €36 million was invested in plant upgrades, greenfield projects and acquisitions.

Finland/Baltics

Strong economic development continued in Finland with economic growth in excess of 5%. The construction market was up 5% as was the housing sector. Office construction increased by 25% and infrastructure by 3%. Volumes developed favourably both in Finnsementti and Lohja Rudus.

Lohja Rudus continued to expand its product portfolio and made six small blacktop acquisitions, mainly in the Helsinki region, gaining a significant share in this market. The integration of the acquired companies into the new Rudus Asfaltti division has proceeded as planned.

Construction markets in Estonia and St. Petersburg grew more than 10% from a low base whereas in Latvia the market decreased by 3%. These markets have been slow to develop and profitability remains unsatisfactory. We continue to examine opportunities to increase the scale of our operations.

Outlook 2001

2001 promises to be another good year in Ireland underpinned by planned infra-structure expenditure from the National Development Plan. There is some concern that the housing market is slowing due to the impact of Government measures to reduce speculative investment; however, job creation and demographic factors will continue to support a strong housing output which reached an estimated 49,800 completions in 2000.

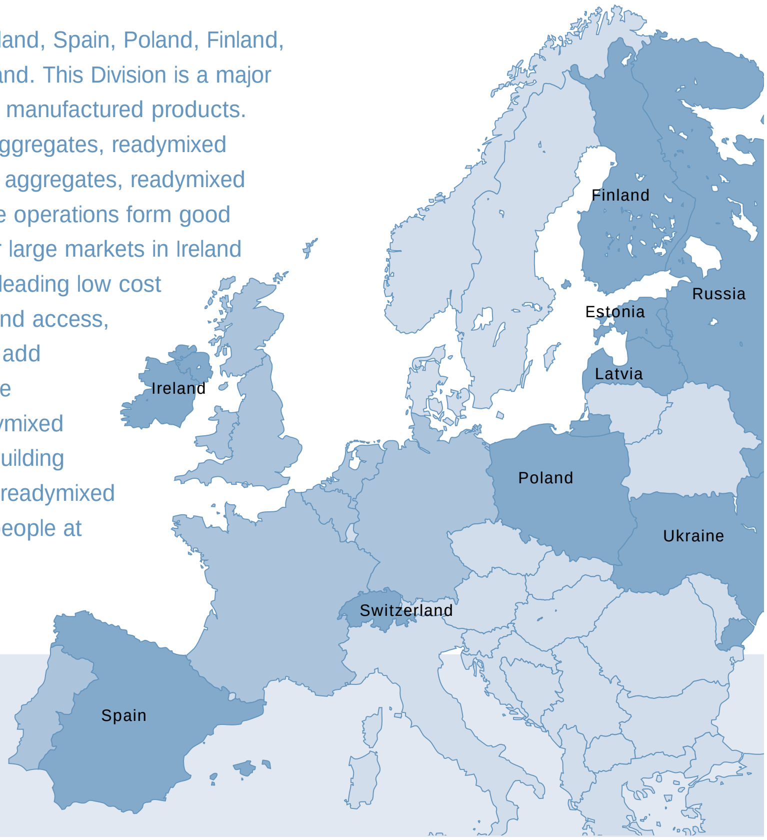
The medium-term outlook for the Spanish economy is positive, although slightly lower growth rates are anticipated as the impact of higher inflation on consumer demand takes effect. We expect overall construction output to grow by around 3% in 2001.

In Poland, GDP growth for 2001 is forecast at 5% with inflation to fall below 8%. Construction output is expected to increase in line with GDP growth. Stable economic management, good export growth and continuing progress to EU membership should secure Poland's position as a favoured location for inward investment and secure continuing growth in the economy.

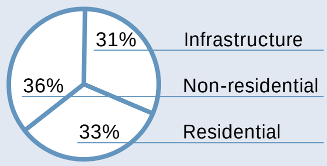
In 2001, Finland is expecting construction output to increase by between 3% and 5%, which will provide a good base for positive development in our cement, concrete and aggregates businesses.

The Swiss economy is forecast to expand by between 2% and 3% and inflation is expected to remain below 2%. With one of the largest current account surpluses among OECD countries, Switzerland continues its planned infrastructure upgrade supporting a good market for the Jura Group's products.

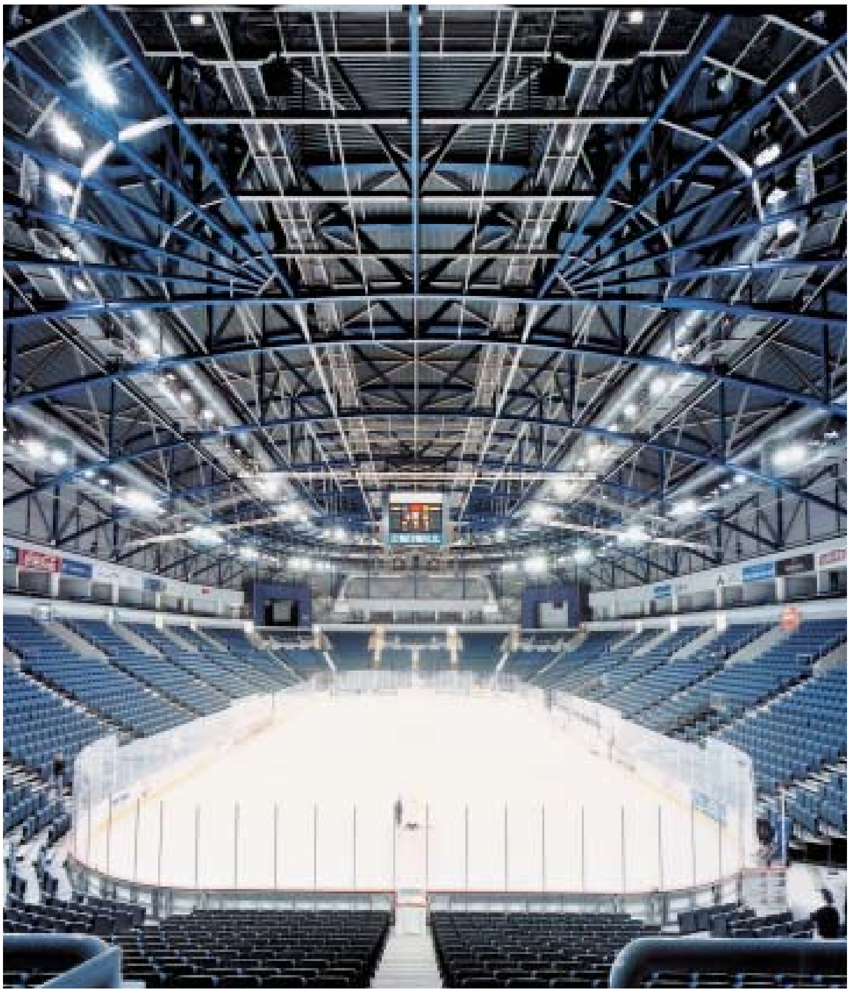
The Materials Division in Europe operates in Ireland, Spain, Poland, Finland, the Baltic States, Russia, Ukraine and Switzerland. This Division is a major producer of primary materials and value-added manufactured products. In Ireland, CRH is a market leader in cement, aggregates, readymixed concrete and asphalt. In Spain, CRH produces aggregates, readymixed concrete and precast concrete products. These operations form good commercial networks and are well located near large markets in Ireland and Spain. In Poland, CRH owns 99.45% of a leading low cost cement producer with good market positions and access, providing a strong base and the opportunity to add complementary products. In Finland, CRH is the market leader in cement, aggregates and readymixed concrete. In Switzerland, CRH is a prominent building materials producer of cement, aggregates and readymixed concrete. In total, the Division employs 9,100 people at over 330 locations.



Product end-use



Products and services		**Annualised production volumes**	**Market leadership positions**
Cement	Finland, Ireland, Poland, Switzerland, Ukraine	8.4 million tonnes	No. 1 producer in Finland and Ireland No. 2 producer in Poland No. 2 producer in Switzerland
Aggregates	Estonia, Finland, Ireland, Latvia, Poland, Spain, Switzerland	65.9 million tonnes	No. 1 in Finland and Ireland
Asphalt	Finland, Ireland, Poland	3.1 million tonnes	No.1 in Ireland
Readymixed concrete	Estonia, Finland, Ireland, Latvia, Poland, Russia, Spain, Switzerland	7.9 million cubic metres	No.1 in Finland and Ireland
Agricultural & chemical lime	Ireland	0.7 million tonnes	No.1 producer
Concrete products	Ireland, Poland, Spain	4.7 million tonnes	No.1 block and rooftile producer in Ireland
Clay bricks	Ireland	0.1 million tonnes	No.1 producer



Development strategy

To build and maintain strong market positions in primary building materials and related products through organic growth, greenfield development and acquisitions in selected European markets.

Ireland

- Maintain our position as the lowest cost/best value producer
- Continue to operate to the highest environmental standards

Spain

- Strengthen our existing market positions
- Expand selectively into related products and regional markets

Poland

- Develop a strong national presence in the Polish materials industry

Finland

- Maintain our strong position in cement, aggregates and readymix
- Expand into other selected product areas

Switzerland

- Enhance existing positions in cement, aggregates and readymix
- Acquire new businesses in surrounding regions

Elsewhere

- Build on existing positions in central and eastern Europe
- Selectively acquire materials businesses in other European countries

Top left: Lohja Rudus, Finland, delivering high durability concrete in sub-zero temperatures to one of 68 bridges supplied on the Helsinki-Tampere motorway project constructed by the Finnish National Road Administration.

Left: Farrans Construction division delivered this turnkey project as part of Belfast's Millennium Odyssey project. The 12,000 seater multi-purpose arena, valued at over Stg£30 million, presented its first event to a full house on 2nd December, 2000.

Operations review

PRODUCTS & DISTRIBUTION: EUROPE

Brian Hill

2000 results

	€ million		% of Group
Sales	1,763	+3%	20%
Trading profit	112	+8%	13%
Average net assets*	1,236	+7%	23%
EBIT / sales margin		6.4%	

* *including goodwill*

2000 overview

2000 was a most successful year for our acquisition and capital investment programmes. We invested €260 million in a record 19 deals, the largest of which was the €77 million acquisition of a European rooflight group. Furthermore, we spent €70 million on capital expenditure projects to improve our existing businesses.

To produce improved profits in 2000, our management had to overcome some major challenges – the escalation of world energy prices and the wettest final four months in north western Europe for more than a century. To these setbacks were added some local difficulties – relapse of the German building market post-May; over-capacity in concrete and clay products in the Benelux and Germany; and severe labour shortages in the Netherlands.

Sales from continuing operations totalled €1.8 billion, up 19% on 1999. Trading profits were €112 million, up 28%. Altogether, a creditable performance by our management and people against the economic and market backdrop.

Clay products group

In the UK, clay brick deliveries in 2000 were 4% lower than in the previous year. At half year volumes had been slightly ahead, so the shortfall was concentrated in the second half. Against this background, Ibstock Brick performed satisfactorily. Capacity was reduced by the closure of lines at Belton and Ravenhead. Investments aimed at reducing costs and energy usage were made in robotic handling at South Holmwood, Stourbridge and Roughdales and in fast firing at Cattybrock. Profits were similar to 1999.

In the Netherlands, conditions in the clay brick industry continued difficult with excess capacity competing for static volumes. To reduce costs and bring our capacity in line with demand, we closed our brick plant at Echt, one of our five plants in the south of the Netherlands.

In Germany, AKA Ziegelwerke performed well in the first five months. Thereafter, the market deteriorated markedly and we have decided to close one of our German brick works.

In Poland, our small brick operation, Patoka, performed well producing higher sales and profits. During 2000, we acquired two further brick businesses in Poland - at Gliwice in Upper Silesia and in Gozdnica in western Poland close to the border with Germany. All three have been merged into a single entity, CRH Klinkier Sp. z o.o., which has a strong share of the growing Polish clay facing brick market.

Concrete products group

Our concrete group recorded an advance in profits.

In the Netherlands, Struyk Verwo continued to operate in an over-supplied paving market; profits were lower than in the previous year. Dycore performed better in the concrete floor element market and successfully integrated Monoliet, acquired in April.

Our Belgian concrete businesses showed a significant profit increase thanks to the acquisition in March of Omnidal, a manufacturer of precast floor and wall elements. Since acquisition, Omnidal has performed ahead of expectations. Marlux had a difficult year, whilst Remacle performed in line with 1999. In December, we completed the acquisition of Schelfhout, the market leader in the Benelux in the manufacture of standardised precast wall panels.

In the UK, Forticrete continued its growth in the concrete masonry and rooftile sectors and, despite poor weather in the last quarter, showed an excellent improvement in profits.

In France, Prefaest, the precast concrete telecoms vault and drainage systems manufacturer which had performed poorly in 1999, was turned around and returned to satisfactory profit levels.

"Our acquisition efforts were very successful in 2000 with a record 19 deals in 8 countries. In challenging markets, our management performed well to produce higher trading profits including strong contributions from acquired businesses."

Building products group

This group had a most successful year both operationally and on the development front.

The highlight was the acquisition of the rooflight activities of Yule Catto & Co plc in May. This business has now been fully integrated with the legacy CRH Daylight & Ventilation group to form a new European leader in the sector with operations in Germany, Benelux, Great Britain and Ireland. The integrated group has met our best expectations in 2000.

Our Insulation Group had to meet the challenge of raw material cost increases caused by the escalation in chemical feedstock prices. Recovery of these cost increases was difficult. Towards year-end, selling prices began to improve. In February, we acquired Termo Organika, a top 3 Polish producer of expanded polystyrene (EPS) insulation. In May, we bought Springvale Insulation which has EPS insulation factories in England and Northern Ireland. Springvale has been integrated with Combat Insulation, our legacy British EPS company.

Heras Fencing had another year of strong sales and profit growth. A feature of the year was the successful execution of the contract to provide mobile fencing for all the European Football Championship matches played in the Netherlands. The Heras sales depot in Warsaw (Poland) is developing well.

Distribution group

Our distribution businesses scored good advances in sales and profits; and it was a busy year on the development front.
In the Netherlands, DIY superstore profits, whilst satisfactory, were slightly lower than in the previous year due to intense price competition. A revitalisation of our marketing programme was undertaken in the second half and at year-end was showing good sales and profit gains. Garfield Aluminium matched the excellent profits of the previous year. Our other Dutch distribution businesses showed improved profits.

In October, we acquired Dijkbouw Beheer which operates eight DIY superstores, mainly in the Rotterdam area. Dijkbouw is a member of the same franchise organisation as our own stores and has been swiftly integrated.

In France, Matériaux Service and Raboni again recorded double-digit sales and profit gains. During the year, we purchased the outstanding 50% stake in Matériaux Service. We invested further in branch refurbishment and acquired an additional location at year-end to fill in our branch network in Ile-de-France.

In Portugal, Max•Mat (50%) operating from nine outlets, improved its performance. Max•Mat decided to reduce its commitment in Spain and closed its store in Seville; the remaining Spanish store in Pontevedra in Galicia is now managed directly from the Oporto headquarters.

At end-November, as part of CRH's acquisition of the Jura Group in Switzerland, Jura's 43-outlet merchanting business joined our distribution group. The enlarged European distribution group will have sales approaching €1 billion and offers exciting opportunities for synergies and best practice exchanges in the areas of purchasing, logistics and IT.

Outlook 2001

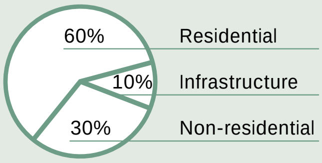
Overall forecasts for the construction industry in our key markets in the UK and Benelux remain modestly positive. We are concerned about prospects in the German building sector. Germany accounts for less than 10% of our Division's activities, but recession there adversely impacts neighbouring countries.

For 2001, continued high energy costs remain a challenge. We are considerable energy consumers, not only in our factories where some of our processes are energy intensive e.g. clay brick kiln firing; but also in transport as we deliver heavy products to our customers' sites. Our programme to deal with this challenge is two-pronged; on the operations side, we will continue to improve efficiency and reduce costs, and on the sales side, we will implement price increases to compensate for the higher input costs.

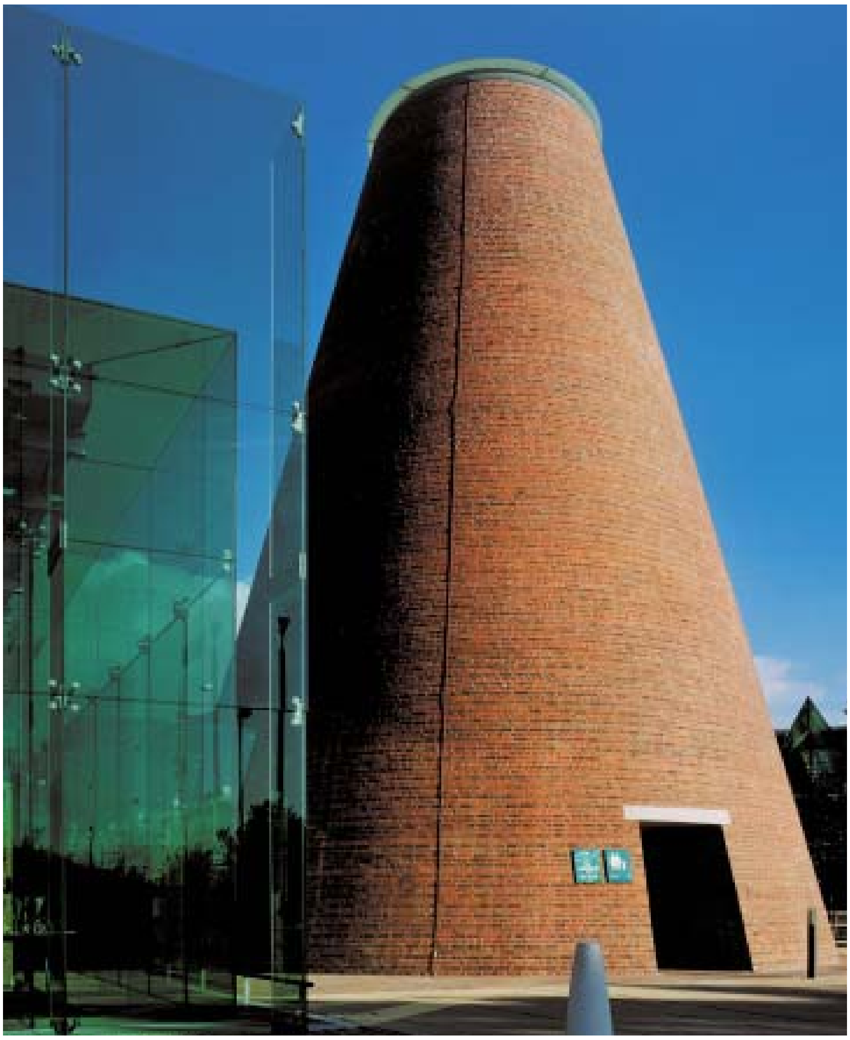
Overall, we plan for another year of sales and profit progress and for further advances on the acquisition front.

Products & Distribution in Europe is organised into three groups of related manufacturing businesses and a distribution group. The manufacturing groups are involved in clay, concrete and other building products. Distribution encompasses builders merchants and "do-it-yourself" stores. The Division's operations are located mainly in the UK and the Benelux with strong market leadership positions, which are complemented by promising bases for future growth in France, Germany, Ireland, Poland, Portugal and Switzerland. Products & Distribution has 9,700 employees at over 320 locations.

Product end-use



Products and services		Annualised production volumes	Market leadership positions
Concrete blocks & pavers	Benelux, France, UK	3.9 million tonnes	No.1 decorative patio tiles in Belgium No.1 paving products in the Netherlands No.1 architectural masonry in the UK
Precast concrete products	Benelux, France	2.4 million tonnes	No.2 precast flooring in the Netherlands
Clay bricks & rooftiles	Germany, Netherlands, Poland, UK	2.7 million tonnes	No.1 clay pavers in Germany No.1 quality facing bricks in the Netherlands No.1 facing bricks in the UK
Fencing & security	Benelux, France, Germany, Poland, UK	1.3 million lineal metres	No.1 security fencing in Europe
Rooflights & ventilation	Benelux, Germany, Ireland, UK	0.8 million square metres	No.1 rooflights & ventilation in the Netherlands
Insulation products	Benelux, Germany, Ireland, Poland, UK	1.9 million cubic metres	No.1 EPS insulation in Ireland Joint No.1 EPS insulation in the UK No.2 EPS insulation in Poland
Builders merchants	France, Netherlands, Poland, Portugal, Switzerland	136 branches	No.2 builders merchant in Ile-de-France No.1 roofing products in the Netherlands No.3 builders merchants in Switzerland
DIY stores	Netherlands, Switzerland	54 stores	Member of leading Dutch DIY chain



Development strategy

To build leadership positions in targeted European markets in the manufacture and distribution of building products through organic investment and acquisition.

Netherlands and UK
- Maintain ranking and profitability in a competitive arena
- Develop and strengthen existing businesses
- Continue to build leadership positions in product groups

Belgium, France, Germany, Ireland and Switzerland
- Grow existing businesses profitably and strategically
- Attain leadership in targeted product/market sectors
- Integrate and consolidate newly-acquired businesses

Portugal and Poland
- Nurture and grow these investments as future core businesses
- Extend outwards to build strong geographic clusters
- Develop requisite management, operational skills and disciplines

Above: Fences and sliding gates supplied by Heras to protect the Suikerunie complex located in Breda in the Netherlands. Heras supplies over one million lineal metres of fencing per annum to the Benelux, Germany and the UK.

Top left: Winner of the Best Structural Use of Brick category in the 2000 Brick Awards, the World of Glass Museum at St. Helens in the UK was opened in March 2000 and featured some 80,000 bricks from Ibstock Brick's Roughdales factory. The striking entrance cone towers 16 metres high and was constructed using traditional lime mortar.

Left: The Zaandam railway station near Amsterdam has serviced the population of north western Netherlands since 1982. BIK Bouwprodukten was commissioned to replace the roof. 504 pieces of durable clear polycarbonate domes were used in this project.

MATERIALS: THE AMERICAS


Tom Hill

2000 results

	€ million		% of Group
Sales	2,712	+66%	31%
Trading profit	254	+40%	29%
Average net assets*	1,870	+74%	34%
EBIT / sales margin		9.4%	

* *including goodwill*

2000 overview

The Materials Division continued its rapid growth in 2000 with another year of record results and development. 15 new companies were acquired at a combined cost of US$676 million including The Shelly Company, the market leader in aggregates and asphalt in Ohio and West Virginia. The Materials Division is now active in 24 states in the US with over 370 locations producing 86 million tonnes of aggregates, 33 million tonnes of asphalt and 3.7 million cubic metres of readymixed concrete annually.

Oil-related product prices increased significantly during the year and negatively impacted profitability throughout the Group. Prices for bitumen, a major component of asphalt, increased by 50% and the cost of natural gas, the primary energy source in asphalt manufacturing, increased threefold in this period. Although we succeeded in recovering much of these additional costs through higher selling prices and a strong focus on group purchasing, we could not fully mitigate the effects and suffered lower margins in most areas. A wet spring in the Northeast and an early winter in all areas resulted in higher costs and reduced volumes with a further negative effect on profitability.

TEA 21, under which Federal funding from 1998 to 2003 will show an average increase of 45% over the previous six years, helped to underpin the highway construction market, our primary end-use. These funds are supplemented at the state level through additional gas taxes, borrowings and general tax receipts. In 2000, TEA 21 funding was, in general, up to our expectations but some reduction of state funding in the New York market and the diversion of maintenance monies to large projects in several other states offset some of the benefits. Spending is expected to increase markedly going forward as states have spent significantly on right of way acquisition and design in the past two years. This should lead to increased construction activity.

Sales increased 66% to €2.7 billion and trading profits rose by 40% to €254 million, resulting in a decline in margins.

Northeast

Pike Industries had a good year though bitumen and energy cost increases reduced overall profits. Its Vermont, New Hampshire and Maine operations continued to profit from strong infrastructural spending and highway markets. The Massachusetts market was poor as highway monies were diverted into Boston's ongoing "Big Dig" project, severely limiting funds for road maintenance. The Massachusetts market will improve slightly in 2001 but will not recover fully until this major project is completed in three to four years time. Rhode Island remained competitive, but recent capital expenditures at our well-located Cranston quarry, near Providence, are expected to produce increased profits in 2001.

Tilcon Connecticut had another solid year. Improved private markets, a steady highway programme, and recent acquisitions in the eastern part of the state contributed to an excellent performance. The outlook remains positive.

Tilcon New York, serving New York City, southern New York State and New Jersey gained from robust construction markets in New York City and from the full benefits of previous acquisitions. The New York City aggregates business, which we supply by barge, rail and truck from multiple locations, had an excellent year. Our Dell and Millington operations in New Jersey, acquired in mid-1999, were especially impacted by rising energy and bitumen costs and wet spring

"Despite record sales and profits, 2000 was a difficult year for US Materials. An unprecedented rise in energy costs coupled with poor weather severely impacted profits. High energy costs were mitigated by improved efficiency, price recovery, increased Federal highway spending and continued acquisition growth. We entered new markets and strengthened existing markets through 15 acquisitions, the largest being The Shelly Company. The outlook for 2001 is broadly positive."

and early winter weather. However, we will continue to benefit from further synergies as we complete the integration of these businesses.

Despite poor weather throughout the year and a lacklustre market, upstate New York had a satisfactory year. New York reduced its state funding for highways, which in the most part offset the increase in Federal spending. The market outlook is mixed as a five-year Transportation Bond Act was defeated in the November election and the state is back to funding its portion of the highway programme on an annual basis. The Governor has proposed a 2001 budget at a level similar to that included in the Bond Act. We are optimistic that the state will provide adequate funding. The Dolomite Group in Rochester, acquired in June, exceeded expectations.

The Mid-Atlantic Group in Pennsylvania and Delaware performed well due to strong highway programmes and the successful integration of recent acquisitions. Pennsy Supply, in Harrisburg, had an exceptional year benefiting from its strong local aggregate position, recent capital expenditures and a customer-focused management team. The outlook is positive for the Mid-Atlantic region.

West

Rising bitumen and energy costs, intense competition, and a declining residential sector resulted in a disappointing year in Utah. Highway maintenance, our primary market in Utah, remained depressed as funds continue to be diverted into the US$1.6 billion Interstate 15 mega-project. This project is nearing completion and we expect the maintenance market to improve in 2001. We completed a €7.4 million liquid asphalt terminal, linked to the rail system, in Ogden to supply the Inter-Mountain region with bitumen and related products on a cost effective basis. Our Colorado operations were mixed with low volumes and high energy costs hurting B&B Excavating and the Four Corners while United had another excellent year. Our New Mexico and Wyoming operations both performed well.

CPM in eastern Washington and northern Idaho enjoyed strong markets in highways and private construction and performed well. Acme, acquired in mid-2000, was successfully integrated. Segale (now Icon Materials), located near Seattle, Washington recovered well following a poor 1999 and the outlook is positive going forward. Hills Materials in South Dakota also had a good year.

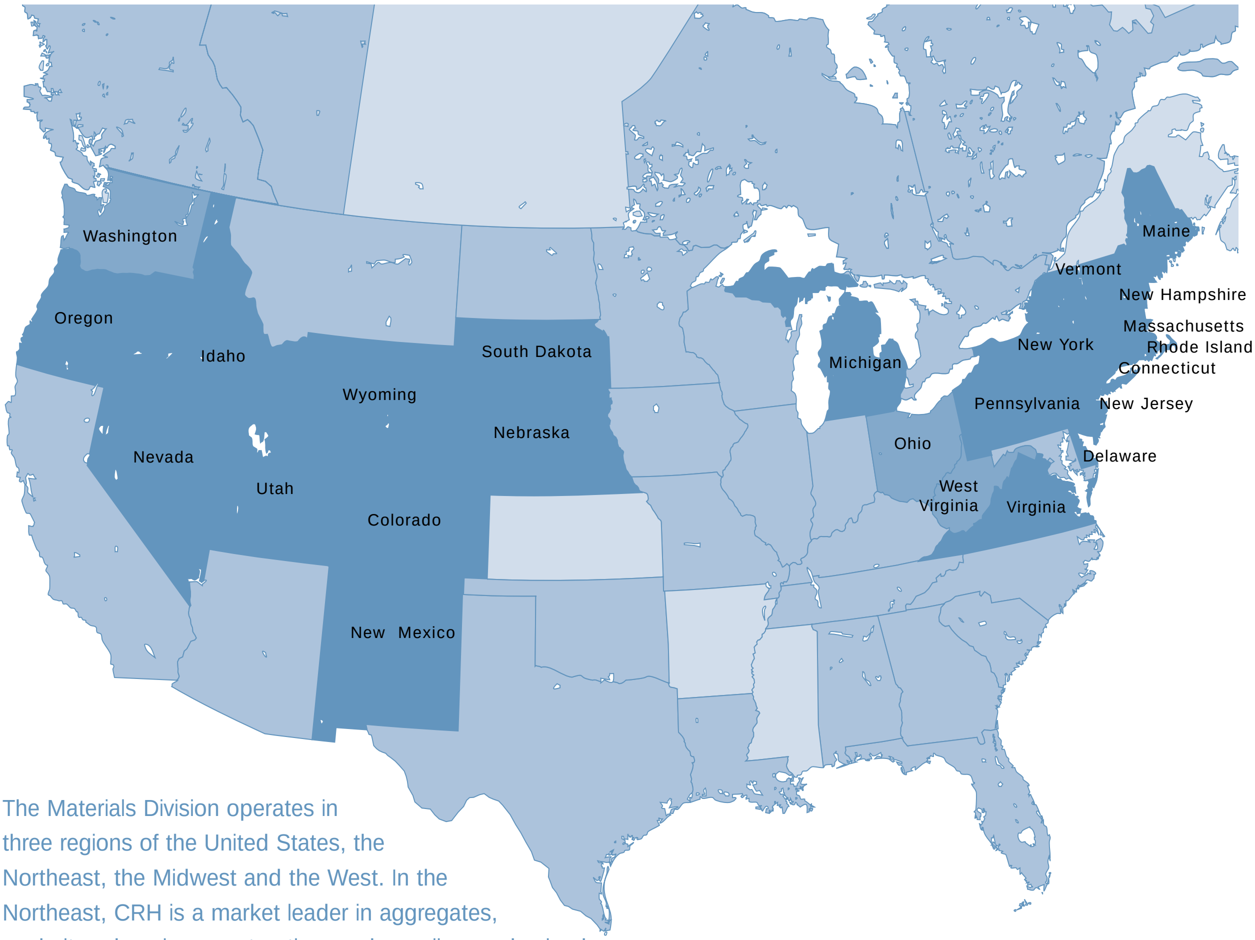
Midwest

The Shelly Company acquired in February 2000, continued our development in the Midwest materials market that began with the acquisition of Michigan-based Thompson-McCully in mid-1999. Shelly is a leading vertically integrated supplier of aggregates and asphalt in Ohio and West Virginia. During the year, we also added four bolt-on acquisitions to Shelly.

In a difficult Michigan market during 2000, results for Thompson-McCully were below expectations in its first full year with the Group due to increased competition from concrete paving and an overall competitive market. In addition, Ohio's paving programme, Shelly's major market, was reduced as highway money was diverted into several large new highway construction jobs. Higher bitumen and energy prices impacted both Thompson-McCully and Shelly, which together account for over 40% of the Materials Division's asphalt production, as they were unable to fully recover these higher costs through increased selling prices. We expect both selling prices and the Ohio paving programme to improve in 2001. With asphalt regaining some market share and strong early market activity, we expect the Michigan market also to improve in 2001.

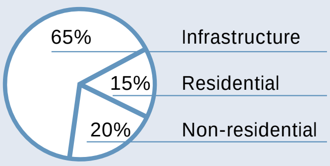
Outlook 2001

The US economy is forecast to experience a "soft landing" in 2001 after a record nine years of growth. Both residential and non-residential construction are expected to fall slightly during the year, which should be offset by strong TEA 21 driven highway spending. Continued focus on improved bitumen and energy purchasing and the substitution of recycled oil for expensive natural gas in asphalt manufacturing will yield significant savings. Overall, the outlook for 2001 is positive with moderating energy prices, solid stable markets and the benefits of recent acquisitions.

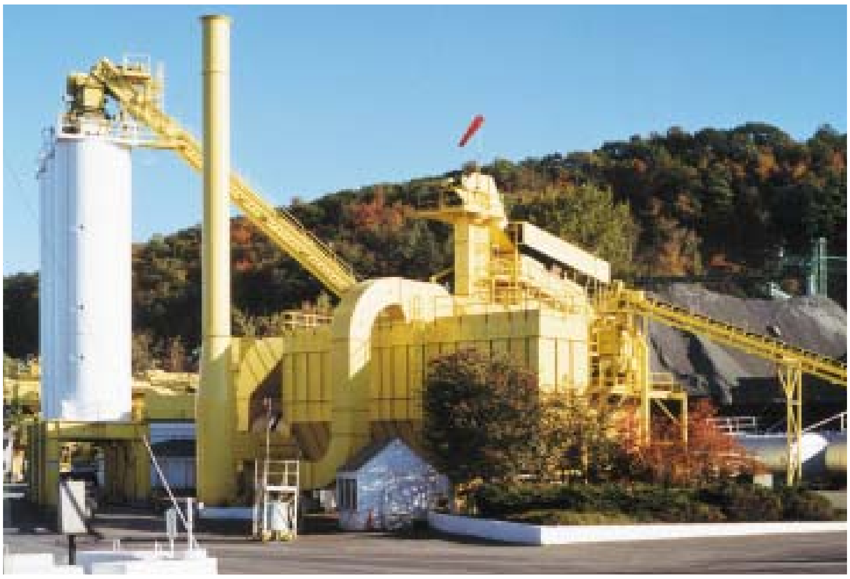


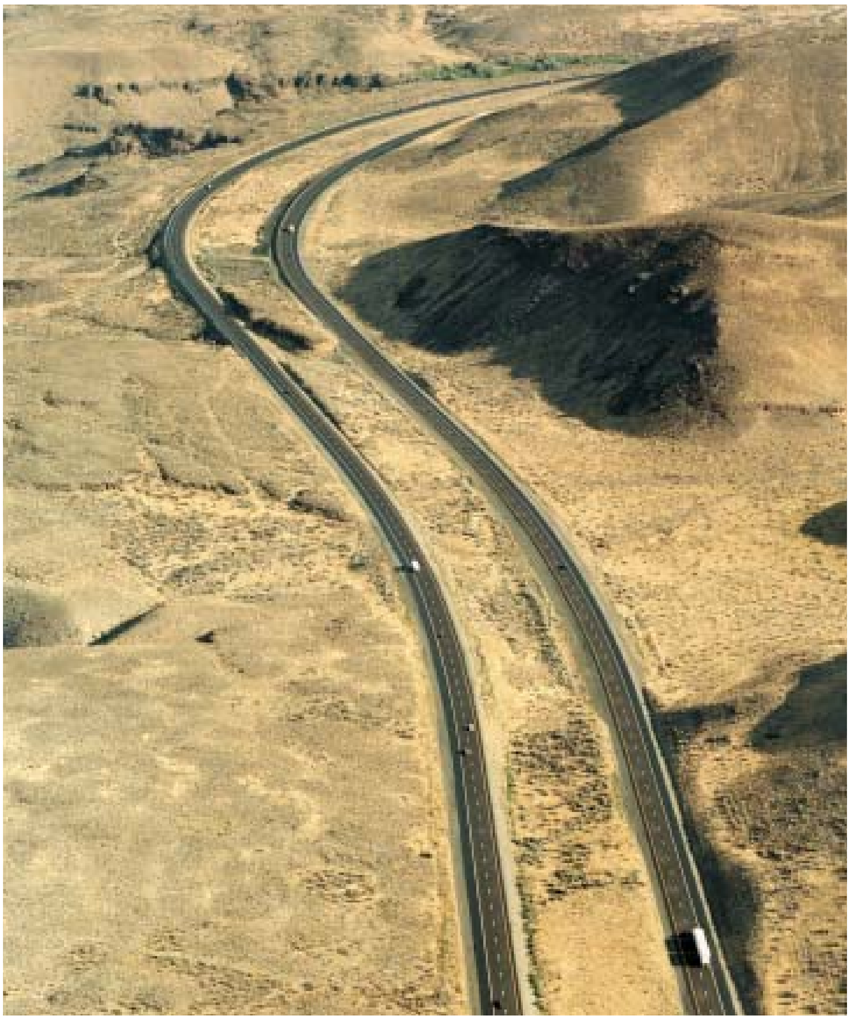
The Materials Division operates in three regions of the United States, the Northeast, the Midwest and the West. In the Northeast, CRH is a market leader in aggregates, asphalt and paving construction, and supplies readymixed concrete in Pennsylvania and Connecticut. In the Midwest states of Michigan and Ohio, CRH is the largest asphalt paving contractor and a leading supplier of aggregates. In the West, CRH is a market leader in aggregates, asphalt and readymixed concrete. The Materials Division employs 10,700 people at over 370 locations.

Product end-use



Products and services		**Annualised production volumes**	**Market leadership positions**
Aggregates	US	86.4 million tonnes	No.4 national producer
Asphalt	US	32.7 million tonnes	No.1 national producer
Readymixed concrete	US	3.7 million cubic metres	Top 15 in US





Development strategy

To grow and improve our existing strong market positions, while looking for new growth regions in the Americas.

Northeast

- Grow through acquisitions that bolt-on to our existing strong materials assets in large markets
- Improve existing operations through best practices

Midwest

- Continued vertical integration of our operations in Michigan, Ohio and West Virginia through selective materials acquisitions
- Integrate purchasing of key raw materials

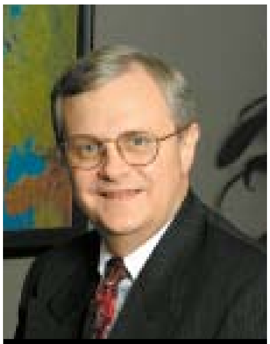
West

- Selective expansion through in-fill acquisitions

Top: Located at New Britain in central Connecticut, this Tilcon facility produces 350,000 tonnes of HMA (hot mix asphalt) per year and uses 40,000 tonnes of RAP (recycled asphalt pavement) materials. This facility is one of the area's low cost producers. The 820 tonnes of silo storage capacity enhances the overall flexibility of the plant. The New Britain plant is a recipient of a coveted 2000 Diamond Achievement Commendation from the National Asphalt Pavement Association (NAPA) for environmental excellence in hot mix asphalt plant operation.

Left: CPM's Inland Asphalt of Spokane, Washington paved this project in central Washington State. Inland produced 50,000 tonnes of superpave for this eleven-mile section of Interstate 90. This project received a National Asphalt Paving Association award for quality and is now in the running for the Sheldon Hayes Award, an award given to the best paving project in the United States.

PRODUCTS & DISTRIBUTION: THE AMERICAS



John Wittstock

2000 results

	€ million		% of Group
Sales	2,758	+33%	31%
Trading profit	280	+38%	31%
Average net assets*	1,145	+37%	21%
EBIT / sales margin		10.2%	

* *including goodwill*

2000 overview

2000 was a year of modest construction growth in the US economy. In an overall economy which featured frequent interest rate rises, instability in the equity markets and substantial increases in oil-related costs, the overall construction market continued to grow albeit at a modest level of circa 1%. South American economies had a difficult year especially in Argentina where deflationary conditions existed and construction activity declined substantially.

Within this environment, the Products & Distribution Division maintained its strong focus on costs and continued its programmes of selective capital expenditure and strategic acquisitions. The Division had another good year; sales increased 33% to €2.8 billion and trading profits grew 38% to €280 million.

Architectural Products Group

The Architectural Products Group (APG) achieved significant growth in sales and operating profits in 2000. APG operates from 114 locations in 30 states and two Canadian provinces. It is the leading North American producer of concrete masonry, lawn and garden and paving products and is a regional leader in clay bricks. Concrete rooftiles, cementitious dry mixes and lightweight aggregate are also important product lines.

Strong growth in the lawn and garden programme directed toward the large DIY chains and the hardscapes product line aimed at the professional landscape market contributed to the group's record year. Groupe Permacon in Canada had another exceptional year while Young Block and CDI in Arizona, Schuster's and Miller Materials in the Midwest, Adams, Betco, Balcon and Foster-Southeastern in the East and Big River, the group's lightweight aggregate operations in Alabama and Louisiana, all reported record sales and profits. Glen-Gery, our clay brick business, performed very well and was comfortably ahead of a record 1999. Other key operations generally performed strongly despite some evidence of slowing construction activity in the Southwest and Midwest. Westile, our concrete rooftile business which was expanded by acquisition in 1999, showed progress.

Add-on acquisitions, masonry producer Domine in New York and paving producer Gollin in Michigan, strengthened our regional positions in these geographic areas. American Stone Mix (ASM) was acquired at mid-year and, with existing dry mix operations, forms the foundation for a potential national development platform in this sector augmenting sales to our existing customer base in the important DIY channel. Initial ASM performance was below expectations primarily due to the impact of rising oil prices and contract delays in its peripheral non-packaging businesses. CCI, a supplier of architectural concrete and stone with locations in the principal cities of Texas, was acquired in June and met expectations.

Greenfield, state-of-the-art, large pallet paver plants have been brought on-line in Tennessee, Massachusetts, California and Pennsylvania, the latter two with complementary block facilities. These plants provide us with far more efficient production and enhanced product quality and are a key element of the group's DIY strategy. Superlite also added a new block and dry mix production complex near Phoenix.

Glass Group

The Glass Group is North America's leading custom fabricator of glass products for residential and non-residential building sectors. It serves these markets from a network of 44 locations in 20 states and three Canadian provinces.

The group had another excellent year with substantial growth in sales and operating profits in spite of higher raw glass and delivery costs. Exceptional performances were achieved in the Central and Pacific regions, and strong results were attained in Canada. However, the two specialty glass

"Products & Distribution had another good year with profits growing by 38% to €280 million, in spite of a slowing US economy and substantial energy related cost increases. Despite forecasts for moderating growth, perhaps even a decline, in the US, our geographic spread, end-use balance and a continuing programme of development in North and South America lead us to expect another year of progress in 2001."

businesses in California and North Carolina, which supply glass to OEM customers such as furniture manufacturers, disappointed.

During 2000, two significant acquisitions were completed. In September, the group strengthened its Midwest presence when it acquired Hoffer's. Founded in 1929, Hoffer's is headquartered in Wausau, Wisconsin and comprises eight glass fabrication operations located in five states. In December, the group acquired Laminated Glass Corp. (LGC), a specialist laminator located in Telford, Pennsylvania serving the important Northeast and Middle Atlantic markets. LGC was founded in 1948 and has been a leading supplier of custom laminated products such as skylights, ballistic and attack-resistant glass.

Precast Group

The Precast Group produces precast, prestressed and polymer concrete, and concrete pipe and distributes waterworks supplies. It is a national leader with 59 production plants in 24 states and eastern Canada.

Precast had yet another excellent year achieving record sales and profits both in total and for ongoing operations. Solid improvement was achieved in all regions of the country with particular standouts being Arizona, Pacific Northwest, Florida and New York. Our Modular division, which supplies precast structures to the correctional and educational markets, also had an excellent year.

The Precast Group completed nine acquisitions in 2000 (a record number) adding 16 production locations. Sabatini and New Jersey Concrete Pipe when combined with the Kerr/Cayuga pipe operations, result in a significant position in concrete pipe in eastern Pennsylvania and New Jersey. Strescon, with three wall and floor plank plants in Pennsylvania and Maryland, was a major addition that complements our Spancrete operations in New York. This organisation also brings management talent and experience in the growing wall panel market. Chase Precast in Massachusetts is an excellent addition to our Rotondo operations in New England. In the Southeast, Thorn-Orwick's precast plants in Indiana and Kentucky, when combined with Cloud Concrete, strengthen our presence in Kentucky and southern Indiana.

In Utah and Nevada, we acquired WR White, a concrete pipe manufacturer, augmenting our existing Amcor pipe division. White is also a distributor of waterworks supplies, a new business platform for the Precast Group. In California, the assets of New Basis with concrete vault plants in San Diego, Santa Paula and Livermore were acquired giving added strength to Utility Vault Company's presence in California. Finally, the ConVault above-ground fuel tank franchises in California and Florida were acquired to extend our national leadership position in this product category.

Distribution Group

Allied Building Products reported similar results in 2000 despite challenging trading conditions. Allied's markets are predominantly replacement, and its activities are mainly in the northern tier states of the US. Four successive mild winters in the northern states reduced the rate of roof replacement. Some branch sales were down over 3% following the national trend in roofing and siding demand. This sales decline was offset by an improvement in gross profit margins, overhead reduction and by small add-on acquisitions.

Key priorities in 2000 have been to exploit the capability of the new management information system while implementing significant process and organisation changes at branch level. Important progress was made in all areas and streamlining will continue in 2001. Allied continues to position itself to opportunistically pursue synergistic acquisition opportunities in 2001 and later.

South America

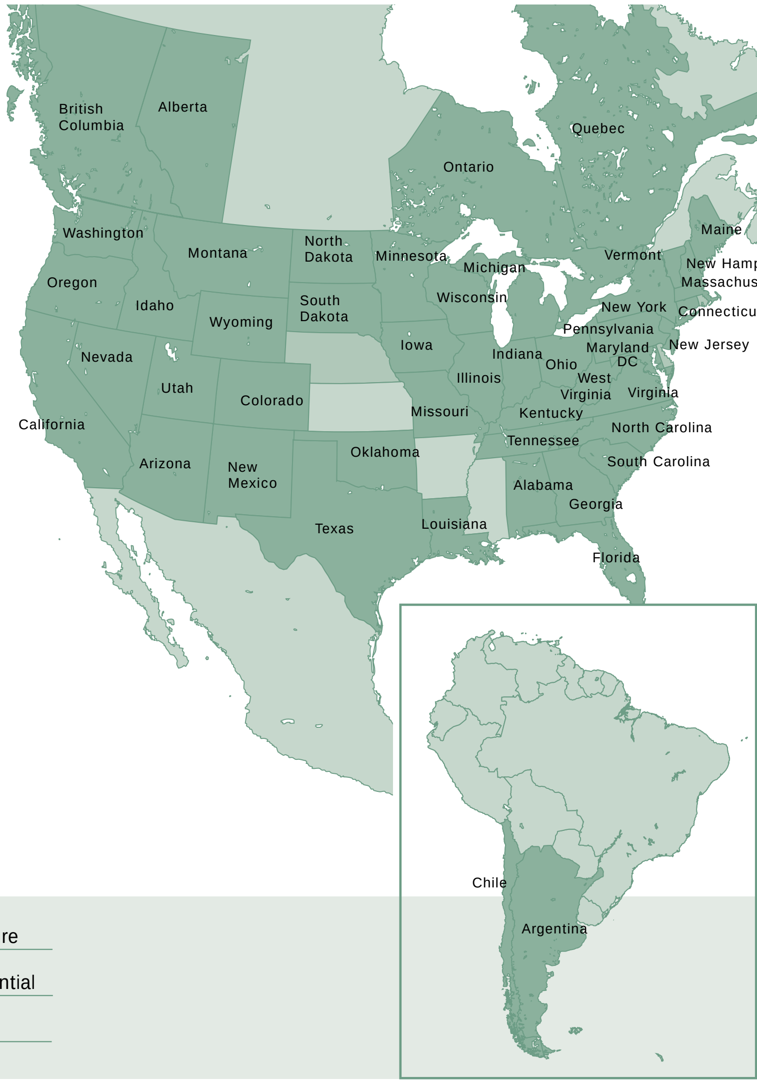
The economic recession and political uncertainty in Argentina resulted in a sharp decline in construction activity. Profits at our clay products group Canteras Cerro Negro were down versus 1999. The company successfully commissioned new computer systems and made good progress in overall cost reduction and best practice programmes and is well positioned to benefit from an improved commercial environment.

Superglass, the leading glass temperer in Argentina acquired in late-1999, added a new laminating line towards year-end. Despite difficult conditions, the company performed well. The Group also has a 50% stake in Vidrios Dell Orto, the leading glass fabricator in Chile. Low consumer confidence and pressure on industrial glass products resulted in a profit decline. During 2000, good progress was made on cost reduction and the development of new architectural products.

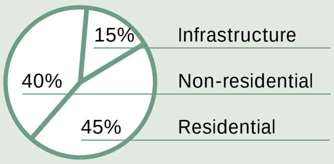
Outlook 2001

Currently in the US, most forecasts for 2001 are for a flattening of growth in the overall economy with a modest decline in construction activity. Current forecasts indicate a slightly larger decline in residential (circa 3% to 4%) than non-residential (circa 1% to 2%). The balance of our businesses both residential versus non-residential and new construction versus RMI is expected to mitigate any individual sectoral weakness. In Canada, the outlook is for modest growth. With governmental financial plans in place, some of the uncertainty regarding Argentina has been mitigated but improvement is more likely to occur in the second half. Chile appears to have stabilised. Despite this somewhat uneven outlook, and barring a severe economic setback, we look to continue the good progress of recent years founded on our existing broad geographic spread, end-use balance and cost/margin focus.

The Products & Distribution Division in the Americas operates mainly in the United States with a growing presence in Canada and South America. This Division comprises four product groups – Precast, Architectural Products, Glass and Distribution – each with leading local and national market positions. In South America, the Division is a major producer of clay products in Argentina and has glass tempering businesses in Argentina and Chile. Together with the Materials Division, CRH is a national leader across the US in the manufacture and distribution of primary construction materials and value-added building products. This Division employs 13,000 people in over 300 locations.



Product end-use



Products and services		**Annualised production volumes**	**Market leadership positions**
Precast concrete products	Canada, US	2.4 million tonnes	No.1 in US
Lightweight aggregate	US	0.9 million tonnes	
Concrete masonry, pavers, rooftiles	Canada, US	5.2 million tonnes	No.1 masonry and paving in US No.1 paving in Canada
Clay bricks, pavers, tiles	Argentina, US	1.2 million tonnes	No.1 bricks producer in northeast US No.1 rooftiles in Argentina No.3 wall and floor tiles in Argentina
Glass fabrication	Argentina, Canada, Chile, US	13.7 million square metres	No.1 custom tempered glass fabricator in US
Roofing, siding and related products	US	101 branches	No.3 distributor

Development strategy

To consolidate and expand from existing strong positions ensuring balanced growth across products and regions, focusing on capturing size, IT and best practice benefits; building profitable, safe, environmentally responsible businesses with key strategic advantages.

Architectural Products

- Integrate and develop the clay bricks and paver businesses
- Grow with and serve homecenter expansion through an increasing array of garden and patio products

Distribution

- Leverage IT investment and infrastructure to continue improving the existing business
- Acquire opportunistically to in-fill regionally leading to national coverage

Glass

- Edge expansion through new products, services and regions
- Manage industry trends through cost control, organic growth and superior customer service

Precast

- In-fill geographic coverage through acquisition or greenfield
- Pursue new product and new region opportunities

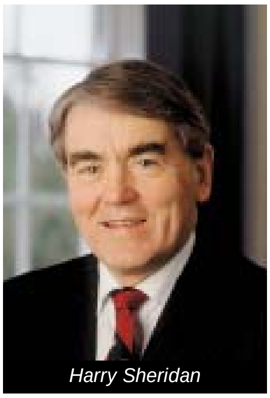
South America

- Build on existing clay and glass businesses through selective investment
- Continued focus on cost control and market initiatives in a difficult economic cycle

Top: Strescon Industries produced antique white, sandblasted precast concrete spandrel panels for this office building in Columbia, Maryland. Strescon customised the finish to match nearby buildings and helped design the panel anchorage to give an attractive exterior unbeatable for construction speed and economy.

Left: Hilton Hotel, Buenos Aires, Argentina. Superglass, CRH Sudamericana's glass fabrication operation, supplied 800 square metres of insulated tempered glass. 1,400 square metres of 12mm tempered glass was also supplied for the façade. This is the biggest suspended glass structure in South America.

FINANCE REVIEW



Results

The strong growth in sales of 32%, in trading profits of 34% and in pre-tax profits of 22%, before exceptional items in 1999, has been highlighted elsewhere in the Annual Report. The key components of 2000 performance are analysed in Table 1 below.

Exchange translation effects

The average 2000 euro exchange rate was 15% and 8% weaker versus the US Dollar and Sterling respectively than in 1999 resulting in a net positive profit before tax translation impact of €54 million.

Incremental impact of acquisitions

The incremental 2000 effect of 1999 acquisitions principally reflects the impact of Finnsementti/Lohja Rudus in Finland and Dell, Millington and Thompson-McCully in the US, all of which were acquired in July 1999. A strong Finnsementti/Lohja Rudus contribution was offset by a lower contribution from Thompson-McCully in 2000 compared with 1999 due to the first time inclusion of seasonally low first half trading results and unrecovered bitumen and energy cost increases in its asphalt intensive operations. These factors, combined with higher full year goodwill amortisation and financing costs, resulted in a reduced overall contribution in 2000 from 1999 acquisitions at the profit before tax level.

The 2000 acquisitions impact principally reflects strong acquisition activity in the US Materials, Precast and Architectural products groups plus acquisitions in rooflights and concrete products in Mainland Europe. The acquisition of the Jura Group in Switzerland, completed at end-November, had only a modest impact in 2000.

Impact of business disposals

The combined impact of the disposals of Keyline, effective end-May 1999, and of our Northern Ireland plant sales and engineering division, effective October 1999, and the closure of the Price & Pierce timber trading activity in Britain during 2000, is separately disclosed.

Ongoing operations

Higher interest rates offset the benefits of the €345 million September share placing resulting in a nil finance cost impact. Ongoing activities contributed circa 40% of the total increase in profit before tax.

The strong growth in earnings and cash earnings per share and net dividend over a five and ten-year period are highlighted in Table 2.

Financial indicators

Some key financial indicators which, taken together, are a measure of performance and financial strength, are set out in Table 3.

The Group regards interest cover based ratios as more meaningful measures of financial capacity than the ratio of debt to shareholders' funds as they match the earnings and cash generated by a business to the underlying funding costs.

Table 1 Key components of 2000 performance

€ million	1999*	Exchange translation effects	Incremental effect in 2000 of acquisitions & investments completed during 1999	2000	Trading impact of business disposals	Ongoing	2000
Sales	6,734	627	470	1,039	(270)	270	8,870
EBITA	684	65	27	110	(11)	56	931
Goodwill amortisation	(20)	(1)	(12)	(10)	–	–	(43)
Trading profit	664	64	15	100	(11)	56	888
Finance costs	(93)	(10)	(36)	(60)	8	–	(191)
Profit before tax	571	54	(21)	40	(3)	56	697
Change		9%	(4%)	7%	–	10%	22%

** note: 1999 figures exclude exceptional items*

The Group's increased utilisation over recent years of its significant debt capacity as part of a planned acquisition programme is reflected in lower, but still very comfortable, levels of interest cover. The reduction in return on average capital employed reflects the impact of the larger acquisitions of recent years which have slightly diluted overall returns on total invested capital. Return on average equity has benefited from the increased use of the Group's debt capacity and, though lower than the 1999 level, is ahead of 1998.

Cash generation

Cash earnings per share increased by 27% in 2000, and the strong cash generation characteristics of the Group combined with the net proceeds of €345 million from the 5% share placing in September 2000 enabled us to spend a total of €2,035 million on acquisitions, investments and capital projects with only a €951 million increase in net debt. Table 4 below summarises CRH's cash flows for 2000 and 1999.

The €1,605 million acquisitions and investments spend for 2000 reflects the acquisition of The Shelly Company in February, the rooflights division of Yule Catto in May, the Dolomite Group and Northern Ohio Paving in June, the Jura Group in November plus over 60 other traditional small to medium-sized bolt-on deals.

The increased depreciation and amortisation charge reflects the impact of acquisitions completed in 1999 and 2000 and the high levels of capital expenditure in both years.

Proceeds from share issues principally reflect the €345 million September 2000 share placing augmented by issues under Group share option, share participation and scrip dividend schemes.

Control of working capital levels remained a key priority across our operations once again resulting in a relatively modest outflow despite the increasing scale of the Group's operations.

Capital expenditure increased in absolute terms compared with 1999 reflecting both the expansion of the Group and significant expenditure on projects to expand existing capacity across the Group's operations.

Table 2 Compound average growth rates

	5 year	10 year
Sales	29%	18%
Earnings per share	23%	16%
Cash earnings per share	27%	17%
Net dividend	15%	12%

Table 3 Key financial indicators

	2000	1999	1998
Interest cover - EBITDA basis (times)	6.7	10.1	14.4
Interest cover - EBIT basis (times)	4.6	7.2	10.5
Debt to shareholders' funds ratio (%)	83.8	73.9	39.2
Debt to year-end market capitalisation ratio (%)	31.9	19.9	12.8
Tax rate (%)	27.8	26.6	24.4
Return on average capital employed* (%)	16.3	17.5	18.5
Return on average equity* (%)	16.6	18.3	16.5

Note: 1999 figures exclude exceptional items
**after goodwill amortisation*

Table 4 Cash flow

€ million	2000	1999
Inflows		
Profit before tax (excluding exceptional items in 1999)	697	571
Depreciation/amortisation	395	275
Disposals	41	331
Share issues	378	35
	1,511	1,212
Outflows		
Working capital	(75)	(47)
Capital expenditure	(430)	(360)
Acquisitions & investments	(1,605)	(1,421)
Dividends	(82)	(71)
Tax paid	(140)	(160)
Other	(23)	(14)
	(2,355)	(2,073)
Net outflow	(844)	(861)
Translation adjustment	(107)	(79)
Increase in net debt	(951)	(940)

Capital expenditure of €430 million represented 4.9% of sales (1999: 5.5%) and amounted to 1.22 times depreciation (1999: 1.41 times).

Exchange rate movements between end-1999 and end-2000 increased the euro amount of net foreign debt by €107 million principally due to the 8% devaluation of the euro against the US Dollar.

Share price

The Company's Ordinary Shares traded in the range €15.95 to €21.95 during 2000. The year-end share price was €19.82 (1999: €21.40). Despite good growth in earnings and dividends, stock market uncertainties saw shareholder return for the year at a negative 6%, with the impact of the share price decline only partly offset by dividends. This compares with a gross return of 47% (dividends and capital appreciation) in 1999, 43% in 1998 and 37% in 1997.

CRH is one of nine building materials companies included in the FTSE Eurotop 300, a market capitalisation weighted index of Europe's largest 300 companies. At year-end 2000, CRH's market capitalisation of €8.2 billion (1999: €8.4 billion) placed it amongst the top four building materials companies worldwide.

Financial risk management

The Group uses financial instruments throughout its businesses: *borrowings, cash and liquid resources* are used to finance the Group's operations; *trade debtors and creditors* arise directly from operations; and *derivatives*, principally interest rate and currency swaps and forward foreign exchange contracts, are used to manage interest rate risks and to achieve the desired currency profile of borrowings. The Group does not trade in financial instruments.

Liquid resources

In October, the Group completed a US$435 million debt funding in the US Private Placement market for the purpose of financing acquisition activity, enhancing the maturity profile of the Group's debt and broadening its sources of finance. The funding involved tranches of 7, 10, 12, and 15-year fixed rate debt.

The Group holds significant cash balances which are invested on a short-term basis. At year-end 2000, 97% of the Group's cash, short-term deposits and liquid resources had a maturity of six months or less.

In addition, at year-end 2000, 97% of the Group's gross debt was drawn under committed term facilities, 76% of which mature after more than one year, and the Group held €124 million of undrawn committed facilities.

Interest and currency management

The Group's policy is to fix interest rates on a proportion of the Group's medium to long-term net debt exposure in individual currencies. In recent years, the Group's target has been to fix interest rates on approximately 50% of Group net debt. At the end of 2000, 46% of the Group's net debt was at interest rates which were fixed for an average period of 5.6 years. US Dollars accounted for approximately 56% of net debt at the end of 2000 and 48% of the Dollar component of net debt was at fixed rates.

CRH's activities are conducted principally in the local currency of the country of operation. The primary foreign exchange risk arises from the fluctuating value of the Group's net investment in different currencies. The Group's policy has been to spread the Group's net worth across the currencies of the different operations and thereby to reduce exposure to any one currency. We believe that this is an appropriate policy for an international Group with international shareholders.

The bulk of the Group's net worth is denominated in the world's two largest currencies – the US Dollar and the euro – which together accounted for 84% of the Group's net worth at end-2000.

The weakening of the euro during 2000 resulted in a positive €91 million currency translation effect on shareholders' funds mainly arising on US Dollar net assets. This positive effect is stated net of the €107 million adverse translation impact on net foreign debt already referred to above.

Note 21 to the financial statements provides a detailed breakdown of debt and capital employed by currency.

Interest and currency sensitivity

The Group monitors its exposure to changes in interest and exchange rates by estimating the impact of possible changes on reported profit before tax and net worth. The Group accepts interest rate and currency risk as part of the overall risks of operating in different economies and seeks to manage these risks by following the policies set out above.

We estimate that the maximum effect of a rise of one percentage point in one of the principal interest rates to which the Group is exposed, without making any allowance for the potential impact of such a rise on exchange rates, would be a reduction in profit before tax for 2000 of approximately 2%.

A strengthening of the euro by 10% against all the other currencies the Group operates in would, when reported in euro, reduce the Group's year-end 2000 net worth by an estimated €196 million and year-end 2000 net debt by €201 million.

Summary

The strong cash generation characteristics of the Group, combined with the net proceeds of the share placing in September 2000, enabled us to spend a total of over €2 billion during 2000 on acquisitions, investments and capital projects while increasing debt by €951 million. This inevitably had an impact on our EBITDA interest cover which has reduced from 10.1 times in 1999 to 6.7 times in 2000. We enter 2001 with a balanced mix of fixed and floating rate debt and currency net worth.

RESULTS IN BRIEF BY CURRENCY

	€ million		US$ million		Stg£ million	
	2000	1999	**2000**	1999	**2000**	1999
Turnover*						
Republic of Ireland	**670.7**	599.8	**619.5**	639.3	**408.8**	395.1
Britain & Northern Ireland	**697.8**	847.6	**644.4**	903.4	**425.3**	558.3
Mainland Europe	**2,031.2**	1,580.9	**1,876.0**	1,684.9	**1,238.0**	1,041.3
The Americas	**5,470.1**	3,705.5	**5,052.2**	3,949.3	**3,334.0**	2,440.8
	8,869.8	6,733.8	**8,192.1**	7,176.9	**5,406.1**	4,435.5
Trading profit*						
Republic of Ireland	**138.5**	114.7	**127.9**	122.2	**84.4**	75.5
Britain & Northern Ireland	**56.1**	59.6	**51.8**	63.5	**34.2**	39.3
Mainland Europe	**159.6**	104.0	**147.4**	110.8	**97.3**	68.5
The Americas	**533.4**	385.1	**492.6**	410.5	**325.1**	253.7
Trading profit	**887.6**	663.4	**819.7**	707.0	**541.0**	437.0
Exceptional items	**–**	64.2	**–**	68.4	**–**	42.3
Interest payable	**(190.9)**	(92.7)	**(176.3)**	(98.8)	**(116.4)**	(61.1)
Profit before taxation	**696.7**	634.9	**643.4**	676.6	**424.6**	418.2

**by destination*

Basic earnings per share, excluding exceptional items in 1999**	**124.92c**	106.51c	**115.38c**	113.52c	**76.14p**	70.16p
Dividend per share**	**22.80c**	20.00c	**21.06c**	21.32c	**13.90p**	13.17p
Cash earnings per share**	**223.94c**	177.00c	**206.83c**	188.65c	**136.49p**	116.59p
Dividend cover excluding exceptional items in 1999 (times)	**5.34**	5.29	**5.34**	5.29	**5.34**	5.29
Effective average rates of exchange euro 1 =			**0.9236**	1.0658	**0.6095**	0.6587

***euro cent/equivalent*

"The Group Environmental Policy requires our location managers to comply with all applicable environmental legislation, to continuously improve in line with best industry practice and to be good neighbours in every community in which we operate. The year 2000 again saw solid progress on these objectives."

Our compliance record

Environmental compliance is a dynamic process in CRH, continually challenged by rapid Group growth and universally intensifying legislation. The year 2000 internal review, carried out through the Group Technical Advisor and internal network of Environmental Liaison Officers, again confirmed our success in meeting these twin challenges. There was a high degree of compliance in all 1,300 locations in our 19 countries of operation, and any minor deficiencies were or are being rectified. The many recent acquisitions were subjected to careful due diligence, as is our custom. Over 100 of our locations have in addition chosen to consolidate their compliance achievements through external ISO14001 certification; more will follow in 2001.

Continuously improving

We invested another €34 million in a large number of plant environmental improvements, with the immediate objective of further abating emissions and steadily striving for industry best practice. We recycled 2.7 million tonnes of used road materials into our asphalt products and 9.0 million tonnes of secondary materials such as demolition waste, fly-ash and slag into our concrete products, with significant commercial and environmental benefit. We reduced primary energy demand through the use of alternative fuels such as tyres in cement kilns and recycled oil in asphalt plants. We restored (see example below) or landscaped another 350 hectares (875 acres) of worked-out quarries and pits and planted 135,000 trees, demonstrating our ongoing commitment to sustainability. We have a progressive policy in fostering open days for neighbours, students and interested stakeholders, particularly at our larger Materials locations in both Europe and in the US. These open days, together with continuing support for a broad range of local community initiatives, are already yielding positive results.

Awards

We have continued to enter industry competitions with significant success. In Ireland, Roadstone's Bunratty Quarry won an accolade from the European Aggregates Association as the "Irish Quarry of the Year". In Northern Ireland, Farrans Construction won an Edmund Hambly Medal for environmentally innovative construction of the Duncrue Water Treatment Works. In Poland, Cementownia Ożarów won a "Cleaner Production" Award from the Government, as well as hosting a conference on "Ecology in the Region of Opatów". In the US, our Materials Group won no less than 22 Awards in 2000 from the National Stone Association, including the only two coveted Gold Eagle Awards for Excellence, won by Tilcon New York's Oxford and Millington quarries. We also won 32 Awards from the National Asphalt Pavement Association, including three of its prized Ecological and Community Involvement Awards, again significantly out-performing all our peers. We are committed to further developing these successful initiatives in the future.

Crop workers picking tomatoes grown on reclaimed land. This previously quarried area is part of a Shelly Materials sand and gravel pit located in Meigs County in southern Ohio, the heart of Ohio's produce farming region. Shelly Materials received a reclamation award for their unique reclamation plan which returned the land to the area's produce farmers.

HUMAN RESOURCES

"Investing in people is key to the continued success of the Group, and the development of future business leaders, with the necessary drive, ambition and ability to succeed in a highly competitive environment, is a key priority for CRH."

Organisation

We have structured our organisation on a decentralised basis, giving local management a high degree of individual responsibility and operating autonomy. A lean corporate centre provides overall support, financial control and strategic direction. This structure achieves strong local operations combined with the ability to share other resources and expertise across the Group in an effective manner. The structures have continued to evolve with the development of the business to support local competitiveness and innovation with shared IT, finance, human resources and other specialist expertise.

A federal Group

A well-established hallmark of CRH is the federal nature of the Group, allowing considerable autonomy at local level for individual managers as well as providing the advantages of a large organisation. This tried and tested approach allows people to identify with their own local company as well as the Group and is particularly valuable in ensuring a high level of motivation and staff retention throughout the organisation.

Health and safety

Continuous improvement in the provision of a safe and healthy work environment is a key objective for all CRH Divisions. The cornerstone of this initiative remains the Safety Best Practice groups, which meet regularly to assist Group companies in achieving and maintaining the highest international standards. Internal and external benchmarking is used to support and monitor the results of safety initiatives throughout the Group.

Developing future leaders

As part of the ongoing leadership development process, a formal review of human resources is regularly undertaken in each of the four operating Divisions and at headquarters. This analysis is carried out under the direction of the head of each Division, with support from Group human resources, and is reviewed by the CEO and Board. The primary objective is to enable the Group to meet its future leadership requirements in a planned way.

A key component of our leadership development strategy remains the recruitment of highly qualified individuals into the Group's development teams worldwide. This has proved to be very effective in continually strengthening the management team, providing an ongoing stream of highly qualified and motivated leaders.

A number of leadership development initiatives including the international Graduate Trainee Programme have been established and a Young Managers Training Programme was run on a pilot basis in Europe Materials in 2000. This pilot was extremely successful and it is planned to extend this programme across the Group as appropriate.

The Gamma store in Vlaardingen was enlarged, restyled and reopened in May 2000. Gamma is a DIY market leader in the Netherlands. The picture shows store manager Maarten de Beer and his store personnel outside the store.

BOARD OF DIRECTORS

Jack Hayes Liam O'Mahony David Kennedy David Dey Tony O'Brien Pat Molloy

Board Committees

Acquisitions
P.J. Molloy, *Chairman,*
D. Dey, D. Godson,
J.J. Hayes, K. McGowan,
A. O'Brien, W.I. O'Mahony,
H.P. Sheridan

Audit
K. McGowan, *Chairman,*
D. Dey, D. Godson,
H.E. Kilroy, A. O'Brien

Finance
P.J. Molloy, *Chairman,*
J.J. Hayes, D.M. Kennedy,
W.I. O'Mahony, H.P. Sheridan

Nomination
P.J. Molloy, *Chairman,*
B.T. Alexander, D.M. Kennedy,
H.E. Kilroy, W.I. O'Mahony,
W.P. Roef

Remuneration
P.J. Molloy, *Chairman,*
B.T. Alexander, D.M. Kennedy,
H.E. Kilroy, W.P. Roef

Senior independent Director
D.M. Kennedy

B.T. Alexander*
Barbara Alexander became a non-executive Director in 1999. A US citizen, she had a long career as a leading building sector analyst and investment banker. She retired as a Managing Director of Warburg Dillon Read, New York in 1999 and is currently a Senior Advisor with that organisation. She is a director of Centex Corporation, an Executive Fellow of the Joint Center for Housing Studies at Harvard University, a past Chairman of the Board of Directors of that group and a member of that Board's Executive Committee. (Aged 52).

D. Dey*
David Dey became a non-executive Director in 1995. After a long career with IBM Corporation, he served as Managing Director of a division of Plessey PLC and subsequently as Managing Director of a major subsidiary of BT PLC. He was also a main board director of both companies. He is Chairman of TfB Group Limited and a director of Scottish Amicable plc. (Aged 63).

D. Godson*
BE Mech., MIE, FIEI
Don Godson joined CRH as Development Manager in 1968 having worked with a number of leading US, UK and Irish companies. He moved to the US in 1977 to set up a Group presence there and became Chief Executive of US operations in 1978. He joined the CRH Board in 1980 and was appointed Group Chief Executive in 1994, a position he held until the end of 1999. He is also a director of Allied Irish Banks plc, Project Management Limited and the Graduate School of Business UCD. (Aged 61).

H.E. Kilroy*
Howard Kilroy became a non-executive Director in 1995. He is a director of Jefferson Smurfit Group plc, Smurfit-Stone Container Corporation and Arnotts plc. (Aged 64).

K. McGowan*
Kieran McGowan became a non-executive Director in 1998. He retired as Chief Executive of IDA Ireland in December 1998. He is Chairman of the Irish Management Institute and a director of a number of companies including Elan Corporation plc, Enterprise Ireland and Irish Life & Permanent plc. (Aged 57).

P.J. Molloy*
Chairman
Pat Molloy became Chairman of CRH in 2000 having been a non-executive Director since 1997. He is a member of the Court of Bank of Ireland, Chairman of Bristol and West plc, the Blackrock Clinic and Enterprise Ireland and a director of Eircom plc. He retired as Group Chief Executive of Bank of Ireland in January 1998. (Aged 62).

Kieran McGowan Harry Sheridan Barbara Alexander Brian Griffin Howard Kilroy Don Godson Brian Hill Wil Roef

B.E. Griffin
BSc
Managing Director
CRH Europe Materials
Brian Griffin joined CRH in 1969. Before joining the Group he worked in the engineering and mining industries in the UK and Africa. He has held a number of senior management positions within the Group, including Managing Director of Irish Cement Limited. He was appointed Managing Director of CRH Ireland in 1994, joined the CRH Board in 1996 and was appointed to his current position in 1998. (Aged 58).

J.J. Hayes*
BComm, MBA, FCA, FCT
Jack Hayes joined CRH as Chief Financial Officer in 1968. He became a Director in 1975 and was appointed Managing Director Finance and Development in 1987, a position he held until his retirement in 1994. He is Chairman of Unidare plc and of the Advisory Committee of ACT Development Capital and a director of Goldman Sachs Funds plc. (Aged 66).

B.G. Hill
BE, MEngSc, MBA
Group Managing Director
CRH Europe Products & Distribution
Brian Hill joined CRH in 1971 and has worked in senior management positions in Ireland, the UK and Mainland Europe. He became a CRH Board Director in 1990 and was appointed to his current position in 1998. Based in the Netherlands, he is responsible for managing and developing the Group's products and distribution businesses throughout Europe. (Aged 56).

D.M. Kennedy*
MSc
David Kennedy became a non-executive Director in 1989. He is a director of a number of companies in Ireland and overseas, including Trans World Airlines Inc., Lifetime Assurance, Jurys Doyle Hotel Group plc, Bon Secours Health System Limited and Chairman of Drury Communications Ltd. He was formerly Chief Executive of Aer Lingus plc. (Aged 62).

A. O'Brien*
FCMA, FCIS
Tony O'Brien became a non-executive Director in 1992. He is Group Managing Director of Cantrell & Cochrane Group Ltd. He is also Chairman of Anglo Irish Bankcorp plc and is a past President of The Irish Business and Employers Confederation. (Aged 64).

W.I. O'Mahony
BE, BL, MBA, FIEI
Chief Executive
Liam O'Mahony joined CRH in 1971, prior to which he worked as a civil engineer in Ireland and the UK. He has held senior management positions including Chief Operating Officer of US operations and Managing Director, Republic of Ireland and UK Group companies. He joined the CRH Board in 1992, was appointed Chief Executive, Oldcastle, Inc. in November 1994 and was appointed Group Chief Executive with effect from 1st January, 2000. (Aged 54).

W.P. Roef*
Wil Roef became a non-executive Director in 1995. A Dutch national, he is a former Chief Executive Officer of Desseaux nv and a former member of the management board of DLW ag in Germany. He has served on the Supervisory Board of CRH Nederland bv since 1990 and as Chairman of the Supervisory Board of Heras since December 1985. (Aged 63).

H.P. Sheridan
BComm, MBA, FCA
Finance Director
Harry Sheridan joined CRH in 1967. Prior to this he worked in the motor industry and in a professional accountancy practice. He held various senior management positions in the financial area of the Group and was appointed Finance Director in 1987. He is a former President of the MBA Association. He is Chairman of Gartmore Irish Growth Fund PLC and a director of The Irish Stock Exchange Limited. (Aged 57).

*Non-executive

More than 30,000 square metres of Forticrete Yorkstone Architectural Masonry has played a strategic role in creating the distinctive impact of the prestigious new Joint Services Command and Staff College, at Shrivenham, near Swindon. The college will be the Ministry of Defence's foremost learning facility for future commanders of the British Royal Navy, Army and Royal Air Force.

CORPORATE GOVERNANCE

The Directors are committed to maintaining the highest standards of corporate governance and this statement describes how CRH applies the Principles of Good Governance set out in the Combined Code, derived by the Committee on Corporate Governance from the Committee's Final Report and from the Cadbury and Greenbury Reports.

Board composition

It is the practice of CRH that a majority of the Board comprises non-executive Directors and that the Chairman be non-executive. At present, there are four executive and ten non-executive Directors. Two non-executive Directors are former executives of the Company - see biographical details on pages 32 and 33. All of the Directors bring independent judgement to bear on issues of strategy, performance, resources, key appointments and standards. The Board meets regularly throughout the year and all Directors have full and timely access to the information necessary to enable them to discharge their duties. There is a formal schedule of matters reserved to the Board for consideration and decision but other matters are delegated to Board Committees. Membership of the Committees is set out on page 32.

The *Acquisitions Committee* has the power to approve acquisitions and capital expenditure projects within limits agreed by the Board.

The *Audit Committee*, which comprises only non-executive Directors, meets a minimum of five times per year. Its brief is to review the interim and annual financial statements, internal control matters and the scope and effectiveness of internal and external audit. The Finance Director and Internal Audit Director normally attend meetings of the Committee, while the external auditors attend as required and have direct access to the Committee Chairman at all times.

The *Finance Committee* advises on financial and accounting policies and practices.

The *Nomination Committee* advises Board on all Board appointments.

The *Remuneration Committee*, which consists solely of non-executive Directors, determines the Group's policy on executive remuneration and considers and approves salaries and other terms of the remuneration package for the executive Directors.

S*enior independent Director* David Kennedy was appointed as the senior independent Director with effect from 23rd February, 2000.

Directors' remuneration

The Board's report on Directors' remuneration is set out on pages 38 to 43.

Communications with shareholders

Communications with shareholders are given high priority and there is a regular dialogue with institutional shareholders, as well as presentations at the time of the release of the annual and interim results. The Company's website, www.crh.com, provides the full text of the Annual and Interim Reports, the Form 20-F, which is filed annually with the US Securities and Exchange Commission, and copies of presentations to analysts and investors. News releases are made available, in the pressroom section of the website, immediately after release to the Stock Exchanges.

The Company's Annual General Meeting affords individual shareholders the opportunity to question the Chairman and the Board. In addition, the Company responds throughout the year to numerous letters from shareholders on a wide range of issues.

Internal control

The Directors have overall responsibility for the Group's system of internal control and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors confirm that since the first quarter of 2000, the Group's ongoing process for identifying, evaluating and managing its significant risks is in accordance with the Turnbull guidance (*Internal Control: Guidance for Directors on the Combined Code*, published in September 1999). The process has been in place up to the date of approval of the Annual Report and financial statements.

Group management has responsibility for major strategic development and financing decisions. Responsibility for operational issues is devolved, subject to limits of authority, to product group and operating company management. Management at all levels is responsible for internal control over the respective business functions that have been delegated. This embedding of the system of internal control throughout the Group's operations ensures that the organisation is capable of responding quickly to evolving business risks, and that significant internal control issues, should they arise, are reported promptly to appropriate levels of management.

The Board receives, on a regular basis, reports on the key risks to the business and the steps being taken to manage such risks. It considers whether the significant risks faced by the Group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity. In addition, the Audit Committee meets with internal auditors on a regular basis and satisfies itself as to the adequacy of the Group's internal control system. The Audit Committee also meets with and receives reports from the external auditors. The Chairman of the Audit Committee reports to Board on all significant issues considered by the Committee and the minutes of its meetings are circulated to all Directors.

The Directors confirm that they have conducted an annual review of the effectiveness of the system of internal control up to and including the date of approval of the financial statements. This had regard to the processes for identifying the principal business risks facing the Group, the methods of managing those risks, the controls that are in place to contain them and the procedures to monitor them.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Compliance

The Directors confirm that, except for the timing of the appointment of the senior independent Director and of the implementation of the Turnbull guidance on internal control as noted above, the Company has complied throughout the accounting period with all of the provisions of the Combined Code.

DIRECTORS' REPORT

The Directors submit their report and financial statements for the year ended 31st December, 2000.

Accounts and dividends

Group turnover at €8,870 million was 32% higher than in 1999. Group profit on ordinary activities before taxation amounted to €697 million, an increase of €62 million on the previous year. 1999 profit on ordinary activities before taxation included a net exceptional profit of €64.2 million, comprising a profit on disposal of Keyline Builders Merchants partly offset by a write-down in the carrying value of fixed assets at Premier Periclase. No exceptional items arose in 2000. Group profit after taxation increased by 10%. Basic earnings per share amounted to 124.92 cent compared with 116.38 cent, including exceptional items in the previous year, an increase of 7.3%. Excluding 1999 exceptional items, basic earnings per share increased by 17.3%.

An interim dividend of 6.70 cent (1999: 5.90 cent) per share was paid in November 2000. It is proposed to pay a final dividend of 16.10 cent per share on 14th May, 2001 in respect of the Ordinary Shares and Income Shares to shareholders registered at close of business on 16th March, 2001. The total dividend of 22.80 cent compares with 20.00 cent in 1999, an increase of 14%. Shareholders will have the option of receiving new shares in lieu of cash dividends.

The retained profit for the year amounted to €404.9 million.

The financial statements for the year ended 31st December, 2000 are set out in detail on pages 46 to 74.

Business review

The total spend of €1.6 billion on business expansion in 2000 was a new record for the Group. In all, over 60 acquisitions were completed. The most significant of these deals were The Shelly Company, an Ohio-based aggregates, asphalt and paving contractor; Northern Ohio Paving, a significant bolt-on deal for Shelly; the Dolomite Group, an integrated aggregates, asphalt and readymixed concrete producer based in Rochester, New York; the European rooflights business of Yule Catto & Co plc; and the Jura Group, a major Swiss cement, aggregates and readymixed concrete producer with a substantial regional building materials distribution network.

Outlook 2001

At the moment there is considerable uncertainty as to the direction of world markets, particularly with the US economy showing signs of correction after a record nine years of continuous growth.

In Ireland, the outlook suggests further growth albeit at more moderate levels than in recent years. Activity in the UK is likely to remain relatively flat. In our principal Mainland European countries we see reasonable growth in 2001. Although US markets look likely to slow somewhat from recent high levels, we do not expect a major downturn and investment in infrastructure should be underpinned by an increasing impetus from the strong Federal TEA 21 highway funding. Since 31st December, 2000, trading has been satisfactory and in line with our expectations.

Overall, we expect improvements from our existing businesses and, together with the full year impact of businesses acquired during 2000, we look forward to continued progress in the year ahead.

Increase in authorised share capital

A resolution to increase the aggregate of the authorised Ordinary share capital and Income share capital from €187,000,000 to €249,900,000 will be proposed at the Annual General Meeting. The increase in the authorised share capital is necessary to ensure there is sufficient share capital available to the Company to operate the approved employee share schemes and to maintain the authorised but unissued share capital at a prudent level. The proposed percentage increase in the authorised Ordinary and Income share capital is 33.6%.

Authority to allot shares

The Directors require the authority of the shareholders to allot any unissued share capital of the Company. Accordingly, an authority for that purpose, valid for a period of five years, will be sought from shareholders at the Annual General Meeting. The total number of unissued shares which the Directors have authority to allot and the percentage which that number represents of that class of the share capital in issue is as at 5th March, 2001:

Ordinary/Income Shares	135,510,755	32.69%
5% Cumulative Preference Shares	100,000	200%

and, following the allotment of shares in respect of the proposed Rights Issue and subject to the passing of the resolution at the Annual General Meeting to increase the authorised share capital, will be as at 9th May, 2001:

Ordinary/Income Shares	216,888,444	41.86%
5% Cumulative Preference Shares	100,000	200%

No issue of shares will be made which could effectively alter control of the Company without prior approval of the Company in General Meeting. With the exception of the proposed Rights Issue, the Directors have no present intention of making any issue of shares.

Disapplication of pre-emption rights

A special resolution will be proposed at the Annual General Meeting to renew the Directors' authority to disapply statutory pre-emption rights in relation to allotments of shares for cash. In respect of allotments other than for rights issues to ordinary shareholders and employees' share schemes, the authority is limited to Ordinary/Income Shares having a nominal value of €8,807,000, representing 6.25% approximately of the issued Ordinary/Income share capital at 5th March, 2001 and 5% approximately following the allotment of shares in respect of the proposed Rights Issue. This authority will expire at the conclusion of the Annual General Meeting in 2002.

Board of Directors

Mr. A.D. Barry retired on 3rd May, 2000.

Mr. J.J. Hayes will retire from the Board at the Annual General Meeting on 9th May, 2001.

Mr. D.M. Kennedy, Mr. H.E. Kilroy, Mr. P.J. Molloy and Mr. W.I. O'Mahony retire from the Board by rotation and, being eligible, offer themselves for re-election.

Corporate governance

Statements by the Directors in relation to the Company's appliance of corporate governance principles, compliance with the Combined Code, the Group's system of internal control and the adoption of the going concern basis in the preparation of the financial statements are set out on page 35.

The report on Directors' remuneration is set out on pages 38 to 43.

Substantial holdings

As at 5th March, 2001, the Company had received notification of the following interests in its Ordinary share capital:

Name	Holding	%
Allied Irish Banks plc and its subsidiaries	19,459,944	4.69
Bank of Ireland Nominees Limited	22,320,580	5.38
Irish Life Assurance plc	22,710,956	5.47
Putnam Investment Management, LLC and The Putnam Advisory Company, LLC	30,498,262	7.35
The Capital Group Companies, Inc. and its affiliates	19,597,011	4.72

Allied Irish Banks plc, Bank of Ireland Nominees Limited, Putnam Investment Management, LLC and The Putnam Advisory Company, LLC and The Capital Group Companies, Inc. state that these shares are not beneficially owned by them.

Safety, Health and Welfare at Work Act, 1989

CRH pursues an active policy of providing safe systems of work and safety training for its employees worldwide and safety performance is regularly reported on to Board. The above Act imposes certain obligations on employers and appropriate measures have been taken to ensure that health and safety standards are complied with at all relevant locations and that all relevant Group companies meet the requirements of the Act.

Subsidiary and joint venture undertakings

The Group has over 650 subsidiary and joint venture undertakings. The principal ones as at 31st December, 2000 are listed on pages 75 to 79.

Auditors

The Auditors, Ernst & Young, are willing to continue in office and a resolution authorising the Directors to fix their remuneration will be submitted to the Annual General Meeting.

Annual General Meeting

Your attention is drawn to the Notice of Meeting set out on page 85.

On behalf of the Board,
P.J. Molloy, W.I. O'Mahony, Directors
5th March, 2001

The Remuneration Committee

The *Remuneration Committee* of the Board consists solely of non-executive Directors of the Company. The terms of reference for the *Remuneration Committee* are to determine the Group's policy on executive remuneration and to consider and approve salaries and other terms of the remuneration packages for the executive Directors. The Committee receives advice from leading independent firms of compensation and benefit consultants when necessary and the Chief Executive is fully consulted about remuneration proposals. The Chairman's remuneration is decided in the absence of the Chairman. Membership of the *Remuneration Committee* is set out on page 32.

Remuneration policy

CRH is an international group of companies, with activities in 19 countries. Our policy on Directors' remuneration is designed to attract and retain Directors of the highest calibre who can bring their experienced and independent views to the policy, strategic decisions and governance of CRH.

In setting remuneration levels the *Remuneration Committee* takes into consideration the remuneration practices of other international companies of similar size and scope. Executive Directors must be properly rewarded and motivated to perform in the best interest of the shareholders. The spread of the Group's operations requires that the remuneration packages in place in each geographical area are appropriate and competitive for that area.

Performance related rewards, based on measured targets, are a key component of remuneration. CRH strategy of fostering entrepreneurship in its regional companies requires well designed incentive plans that reward the creation of shareholder value through organic and acquisitive growth. The typical elements of the remuneration package for executive Directors are basic salary and benefits, a cash incentive bonus, a contributory pension scheme and participation in the share option plan. It is policy to grant options to key management to encourage identification with shareholders' interests and to create a community of interest among different regions and nationalities.

The Group also operates share participation plans and savings-related share option schemes for eligible employees in all regions where the regulations permit the operation of such plans. In total there are in excess of 2,000 employees of all categories who are shareholders in the Group.

Executive Directors' remuneration

Basic salary and benefits
The basic salaries of executive Directors are reviewed annually having regard to personal performance, company performance, step changes in responsibilities and competitive market practice in the area of operation. Employment related benefits consist principally of a company car. No fees are payable to executive Directors.

Performance related cash incentive plan
The executive Directors' cash incentive plan, which can pay a bonus up to a maximum of 60% of basic salary for meeting clearly defined and stretch profit targets and strategic goals, comprises five separate components, based on annual and rolling three-year performance targets.

The two components related to annual performance are:

(i) Individual performance. Strategic priorities and action plans are agreed at the start of the year, and quantified where possible. The maximum award is 10% of basic salary.

(ii) Regional and/or Group profitability. Challenging targets generally in excess of budget are set each year. The maximum award for this component is 25% of basic salary.

The three components related to rolling three-year performance, under which the total maximum earnings potential is 25% of basic salary in each year, are as follows:

(iii) Earnings per share growth targets.

(iv) Return on net assets targets.

(v) Total shareholder returns relative to an independently selected group of international peers.

In addition the Chief Executive has a special long-term incentive plan under which targets have been set for a five-year period. Exceptionally challenging goals have to be achieved in respect of total shareholder returns by comparison with a peer group, growth in earnings per share and the strategic development of the Group. The total maximum earnings potential is 40% of average basic salary. While accruals are made on an annual basis there is no commitment to any payment until the end of the five-year period.

Share Option Scheme

The 1990 Share Option Scheme expired in May 2000. Details of options granted under that Scheme are set out on page 42. A new share option scheme was approved by shareholders at the Annual General Meeting held on 3rd May, 2000. As at 5th March, 2001, no options have been granted under the 2000 Share Option Scheme.

Under the terms of the 2000 Share Option Scheme, two types of options are available subject to different performance conditions as set out below:

(i) Exercisable only when earnings per share (EPS) growth exceeds growth of the Irish Consumer Price Index by 5% compounded over a period of at least three years subsequent to the granting of the options.

(ii) Exercisable if, over a period of at least five years subsequent to the granting of the options, the Group's growth in EPS exceeds growth in the Irish Consumer Price Index by 10% compounded and places it in the top 25% of EPS performance of a peer group of international building materials companies. If below the 75th percentile these options are not exercisable.

The percentage of share capital which can be issued under the Scheme and individual grant limits comply with institutional guidelines. Subject to satisfactory performance, options are expected to be awarded annually, ensuring a smooth progression over the life of the Share Option Scheme. Grants of share options are at the market price of the Company's shares at the time of grant, and are made after the final results announcement ensuring transparency.

Non-executive Directors' remuneration

The remuneration of non-executive Directors is determined by the Board of Directors as a whole. The fees paid to non-executive Directors are set at a level which will attract individuals with the necessary experience and ability to make a substantial contribution to the Company's affairs and reflect the time and travel demands of their Board duties.

Pensions

Pensions for executive Directors are calculated on basic salary only (no incentive or benefit elements are included) and in general aim to provide two-thirds of salary at retirement for full service. There is provision for executive Directors to retire at 60 years of age and, in the case of the Chief Executive, to retire on completion of five years in the role of Chief Executive.

Since 1991, it has been your Board's policy that non-executive Directors do not receive pensions. A defined benefit scheme was in operation prior to 1991 in which one current non-executive Director still participates.

Directors' service contracts

No executive Director has an employment contract extending beyond twelve months.

Directors' remuneration and interests in share capital

Details of Directors' remuneration charged against profit in the year are given on page 40. Details of individual remuneration and pension benefits in respect of the year ended 31st December, 2000 are given on page 41. Directors' share options and shareholdings are shown on page 42 and page 43 respectively.

Notes		2000 €'000	1999 €'000
	Executive Directors		
	Basic salary	**2,045**	2,284
	Cash incentive bonus	**1,048**	1,218
	Benefits	**76**	71
	Other remuneration	**22**	38
1		**3,191**	3,611
2	Provision for Chief Executive long-term incentive plan	**304**	254
3	Pension fund contributions	**481**	1,101
	Total executive Directors' remuneration	**3,976**	4,966
	Non-executive Directors		
	Fees	**363**	311
	Benefits	**9**	21
	Other remuneration	**409**	349
1	Total non-executive Directors' remuneration	**781**	681
4	Payments to former Directors	**46**	57
	Total Directors' remuneration	**4,803**	5,704

Notes to Directors' remuneration

1 See analysis of 2000 remuneration by individual on page 41.

2 As set out on page 39, the Chief Executive has a special long-term incentive plan tied to the achievement of exceptional growth and key strategic goals. While a provision is made, there is no commitment to any payment until after employment to the full term has been completed. In the five-year period 1995-1999, provisions totalling €1,269,738 were made and this amount was paid to Mr. Godson, the Chief Executive for that period, reflecting the achievement of the goals set out in his plan.

3 The pension charge for the year represents contributions made to pension funds as advised by independent actuaries.

4 Consulting and other fees, none of significant size, paid to a number of former Directors.

Individual remuneration for the year ended 31st December, 2000

	Basic salary and fees	Incentive bonus (i)	Other remuneration (ii)	Benefits (iii)	Total
	€'000	€'000	€'000	€'000	€'000
Executive Directors					
D. Godson (iv)	103	–	–	6	109
B.E. Griffin	388	232	–	21	641
B.G. Hill	388	147	22	12	569
W.I. O'Mahony	760	437	–	19	1,216
H.P. Sheridan	406	232	–	18	656
	2,045	1,048	22	76	3,191
Non-executive Directors					
B.T. Alexander	36	–	11	–	47
A.D. Barry (v)	12	–	54	9	75
D. Dey	36	–	11	–	47
D. Godson (iv)	27	–	8	–	35
J.J. Hayes	36	–	117	–	153
D.M. Kennedy	36	–	20	–	56
H.E. Kilroy	36	–	11	–	47
K. McGowan	36	–	11	–	47
P.J. Molloy (v)	36	–	144	–	180
A. O'Brien	36	–	11	–	47
W.P. Roef	36	–	11	–	47
	363	–	409	9	781

(i) **Incentive bonus** The executive Directors' cash inventive plan can pay a bonus of up to a maximum of 60% of basic salary for meeting clearly defined and stretch profit targets and strategic goals. The structure of the incentive plan is set out on pages 38 and 39.

(ii) **Other remuneration**
Executive Director: Travel and housing allowance for Mr. Hill, based overseas.
Non-executive Directors: Includes remuneration for Chairman and for Board Committee work. Mr. Hayes received per diem fees for consultancy services unrelated to Board or Committee work.

(iii) **Benefits** Relate to the use of a company car.

(iv) While stepping down as Chief Executive at 31st December, 1999, Mr. Godson continued as an executive until 31st March, 2000 to complete some important projects. Mr. Godson has been a non-executive Director from 1st April, 2000.

(v) Mr. Barry retired on 3rd May, 2000. Mr. Molloy succeeded Mr. Barry as Chairman.

Pension entitlements

Pension benefits earned by Directors during the year and the accumulated total accrued pension at 31st December, 2000 were as follows:

	Increase in accrued pension during 2000 (i)	Transfer value of increase (ii)	Total accrued pension at year-end (iii)
	€'000	€'000	€'000
Executive Directors			
B.E. Griffin	33	458	246
B.G. Hill	15	189	233
W.I. O'Mahony	36	901	448
H.P. Sheridan	36	499	255
Non-executive Director			
D.M. Kennedy	1	11	9

(i) The increase in accrued pension during the year excludes inflation.

(ii) The transfer value of the increase in accrued pension has been calculated on the basis of actuarial advice. These transfer values do not represent sums paid or due, but are the amounts that the pension scheme would transfer to another pension scheme in relation to the benefits accrued in 2000 in the event of the member leaving service.

(iii) Accrued pension shown is that which would be paid annually on normal retirement date, based on service to the end of the year.

The Company's Register of Directors' Interests contains full details of Directors' shareholdings and options to subscribe for shares.

Directors' share options

Details of movements on outstanding options and those exercised during the year are set out in the table below:

	31st December 1999	Granted in 2000	Exercised in 2000	31st December 2000		Weighted average option price at 31st December 2000	Options exercised during 2000: Weighted average exercise price	Options exercised during 2000: Weighted average market price at date of exercise
						€	€	€
A.D. Barry	166,289	–	166,289	–		–	2.93	18.93
D. Godson	332,385	–	132,385	200,000	(a)	7.17	3.64	17.95
B.E. Griffin	184,636	65,000	139,636	110,000	(a)	17.36	5.84	20.60
	242,226	–	52,226	190,000	(b)	11.03	2.93	17.43
J.J. Hayes	233,840	–	233,840	–		–	2.93	19.09
B.G. Hill	110,000	50,000	–	160,000	(a)	12.04		
	195,000	–	–	195,000	(b)	10.48		
W.I. O'Mahony	329,852	100,000	26,990	402,862	(a)	9.92	2.93	17.43
	323,580	50,000	78,580	295,000	(b)	12.53	2.93	17.43
H.P. Sheridan	140,000	65,000	95,000	110,000	(a)	17.36	7.30	20.14
	245,000	–	40,000	205,000	(b)	10.75	2.93	20.14
	2,502,808	330,000	964,946	1,867,862				

Options by price

	31st December 1999	Granted in 2000	Exercised in 2000	31st December 2000		Earliest exercise date	Expiry date
Issued under 1990 share option scheme							
€							
2.50	169,883	–	77,021	92,862	(a)	March 2001	September 2002
2.93	427,119	–	427,119	–			
2.93	170,806	–	170,806	–			
4.51	215,000	–	115,000	100,000	(a)	March 2001	October 2004
7.17	410,000	–	135,000	275,000	(a)	March 2001	April 2006
7.17	285,000	–	–	285,000	(b)		April 2006
7.78	60,000	–	40,000	20,000	(a)	March 2001	April 2007
7.78	120,000	–	–	120,000	(b)		April 2007
7.80	25,000	–	–	25,000	(a)	March 2001	April 2007
7.80	50,000	–	–	50,000	(b)		April 2007
13.88	85,000	–	–	85,000	(a)	April 2001	April 2008
13.88	170,000	–	–	170,000	(b)		April 2008
15.99	70,000	–	–	70,000	(a)		April 2009
15.99	140,000	–	–	140,000	(b)		April 2009
16.09	35,000	–	–	35,000	(a)		April 2009
16.09	70,000	–	–	70,000	(b)		April 2009
18.95	–	280,000	–	280,000	(a)		April 2010
18.95	–	50,000	–	50,000	(b)		April 2010
	2,502,808	330,000	964,946	1,867,862			

No options lapsed during the year. The market price of the Company's shares at 31st December, 2000 was €19.82, and the range during 2000 was €15.95 to €21.95.

(a) These options are only exercisable when earnings per share (EPS) growth exceeds the growth of the Irish Consumer Price Index over a period of at least three years subsequent to the granting of the options.

(b) These options are only exercisable if, over a period of at least five years subsequent to the granting of the options, the Company's growth in EPS would place it in the top 25% of the companies listed in the FTSE 100 Stock Exchange Equity Index.

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Directors' interests in share capital at 31st December, 2000

The beneficial interests of the Directors and Secretary in the shares of the Company are shown below. Between 31st December, 2000 and 5th March, 2001 there were no transactions in Directors' and Secretary's beneficial interests.

Ordinary Shares	**31st December 2000**	31st December 1999
Directors		
B.T. Alexander*	**1,500**	1,500
D. Dey	**2,203**	2,200
D. Godson	**429,383**	426,230
B.E. Griffin	**240,601**	97,476
J.J. Hayes	**90,217**	36,157
B.G. Hill	**350,678**	346,680
D.M. Kennedy	**42,218**	37,282
H.E. Kilroy	**44,445**	44,048
K. McGowan	**1,021**	1,011
P.J. Molloy	**6,092**	6,037
A. O'Brien	**1,926**	1,908
W.I. O'Mahony	**320,637**	215,067
W.P. Roef	**1,083**	1,070
H.P. Sheridan	**666,369**	630,664
Secretary		
A. Malone	**16,531**	12,661
	2,214,904	1,859,991

** Ms. Alexander's shares are held in the form of American Depository Receipts (ADRs). One ADR represents one Ordinary Share of the Company.*

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the financial statements

Company law in Ireland requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company, and the Group as a whole, will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the provisions of the Companies Acts, 1963 to 1999, and of the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT

to the members of CRH public limited company

We have audited the financial statements on pages 46 to 74 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on pages 52 and 53.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 44, this includes responsibility for preparing the financial statements in accordance with accounting standards generally accepted in Ireland. Our responsibilities, as independent auditors, are established in Ireland by statute, by the Auditing Practices Board, by the Listing Rules of the Irish Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. We also report to you our opinion as to: whether proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the Company balance sheet is in agreement with the books of account.

We report to you if, in our opinion, any information specified by law or by the Listing Rules of the Irish Stock Exchange regarding Directors' remuneration and Directors' transactions is not given and, where practicable, include such information in our report.

We review whether the corporate governance statement on page 35 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2000 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Acts, 1963 to 1999 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion, the information given in the Directors' report on pages 36 and 37 is consistent with the financial statements.

In our opinion, the Company balance sheet on page 49 does not disclose a financial situation which, under the provisions of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

Ernst & Young
Registered Auditors
Dublin

5th March, 2001

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31st December, 2000

Notes		Continuing operations 2000 €m	Acquisitions 2000 €m	Total 2000 €m	Total 1999 €m
1	**Turnover, including share of joint ventures**	**7,830.9**	**1,038.9**	**8,869.8**	6,733.8
	Less: share of joint ventures	**127.1**	**40.9**	**168.0**	134.4
	Group turnover	**7,703.8**	**998.0**	**8,701.8**	6,599.4
	Cost of sales	**5,225.6**	**719.8**	**5,945.4**	4,496.0
2	Exceptional impairment cost	**–**	**–**	**–**	15.3
	Gross profit	**2,478.2**	**278.2**	**2,756.4**	2,088.1
3	Operating costs	**(1,685.4)**	**(169.4)**	**(1,854.8)**	(1,439.0)
11	Goodwill amortisation	**(32.8)**	**(10.5)**	**(43.3)**	(19.6)
4,5	**Group operating profit**	**760.0**	**98.3**	**858.3**	629.5
	Share of joint ventures' operating profit	**14.6**	**1.9**	**16.5**	11.8
	Operating profit, including share of joint ventures	**774.6**	**100.2**	**874.8**	641.3
14	Profit on disposal of fixed assets	**12.8**	**–**	**12.8**	6.8
2	Exceptional profit on disposal of subsidiary	**–**	**–**	**–**	79.5
1	**Trading profit, including share of joint ventures**	**787.4**	**100.2**	**887.6**	727.6
7	Group interest payable (net)			**(190.0)**	(91.8)
	Share of joint ventures' net interest			**(0.9)**	(0.9)
	Profit on ordinary activities before taxation			**696.7**	634.9
8	Taxation on profit on ordinary activities			**193.7**	152.0
2	Taxation on exceptional items			**–**	25.7
	Profit on ordinary activities after taxation			**503.0**	457.2
	Profit applicable to equity minority interests			**4.6**	3.1
9	Preference dividends			**0.1**	0.1
	Profit for the year attributable to ordinary shareholders			**498.3**	454.0
9	Dividends paid			**26.7**	23.3
9	Dividends proposed			**66.7**	55.2
	Profit retained for the financial year			**404.9**	375.5
10	**Earnings per Ordinary Share**				
	- basic			**124.92c**	116.38c
	- diluted			**122.98c**	114.82c
	Excluding exceptional items in 1999				
	- basic			**124.92c**	106.51c
	- diluted			**122.98c**	105.08c

P.J. Molloy, W.I. O'Mahony, Directors

MOVEMENTS ON PROFIT AND LOSS ACCOUNT

	2000	1999
	€m	€m
At 1st January	**1,496.4**	887.8
Profit retained for the financial year (i)	**404.9**	375.5
Currency translation effects:		
– on results for the year	**(4.5)**	22.4
– on foreign currency net investments	**95.4**	156.9
Re-denomination and re-nominalisation of Ordinary/Income Shares (ii)	**–**	(3.8)
Goodwill written-back on disposal (note 2)	**–**	57.6
At 31st December	**1,992.2**	1,496.4
The profit and loss account is analysed as follows		
Parent company	**56.4**	42.6
Subsidiary undertakings	**2,248.6**	1,764.9
Joint ventures	**16.5**	18.2
Cumulative goodwill previously written-off directly against reserves	**(329.3)**	(329.3)
	1,992.2	1,496.4

(i) Historical cost profit (after taxation, minority interests and dividends) retained for the financial year does not differ materially from reported profit.

(ii) During 1999 and following the introduction of the euro, the Company's capital was re-denominated from Irish Pounds into euro, and re-nominalised to the par values indicated in note 25. This resulted in a net increase of €3.8 million in the nominal value of the Company's issued share capital which was matched by a compensating decrease in distributable reserves during 1999.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31st December, 2000

	2000	1999
	€m	€m
Profit for the year attributable to ordinary shareholders	**498.3**	454.0
Currency translation effects:		
– on results for the year	**(4.5)**	22.4
– on foreign currency net investments	**95.4**	156.9
Total recognised gains and losses for the financial year	**589.2**	633.3

GROUP BALANCE SHEET

as at 31st December, 2000

Notes		2000 €m	2000 €m	1999 €m	1999 €m
	Fixed assets				
11	Intangible asset - goodwill		**954.6**		629.2
12	Tangible assets		**4,550.9**		3,225.8
13	Financial assets:				
	Investment in joint ventures				
	- share of gross assets	**116.3**		106.3	
	- share of gross liabilities	**(59.3)**		(62.6)	
	- loans to joint ventures	**15.0**		14.2	
	Other investments	**32.0**		8.7	
			104.0		66.6
			5,609.5		3,921.6
	Current assets				
15	Stocks	**903.0**		662.3	
16	Debtors	**1,535.7**		1,082.5	
	Cash, short-term deposits and liquid resources	**1,361.9**		972.2	
		3,800.6		2,717.0	
	Creditors (amounts falling due within one year)				
	Bank loans and overdrafts	**1,071.5**		260.0	
17	Trade and other creditors	**1,422.4**		1,042.0	
	Corporation tax	**34.5**		39.7	
	Dividends proposed	**66.7**		55.2	
		2,595.1		1,396.9	
	Net current assets		**1,205.5**		1,320.1
	Total assets less current liabilities		**6,815.0**		5,241.7
	Creditors (amounts falling due after more than one year)				
19	Loans	**2,910.2**		2,381.5	
17	Deferred acquisition consideration	**213.6**		205.5	
	Corporation tax	**41.3**		32.2	
			3,165.1		2,619.2
23	**Capital grants**		**17.3**		18.8
24	**Provisions for liabilities and charges**		**521.8**		365.0
	Capital and reserves				
	Called-up share capital				
25	Equity share capital	**140.9**		133.1	
25	Non-equity share capital	**1.2**		1.2	
	Equity reserves				
26	Share premium account	**930.9**		561.1	
26	Other reserves	**9.9**		9.9	
	Profit and loss account	**1,992.2**		1,496.4	
27	**Shareholders' funds**		**3,075.1**		2,201.7
	Minority shareholders' equity interest		**35.7**		37.0
			6,815.0		5,241.7

P.J. Molloy, W.I. O'Mahony, Directors

COMPANY BALANCE SHEET

as at 31st December, 2000

Notes		2000 €m	2000 €m	1999 €m	1999 €m
	Fixed assets				
13	Financial assets		**1,151.9**		751.9
	Current assets				
16	Debtors	**69.1**		75.6	
	Cash, short-term deposits and liquid resources	**30.5**		20.3	
		99.6		95.9	
	Creditors (amounts falling due within one year)				
17	Trade and other creditors	**9.8**		9.0	
	Dividends proposed	**66.7**		55.2	
		76.5		64.2	
	Net current assets		**23.1**		31.7
	Total assets less current liabilities		**1,175.0**		783.6
	Capital and reserves				
	Called-up share capital				
25	Equity share capital	**140.9**		133.1	
25	Non-equity share capital	**1.2**		1.2	
	Equity reserves				
26	Share premium account	**935.0**		565.2	
26	Revaluation reserve	**41.5**		41.5	
26	Profit and loss account	**56.4**		42.6	
	Shareholders' funds		**1,175.0**		783.6
			1,175.0		783.6

P.J. Molloy, W.I. O'Mahony, Directors

GROUP CASH FLOW STATEMENT

for the year ended 31st December, 2000

Notes		2000 €m	1999 €m
28	**Net cash inflow from operating activities**	**1,168.5**	852.5
	Dividends received from joint ventures	**7.8**	5.6
	Returns on investments and servicing of finance		
	Interest received	**65.0**	45.5
	Interest paid	**(247.0)**	(118.2)
	Finance lease interest paid	**(0.1)**	(0.4)
9	Preference dividends paid	**(0.1)**	(0.1)
		(182.2)	(73.2)
	Taxation		
	Irish corporation tax paid	**(11.7)**	(11.0)
	Overseas tax paid	**(128.3)**	(149.4)
		(140.0)	(160.4)
	Capital expenditure		
12	Purchase of tangible assets	**(429.5)**	(360.1)
	Less new finance leases	**3.9**	0.4
		(425.6)	(359.7)
14	Disposal of fixed assets	**41.4**	40.8
		(384.2)	(318.9)
	Acquisition and disposal of subsidiary undertakings and joint ventures		
29	Acquisition of subsidiary undertakings	**(1,548.6)**	(1,358.5)
29	Disposal of subsidiary undertakings	**–**	290.4
	Deferred acquisition consideration	**(61.9)**	(73.7)
13	Advances repaid and investment in joint ventures	**(6.7)**	(13.2)
		(1,617.2)	(1,155.0)
9	**Equity dividends paid**	**(64.1)**	(52.7)
	Cash outflow before use of liquid resources and financing	**(1,211.4)**	(902.1)
	Cash (outflow)/ inflow from management of liquid resources	**(176.8)**	552.4
	Financing		
27	Issue of shares	**366.8**	17.5
27	Expenses paid in respect of share issues	**(7.4)**	(0.2)
	Increase in term debt	**1,129.7**	365.7
	Capital elements of finance leases repaid	**(0.8)**	(1.1)
		1,488.3	381.9
	Increase in cash and demand debt in the year	**100.1**	32.2

P.J. Molloy, W.I. O'Mahony, Directors

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Notes		2000 €m	1999 €m
	Increase in cash and demand debt in the year	**100.1**	32.2
	Cash inflow from increase in debt	**(1,128.9)**	(364.6)
	Cash outflow/(inflow) from management of liquid resources	**176.8**	(552.4)
20	Change in net debt resulting from cash flows	**(852.0)**	(884.8)
20, 29	Liquid resources, net of loans and finance leases, acquired with subsidiary undertakings	**12.1**	24.7
	New finance leases	**(3.9)**	(0.4)
		(843.8)	(860.5)
20	Translation adjustment	**(106.7)**	(79.3)
	Movement in net debt in the year	**(950.5)**	(939.8)
	Net debt at 1st January	**(1,669.3)**	(729.5)
	Net debt at 31st December	**(2,619.8)**	(1,669.3)

ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

Accounting periods

The consolidated financial statements include the financial statements of the Company and all subsidiary and joint venture undertakings, made up to 31st December.

Turnover

Turnover represents the value of goods and services supplied to external customers and excludes intercompany sales and value added tax.

Acquisitions

Turnover and results of subsidiary undertakings are consolidated in the Group profit and loss account from the dates on which control over the operating and financial decisions is obtained. The Group's share of turnover and results of joint ventures are accounted for from the dates on which the joint venture agreements are finalised.

Goodwill

With effect from 1st January, 1998, goodwill, being the excess of the consideration over the fair value of net assets at the date of acquisition of subsidiary and joint venture undertakings, is capitalised, and related amortisation based on its estimated useful life of 20 years is charged against operating profits. Goodwill arising prior to that date was written-off immediately against reserves. On disposal of an undertaking acquired prior to 1st January, 1998, goodwill eliminated against reserves in respect of that undertaking is included in the determination of the profit or loss on disposal.

Translation of foreign currencies

These financial statements are presented in euro. Results and cash flows of subsidiary and joint venture undertakings based in non-euro countries have been translated into euro at average exchange rates for the year, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. Adjustments arising on translation of the results of non-euro subsidiary and joint venture undertakings at average rates, and on restatement of the opening net assets at closing rates, are dealt with in retained profits, net of differences on related currency borrowings. All other translation differences are included in arriving at operating profit.

Rates used for translation of results and balance sheets into euro:

	Average rates		Year-end rates	
euro 1 =	**2000**	1999	**2000**	1999
US Dollar	**0.9236**	1.0658	**0.9305**	1.0046
Pound Sterling	**0.6095**	0.6587	**0.6241**	0.6217
Polish Zloty	**4.0082**	4.2274	**3.8498**	4.1587
Swiss Franc	**1.5137**	n/a	**1.5232**	n/a

Capital grants

Capital grants received in respect of the purchase of tangible fixed assets are treated as a deferred credit, a portion of which is released to the profit and loss account annually over the useful economic life of the asset to which it relates.

Pensions and other post-retirement obligations

Costs and liabilities in respect of pensions and other post-retirement obligations are independently assessed in accordance with the advice of professionally qualified actuaries.

The regular cost of pensions and other post-retirement obligations is charged to operating profit over the employees' service lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations, are charged to operating profit over the expected remaining service lives of current employees.

Depreciation and amortisation

Depreciation is calculated to write-off the book value of each tangible fixed asset during its useful economic life on a straight line basis at the following rates:

Land and buildings
The book value of mineral-bearing land, less an estimate of its residual value, is amortised over the period of the mineral extraction in the proportion which production for the year bears to the latest estimates of mineral reserves. In general, buildings are depreciated at 2.5% p.a.

Plant and machinery
These are depreciated at rates ranging from 3.3% p.a. to 20% p.a. depending on the type of asset.

Transport
In general, transport is depreciated at 20% p.a.

The carrying value of tangible assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Leasing

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Group are capitalised. The capital element of the related rental obligations is included in bank loans and overdrafts. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant rate of charge. Operating lease rentals are charged to the profit and loss account.

Stocks

Stocks are stated at the lower of cost, mainly average cost, and net realisable value. In the case of finished goods and work-in-progress, cost includes direct materials, direct labour and attributable overheads. Net realisable value is the estimated proceeds of sale less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution.

Long-term contracts are stated at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover.

Deferred taxation

Deferred taxation is provided under the liability method on all material timing differences to the extent that it is expected to become payable/recoverable.

Liquid resources

Liquid resources are current asset investments which are held as readily disposable stores of value. Liquid resources include investments in government gilts and commercial paper and deposits of less than one year.

Financial instruments

Financial instruments include (i) borrowings (ii) cash, deposits and liquid resources and (iii) interest and currency swaps, forward contracts and other derivatives.

It is the Group's policy to partially hedge its investment in foreign currencies by maintaining a net debt position in all foreign currencies, and to maintain within net debt a mix of fixed and floating interest rates.

Derivatives, principally interest and currency swaps and forward foreign exchange contracts, are used to manage interest rate risks and to achieve the desired currency profile of borrowings. Interest differentials arising on these derivatives are recognised in net interest expense over the period of the related contract.

Where derivatives are used to hedge cross-currency cash flows arising from trading activities, the underlying transaction is recorded at the contract rate.

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1 Segmental information

Geographical analysis by destination	**2000 €m**	**%**	1999 €m	%
Turnover				
Republic of Ireland	**670.7**	**7.5**	599.8	8.9
Britain & Northern Ireland	**697.8**	**7.9**	847.6	12.6
Mainland Europe	**2,031.2**	**22.9**	1,580.9	23.5
The Americas	**5,470.1**	**61.7**	3,705.5	55.0
	8,869.8	**100**	6,733.8	100
Less: share of joint ventures' turnover	**(168.0)**		(134.4)	
Group turnover	**8,701.8**		6,599.4	
Trading profit, including share of joint ventures				
Republic of Ireland	**138.5**	**15.6**	114.7	17.3
Britain & Northern Ireland	**56.1**	**6.3**	59.6	9.0
Mainland Europe	**159.6**	**18.0**	104.0	15.7
The Americas	**533.4**	**60.1**	385.1	58.0
Trading profit excluding exceptional items	**887.6**	**100**	663.4	100
Exceptional items in 1999 (note 2)	**–**		64.2	
Trading profit including exceptional items	**887.6**		727.6	

Geographical analysis by origin	**2000 €m**	**%**	1999 €m	%
Turnover				
Republic of Ireland	**707.3**	**8.0**	626.0	9.3
Britain & Northern Ireland	**679.0**	**7.6**	843.6	12.5
Mainland Europe	**2,014.0**	**22.7**	1,557.3	23.1
The Americas	**5,469.5**	**61.7**	3,706.9	55.1
	8,869.8	**100**	6,733.8	100
Less: share of joint ventures' turnover	**(168.0)**		(134.4)	
Group turnover	**8,701.8**		6,599.4	
Trading profit, including share of joint ventures				
Republic of Ireland	**144.1**	**16.2**	119.6	18.0
Britain & Northern Ireland	**50.8**	**5.7**	54.2	8.2
Mainland Europe	**159.3**	**18.0**	104.5	15.8
The Americas	**533.4**	**60.1**	385.1	58.0
Trading profit excluding exceptional items	**887.6**	**100**	663.4	100
Exceptional items in 1999 (note 2)	**–**		64.2	
Trading profit including exceptional items	**887.6**		727.6	

1 Segmental information continued

Net assets	2000 €m	%	1999 €m	%
Republic of Ireland	**316.2**	**5.2**	270.5	6.5
Britain & Northern Ireland	**518.2**	**8.5**	540.8	13.0
Mainland Europe	**1,793.1**	**29.4**	1,168.4	28.2
The Americas	**3,462.0**	**56.9**	2,166.0	52.3
	6,089.5	**100**	4,145.7	100
Trade and other investments	**32.0**		8.7	
Unallocated liabilities - dividends proposed	**(66.7)**		(55.2)	
	6,054.8		4,099.2	

Reconciliation of total net assets

	2000 €m	1999 €m
Total assets less current liabilities	**6,815.0**	5,241.7
Less cash, short-term deposits and liquid resources	**(1,361.9)**	(972.2)
Add bank loans and overdrafts	**1,071.5**	260.0
Less deferred acquisition consideration due after more than one year	**(213.6)**	(205.5)
Less provisions for liabilities and charges (excluding deferred tax)	**(256.2)**	(224.8)
	6,054.8	4,099.2

Analysis by class of business (i)

Turnover (ii)	2000 €m	%	1999 €m	%
Building materials	**7,395.6**	**83.4**	5,264.6	78.2
Merchanting & DIY	**1,474.2**	**16.6**	1,469.2	21.8
	8,869.8	**100**	6,733.8	100
Less: share of joint ventures' turnover	**(168.0)**		(134.4)	
Group turnover	**8,701.8**		6,599.4	

Trading profit, including share of joint ventures	2000 €m	%	1999 €m	%
Building materials	**836.2**	**94.2**	606.2	91.4
Merchanting & DIY	**51.4**	**5.8**	57.2	8.6
Trading profit excluding exceptional items	**887.6**	**100**	663.4	100
Exceptional items in 1999 (note 2)	**–**		64.2	
Trading profit including exceptional items	**887.6**		727.6	

Net assets	2000 €m	%	1999 €m	%
Building materials	**5,665.2**	**93.0**	3,847.7	92.8
Merchanting & DIY	**424.3**	**7.0**	298.0	7.2
	6,089.5	**100**	4,145.7	100
Trade and other investments	**32.0**		8.7	
Unallocated liabilities - dividends proposed	**(66.7)**		(55.2)	
	6,054.8		4,099.2	

1 Segmental information continued

(i) Group activities fall into two segments, the building materials segment, which is engaged in the production of construction related products and services, and the merchanting & DIY segment, which is engaged in the marketing and sale of builders' supplies to the construction industry and of materials for the "do-it-yourself" market.

(ii) Inter-segment sales are not material.

Impact of 2000 acquisitions on segmental reporting

The principal acquisitions during 2000 were:

Republic of Ireland Ballintra Concrete and the Williaam Cox joint venture (part of the rooflights operations of Yule Catto & Co plc).

Britain and Northern Ireland Springvale Insulation and Cox Building Products UK (part of the rooflights operations of Yule Catto & Co plc).

Mainland Europe The Jura Group in Switzerland, the German and Dutch rooflights operations of Yule Catto & Co plc, Zwaans, Monoliet and Dijkbouw in the Netherlands, Omnidal, Van Welkenhuysen, Schelfhout and the buyout of Remacle in Belgium, Codimat and the buyout of Matériaux Service in France, Termo Organika, Drogomex, Polbet and Prefabet Kozienice in Poland, six asphalt businesses and the buyout of Karjalan Murske in Finland.

The Americas The Shelly Company and its add-on businesses Northern Ohio Paving, Waco Stone & Paving, Bluestone Paving and Van Wey Sand & Gravel in Ohio and West Virginia, Hoffer's Inc., Thorn-Orwick and Gollin Supply also in the Mid-West, Strescon and Sabatini in the Mid-Atlantic region, The Dolomite Group and Domine Builders Supply in New York, New Jersey Concrete Pipe, American Stone Mix in Maryland, Chase Precast in Massachusetts, CCI Manufacturing in Texas, England Construction, Owen Excavation, Telluride Gravel and WR White in the Mountain region, Acme Materials and Construction, Larry's/Reeves and Jensen Paving in the North West, and the New Basis utility vault business in California.

The impact of these acquisitions is summarised below:

	Turnover €m	Trading profit €m	Net assets at 31st December 2000 €m
Republic of Ireland	**5.6**	**0.5**	**8.8**
Britain & Northern Ireland	**18.6**	**(1.1)**	**22.8**
Jura Group (acquired on 30th November, 2000)	**26.7**	**(0.1)**	**380.2**
Mainland Europe – other	**173.8**	**12.5**	**228.4**
Total Mainland Europe	**200.5**	**12.4**	**608.6**
The Shelly Company (acquired on 24th February, 2000)	**333.8**	**38.3**	**415.1**
The Americas – other	**480.4**	**50.1**	**607.4**
Total The Americas	**814.2**	**88.4**	**1,022.5**
Total acquisitions including share of joint ventures	**1,038.9**	**100.2**	**1,662.7**

Analysis by class of business €955.9 million of the turnover and €98.8 million of the trading profit relating to 2000 acquisitions is classified under the building materials segment.

2 Exceptional items in 1999

(i) Fixed asset impairment cost, Premier Periclase

An impairment review of the fixed assets of Premier Periclase carried out during 1999 indicated that the carrying value at that time was not supported and a write-down of €15.3 million was accordingly reflected in the 1999 results. The taxation impact of this write-down was €1.6 million.

(ii) Profit on disposal of Keyline Builders Merchants

In June 1999, the Group sold its UK subsidiary Keyline Builders Merchants. A profit of €79.5 million, net of goodwill of €57.6 million previously written-off against reserves, was reflected in the 1999 results. Taxation on this profit amounted to €27.3 million.

3 Operating costs, including goodwill amortisation

	Continuing operations		**Total**	Total
		Acquisitions	**2000**	1999
	€m	**€m**	**€m**	€m
Distribution costs	**911.6**	**78.4**	**990.0**	719.0
Administrative expenses	**810.3**	**101.5**	**911.8**	742.3
Other operating income:				
- capital grants released	**(1.7)**	**–**	**(1.7)**	(1.6)
- income from financial assets	**(2.0)**	**–**	**(2.0)**	(1.1)
	1,718.2	**179.9**	**1,898.1**	1,458.6

4 Operating profit

	2000	1999
	€m	€m
This is arrived at after charging		
Depreciation	**351.7**	255.4
Goodwill amortisation - subsidiaries	**43.3**	19.6
Goodwill amortisation - joint ventures	**0.4**	0.1
Auditors' remuneration	**3.2**	2.3
and after crediting		
Income from financial assets	**2.0**	1.1

5 Directors' emoluments and interests

Directors' emoluments and interests are given in the report on Directors' remuneration on pages 38 to 43.

6 Employment

	2000	1999
The average number of Group employees by region was as follows		
Republic of Ireland	**2,581**	2,583
Britain & Northern Ireland	**3,917**	4,801
Mainland Europe	**12,187**	9,764
The Americas	**23,803**	19,517
	42,488	36,665

Employment costs charged against Group operating profit	**€m**	€m
Wages and salaries	**1,454.0**	1,088.5
Social welfare costs	**158.5**	124.5
Pension costs	**76.4**	60.1
	1,688.9	1,273.1

7 Interest payable (net)

	2000 **€m**	1999 €m
Interest payable on bank loans and overdrafts repayable wholly within five years:		
– by instalments	**4.5**	2.1
– not by instalments	**178.3**	85.7
Interest payable on other borrowings	**71.1**	48.0
Interest receivable	**(63.9)**	(44.0)
Net Group interest payable	**190.0**	91.8
Share of joint ventures' net interest payable	**0.9**	0.9
	190.9	92.7

8 Taxation on profit on ordinary activities

	2000 **€m**	1999 €m
Ireland		
Corporation tax at 24% (1999 : 28%)	**33.5**	30.8
Less manufacturing relief	**(18.1)**	(20.1)
	15.4	10.7
Overseas tax	**117.4**	132.5
Deferred tax (note 24)	**54.6**	4.8
Taxation on disposal of fixed assets (excluding exceptional items in 1999)	**2.7**	1.1
Share of joint ventures' tax	**3.6**	2.9
Taxation on profit on ordinary activities	**193.7**	152.0

9 Dividends

	2000	1999
Non-equity (i)	**€m**	€m
5% Cumulative Preference Shares €3,174 (1999 : €3,174)	**–**	–
7% 'A' Cumulative Preference Shares €77,505 (1999 : €77,505)	**0.1**	0.1
	0.1	0.1
Equity (ii)		
Interim – paid 6.70c per Ordinary Share (1999 : 5.90c)	**26.7**	23.3
Final – proposed 16.10c per Ordinary Share (1999 : 14.10c)	**66.7**	55.2
	93.4	78.5
Cash flow statement		
Dividends to shareholders	**81.9**	70.2
Less preference dividend separately disclosed	**(0.1)**	(0.1)
Less issue of shares in lieu of dividend (iii)	**(18.2)**	(18.0)
Dividends paid by subsidiary undertakings to minority shareholders	**0.5**	0.6
Equity dividends paid	**64.1**	52.7

(i) No tax credits attach to dividends paid after 6th April, 1999. Prior to that date, the rate of dividend payable on Preference Shares was reduced by a related tax credit in accordance with the prevailing Finance Act.

(ii) An ordinary shareholder may elect to receive dividends on all holdings of Income Shares instead of on all holdings of Ordinary Shares by serving a notice in accordance with Article 132 (b)(i) of the Company's Articles of Association. The net dividend is the same on both shares but prior to 6th April, 1999, the tax credits varied. No tax credits attach to dividends paid after 6th April, 1999.

(iii) In accordance with the scrip dividend scheme, shares to the value of €18.2 million were issued in lieu of dividends. This amount has been added to shareholders' funds (see note 27).

10 Earnings per Ordinary Share

	2000	1999
The computation of basic and diluted earnings per share is set out below:		
Numerator		
For basic and diluted earnings per share		
Profit after tax, minority interests and preference dividends (€ millions)	**498.3**	454.0
Exceptional items, net of tax (€ millions)	**–**	38.5
Numerator for basic and diluted earnings per share excluding exceptional items in 1999	**498.3**	415.5
Denominator		
For basic earnings per share		
Weighted average number of shares in issue for the year (millions)	**398.9**	390.1
Effect of dilutive potential Ordinary Shares (employee share options)	**6.3**	5.3
Denominator for diluted earnings per share	**405.2**	395.4
Earnings per Ordinary Share		
- basic	**124.92c**	116.38c
- diluted	**122.98c**	114.82c
Excluding exceptional items in 1999		
- basic	**124.92c**	106.51c
- diluted	**122.98c**	105.08c

11 Intangible asset - goodwill

With effect from 1st January, 1998, goodwill, being the excess of the consideration over the fair value of net assets at the date of acquisition of subsidiary undertakings, is capitalised, and related amortisation based on its estimated useful life of 20 years is charged against operating profits. Goodwill arising prior to that date was written-off immediately against reserves.

	2000	1999
Cost	**€m**	€m
At 1st January	**650.3**	139.5
Arising on acquisitions during the year (note 29)	**348.9**	495.9
Disposals	**–**	(3.3)
Translation adjustment	**20.6**	18.2
At 31st December	**1,019.8**	650.3
Amortisation		
At 1st January	**21.1**	1.3
Amortised during the year	**43.3**	19.6
Disposals	**–**	(0.5)
Translation adjustment	**0.8**	0.7
At 31st December	**65.2**	21.1
Net book amount at 31st December	**954.6**	629.2

12 Tangible assets

	Land and buildings	**Plant and machinery**	**Transport**	**Assets in course of construction**	**Total**
	€m	**€m**	**€m**	**€m**	**€m**
Cost/valuation					
At 1st January	**1,676.0**	**2,346.3**	**261.6**	**76.0**	**4,359.9**
Translation adjustment	**102.4**	**113.2**	**25.9**	**4.9**	**246.4**
Reclassifications	**45.6**	**51.3**	**6.1**	**(103.0)**	**–**
Additions at cost	**66.3**	**227.7**	**39.7**	**95.8**	**429.5**
Acquisitions (note 29)	**566.8**	**469.4**	**44.7**	**8.0**	**1,088.9**
Disposals	**(11.8)**	**(37.5)**	**(13.3)**	**–**	**(62.6)**
At 31st December	**2,445.3**	**3,170.4**	**364.7**	**81.7**	**6,062.1**
Accumulated depreciation					
At 1st January	**194.7**	**838.8**	**100.6**	**–**	**1,134.1**
Translation adjustment	**13.6**	**36.6**	**12.9**	**–**	**63.1**
Depreciation for year	**59.9**	**250.6**	**41.2**	**–**	**351.7**
Disposals	**(3.9)**	**(24.3)**	**(9.5)**	**–**	**(37.7)**
At 31st December	**264.3**	**1,101.7**	**145.2**	**–**	**1,511.2**
Net book amount at 31st December, 2000	**2,181.0**	**2,068.7**	**219.5**	**81.7**	**4,550.9**
Net book amount at 1st January, 2000	1,481.3	1,507.5	161.0	76.0	3,225.8

12 Tangible assets continued

Land and buildings purchased since 31st December, 1980 are reflected at cost. Land and buildings (excluding buildings of a specialised nature) purchased prior to 31st December, 1980 were revalued by professional valuers at that date, on an existing use basis. The Group has elected to adopt the transitional arrangements of Financial Reporting Standard 15 - Tangible Fixed Assets (FRS 15) by not implementing a revaluation policy and by continuing to carry these assets at the revalued book amounts. The original historical cost of revalued assets cannot be obtained without unreasonable expense. The analysis of total cost/valuation is as follows:

	€m
At valuation 31st December, 1980	**61.0**
At cost post 31st December, 1980	**2,384.3**
	2,445.3

Tangible assets include leased assets as follows	**2000 €m**	1999 €m
Cost	**17.1**	15.5
Accumulated depreciation	**(8.6)**	(7.2)
Net book amount at 31st December	**8.5**	8.3
Depreciation charge for year	**2.0**	1.5

Future tangible asset purchase commitments	**2000 €m**	1999 €m
Contracted for but not provided in the financial statements	**145.8**	113.2
Authorised by the Directors but not contracted for	**53.4**	112.9

13 Financial assets

Group	**Joint ventures**				
	Share of net assets €m	**Goodwill €m**	**Loans €m**	**Other investments at cost €m**	**Total €m**
At 1st January	**40.5**	**3.2**	**14.2**	**8.7**	**66.6**
Translation adjustment	**1.0**	**0.2**	**–**	**0.6**	**1.8**
Joint venture becoming a subsidiary	**(6.6)**	**–**	**(3.7)**	**0.1**	**(10.2)**
Arising on acquisition of subsidiaries	**10.7**	**4.6**	**–**	**23.5**	**38.8**
Investments and advances	**(0.3)**	**1.2**	**4.4**	**1.4**	**6.7**
Disposals and repayments	**(1.5)**	**–**	**0.1**	**(2.3)**	**(3.7)**
Retained profit less dividends paid	**4.4**	**(0.4)**	**–**	**–**	**4.0**
At 31st December	**48.2**	**8.8**	**15.0**	**32.0**	**104.0**

Other investments include investments listed on a recognised stock exchange at cost of €4.7 million (1999 : €4.7 million). The market value of these investments at 31st December, 2000 amounted to €10.5 million (1999 : €11.0 million).

13 Financial assets continued

Company - investment in subsidiary undertakings

	Shares €m	Loans €m	Total €m
At 1st January at cost/valuation	**511.5**	**240.4**	**751.9**
Investments, net of disposals	**341.7**	**58.3**	**400.0**
At 31st December	**853.2**	**298.7**	**1,151.9**

The Company's investment in its subsidiary undertakings was revalued at 31st December, 1980 to reflect the surplus on revaluation of fixed assets of subsidiary undertakings (see note 12). The original historical cost of the shares equated to approximately €9.1 million.

	€m
At valuation 31st December, 1980	**46.7**
At cost post 31st December, 1980	**806.5**
	853.2

14 Disposal of fixed assets

	2000 €m	1999 €m
Tangible assets at net book amount	**24.9**	31.2
Financial assets at net book amount	**3.7**	2.8
	28.6	34.0
Profit on disposal of fixed assets (excluding exceptional items in 1999)	**12.8**	6.8
Proceeds on disposal of fixed assets	**41.4**	40.8

15 Stocks

	2000 €m	1999 €m
Raw materials	**236.4**	148.7
Work-in-progress	**74.5**	47.8
Finished goods	**592.1**	465.8
	903.0	662.3

16 Debtors

	Group		Company	
Amounts falling due within one year	2000 €m	1999 €m	2000 €m	1999 €m
Trade debtors	**1,183.4**	854.2	**–**	–
Long-term contract debtors	**119.5**	76.8	**–**	–
Other debtors	**147.1**	73.8	**–**	–
Amounts owed by Group undertakings	**–**	–	**69.1**	75.6
Amounts owed by joint ventures	**0.7**	1.3	**–**	–
Prepayments and accrued income	**85.0**	76.4	**–**	–
	1,535.7	1,082.5	**69.1**	75.6

17 Trade and other creditors

	Group		Company	
	2000	1999	**2000**	1999
	€m	€m	**€m**	€m
Amounts falling due within one year				
Trade creditors	**782.3**	548.2	**–**	–
Irish income tax and social welfare	**4.2**	4.4	**–**	–
Other income tax and social welfare	**26.1**	17.4	**–**	–
Value added tax	**30.1**	26.8	**–**	–
Deferred acquisition consideration	**73.5**	52.7	**–**	–
Other creditors	**176.0**	124.6	**9.5**	8.6
Accruals and deferred income	**330.0**	265.4	**–**	–
Amounts owed to Group undertakings	**–**	–	**0.3**	0.4
Amounts owed to joint ventures	**0.2**	2.5	**–**	–
	1,422.4	1,042.0	**9.8**	9.0
Amounts falling due after more than one year				
Deferred acquisition consideration, due as follows:				
Between one and two years	**63.7**	97.7	**–**	–
Between two and five years	**107.4**	81.4	**–**	–
After five years	**42.5**	26.4	**–**	–
	213.6	205.5	**–**	–
	1,636.0	1,247.5	**9.8**	9.0

18 Movements in working capital

	Stocks	**Debtors**	**Creditors**	**Total**
	€m	**€m**	**€m**	**€m**
At 1st January	**662.3**	**1,082.5**	**(1,247.5)**	**497.3**
Translation adjustment	**29.0**	**43.1**	**(65.0)**	**7.1**
Acquisition of subsidiary undertakings (note 29)	**141.7**	**350.0**	**(255.5)**	**236.2**
Deferred acquisition consideration:				
– deferred in current year (note 29)	**–**	**–**	**(70.5)**	**(70.5)**
– paid during the year	**–**	**–**	**61.9**	**61.9**
Interest accruals	**–**	**19.5**	**(27.9)**	**(8.4)**
Increase in working capital	**70.0**	**40.6**	**(31.5)**	**79.1**
At 31st December	**903.0**	**1,535.7**	**(1,636.0)**	**802.7**
Movement in prior year	7.8	53.9	1.4	63.1

19 Loans

		2000 €m	1999 €m
Bank loans	– unsecured	**2,079.4**	1,307.2
	– secured*	**55.3**	34.3
Other term loans	– unsecured	**1,682.3**	1,133.2
	– secured*	**32.0**	11.2
		3,849.0	2,485.9
Less loans repayable within one year		**938.8**	104.4
		2,910.2	2,381.5

Secured on specific tangible assets.

	2000 €m	1999 €m
Repayments fall due as follows		
Within one year	**938.8**	104.4
Between one and two years	**296.6**	379.5
Between two and three years	**267.6**	280.2
Between three and four years	**661.9**	135.6
Between four and five years	**143.6**	585.2
After five years	**1,540.5**	1,001.0
	3,849.0	2,485.9
Loans fully repayable within five years		
Not by instalments	**2,177.9**	1,412.2
By instalments	**107.6**	19.0
	2,285.5	1,431.2
Loans fully repayable in more than five years		
Not by instalments	**1,519.1**	979.5
By instalments**	**44.4**	75.2
	1,563.5	1,054.7
	3,849.0	2,485.9

***€25.4 million (1999 : €21.4 million) falls due for payment after five years.*

	2000 €m	1999 €m
Finance lease obligations included above, net of interest, are due as follows		
Within one year	**6.4**	1.1
Between one and two years	**0.7**	1.0
Between two and five years	**2.0**	0.4
After five years	**9.7**	9.8
	18.8	12.3

Borrowing facilities

The Group has various borrowing facilities available to it. The undrawn committed facilities available at 31st December, 2000, in respect of which all conditions precedent had been met, mature as follows:

	€m
Within one year	**87.6**
Between one and two years	**19.0**
Between two and five years	**17.2**
After five years	**–**
	123.8

20 Analysis of net debt

	At 1st January 2000 €m	Cash flow €m	Acquisitions €m	Non-cash changes €m	Translation adjustment €m	At 31st December 2000 €m
Cash	**151.2**	**74.3**	**–**	**–**	**14.5**	**240.0**
Bank overdrafts and demand loans	**(155.6)**	**25.8**	**–**	**–**	**(2.9)**	**(132.7)**
Total cash and demand debt	**(4.4)**	**100.1**	**–**	**–**	**11.6**	**107.3**
Short-term deposits and liquid resources	**821.0**	**176.8**	**93.6**	**–**	**30.5**	**1,121.9**
Loans repayable within one year	**(104.4)**	**(398.3)**	**(38.0)**	**(397.8)**	**6.1**	**(932.4)**
Loans repayable after one year	**(2,369.2)**	**(731.4)**	**(40.3)**	**397.8**	**(154.7)**	**(2,897.8)**
Finance leases	**(12.3)**	**0.8**	**(3.2)**	**(3.9)**	**(0.2)**	**(18.8)**
Total term finance	**(2,485.9)**	**(1,128.9)**	**(81.5)**	**(3.9)**	**(148.8)**	**(3,849.0)**
Net debt	**(1,669.3)**	**(852.0)**	**12.1**	**(3.9)**	**(106.7)**	**(2,619.8)**

21 Treasury information

Interest rate and currency profile

The interest rate and currency profile of the Group's net debt and net worth as at 31st December, 2000 was as follows:

	euro €m	US Dollar €m	Sterling €m	Swiss Franc €m	Other €m	Total €m
Weighted average fixed debt interest rates	*4.8%*	*7.4%*	*6.9%*	*3.6%*	*14.7%*	*6.8%*
Weighted average fixed debt periods - years	*2.8*	*7.5*	*2.2*	*3.8*	*2.8*	*5.6*
Fixed rate debt	**(218.9)**	**(702.9)**	**(96.1)**	**(134.3)**	**(57.1)**	**(1,209.3)**
Floating rate debt	**(528.5)**	**(1,397.8)**	**(418.4)**	**(291.9)**	**(135.8)**	**(2,772.4)**
Cash and liquid resources - floating rate	**337.2**	**624.7**	**277.2**	**96.4**	**26.4**	**1,361.9**
Net debt by major currency	**(410.2)**	**(1,476.0)**	**(237.3)**	**(329.8)**	**(166.5)**	**(2,619.8)**
Loans to joint ventures	**13.6**	**–**	**1.4**	**–**	**–**	**15.0**
Deferred acquisition consideration falling due after more than one year	**(9.9)**	**(203.6)**	**(0.1)**	**–**	**–**	**(213.6)**
Net financial assets and liabilities (excluding short-term debtors and creditors)	**(406.5)**	**(1,679.6)**	**(236.0)**	**(329.8)**	**(166.5)**	**(2,818.4)**
Capital employed at 31st December, 2000	**1,346.4**	**3,332.6**	**484.5**	**341.1**	**441.9**	**5,946.5**
Minority shareholders' interests and capital grants	**(21.2)**	**–**	**(0.8)**	**(6.8)**	**(24.2)**	**(53.0)**
Shareholders' funds (net worth) at 31st December, 2000	**918.7**	**1,653.0**	**247.7**	**4.5**	**251.2**	**3,075.1**

21 Treasury information continued

The corresponding interest rate and currency profile of the Group's net debt and net worth as at 31st December, 1999 was:

	euro €m	US Dollar €m	Sterling €m	Other €m	Total €m
Weighted average fixed debt interest rates	*4.4%*	*7.1%*	*7.2%*	*14.5%*	*6.5%*
Weighted average fixed debt periods - years	*3.5*	*7.3*	*3.3*	*2.8*	*5.4*
Fixed rate debt	**(243.3)**	**(385.2)**	**(104.9)**	**(27.9)**	**(761.3)**
Floating rate debt	**(415.6)**	**(903.1)**	**(482.8)**	**(78.7)**	**(1,880.2)**
Cash and liquid resources - floating rate	**166.3**	**461.8**	**323.3**	**20.8**	**972.2**
Net debt by major currency	**(492.6)**	**(826.5)**	**(264.4)**	**(85.8)**	**(1,669.3)**
Loans to joint ventures	**13.9**	**–**	**0.3**	**–**	**14.2**
Deferred acquisition consideration falling due after more than one year	**(8.1)**	**(194.9)**	**–**	**(2.5)**	**(205.5)**
Net financial assets and liabilities (excluding short-term debtors and creditors)	**(486.8)**	**(1,021.4)**	**(264.1)**	**(88.3)**	**(1,860.6)**
Capital employed at 31st December, 1999	**1,157.2**	**2,136.9**	**485.2**	**338.8**	**4,118.1**
Minority shareholders' interests and capital grants	**(33.4)**	**–**	**(1.1)**	**(21.3)**	**(55.8)**
Shareholders' funds (net worth) at 31st December, 1999	**637.0**	**1,115.5**	**220.0**	**229.2**	**2,201.7**

The amounts shown above take into account the effect of currency swaps, forward contracts and other derivatives entered into to manage these currency and interest rate exposures.

Floating rate debt comprises bank borrowings bearing interest at rates fixed in advance for periods ranging from overnight to one year largely by reference to inter-bank interest rates (US$ LIBOR, Sterling LIBOR, Swiss Franc LIBOR, Euribor).

Cash deposits and liquid investments comprise cash deposits placed on money markets for periods of up to six months and high quality liquid investments such as commercial paper and bonds.

As explained in the finance review on pages 26 to 28, the Group's policy is to spread its net worth across the currencies of the countries in which it invests. Interest rate swaps are entered only for the purpose of managing the Group's mix of fixed and floating rate debt. Currency swaps are entered only for the purpose of managing the Group's mix of fixed and floating rate debt by currency to ensure that the Group's debt funding sources match the currency of the Group's operations. In line with Group policy, all derivative contracts are entered into with highly-rated counterparties. Gains and losses arising on the re-translation of net worth are dealt with in the statement of total recognised gains and losses.

Transactional currency exposures arise in a number of the Group's operations and these result in net currency gains and losses which are recognised in the profit and loss account. As at 31st December, 2000, these exposures were not material.

21 Treasury information continued

Fair values of debt, cash and liquid resources

A comparison by category of book values and fair values of all the Group's financial assets and financial liabilities (excluding short-term debtors and creditors) at 31st December, 2000 and 31st December, 1999 is set out below:

		Derivative contracts				
	Gross debt €m	Gains €m	Losses €m	Cash and liquid resources €m	Other financial instruments €m	Total €m
1999 book value	(2,663.4)	22.8	(0.9)	972.2	(191.3)	(1,860.6)
1999 fair value	(2,658.3)	42.2	(8.2)	972.2	(191.3)	(1,843.4)
Unrecognised gains and losses as at 31st December, 1999	5.1	19.4	(7.3)	–	–	17.2
2000 book value	(3,993.9)	47.4	(35.2)	1,361.9	(198.6)	(2,818.4)
2000 fair value	(4,104.7)	116.5	(40.8)	1,361.9	(198.6)	(2,865.7)
Unrecognised gains and losses as at 31st December, 2000	(110.8)	69.1	(5.6)	–	–	(47.3)
Reconciliation of movement in unrecognised gains and losses:						
At 31st December, 1999	5.1	19.4	(7.3)	–	–	17.2
Portion recognised in 2000	4.8	(18.8)	9.0	–	–	(5.0)
Arising in 2000	(120.7)	68.5	(7.3)	–	–	(59.5)
At 31st December, 2000	(110.8)	69.1	(5.6)	–	–	(47.3)
Of which, expected to be recognised in:						
- 2001	(14.3)	14.4	(2.4)	–	–	(2.3)
- after 2001	(96.5)	54.7	(3.2)	–	–	(45.0)
	(110.8)	69.1	(5.6)	–	–	(47.3)

Other financial instruments comprise loans to joint ventures and deferred acquisition consideration due after more than one year.

The book value of fixed rate debt and fixed rate swaps is the outstanding principal value of debt/swaps. The fair value of swaps and fixed rate debt is the net present value of future interest and capital payments discounted at prevailing interest rates. When the fixed interest rates on debt and swaps differ from prevailing rates, fair value will differ from book value. The fair value of floating rate instruments approximates book value.

As the Group has a policy of fixing interest rates on a portion of net debt, the fair value of such debt will be below book value when prevailing interest rates are above the fixed rates being paid by the Group. This was the position which applied at 31st December, 1999 and hence total book values at that date exceeded fair values by €17.2 million.

At 31st December, 2000, interest rates were generally below the fixed rates being paid by the Group. As a consequence, the fair value of the Group's fixed interest rate instruments was €47.3 million in excess of book value.

22 Guarantees

The Company has given letters of guarantee to secure obligations of subsidiary undertakings as follows: €3,813.4 million in respect of loans, bank advances and future lease obligations, €147.8 million in respect of deferred acquisition consideration and €23.3 million in respect of other obligations.

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of certain of its subsidiary undertakings in the Republic of Ireland for the financial year to 31st December, 2000 and as a result such subsidiary undertakings have been exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986.

23 Capital grants

	2000 €m	1999 €m
At 1st January	**18.8**	19.9
Translation adjustment	**0.1**	0.1
Acquisitions/disposals	**0.1**	0.4
	19.0	20.4
Released to Group profit and loss account	**(1.7)**	(1.6)
At 31st December	**17.3**	18.8

24 Provisions for liabilities and charges

	At 1st January 2000 €m	**Acquisitions €m**	**Provided during year €m**	**Utilised during year €m**	**Reversed unused €m**	**Translation adjustment €m**	**At 31st December 2000 €m**
Deferred tax (i)	**140.2**	**64.4**	**54.6**	**–**	**–**	**6.4**	**265.6**
Insurance (ii)	**101.9**	**0.1**	**61.7**	**(44.8)**	**–**	**6.8**	**125.7**
Post-retirement obligations (iii)	**24.4**	**2.6**	**4.2**	**(11.6)**	**–**	**1.5**	**21.1**
Guarantees and warranties (iv)	**18.7**	**1.2**	**1.1**	**(2.4)**	**(0.5)**	**0.8**	**18.9**
Rationalisation and redundancy (v)	**18.1**	**0.3**	**2.9**	**(9.7)**	**(1.6)**	**0.3**	**10.3**
Environment and remediation (vi)	**13.0**	**17.3**	**(0.6)**	**(2.5)**	**(0.6)**	**0.1**	**26.7**
Other	**48.7**	**3.2**	**36.2**	**(34.1)**	**(1.7)**	**1.2**	**53.5**
Total	**365.0**	**89.1**	**160.1**	**(105.1)**	**(4.4)**	**17.1**	**521.8**

(i) Deferred taxation	**2000**
Deferred taxation represents the following total timing differences	**€m**
Accelerated capital allowances	**433.2**
Stock relief	**0.3**
Other timing differences	**(167.9)**
	265.6

The disposal of freehold property at its revalued amount would not, under current legislation, give rise to any significant tax liability.

(ii) Insurance
This provision relates to workers' compensation (employer's liability) and third party liabilities or claims covered under the Group's self-insurance schemes. Due to the time frame that is often involved in such claims, a significant part of this provision is subject to actuarial valuation. Where this is not appropriate, other external assessments are made.

24 Provisions for liabilities and charges continued

(iii) Post-retirement obligations

These comprise provisions for post-retirement healthcare obligations and life assurance obligations in respect of certain current and former employees in the United States in addition to early retirement for certain senior executives throughout the Group. The method of accounting for these provisions is similar to that used for pension obligations. The early retirement provisions are calculated using assumptions broadly in line with those set out in note 32 relating to pensions, while the principal actuarial assumptions used in determining the required provisions are that healthcare costs will increase by 9% in 2001, by an average of 7.5% in the years 2002 to 2007, and by 6% per annum thereafter.

(iv) Guarantees and warranties

Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers. Provision is made for the estimated cost of honouring unexpired warranties. The expected timing of any payments under such guarantees and warranties is uncertain.

(v) Rationalisation and redundancy

These provisions relate to obligations under various rationalisation and redundancy programmes throughout the Group, none of which are individually material. The Group expects these provisions to be utilised within three years.

(vi) Environment and remediation

These provisions include obligations for site remediation and improvement costs to be incurred in compliance with local or national environmental regulations and best practice. These provisions are expected to be utilised within two to ten years.

25 Share capital

	Equity		Non-equity	
	Ordinary Shares of €0.32 each	Income Shares of €0.02 each (i)	5% Cumulative Preference Shares of €1.27 each (ii)	7% 'A' Cumulative Preference Shares of €1.27 each (iii)
Authorised	€m	€m	€m	€m
At 1st January and 31st December	176.0	11.0	0.2	1.1
Number of Shares ('000)	550,000	550,000	150	872
Allotted, called-up and fully paid				
At 1st January	125.3	7.8	0.1	1.1
Share placing (iv)	6.3	0.4	–	–
Share options and share participation (v)	0.7	0.1	–	–
Shares issued in lieu of dividends (vi)	0.3	–	–	–
At 31st December	132.6	8.3	0.1	1.1
Number of Shares ('000)	414,475	414,475	50	872

(i) Income Shares

The Income Shares were created on 29th August, 1988 for the express purpose of giving shareholders the choice of receiving dividends on either their Ordinary Shares, or on their Income Shares (by notice of election to the Company which may be revoked). The Income Shares carried a different tax credit to the Ordinary Shares. The creation of the Income Shares was achieved by the allotment of fully paid Income Shares to each shareholder equal to his/her holding of Ordinary Shares but the shareholder is not entitled to an Income Share certificate, as a certificate for Ordinary Shares is deemed to include an equal number of Income Shares and a shareholder may only sell, transfer or transmit Income Shares with an equivalent number of Ordinary Shares. Income Shares carry no voting rights. Due to changes in Irish tax legislation since the creation of the Income Shares, dividends on the Company's shares no longer carry a tax credit.

(ii) 5% Cumulative Preference Shares

The holders of the 5% Cumulative Preference Shares are entitled to a fixed cumulative preferential dividend at a rate of 5% per annum and priority in a winding up to repayment of capital, but have no further right to participate in profits or assets and are not entitled to be present or vote at general meetings unless their dividend is in arrears. Dividends on the 5% Cumulative Preference Shares are payable half yearly on 15th April and 15th October in each year.

25 Share capital continued

(iii) 7% 'A' Cumulative Preference Shares

The holders of the 7% 'A' Cumulative Preference Shares are entitled to a fixed cumulative preference dividend at a rate of 7% per annum, and subject to the rights of the holders of the 5% Cumulative Preference Shares, priority in a winding up to repayment of capital but have no further right to participate in profits or assets and are not entitled to be present or vote at general meetings unless their dividend is in arrears. Dividends on the 7% 'A' Cumulative Preference Shares are payable half yearly on 5th April and 5th October in each year.

(iv) Share placing

In September, 2000, 19,570,000 new Ordinary Shares were placed at a price of €18.00 per Share, to support the Group's ongoing development strategy and to broaden its investor base. The aggregate nominal value of the Shares placed was €6.7 million and the total consideration amounted to €352.3 million before placing issue expenses of €7.0 million.

(v) Share schemes

Share option schemes: Under the terms of the employees' share option schemes, options are exercisable at prices varying from €2.50 / Stg£1.9868 to €19.77 / Stg£12.07. At 31st December, 2000, options over 15,057,042 shares had not yet been exercised. This figure includes options over 6,100,490 shares and 5,787,777 shares which can only be exercised after the expiration of three years and five years respectively from the dates of grant of those options and after specific EPS growth targets have been achieved.

Savings-related share option schemes: Options over 180,517 shares and 351,926 shares have been granted, pursuant to three and five year contracts respectively, under the Savings-Related Share Option Scheme (United Kingdom), at a price of Stg£9.63, which represented a discount of 15% to the market price on the date of grant. These options are normally exercisable within a period of six months after the third or fifth anniversary of the contract, whichever is applicable.

Share participation schemes: At 31st December, 2000, 3,716,828 Ordinary Shares had been appropriated to participation schemes. The Ordinary Shares appropriated pursuant to these Schemes were issued at market value on the dates of appropriation.

During the ten year period commencing on 3rd May, 2000, the total number of Ordinary Shares which may be issued, in respect of the share option schemes, the savings-related share option schemes, the share participation schemes and any subsequent share option schemes, may not exceed 15% in aggregate of the issued ordinary share capital from time to time.

(vi) Shares issued in lieu of dividends

In May 2000, 814,452 Ordinary Shares were issued to the holders of Ordinary Shares who elected to receive additional Ordinary Shares at a price of €18.09 per share, instead of part or all of the cash element of their 1999 final dividend. In November 2000, 190,915 Ordinary Shares were issued to the holders of Ordinary Shares who elected to receive additional Ordinary Shares at a price of €18.08 per share, instead of part or all of the cash element of their 2000 interim dividend.

26 Reserves

	Share premium account €m	Other reserves €m
Group		
At 1st January	**561.1**	**9.9**
Premium on shares issued	**377.2**	**–**
Expenses paid in respect of share issues	**(7.4)**	**–**
At 31st December	**930.9**	**9.9**

26 Reserves continued

	Share premium account €m	Revaluation reserves €m	Profit and loss account €m
Company			
At 1st January	**565.2**	**41.5**	**42.6**
Premium on shares issued	**377.2**	**–**	**–**
Expenses paid in respect of share issues	**(7.4)**	**–**	**–**
Profit before taxation	**–**	**–**	**3.2**
Dividends received from Group undertakings	**–**	**–**	**104.1**
Dividends	**–**	**–**	**(93.4)**
Currency translation effects on foreign currency net investments	**–**	**–**	**(0.1)**
At 31st December	**935.0**	**41.5**	**56.4**

In accordance with Section 3(2) of the Companies (Amendment) Act, 1986, the profit and loss account of the Company has not been presented separately in these financial statements.

27 Reconciliation of movements in shareholders' funds

	2000 €m	1999 €m
At 1st January	**2,201.7**	1,554.0
Profit retained for the financial year	**404.9**	375.5
Currency translation effects:		
– on results for the year	**(4.5)**	22.4
– on foreign currency net investments	**95.4**	156.9
Issue of shares	**366.8**	17.5
Issued in lieu of dividends	**18.2**	18.0
Expenses paid in respect of share issues	**(7.4)**	(0.2)
Goodwill written-back on disposal during 1999 (note 2 (ii))	**–**	57.6
At 31st December	**3,075.1**	2,201.7

28 Reconciliation of operating profit to net cash inflow from operating activities

	2000 €m	1999 €m
Operating profit	**858.3**	629.5
Depreciation charge	**351.7**	255.4
Exceptional impairment cost in 1999 (note 2 (i))	**–**	15.3
Goodwill amortisation	**43.3**	19.6
Capital grants released	**(1.7)**	(1.6)
Net movement on provisions during the year	**(4.0)**	(2.6)
Increase in working capital (note 18)	**(79.1)**	(63.1)
Net cash inflow from operating activities	**1,168.5**	852.5

29 Acquisition of subsidiary undertakings

	2000 **€m**	1999 €m *(i)*
Tangible assets	**1,088.9**	636.3
Financial assets	**28.6**	0.5
Stocks	**141.7**	34.2
Debtors	**350.0**	30.7
Creditors	**(255.5)**	(31.1)
Taxation, including deferred taxation	**(77.0)**	(40.7)
Provisions	**(24.7)**	(1.3)
Capital grants	**(0.1)**	(0.4)
Minority shareholders' interest	**6.2**	252.6
Net assets acquired/(disposed of) at fair value	**1,258.1**	880.8
Profit on disposal (note 2 (ii))	**–**	(79.5)
Goodwill previously written-off against reserves (note 2 (ii))	**–**	(57.6)
Goodwill eliminated on disposal	**–**	(2.8)
Goodwill arising on acquisition	**348.9**	495.9
Consideration	**1,607.0**	1,236.8
Satisfied by		
Cash payment	**1,695.0**	1,355.1
Net cash received on disposal	**–**	(290.4)
Cash acquired on acquisition	**(226.2)**	(17.0)
Bank overdrafts assumed on acquisition	**79.8**	20.4
Net cash outflow	**1,548.6**	1,068.1
Liquid resources, net of loans and finance leases, acquired on acquisition	**(12.1)**	(24.7)
Deferred acquisition consideration	**70.5**	193.4
	1,607.0	1,236.8

(i) The 1999 figures represent acquisitions in 1999 net of disposals (primarily Keyline Builders Merchants) during that year.

Impact of the acquisition of The Shelly Company and the Jura Group on the Group cash flow statement for 2000:

	Operating cash flow **€m**	**Return on investments and servicing of finance** **€m**	**Taxation** **€m**	**Capital expenditure** **€m**
The Shelly Company	**34.7**	**(24.6)**	**(3.1)**	**(11.3)**
Jura Group	**(8.9)**	**0.3**	**–**	**0.2**
	25.8	**(24.3)**	**(3.1)**	**(11.1)**

The impact of other 2000 acquisitions on the cash flow statement was not material.

29 Acquisition of subsidiary undertakings continued

Fair values and goodwill on acquisition

Goodwill arising in 2000 in respect of the acquisition of subsidiary undertakings amounted to €348.9 million and comprises:

	Fair values €m	Consideration €m	Goodwill €m
The Shelly Company	**324.6**	**346.5**	**21.9**
Jura Group *(provisional (i))*	**330.0**	**330.0**	**–**
Other acquisitions	**603.5**	**930.5**	**327.0**
	1,258.1	**1,607.0**	**348.9**

The fair values were calculated as follows

	Book values €m	Revaluation €m	Accounting policy alignment €m	Fair values €m
The Shelly Company				
Fixed assets	**119.2**	**207.0**	**–**	**326.2**
Working capital	**33.0**	**–**	**(9.5)**	**23.5**
Provisions	**(0.6)**	**–**	**–**	**(0.6)**
Taxation, including deferred tax	**(2.6)**	**(21.9)**	**–**	**(24.5)**
	149.0	**185.1**	**(9.5)**	**324.6**
Jura Group (provisional (i))				
Fixed assets	**242.7**	**44.2**	**–**	**286.9**
Working capital	**108.8**	**–**	**–**	**108.8**
Provisions	**(20.1)**	**–**	**–**	**(20.1)**
Taxation, including deferred tax	**(38.7)**	**–**	**–**	**(38.7)**
Minority shareholders' interest	**(6.9)**	**–**	**–**	**(6.9)**
	285.8	**44.2**	**–**	**330.0**
Other acquisitions				
Fixed assets	**299.9**	**201.9**	**2.6**	**504.4**
Working capital	**113.6**	**(1.9)**	**(7.8)**	**103.9**
Provisions	**(4.0)**	**–**	**–**	**(4.0)**
Taxation, including deferred tax	**(8.1)**	**(6.9)**	**1.2**	**(13.8)**
Capital grants	**(0.1)**	**–**	**–**	**(0.1)**
Minority shareholders' interest	**13.2**	**(0.1)**	**–**	**13.1**
	414.5	**193.0**	**(4.0)**	**603.5**
	849.3	**422.3**	**(13.5)**	**1,258.1**

No provisions were made in respect of reorganisation, redundancies or related asset write-downs in the twelve months preceding the effective dates of acquisition.

(i) The acquisition of the Jura Group was completed on 30th November, 2000. It has not been possible to complete the investigation for determining fair value for this acquisition by 5th March, 2001 (the date on which these financial statements were approved) and accordingly provisional valuations have been made.

30 Pre-acquisition profit and loss details of The Shelly Company and the Jura Group

	Date of acquisition	Previous year-end	Profit after tax and minority interests Pre-acquisition 2000 €m	Full year 1999 €m
The Shelly Company	24th February, 2000	31st March, 1999	**(11.5)**	25.5
Jura Group	30th November, 2000	31st December, 1999	**8.0**	23.3

The pre-acquisition profits/(losses) shown here for The Shelly Company and for the Jura Group have been extracted from financial statements prepared under the accounting policies of the individual entities prior to acquisition.

31 Operating leases

	2000	1999
Operating lease rentals (charged before arriving at operating profit)	**€m**	€m
Hire of plant and machinery	**45.3**	30.8
Other operating leases	**55.9**	35.2
	101.2	66.0

	Land and buildings	Other leases
Annual commitments under operating leases which expire	**€m**	**€m**
Within one year	**3.7**	**7.6**
After one but within five years	**21.9**	**22.7**
After five years	**17.8**	**3.7**
	43.4	**34.0**

32 Pensions

The Group operates defined benefit and defined contribution pension schemes in all its operating areas, with the exception of Spain, France, Poland and South America. Scheme assets are held in separate trustee administered funds.

Total pension costs for the year amounted to €76.4 million (1999 : €60.1 million) of which €39.7 million (1999 : €25.0 million) was paid in respect of defined contribution schemes.

The pension costs relating to the Group's defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries. In Ireland and Britain either the entry age or aggregate methods are used to assess pension costs, while in the Netherlands and the United States, the projected unit credit method is used. The actuarial valuations range from April 1997 to December 2000.

The assumptions which have the most significant effect on the results of the actuarial valuations are those relating to the rate of return on investments and the rate of increase in remuneration and pensions. It was assumed that the rate of return on investments would, on average, exceed annual remuneration increases by 2% and pension increases by 4% per annum.

At the dates of the most recent actuarial valuations, the market value of the Group's defined benefit schemes totalled €1,451 million and none of the schemes had a deficiency on a current funding level basis. After allowing for expected future increases in earnings and pensions in payment, the actuarial value of total scheme assets was sufficient to cover 100% of the benefits that had accrued to the members of the combined schemes.

At the year-end, €44.2 million (1999 : €30.9 million) was included in creditors in respect of pension liabilities and €3.9 million (1999 : €3.9 million) was included in debtors in respect of pension prepayments.

In general actuarial valuations are not available for public inspection; however, the results of valuations are advised to members of the various schemes.

33 Post-balance sheet events

Since year-end, the Board has approved potential acquisitions totalling €453 million, 80% of which are within Europe and 20% of which are in the United States. Further announcements will be made by the Company, if necessary, upon completion of these deals which are dependent, among other things, on satisfactory due diligence and in some instances regulatory approval.

34 Board approval

The Board of Directors approved the financial statements on 5th March, 2001.

PRINCIPAL SUBSIDIARY UNDERTAKINGS

Materials: Europe

Incorporated and operating in		% held	Products and services
Britain & Northern Ireland	*Farrans Limited* (trading as Farrans (Construction), Ready Use Concrete, R.J. Maxwell & Son, Scott)	100	Aggregates, readymixed concrete, mortar, coated macadam, asphalt, precast concrete, concrete products, rooftiles, building and civil engineering contracting
	Premier Cement Limited	100	Marketing and distribution of cement
	T.B.F. Thompson (Properties) Limited	100	Property development
Finland	Finnsementti Oy	100	Cement
	Lohja Rudus Oy Ab	100	Aggregates, asphalt and readymixed concrete
Poland	B-Complex S.A.	59.58	Readymixed concrete and concrete paving
	Behaton Sp. z o.o.	99.35	Readymixed concrete and concrete paving
	Bosta Beton Sp. z o.o.	50	Readymixed concrete
	Cementownia Ożarów S.A.	99.45	Cement
	Cementownia Rejowiec S.A.	99.45	Cement
	Drogomex Sp. z o.o.	98.87	Asphalt and contract surfacing
	Faelbud S.A.	96.74	Readymixed concrete, concrete products and concrete paving
	Holding Cement Polski S.A.	100	Holding company
	Mirbud Sp. z o.o.	87.54	Readymixed concrete, concrete products and concrete paving
	O.K.S.M.	98.97	Aggregates
	Polbet Sp. z o.o.	74.59	Concrete paving
	Prefabet Kozienice S.A.	59.67	Concrete products
	Prefabeton Sp. z o.o.	99.31	Readymixed concrete and concrete products
Republic of Ireland	Irish Cement Limited	100	Cement
	Premier Periclase Limited	100	High quality seawater magnesia
	Roadstone-Wood Group		
	Breton Roecrete Limited	100	Prestressed concrete flooring and precast concrete
	Clogrennane Lime Limited	100	Burnt and hydrated lime
	John A. Wood Limited	100	Aggregates, concrete products, asphalt, agricultural and chemical limestone and readymixed concrete
	Ormonde Brick Limited	100	Clay brick
	Roadstone Dublin Limited	100	Aggregates, readymixed concrete, mortar, coated macadam, asphalt, contract surfacing and concrete blocks
	Roadstone Provinces Limited	100	Aggregates, readymixed concrete, mortar, coated macadam, asphalt, contract surfacing, concrete blocks and rooftiles
Spain	*Beton Catalan Group*		
	Beton Catalan s.a.	100	Readymixed concrete
	Cabi s.a.	100	Cementitious materials
	Cantera de Aridos Puig Broca s.a.	100	Aggregates
	Explotacion de Aridos Calizos s.a.	100	Aggregates
	Formigo i Bigues s.a.	100	Aggregates
	Formigons Girona s.a.	100	Readymixed concrete and precast concrete products
	Suberolita s.a.	100	Readymixed concrete and precast concrete products
	Tamuz s.a.	100	Aggregates
Switzerland	JURA-Holding	100	Cement, aggregates and readymixed concrete
Ukraine	Podilsky Cement	75.86	Cement

Products & Distribution: Europe

Incorporated and operating in		% held	Products and services
Belgium	Brakel Aero nv	100	Rooflights, glass roof structures and ventilation systems
	Marlux nv	100	Decorative concrete paving
	Omnidal nv	100	Precast concrete wall and floor elements
	Remacle sa	100	Precast concrete products
	Schelfhout nv	100	Precast concrete wall elements
	Vebofoam nv	100	XPS insulation
Britain & Northern Ireland	Cox Building Products Limited	100	Domelights, ventilation systems and continuous rooflights
	Forticrete Limited	100	Concrete masonry products and rooftiles
	Ibstock Brick Limited	100	Clay brick and pavers
	Springvale Limited	100	EPS insulation and packaging
France	Matériaux Service sa*	100	Builders merchants
	Prefaest sa	80	Precast concrete products
	Raboni sa	100	Builders merchants
Germany	AKA Ziegelwerke GmbH & Co KG*	100	Clay brick, pavers and rooftiles
	Brakel Aero GmbH	100	Rooflights, glass roof structures and ventilation systems
	Greschalux GmbH	100	Domelights and ventilation systems
	Heras Zaunsysteme GmbH	100	Security fencing
	JET Kunststofftechnik GmbH	100	Domelights, ventilation systems and continuous rooflights
Netherlands	*Clay bricks*		
	Kleiwarenfabriek Buggenum bv	100	Clay brick
	Kleiwarenfabriek Façade Beek bv	100	Clay brick
	Kleiwarenfabriek Joosten Kessel bv	100	Clay brick
	Kleiwarenfabriek Joosten Wessem bv	100	Clay brick
	Kooy Bilthoven bv	100	Clay brick
	Concrete products		
	Dycore bv	100	Concrete flooring elements
	Struyk Verwo bv	100	Concrete paving products
	Security Fencing		
	Heras Hekwerk bv	100	Security fencing
	Merchanting and Retailing		
	Garfield Aluminium bv	100	Aluminium stockholding
	Kelders Dakmaterialen bv	100	Roofing materials merchant
	Dijkbouw Beheer bv	100	DIY stores
	Van Neerbos Bouwmaterialen bv	100	Builders merchants
	Van Neerbos Bouwmarkten bv	100	DIY stores
	Van Neerbos Bouwmaten bv	100	Cash & Carry building materials
	Syntec bv	100	Locksmiths, tools and ironmongery
	Rooflights & Ventilation		
	BIK Bouwprodukten bv	100	Domelights and continuous rooflights
	Brakel Atmos bv	100	Glass roof structures, continuous rooflights and ventilation systems
	Kimmenade Nederland bv	100	Seamless roofing systems
	Vaculux bv	100	Domelights

Products & Distribution: Europe

Incorporated and operating in		% held	Products and services
Poland	CRH Klinkier Sp. z o.o.	100	Clay brick
	GenBud S.A.	55.56	Builders merchants
	Gozdnica Sp. z o.o.	99.96	Clay brick
	Patoka Industries Sp. z o.o.	99.19	Clay brick
	Termo Organika S.A.*	100	EPS insulation
Republic of Ireland	Aerobord Limited	100	EPS insulation and packaging

Materials: The Americas

Incorporated and operating in		% held	Products and services
United States	Oldcastle Materials, Inc.	100	Management company
	Callanan Industries, Inc.	100	Aggregates, asphalt, readymixed concrete and related construction activities
	CPM Development Corporation	100	Aggregates, asphalt, readymixed concrete, prestressed concrete and related construction activities
	Cundy Asphalt Paving Corporation, Inc.	100	Aggregates, asphalt and related construction activities
	Dolomite Products Co, Inc.	100	Aggregates, asphalt and readymixed concrete
	Evans Construction Company	100	Aggregates, asphalt, readymixed concrete and related construction activities
	Four Corners Materials, Inc.	100	Aggregates, asphalt, readymixed concrete and related construction activities
	Hills Materials Company	100	Aggregates, asphalt, readymixed concrete and related construction activities
	Jack B. Parson Companies	100	Aggregates, asphalt, readymixed concrete and related construction activities
	Pennsy Supply, Inc.	100	Aggregates, asphalt, readymixed concrete and related construction activities
	Pike Industries, Inc.	100	Aggregates, asphalt and related construction activities
	P.J. Keating Company	100	Aggregates, asphalt and related construction activities
	Staker Paving and Construction Company, Inc.	100	Aggregates, asphalt and related construction activities
	The Shelly Company	100	Aggregates, asphalt and related construction activities
	Thompson-McCully Enterprises, Co.	100	Aggregates, asphalt and related construction activities
	Tilcon Capaldi, Inc.	100	Aggregates, asphalt and related construction activities
	Tilcon Connecticut, Inc.	100	Aggregates, asphalt, readymixed concrete and related construction activities
	Tilcon New York, Inc.	100	Aggregates, asphalt and related construction activities
	United Companies of Mesa County, Inc.	100	Aggregates, asphalt, readymixed concrete and related construction activities

Products & Distribution: The Americas

Incorporated and operating in		% held	Products and services
Argentina	Canteras Cerro Negro S.A.	98.27	Clay rooftiles, wall tiles and floor tiles
	CRH Sudamericana S.A.	100	Management company
	Superglass S.A.	100	Fabricated and tempered glass products
Canada	Groupe Permacon, Inc.	65	Masonry, paving and retaining walls
	HGP Glass Industries of Canada, Inc. (trading as Armourguard Glass Products, Wescan and Synertech Moulded Products)	100	Fabricated and tempered glass products, polymer concrete, utility trenches and boxes
United States	CRH America, Inc.	100	Holding company
	Oldcastle, Inc.	100	Management company
	Oldcastle Building Products, Inc. (trading as Oldcastle Products & Distribution)	100	Holding company
	Architectural Products Group		
	Oldcastle Architectural, Inc.	100	Holding company
	Big River Industries, Inc.	100	Lightweight aggregate and fly-ash
	Glen-Gery Corporation	100	Clay brick, concrete pipe and block
	Oldcastle APG Midwest, Inc. (trading as Akron Brick & Block, 4D, Miller Material, Schuster's Building Products)	100	Masonry, landscaping and patio products
	Oldcastle APG National, Inc. (trading as Trenwyth Industries, Betco North, Foster-Southeastern, Rochester Block & Products, Balcon, Domine Builders Supply)	100	Specialty masonry, landscaping and patio products
	Oldcastle APG South, Inc. (trading as Adams Products, Bosse Concrete Products, Eagle-Cordell Concrete, Goria Enterprises, Jewell Concrete Products)	100	Masonry, pavers and patio products
	Oldcastle APG West, Inc. (trading as Superlite Block, Amcor Utah Block, Central Pre-Mix, Concrete Designs, Young Block, Sakrete PNW)	100	Masonry, landscaping and patio products, concrete rooftiles and pre-mixed concrete and mortar
	Oldcastle Westile, Inc.	100	Patio products and concrete rooftiles
	CCI Manufacturing, Inc. (trading as Custom-Crete, Nova Concrete Express)	100	Masonry, pavers and patio products
	American Stone Mix, Inc.	100	Pre-mixed concrete and mortar
	Distribution Group		
	Allied Building Products Corp. (trading as Allied Building Products, RSI Wholesale, Builders Supply, Southern Atlantic Supply Division, Midwest Supply Division - Allied)	100	Distribution of roofing, siding and related products

Products & Distribution: The Americas

Incorporated and operating in		% held	Products and services
	Glass Group		
	Oldcastle Glass, Inc. (trading as HGP Industries, North American Glass, Glass Distributors of America, Tempglass, Downey Glass, General Glass, O&W, United Tempering Systems, Free State Industries, International Aluminium, Hoffer's, Laminated Glass of PA)	100	Fabricated and tempered glass products
	Oldcastle Windows, Inc.	100	Aluminium and vinyl windows
	Precast Group		
	Oldcastle Precast, Inc. (trading as Utility Vault, Amcor Precast, Brooks Products, Rotondo Precast, NC Products, Cloud Concrete Products, Spancrete Northeast, Superior Concrete, W.R. White, Strescon Industries, Cayuga Concrete Pipe, Kerr Concrete Pipe, New Jersey Concrete Pipe)	100	Precast concrete piling, prestressed plank and structural elements

PRINCIPAL JOINT VENTURE UNDERTAKINGS

Materials: Europe

Incorporated and operating in		% held	Products and services
Republic of Ireland	Kemek Limited*	50	Commercial explosives and chemical suppliers

Products & Distribution: Europe

Incorporated and operating in		% held	Products and services
Republic of Ireland	Williaam Cox Ireland Limited	50	Continuous rooflights and glass constructions
Netherlands	Bouwmaterialenhandel de Schelde bv	50	DIY stores
	Eclips Bouwmarkten bv	50	DIY stores
	EcoTherm bv	50	Polyurethane insulation
Portugal	Modelo Distribuição de Materiais de Construção sa	50	Cash & Carry building materials

Materials: The Americas

Incorporated and operating in		% held	Products and services
United States	Buckeye Readymix LLC*	45	Readymixed concrete

Products & Distribution: The Americas

Incorporated and operating in		% held	Products and services
Chile	Vidrios Dell Orto S.A.	49.95	Glass fabricator

* Audited by firms other than Ernst & Young

MANAGEMENT

Senior Group Staff

Maeve Carton
Assistant General Manager Finance

Jack Golden
Human Resources Director

Myles Lee
General Manager Finance

Angela Malone
Company Secretary

Rossa McCann
Assistant General Manager Finance

Jim O'Brien
Group Technical Advisor

Éimear O'Flynn
Group Planning Manager

Pat O'Shea
Group Taxation Manager

Fionan O'Sullivan
Group IT Director

Ronan Tierney
Internal Audit Director

Europe

Materials

Brian Griffin
Managing Director

Tony Macken
Business Development Manager

Albert Manifold
Finance Director

Sean Tangney
Business Development Director

Finland

Aulis Miettunen
Managing Director
Finnsementti

Lauri Ratia
Managing Director
Lohja Rudus

Ireland

Tony O'Loghlen
Managing Director
CRH Ireland

Donal Dempsey
Managing Director
Roadstone Dublin

Leo Grogan
Managing Director
Clogrennane Lime

Michael Grogan
Managing Director
Roadstone Provinces

John Hogan
Managing Director
John A. Wood

Máirtín MacAodha
Managing Director
Premier Periclase

Jim Nolan
Managing Director
Irish Cement

Ernie McClure
Managing Director
Farrans

Farrans Divisional Directors
Ralph Clarke
John Gillvray
William McNabb
Graham McQuillan
Noel Quinn

Poland

Declan Doyle
Managing Director
CRH Poland

Eamon Geraghty
President
Holding Cement Polski

Andrzej Ptak
President
Cementownia Ożarów

Spain

Sebastia Alegre
Managing Director
CRH Spain

Josep Masana
Chief Financial Officer

Divisional Directors
Josep Perxas
Juan-Antonio Serrano

Switzerland

Urs Steinegger
Managing Director

Divisional Directors
Urs Sandmeier
Martin Glarner

The Americas

Michael O'Driscoll
Chief Financial Officer

Materials

North America

Tom Hill
Chief Executive Officer

Mark S. Towe
President

Glenn A. Culpepper
Chief Financial Officer

James A. Polk
Vice President Energy & Asphalt Services

Dale Decker
Vice President Technical Services

Frank Heisterkamp
Vice President Development

Michael Brady
Vice President Development

Joseph A. Abate
Chairman
Tilcon Group

Carmine Abate
President
Tilcon Connecticut

Don Eshleman
President
Mid-Atlantic Group

Chris Madden
President
New York State Group

Mike Murphy
Chairman
Northwest Group

Dan Murphy
President
Northwest Group

Val Staker
President
Mountain Group

Ken Nesbitt
President
Southwest Group

John Parson
President
Jack B. Parson

Randy Pike
President
Pike Group

Bill Sandbrook
President
Tilcon New York

Bob Thompson
Chairman
Thompson-McCully

Dennis Rickard
President
Thompson-McCully

Mark Shelly
President
Shelly Group

Products & Distribution

Brian Hill
Group Managing Director

André Huiskamp
Chief Financial Officer

Edwin Nijman
Vice President
Finance

Ivan Kingston
Vice President
Finance

Michel Welters
Vice President
Development

Edwin van den Berg
Development Executive

Rudy Aertgeerts
Development Executive

Gert Vermeiden
Business Development
Advisor

Distribution

Stephan Nanninga
Product Group Director

Kees van der Drift
Finance & Development
Director

Thibaut d'Aligny
Managing Director
Matériaux Service

Louis Bruzi
Managing Director
Raboni

Mieczyslaw Hauswirt
General Manager
GenBud

Anibal Victorino Ramos
General Manager
Max• Mat

Building products

Les Tench
Product Group Director

Kees Verburg
Finance & Development
Director

Erik Bax
Managing Director
Heras Fencing

Des Clinton
Managing Director
Insulation Ireland &
Poland

Peter Cooke
Managing Director
Springvale

Shaun Gray
Managing Director
Insulation Mainland
Europe

Gerben Stilma
Managing Director
Rooflights & Ventilation

Dariusz Stachura
Managing Director
Termo Organika

Clay products

Ibstock Brick

Liam Hughes
Managing Director

Geoff Bull
Finance Director

Martyn Clamp
Operations Director

Mainland Europe

Jan van Ommen
Product Group Director

Aidan Grimes
Finance & Development
Director

Concrete products

Máirtín Clarke
Product Group Director

Marc St. Nicolaas
Finance & Development
Director

Ghislain Viellard
Managing Director
Prefaest

Bernard Hermant
Managing Director
Remacle

Wayne Sheppard
Managing Director
Forticrete

Dirk Vael
Managing Director
Marlux

Jan van Dongen
Managing Director
Dycore

Cees Wortel
Managing Director
Struyk Verwo

Ruddy Frans
Managing Director
Omnidal

John Schelfhout
Managing Director
Schelfhout

Products & Distribution

John L. Wittstock
Chief Executive Officer

North America

Architectural Products

Joe McCullough
President

Doug Black
Chief Operating Officer

Keith Haas
Vice President
Development

Tom Solberg
Vice President
Operations

Paul Valentine
Vice President
Finance

Bertin Castonguay
President
Groupe Permacon

Tim Friedel
President
APG South

Cameron Klein
President
APG West

Pat O'Sullivan
President
APG National

Michael Wojno
President
APG Midwest

Steve Matsick
President
Glen-Gery

Glass

Ted Hathaway
President

Dominic Maggiano
Chief Financial Officer

Jim Avanzini
Group President
(Northwest, West, South)

Roy Orr
Group President
(Central, North Central,
East)

Precast

Jim Schack
President

David Steevens
Vice President
Development

Bob Quinn
Vice President
Finance

Tom Conroy
President
Northeast Division

Pete Kelly
President
Southeast Division

Ray Rhees
President
Central Division

Mark Schack
President
Western Division

David Shedd
President
Communication Division

Distribution

Bob Feury
Chairman

Michael Lynch
President

Robert Feury Jr.
Chief Operating Officer

Greg Bloom
Vice President

Regional Managers

John Fetherman
John McLaughlin
Steve Neil
Ray Steele
Ed Szalkiewicz

Brian Reilly
Controller

South America

Argentina

Juan Carlos Girotti
Managing Director
CRH Sudamericana
Canteras Cerro Negro

Ricardo Garbesi
Managing Director
Superglass

Alejandro Javier Bertrán
Business Development
Manager

Diego Enrique Carnevale
Business Development
Manager

Chile

Bernardo Alamos
Joint Managing Director
Vidrios Dell Orto

Claudio Rivera
Joint Managing Director
Vidrios Dell Orto

CRH shares are traded in the US on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") in the form of American Depositary Shares ("ADSs") and held in the form of American Depositary Receipts ("ADRs"). The ticker symbol is CRHCY. The administration of the ADRs is handled by Citibank, N.A. of New York. Each ADS represents one Ordinary Share of the Company.

CRH will be filing an Annual Report on Form 20-F with the Securities and Exchange Commission (SEC). This report is available to shareholders when filed and copies will be supplied on application to the Secretary.

The consolidated financial statements on pages 46 to 74 are prepared in accordance with accounting principles generally accepted in the Republic of Ireland ("Irish GAAP").

Irish GAAP, which are consistent with accounting principles generally accepted in the United Kingdom, differ in certain significant respects from accounting principles generally accepted in the United States ("US GAAP"). The adjustments necessary to state net income and shareholders' funds under US GAAP are shown in the table on page 83.

(i) Stock-based employee compensation expense
Under the terms of the Group's Employee Share Option Schemes, as described in note 25 to the financial statements, options can only be exercised after the expiration of three years or five years from the dates of grant and after specific EPS growth targets have been achieved. The number of shares that may be acquired by employees is therefore not fully determinable until after the date of the grant, and accordingly the Share Option Schemes are variable plans within the meaning of the US Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). Under Irish GAAP, such employee options do not currently result in charges against income.

US GAAP, as set forth in SFAS 123 "Accounting for Stock-Based Compensation", encourage, but do not require, companies to adopt a fair value approach to valuing share options that would require compensation cost to be recognised based on the fair value of share options granted. The Group has elected, as permitted by SFAS 123, to follow the intrinsic value based method of accounting for share options as set out in APB 25. Compensation expense is booked to income each period from the date of grant, or the date achievement of the EPS growth targets is deemed probable, if later, to the "date of measurement" based on the difference between the price an employee must pay to acquire the shares underlying the option and the quoted market price of the shares at the end of each period. The "date of measurement" is the first date on which the relevant EPS growth targets have been achieved.

(ii) Goodwill
With effect for accounting periods ended on or after 23rd December, 1998, Irish GAAP require goodwill to be capitalised and amortised periodically against income. This is consistent with US GAAP. All goodwill written-off prior to the financial year 1998 against equity reserves under the Group's former accounting policy remains eliminated against those reserves and has not been reinstated in the Group balance sheet. This is not permitted under US GAAP, and accordingly an adjustment is required under US GAAP to capitalise and amortise periodically through the income statement all goodwill eliminated against shareholders' equity. For the purposes of this reconciliation, a useful life of 40 years has been adopted for goodwill arising prior to 1998.

(iii) Profit on disposal of Keyline Builders Merchants
The profit of €79.5 million on sale of Keyline in 1999 (see note 2 on page 57 of the financial statements) was arrived at after taking into account goodwill of €57.6 million previously written-off against Group reserves. Under US GAAP, this gain was further adjusted by the cumulative amount amortised to income in respect of Keyline goodwill.

In addition, US GAAP required that the cumulative currency translation profits/(losses) relating to Keyline previously accounted for in Group retained earnings be included in the determination of the profit on disposal in 1999.

(iv) Property revaluations
Under Irish GAAP, properties may be restated on the basis of appraised values in financial statements prepared in all other respects in accordance with the historical cost convention. Such restatements are not permitted under US GAAP and accordingly adjustments to net income and shareholders' equity are required to eliminate the effect of such restatements.

(v) Pensions
Under Irish GAAP, pension costs in respect of the Group's defined benefit plans are assessed in accordance with the advice of independent actuaries, using assumptions and methods which, taken as a whole, produce the actuaries' best estimates of the cost of providing the pension benefits promised. US GAAP specifically require the use of the projected unit credit method for costing purposes, and the assumptions used must be based on current market rates.

(vi) Debt issue expenses
Under Irish GAAP, costs relating to the issue of debt securities are written-off in the income statement in the period in which costs are incurred. US GAAP require such expenses to be amortised to income over the period to the first redemption/repayment date.

(vii) Dividends
Under Irish GAAP, dividends declared after the end of an accounting period in respect of that accounting period are deducted in arriving at the retained earnings at the end of that period. Under US GAAP, dividends are charged in the period in which the dividends are declared.

(viii) Deferred taxation
The adjustments to net income under US GAAP referred to above give rise to movements in deferred taxation which are shown separately in the reconciliation on page 83.

(ix) Other investments
Under Irish GAAP, investments listed on a recognised stock exchange are shown at cost. US GAAP require that these investments be measured at fair value in the financial statements.

(x) Cash flows
The consolidated statement of cash flows prepared under Irish GAAP (see page 50) presents substantially the same information as that required under US GAAP by SFAS 95 "Statement of Cash Flows". This standard differs, however, with regard to the classification of items within the statements and as regards the definition of cash. Under US GAAP, cash and cash equivalents include short-term investments with a maturity of three months or less at the date of acquisition. Under Irish GAAP, movements in short-term investments are classified as management of liquid resources. Under Irish GAAP, cash flows are presented separately for operating activities, dividends received from joint ventures, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, equity dividends paid, management of liquid resources and financing. US GAAP, however, require only three categories of cash flow activity to be reported: operating, investing and financing. Cash flows from taxation and returns on investments and servicing of finance shown under Irish GAAP would, with the exception of preference dividends paid, be included as operating activities under US GAAP. The payment of dividends would be included as a financing activity under US GAAP.

RECONCILIATION TO US GAAP

	2000 €m	1999 €m
Approximate effect on net income		
Net income (profit attributable to ordinary shareholders) as reported in the Group profit and loss account	**498.3**	454.0
Approximate US GAAP adjustments		
Stock-based employee compensation (i)	**(6.2)**	(32.9)
Goodwill amortisation (ii)	**(12.3)**	(10.7)
Adjustment to profit on disposal of Keyline Builders Merchants (iii)	**–**	27.2
Adjustments due to elimination of revaluation surplus (iv)		
– depreciation	**0.4**	0.4
– profit on disposal	**–**	1.0
Pensions (v)	**26.4**	16.7
Amortisation of issue expenses (vi)	**0.9**	0.9
Deferred taxation (viii)	**(3.8)**	0.9
Approximate net income attributable to ordinary shareholders under US GAAP	**503.7**	457.5
Approximate basic net income per Ordinary Share/ADS under US GAAP	**126.27c**	117.27c
Approximate cumulative impact on shareholders' equity		
Shareholders' equity as reported in the Group balance sheet	**3,075.1**	2,201.7
Approximate US GAAP adjustments		
Goodwill (ii)	**355.8**	350.7
Elimination of revaluation surplus (iv)	**(30.8)**	(31.0)
Pensions (v)	**121.9**	95.7
Issue expenses prepaid (vi)	**2.9**	1.9
Proposed dividends (vii)	**66.7**	55.2
Deferred taxation (viii)	**(31.5)**	(26.9)
Other investments (ix)	**5.8**	6.3
Approximate shareholders' equity under US GAAP	**3,565.9**	2,653.6

SHAREHOLDER INFORMATION

Dividend payments

An interim dividend of 6.70 cent, with scrip alternative, was paid in respect of Ordinary and Income Shares on 10th November, 2000.

A final dividend of 16.10 cent, if approved, will be paid in respect of Ordinary and Income Shares on 14th May, 2001. A scrip alternative will be offered to shareholders.

Dividend Withholding Tax ("DWT") must be deducted from dividends paid by an Irish resident company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrars. DWT applies to dividends paid by way of cash or by way of shares under a scrip dividend scheme and is deducted at the standard rate of Income Tax (20% from 6th April, 2001). Non-resident shareholders and certain Irish companies, trusts, pension schemes, investment undertakings and charities may be entitled to claim exemption from DWT and have been sent the relevant form. Further copies of the form may be obtained from Capita Corporate Registrars plc. Shareholders should note that DWT will be deducted from dividends in cases where a properly completed form has not been received by the record date for a dividend. Individuals who are resident in Ireland for tax purposes are not entitled to an exemption.

Shareholders who wish to have their dividend paid direct to a bank account, by electronic funds transfer, should contact Capita Corporate Registrars plc to obtain a mandate form. Tax vouchers will be sent to the shareholder's registered address under this arrangement.

In order to avoid costs to shareholders, arrangements have been made for shareholders resident outside the Republic of Ireland to receive payment of their dividend in the equivalent amounts of Sterling, US Dollars or Dutch Guilders, if they so require. In addition, shareholders may opt to have their dividend paid in euro. Shareholders who wish to receive their dividend in any of the aforementioned currencies should contact Capita Corporate Registrars plc.

Dividends in respect of 5% Cumulative Preference Shares are paid half-yearly on 15th April and 15th October.

Dividends in respect of 7% 'A' Cumulative Preference Shares are paid half-yearly on 5th April and 5th October.

CREST

Transfer of the Company's shares takes place through the CREST settlement system. Shareholders have the choice of holding their shares in electronic form or in the form of share certificates.

On 5th March, 2001 a total of 362,840,922 Ordinary Shares (87.54% of the total in issue) in 6,809 accounts (28.61% of the total number of accounts) were held in uncertificated form in CREST compared with 51,648,323 Ordinary Shares in 16,989 accounts held in certificated form.

Share price data

		2000	1999
		€	€
Share price at 31st December		**19.82**	21.40
Market capitalisation		**8.2bn**	8.4bn
Share price movement			
during the year:	- high	**21.95**	21.80
	- low	**15.95**	13.55

Shareholdings as at 31st December, 2000

Ownership of Ordinary Shares

Category	Number of shares held '000	% of total
Individuals	42,589	10.28
Nominees	349,257	84.26
Insurance companies	14,283	3.45
Other corporate bodies	2,840	0.68
Pension funds	5,506	1.33
	414,475	100

Holdings	Number of accounts	% of total
1 - 1,000	14,153	58.30
1,001 - 10,000	8,815	36.31
10,001 - 100,000	1,104	4.55
100,001 - 1,000,000	159	0.65
Over 1,000,000	47	0.19
	24,278	100

Stock Exchange listings

CRH registered shares have a primary listing on both the Irish and London Stock Exchanges and its ADRs are listed on NASDAQ in the US.

Financial calendar

Announcement of final results for 2000	6th March, 2001
Ex-dividend date	14th March, 2001
Record date for dividend	16th March, 2001
Latest date for receipt of scrip forms	27th April, 2001
Annual General Meeting	9th May, 2001
Dividend payment date and first day of dealing in scrip dividend shares	14th May, 2001
Announcement of interim results for 2001	4th September, 2001

Capital Gains Tax

The market value of the Company's shares as calculated for the purposes of Capital Gains Tax were as follows:

Republic of Ireland, 6th April, 1974

Ordinary Shares of €0.32 each Adjusted for bonus issues in accordance with the Capital Gains Tax (Amendment) Act, 1978	€0.4571
5% Cumulative Preference Shares of €1.27 each	€0.4349
7% 'A' Cumulative Preference Shares of €1.27 each	€0.5587

Registrars

Enquiries concerning shareholdings should be addressed to:

Capita Corporate Registrars plc
(formerly Bastow Charleton Registrars Limited),
Marine House, Clanwilliam Court, Dublin 2.
Telephone: +353 (0) 1 661 7300
Fax: +353 (0) 1 676 9280

NOTICE OF MEETING

The Annual General Meeting of CRH plc will be held at Jurys Hotel, Ballsbridge, Dublin at 3 p.m. on Wednesday, 9th May, 2001 for the following purposes:

1. To consider the Company's financial statements and the Reports of the Directors and Auditors for the year ended 31st December, 2000.

2. To declare a dividend on the Ordinary and Income Shares.

3. To re-elect the following Directors:

Mr. D.M. Kennedy
Mr. H.E. Kilroy
Mr. P.J. Molloy
Mr. W.I. O'Mahony
in accordance with Article 103.

4. To authorise the Directors to fix the remuneration of the Auditors.

5. To consider and, if thought fit, to pass as an Ordinary Resolution:

That in accordance with the powers, provisions and limitations of Article 11(d) of the Company's Articles of Association and subject to the passing of Resolution 7, the Directors be and they are hereby authorised to allot relevant securities up to an aggregate nominal amount equal to the authorised but as yet unissued share capital of the Company at the close of business on the date of the passing of this Resolution for a period of five years from 9th May, 2001.

6. To consider and, if thought fit, to pass as a Special Resolution:

That in accordance with the powers, provisions and limitations of Article 11(e) of the Company's Articles of Association, the Directors be and they are hereby empowered to allot equity securities for cash and in respect of sub-paragraph (iii) thereof up to an aggregate nominal value of €8,807,000.

Special Business

7. To consider and, if thought fit, to pass as an Ordinary Resolution:

That the Ordinary share capital of the Company be increased to €235,200,000 by the creation of 185,000,000 Ordinary Shares of €0.32 each and the Income share capital of the Company be increased to €14,700,000 by the creation of 185,000,000 Income Shares of €0.02 each, such new shares to rank pari passu in all respects with the existing Ordinary and Income Shares respectively.

For the Board, A. Malone, Secretary,
42 Fitzwilliam Square, Dublin 2.
4th April, 2001

Notes

(1) The final dividend, if approved, will be paid on the Ordinary and Income Shares on 14th May, 2001.

(2) Any member entitled to attend and vote at this Meeting may appoint a proxy who need not be a member of the Company.

(3) Pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996, the Company hereby specifies that only those shareholders registered in the Register of Members of the Company as at 6 p.m. on Monday, 7th May, 2001 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time.

(4) The holders of preference shares, although entitled to receive copies of the reports and financial statements, are not entitled to attend and vote at this Meeting in respect of their holdings of such shares.

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GROUP FINANCIAL SUMMARY

		1990 €m	1991 €m	1992 €m	1993 €m	1994 €m
Turnover, including share of joint ventures		1,663.1	1,608.5	1,576.4	1,904.8	2,193.3
Less: share of joint ventures		108.9	124.8	132.7	110.5	128.5
		1,554.2	1,483.7	1,443.7	1,794.3	2,064.8
Group trading profit		139.1	108.4	90.9	118.5	156.3
Share of joint ventures' operating profit		8.8	7.2	9.7	7.2	16.9
Exceptional items		–	–	–	–	–
Trading profit, including share of joint ventures		147.9	115.6	100.6	125.7	173.2
Interest payable (net)						
– *Group*		(33.3)	(28.9)	(23.7)	(28.1)	(23.4)
– *share of joint ventures*		(7.2)	(6.3)	(3.7)	(2.3)	(1.6)
Profit on ordinary activities before taxation		107.4	80.4	73.2	95.3	148.2
Taxation on profit on ordinary activities		(21.0)	(14.7)	(13.2)	(17.6)	(27.7)
Taxation on exceptional items		–	–	–	–	–
Profit on ordinary activities after taxation		86.4	65.7	60.0	77.7	120.5
Employment of capital						
Intangible asset - goodwill		–	–	–	–	–
Tangible assets		560.4	539.6	570.2	718.0	806.5
Financial assets		34.1	57.8	66.8	57.3	73.0
Net current assets	(a)	127.1	120.2	111.8	106.2	114.4
Other liabilities	(b)	–	–	–	–	–
		721.6	717.6	748.8	881.5	993.9
Financed as follows						
Ordinary shareholders' funds		436.4	472.6	468.9	733.9	756.4
Preference capital		1.2	1.2	1.2	1.2	1.2
Minority shareholders' interest		3.8	3.6	3.1	4.4	13.0
Capital grants		16.7	15.5	14.2	13.4	12.7
Deferred and future taxation		24.6	29.6	33.8	44.0	43.7
Debt/(cash)	(c)	86.9	34.6	54.2	(108.6)	(30.4)
Convertible capital bonds	(d)	152.0	160.5	173.4	193.2	197.3
		721.6	717.6	748.8	881.5	993.9
Purchase of tangible assets		64.2	36.4	43.5	61.2	65.6
Acquisitions and investments		135.5	43.7	85.2	98.5	202.7
Total capital expenditure		199.7	80.1	128.7	159.7	268.3
Depreciation and goodwill amortisation		48.6	52.5	49.1	61.1	71.0
Earnings per share (cent)	(e)	28.94	21.78	19.81	24.53	33.72
Dividend per share (cent)		7.39	7.94	8.30	9.18	10.28
Cash earnings per share (cent)	(e)	45.39	39.43	36.21	44.01	53.91
Dividend cover (times)	(e)	3.91	2.73	2.38	2.50	3.27

1995 €m	1996 €m	1997 €m	1998 €m	1999 €m	**2000 €m**
2,520.0	3,354.1	4,234.3	5,210.9	6,733.8	**8,869.8**
92.9	152.0	154.7	176.6	134.4	**168.0**
2,427.1	3,202.1	4,079.6	5,034.3	6,599.4	**8,701.8**
216.5	272.7	343.5	436.4	651.6	**871.1**
8.1	10.8	14.2	15.4	11.8	**16.5**
–	–	–	–	64.2	**–**
224.6	283.5	357.7	451.8	727.6	**887.6**
(19.1)	(24.3)	(32.1)	(37.5)	(91.8)	**(190.0)**
(1.6)	(3.3)	(4.1)	(5.4)	(0.9)	**(0.9)**
203.9	255.9	321.5	408.9	634.9	**696.7**
(41.8)	(58.3)	(75.7)	(99.9)	(152.0)	**(193.7)**
–	–	–	–	(25.7)	**–**
162.1	197.6	245.8	309.0	457.2	**503.0**
–	–	–	138.2	629.2	**954.6**
895.2	1,235.5	1,518.8	2,287.6	3,225.8	**4,550.9**
118.2	127.3	131.5	52.6	66.6	**104.0**
132.9	255.3	313.4	512.5	607.9	**915.1**
(13.0)	(25.0)	(60.8)	(286.3)	(430.3)	**(469.8)**
1,133.3	1,593.1	1,902.9	2,704.6	4,099.2	**6,054.8**
868.2	1,055.8	1,308.4	1,552.8	2,200.5	**3,073.9**
1.2	1.2	1.2	1.2	1.2	**1.2**
11.7	12.5	13.7	285.3	37.0	**35.7**
12.1	11.1	10.4	19.9	18.8	**17.3**
48.9	70.3	104.0	115.9	172.4	**306.9**
189.3	442.2	465.2	729.5	1,669.3	**2,619.8**
1.9	–	–	–	–	**–**
1,133.3	1,593.1	1,902.9	2,704.6	4,099.2	**6,054.8**
109.2	150.0	147.3	232.1	360.1	**429.5**
164.3	532.2	240.5	603.8	1,420.7	**1,605.1**
273.5	682.2	387.8	835.9	1,780.8	**2,034.6**
81.1	103.6	129.1	165.9	275.0	**395.0**
45.16	53.41	63.79	79.13	106.51	**124.92**
11.55	12.95	14.86	17.14	20.00	**22.80**
68.03	81.71	97.64	122.09	177.00	**223.94**
3.87	4.02	4.27	4.59	5.29	**5.34**

(a) Excluding bank advances and cash, short-term deposits and liquid resources which are included under debt.

(b) Includes deferred acquisition consideration due after more than one year and provisions for liabilities and charges, excluding deferred tax.

(c) Debt/(cash) = loans + bank advances – cash, short-term deposits and liquid resources.

(d) Including supplemental interest.

(e) Excluding exceptional items in 1999.

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