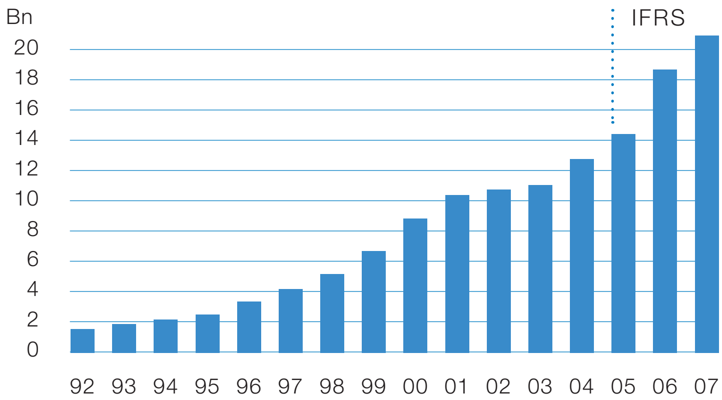
CRH Annual Report 2007

PERFORMANCE AND GROWTH

CRH – Track record of performance and growth

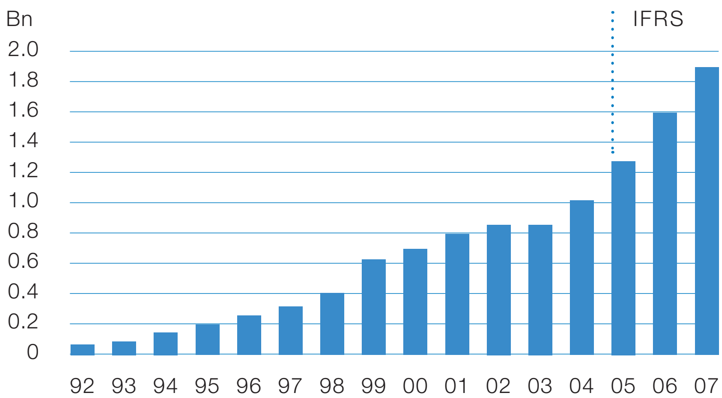
Sales

CRH sales increased by 12% in 2007, bringing the average annual growth rate to 19% over the last 15 years, delivered through a combination of organic and acquisitive growth.



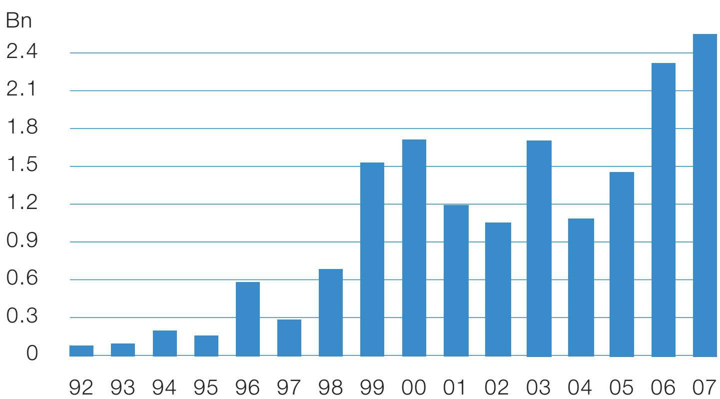
Pro t before Tax

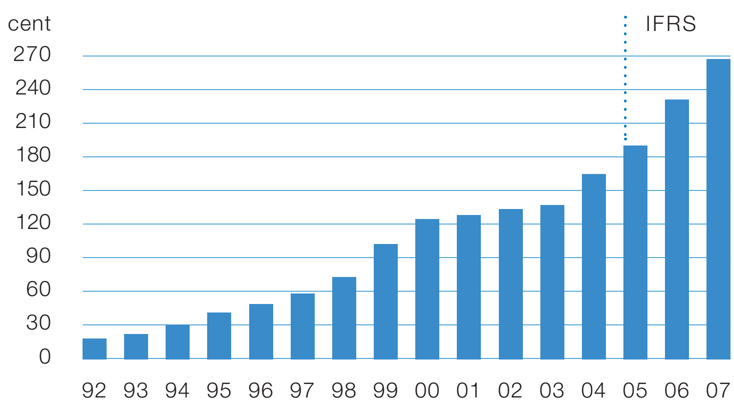
The Group's size and structure are leveraged to drive margin improvement and growth. In the period 1992-2007, CRH delivered 24% average annual PBT growth.



Development Activity

Value-creating acquisition and developmental capital expenditure opportunities are sourced, evaluated, negotiated and integrated by regional and product group development teams. CRH typically completes 50-75 small to medium-sized transactions each year augmented by periodic larger acquisitions.

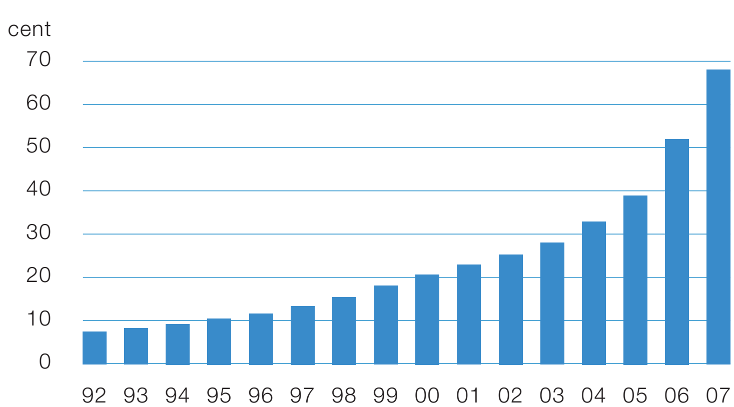




Earnings per Share

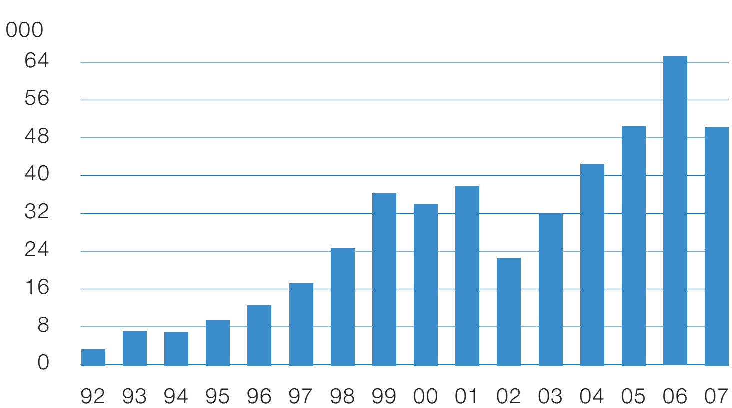
(*before goodwill amortisation*)

While building materials demand is influenced by economic cycles, CRH's consistent strategy and relentless focus on operations has delivered 15 years of continuous earnings growth averaging 20% per annum from 1992 to 2007.



Dividend per Share

2007 is the 24th consecutive year of dividend increase. CRH operates a progressive dividend policy with an average annual growth rate in dividend of 13% since 1970. The 31% dividend increase in 2007 follows a 33% increase in 2006 and reflects CRH's policy to raise its payout ratio over the period 2006-2008.



Total Shareholder Return

CRH has delivered a 20% compound annual growth in Total Shareholder Return from 1992 to 2007 and 18% from 1970 to 2007. A shareholder who invested the equivalent of 100 in 1970 and re-invested gross dividends would hold shares valued at 50,522 based on a share price of 24.85 on 31st December 2007.

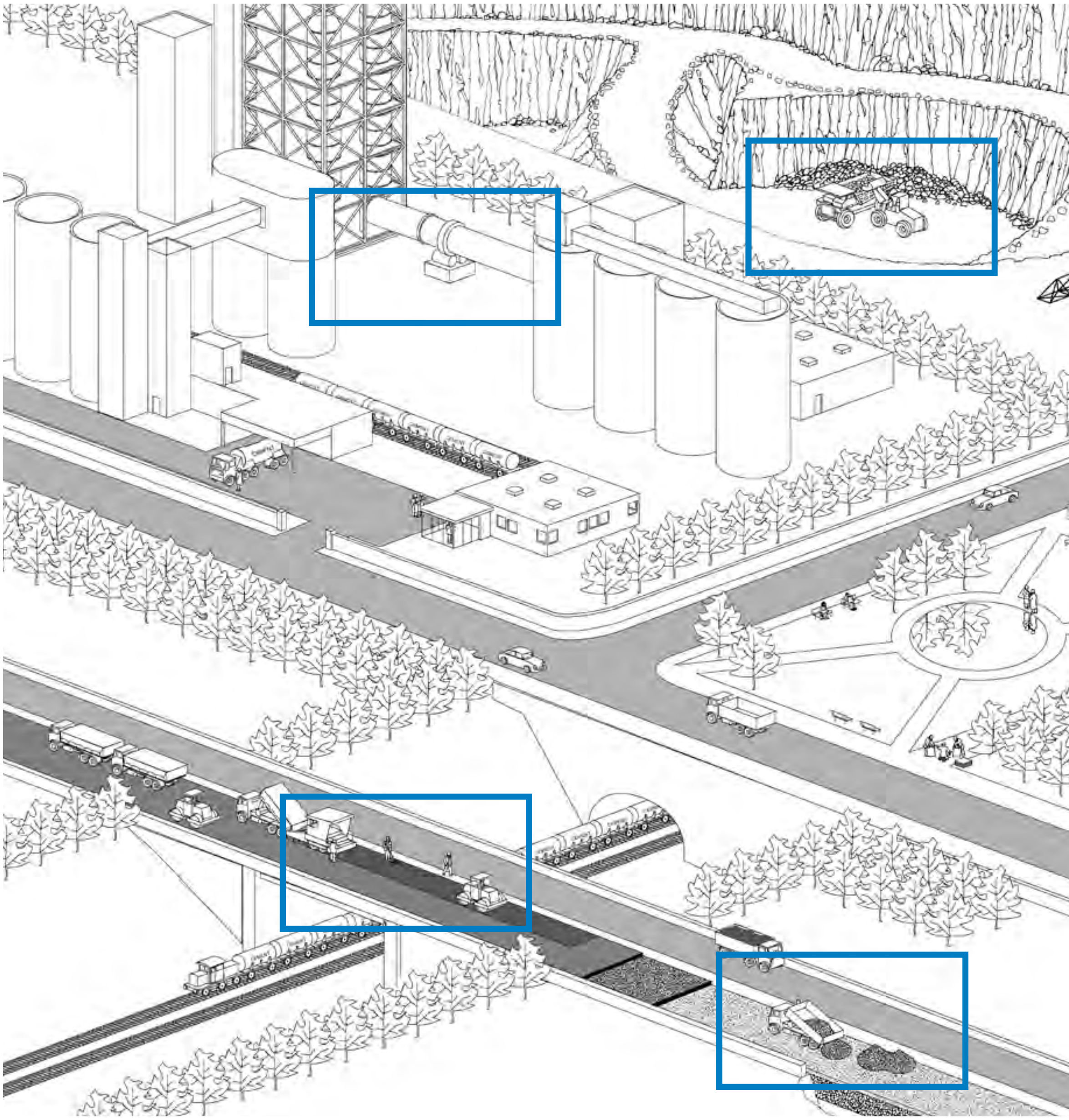
CRH's broad geographic, sectoral and product balance, together with its vigorous and consistent development strategy, once again delivered strong performance and growth in 2007. Sales, profits and earnings increased for the 15th consecutive year to new record levels.

2007 Highlights	€ million	
Sales	20,992	+12%
EBITDA	2,860	+16%
Operating profit	2,086	+18%
Profit before tax	1,904	+19%
Basic earnings per share	262.7c	+17%
Cash earnings per share	404.9c	+15%
Dividend per share	68.0c	+31%
Dividend cover (times)	3.9	
EBITDA Interest cover (times)	9.4	
EBIT Interest cover (times)	6.9	

CRH shares are listed on the Irish (ISE) and London (LSE) Stock Exchanges and on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADRs).

The Group has consistently delivered superior long-term growth in total shareholder return, averaging 18% per annum since the Group was formed in 1970.

CRH is a diversified building materials group which manufactures and distributes building material products from the fundamentals of heavy materials and elements to construct the frame, through value-added products that complete the building envelope, to distribution channels which service construction fit-out and renewal.



Materials: The Fundamentals

Aggregates – crushed stone from quarries

Cement – primary binding agent

Asphalt – road and highway surfaces

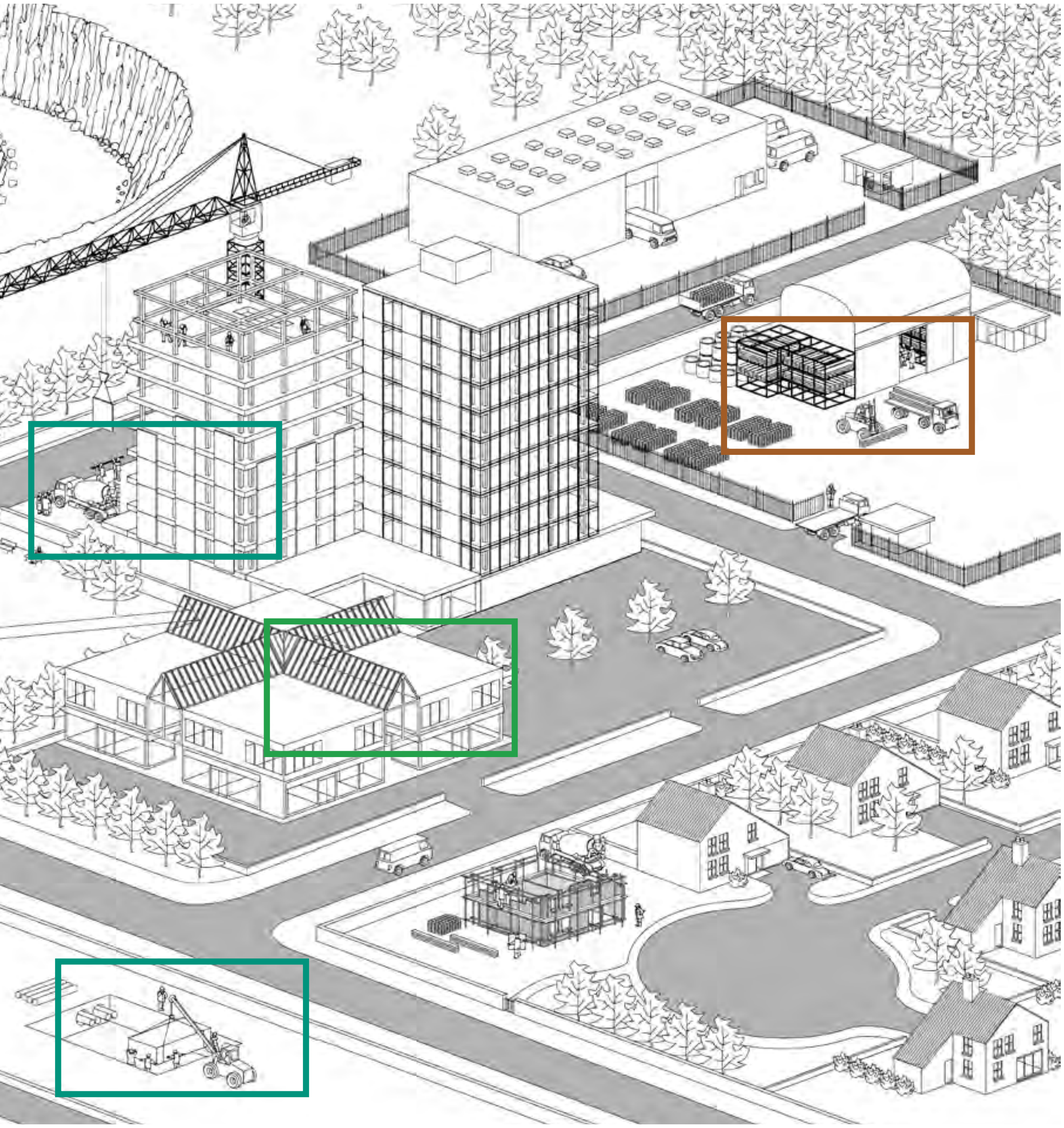
Readymixed concrete – a mix of aggregates, sand and cement that can be poured into forms

Products: Constructing the Frame

Precast – structural elements cast into designed/highly-engineered forms: floors, beams, vaults …

Architectural – concrete elements for residential and non-residential building: blocks, bricks, pavers …

Construction accessories – components to assist in the building process



Products: Completing the Envelope

Clay – traditional facing brick cladding products

Glass – engineered products for external and internal use

Insulation – to improve the comfort and energy efficiency

Fencing & Security – outdoor security and protection systems

Daylight & Ventilation – products to optimise climate control and daylight access

Roller, Shutters & Awnings – security and climate control

Distribution: Fit-out and Renewal

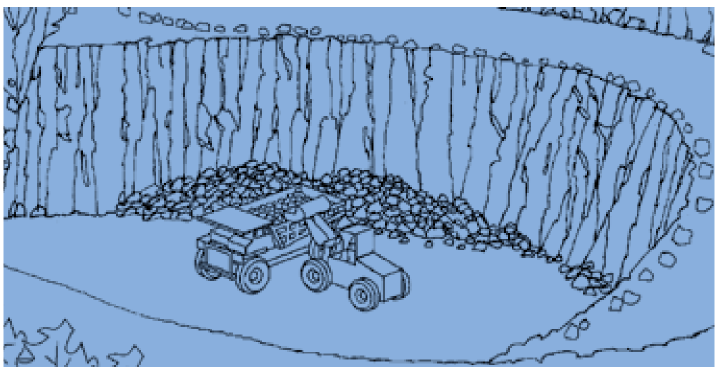
Merchants – channelling building material products to the professional contractor

DIY – providing decorative and home improvement products to the consumer

CRH, a group centred in heavy materials and construction elements, embraces the benefits of vertical integration in manufacturing and of horizontal integration in servicing the breadth of construction demand. Strategy implementation underpins performance and has enabled CRH to achieve positions of scale in each core business area.

Materials: The Fundamentals

CRH operates vertically integrated primary materials businesses with strategically located long-term reserves in all its major markets. With an emphasis on servicing infrastructure and new construction demand, operations include cement, aggregates, asphalt and readymixed concrete. CRH has aggregates reserves totalling approximately 13 billion tonnes worldwide; circa 10 billion tonnes in the Americas and circa 3 billion tonnes in Europe.



Strategy

To build and maintain strong vertically integrated businesses with leading market positions. Implementation focuses on accumulating long-term permitted reserves, continuously investing in plant and equipment for product quality, operational efficiency and customer service, and seeking value-creating expansion opportunities via greenfield development and acquisitions in selected markets.

Annualised production volumes

Aggregates – 260.3 million tonnes

Cement – 15.6 million tonnes

Asphalt – 56.3 million tonnes

Readymixed concrete – 25.8 million cubic metres

Products: Constructing the Frame

CRH manufactures architectural and structural concrete products for use in residential, non-residential and infrastructure applications. These include building systems and engineered concrete solutions for use in the electrical, transportation, drainage and communications industries; construction accessories and components to assist in the construction process; and architectural products to enhance the facade and surroundings of buildings.

Strategy

To build and expand leadership positions in targeted markets in the manufacture of structural and architectural concrete products and related accessories. Implementation focuses on continuously improving the businesses with state-of-the-art IT, exchange of process and product know-how and leveraging engineering, project management, logistics and marketing skills to add more value for customers, while simultaneously pursuing new product and new region opportunities.

Annualised production volumes

Structural/Precast concrete – 10.6 million tonnes

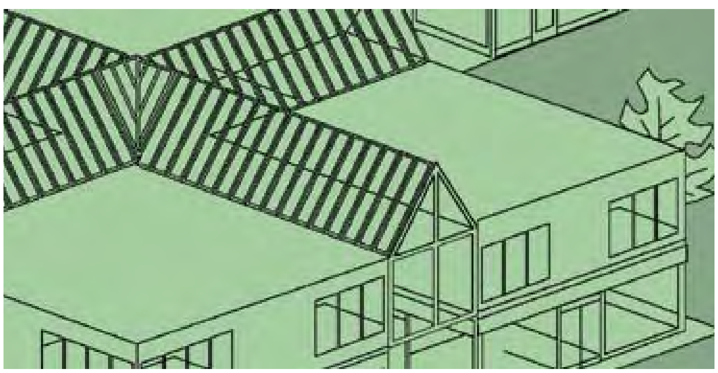
Architectural concrete – 33.2 million tonnes

55% EBITDA 20%

75%

Products: Completing the Envelope

CRH produces a range of complementary value-added building products to complete the building envelope and optimise climate control and energy efficiency of buildings. Products include architectural glass, clay brick and block, insulation materials, systems for daylight and ventilation, fencing and security, and rollers, shutters and awnings, each of which serves to provide a balanced exposure to demand drivers.



Strategy

To develop current strong positions and seek new platforms for growth in these complementary product segments. Implementation focuses on increasing penetration for CRH product offerings, edge expansion into new architectural products and solutions, developing positions to benefit from scale and best practices, and creating competitive advantage through product, process and end-use innovation.

Annualised production volumes

Clay – 4.3 million tonnes

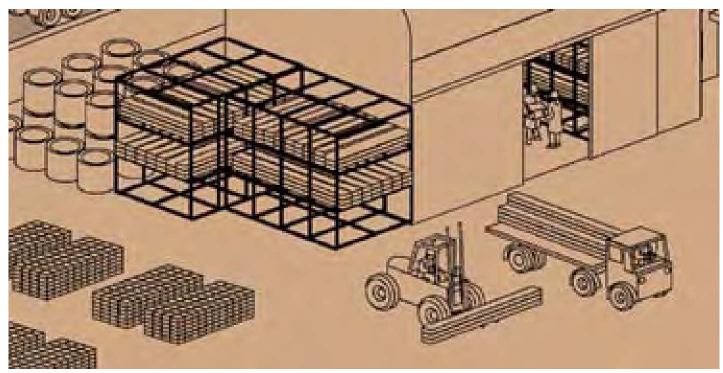
Glass/Rooflights – 13.7 million square metres

Insulation – 6.2 million cubic metres

Fencing & security – 14.2 million lineal metres

Distribution: Fit-out and Renewal

CRH distributes building materials to professional roofing/siding and interior products contractors in the United States and to general building contractors and Do-It-Yourself (DIY) customers in Europe. With an expanding network of 200 branches in the United States and 688 branches in Europe, CRH is now a leading international player in building materials distribution.



Strategy

To build and grow a strong network of professional builders merchants and DIY stores primarily in metropolitan areas. Implementation focuses on organisational initiatives and best-in-class IT to realise operational excellence, optimise the supply chain and provide superior customer service, while seeking opportunities to invest in new regions and other attractive segments of building materials distribution.

Outlets

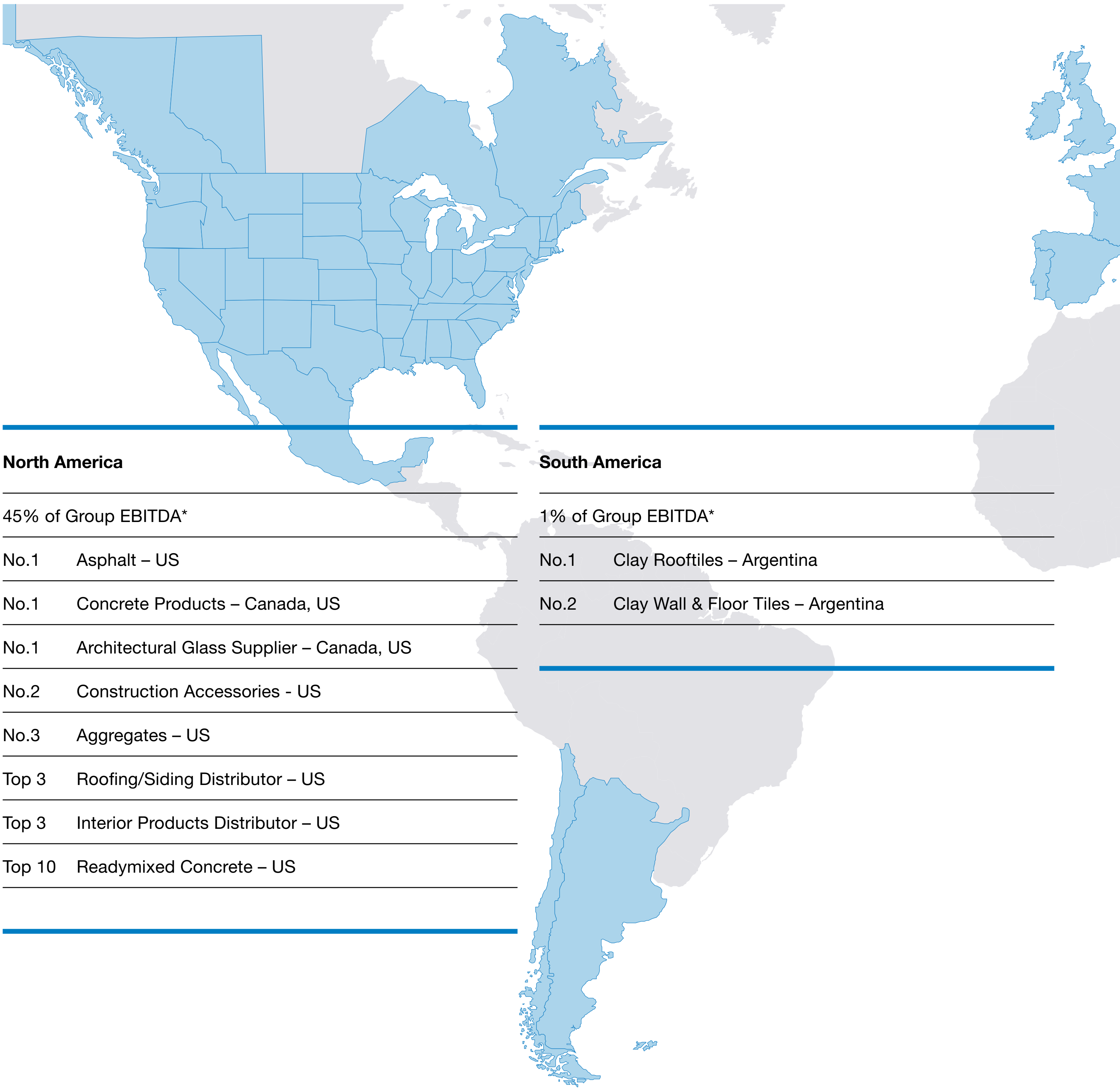
Builders merchants – 648 stores

DIY – 240 stores

12% EBITDA 13%

25%

CRH is an international group with strong regional, national and international leadership positions. With operations in 32 countries, CRH employed approximately 92,000 people at over 3,500 locations in 2007. From a strong developed world base, CRH is growing its presence in emerging economic regions.



North America

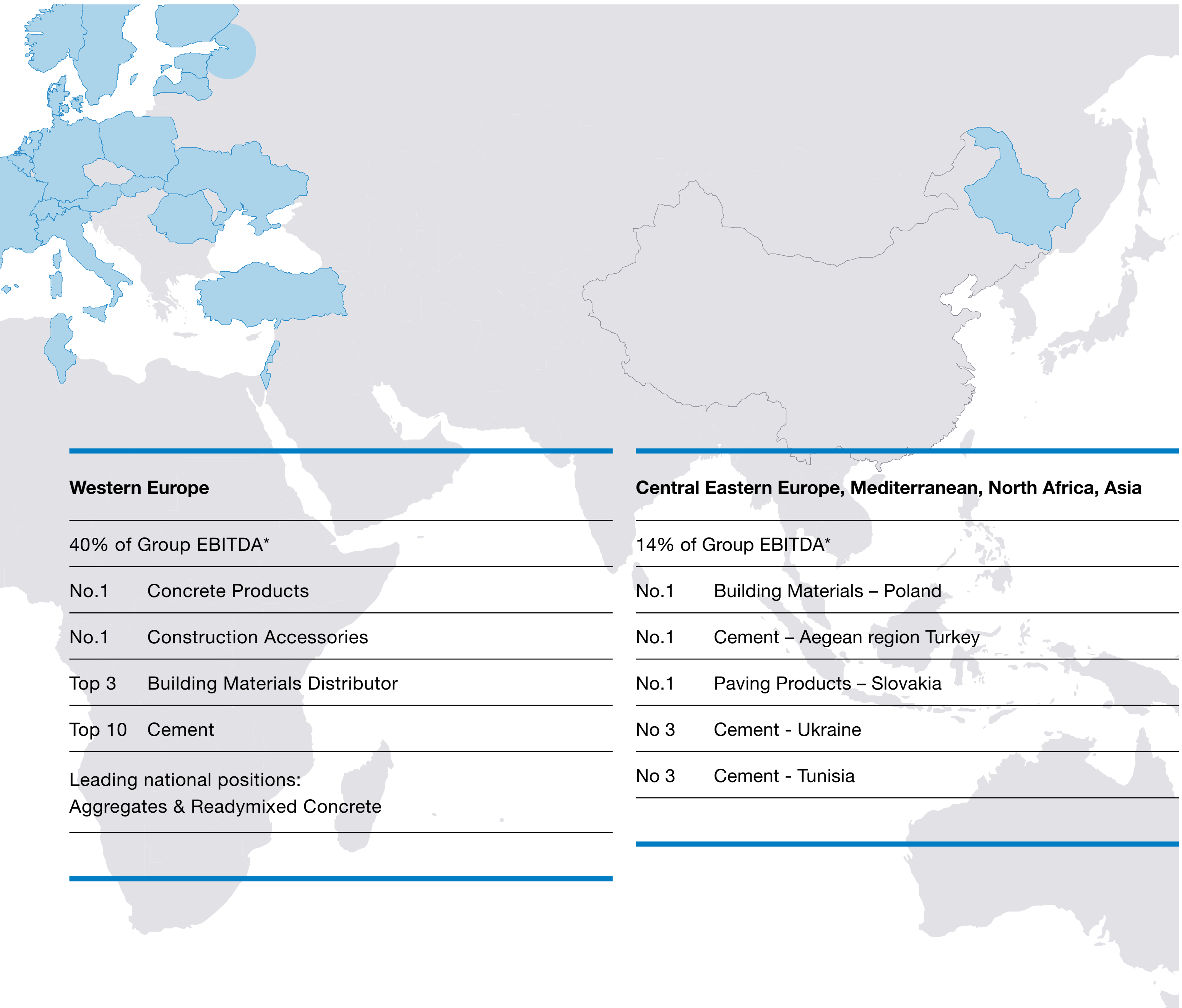
45% of Group EBITDA*

No.1	Asphalt – US
No.1	Concrete Products – Canada, US
No.1	Architectural Glass Supplier – Canada, US
No.2	Construction Accessories - US
No.3	Aggregates – US
Top 3	Roofing/Siding Distributor – US
Top 3	Interior Products Distributor – US
Top 10	Readymixed Concrete – US

South America

1% of Group EBITDA*

No.1	Clay Rooftiles – Argentina
No.2	Clay Wall & Floor Tiles – Argentina



Western Europe	
40% of Group EBITDA*	
No.1	Concrete Products
No.1	Construction Accessories
Top 3	Building Materials Distributor
Top 10	Cement
Leading national positions: Aggregates & Readymixed Concrete	

Central Eastern Europe, Mediterranean, North Africa, Asia	
14% of Group EBITDA*	
No.1	Building Materials – Poland
No.1	Cement – Aegean region Turkey
No.1	Paving Products – Slovakia
No 3	Cement - Ukraine
No 3	Cement - Tunisia

**Approximate annualised EBITDA*

As an international leader in building materials, CRH is committed to operating ethically and responsibly. We are focused on embedding Corporate Social Responsibility (CSR) in all aspects of Group operations which relate to our employees, customers, local communities and all other stakeholders.

CSR embraces four key aspects of our business, namely corporate governance, environment, health & safety and social performance. In each of these areas, we have clearly defined Group policies, objectives, implementation programmes, review procedures, feedback and reporting mechanisms.

The positive commitment to CSR is a defining characteristic of management in CRH. Much progress has been made and more remains to be achieved as we strive to meet the ever-increasing expectations of all our stakeholders. We believe that achieving these expectations will be positive for our businesses.

As part of our CSR commitments, we are actively addressing climate change through significant upgrading investments in our cement, lime and clay brick plants. In addition, we see climate change as an innovative driving force in all our activities and the associated challenges can become our future opportunities.

This section contains examples of some of our main CSR activities during the year. A detailed review of corporate governance is addressed on pages 42 to 45 of this Report and full details of our environmental, health & safety and social performance are published in our annual CSR Report, downloadable from our website www.crh.com.

Corporate Governance

CRH is committed to the highest standards of corporate governance. Since 2003 it has implemented a Code of Business Conduct groupwide. In the context of growth into developing economies and increased legislative requirements, an updated Code is being launched during 2008. CRH's excellence in corporate governance was recently rated at 10, the highest assigned by GMI (Governance Metrics International), putting CRH in the top 1% of GMI's global research universe.

Environment

CRH is committed to good environmental stewardship in all its activities. In particular, it is addressing the challenges of climate change through major capital investment programmes at its cement plants in Finland, Ireland, Ukraine and Poland. The Ukraine project is the world's first Joint Implementation Project (JI-0001) registered by the UNFCCC under the flexible mechanisms of the Kyoto Protocol, and will replace an old-technology wet-process plant with a state-of-the-art dry process plant.

Health & Safety

CRH continues to commit significant resources to improving Health & Safety at all its locations groupwide. Very significant reductions have been achieved in accident rates in recent years and this continues to be a management priority going forward. CRH is Co-Chair of the Health & Safety Task Force within the Cement Sustainability Initiative, which is dedicated to improving industry safety standards globally.

Social & Community

CRH, as a significant employer in its many locations, actively supports social and community activities local to its operations. As one example, the CRH companies in Ireland undertook to make quarterly donations, proportional to the number of accident-free locations, to the Simon Community which supports people with housing needs, This has been a great incentive to better safety performance at CRH locations, while simultaneously supporting a very worthy charitable cause.

During 2007 CRH was again distinguished in its ranking among the sector leaders by all the leading Socially Responsible Investment (SRI) rating agencies.

We continued as a constituent member of the FTSE4Good Index and of the Dow Jones World and STOXX Sustainability Indexes. In the latter case we recently received the additional accolades of "Silver Class" and "Sector Mover". We also continue to be highly ranked by Innovest (London), Vigeo (Paris) and Ethibel (Brussels) SRI indexes.

In 2007, CRH underlined its commitment to CSR in an Irish context through its signature of the Business in the Community Ireland Membership Charter. Storebrand Investments designated CRH as "Best in Class" in its sector review of CSR reporting.

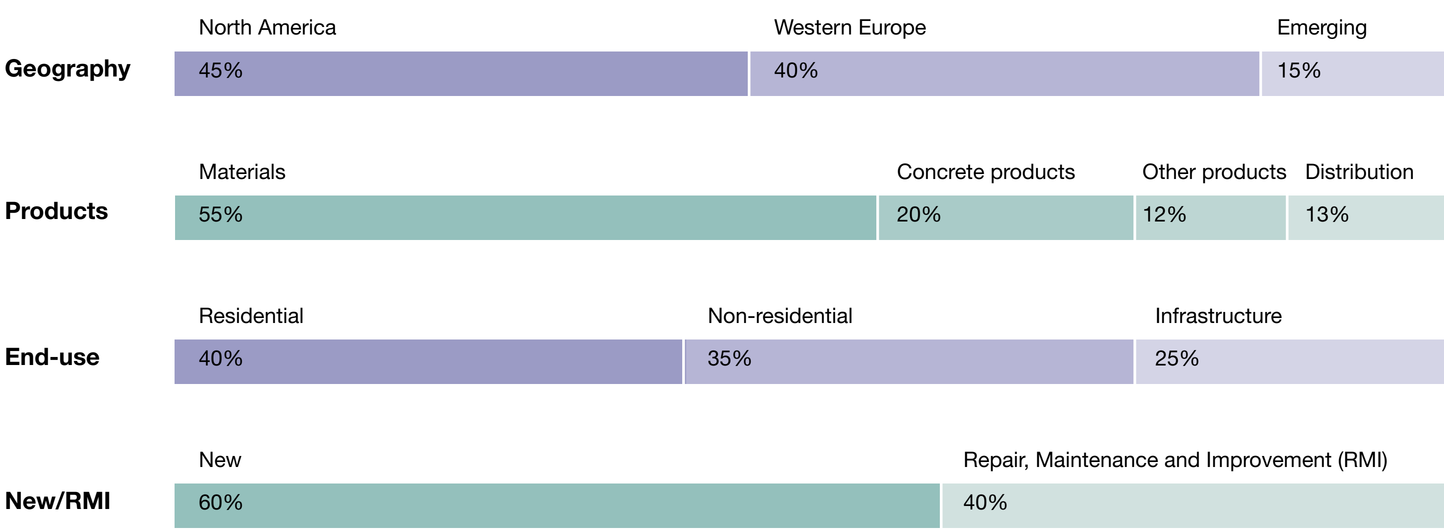
We continue with an open-door policy on communications with key stakeholder groups. At Group level, we discuss our CSR performance with the investment community, third-party survey and assessment organisations and other interested parties. At company level, we are in regular dialogue with local communities, authorities and permitting agencies, underlining our commitment to operate as a good neighbour.

CRH was among the first in its sector to achieve full independent verification of its CSR reporting. This was carried out by Det Norske Veritas (DNV). Our CSR Report covering 2007 will be available in mid-2008.

CRH strategy is consistent and clear – to sustain and build a balanced business with exposure to multiple demand drivers that can deliver CRH's strategic vision to "*be a responsible international leader in building materials delivering superior performance and growth*".

Building Materials is an inherently cyclical business linked primarily to GDP growth in local economies. Recognising the variability that cyclicality brings, CRH strategy is to build a balanced business with exposure to multiple demand drivers. Geographic and product balance serves to smooth out the effects of changing economic conditions and to provide multiple opportunities for growth. Sectoral and end-use balance reduces the effects of varying demand patterns across building and construction activity by maintaining a balanced portfolio of products, serving a broad customer base.

In 2007, CRH was evenly balanced between the geographies of North America and Western Europe with a growing component of activity in the emerging regions of Central and Eastern Europe, the Mediterranean, North Africa, South and Central America and Asia. While product balance remains weighted towards the heavyside with 75% in materials and concrete products and 25% in lightside products and distribution, each of these businesses deliver strong returns on capital through the cycle. Sectoral balance remains stable at 40:35:25 and end-use balance, which tends to trend towards RMI in developed economies is counter-balanced by significant new build demand in developing economies.



Approximate annualised EBITDA

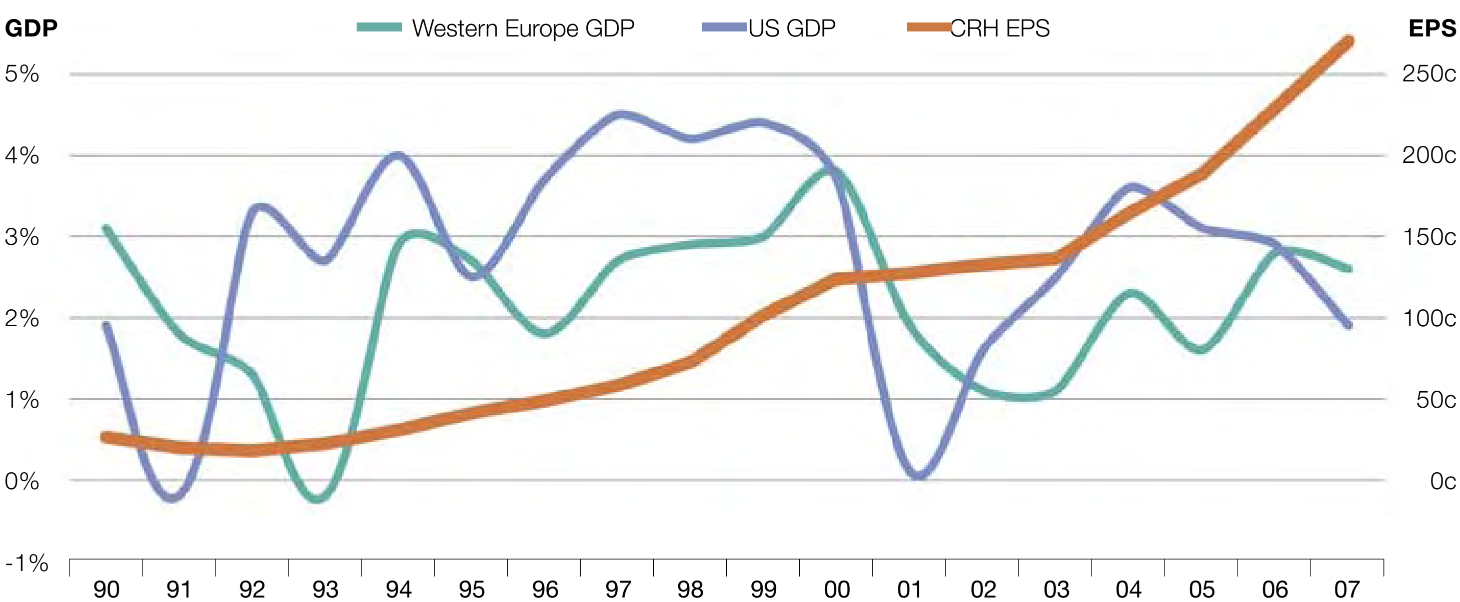
Our unique balance across regions, products and all building and construction sectors is one of the key drivers of CRH strategy. Together with the Group's relentless focus on performance, multiple growth platforms from which to pursue value-creating opportunities, dedicated people with ambition to achieve, operating in an environment which values strong governance and prudent polices, these characteristics underpin the Group's ability to deliver consistent performance.

This strategy has enabled CRH to deliver consistent performance and consistent returns over the long-term. 2007 is CRH's 15th consecutive year of earnings and profit growth despite a weaker economic backdrop in the early 2000's – a significant achievement within our industry.

CRH has a track record of unbroken growth since 1992 when the global economy began to emerge from a severe recession caused primarily by the Gulf War and high energy prices. During 1990-1992 CRH also experienced a decline in demand and earnings, but strong cash flows enabled the business to recover rapidly as the world economies began to improve.

In the economic prosperity that followed, CRH developed extensively making significant steps in the United States and in Europe. From a largely Ireland and materials focus in 1990, CRH expanded through the decade to become a business with balanced exposure to Europe and the Americas, and balanced exposure to materials, products and distribution by 2000.

During 2001-2003, the world economies experienced a slowdown albeit of lesser scale than in 1990, driven primarily by the dot.com crash and the tragedy of the September 11 atrocities in New York. Despite a weaker US Dollar and a marked decline in United States activity, the strength of the business balance provided CRH with a basis to continue to pursue growth opportunities and, with a culture of performance, CRH delivered modest growth each year through this period. In the four years from 2003-2007 profits and earnings grew strongly with an average compound annual growth of approximately 20% in earnings per share.



While CRH strategy has and will continue to evolve with the expansion and development of the Group, the solid foundation of a balanced business with an emphasis on performance delivery remains core. As we look to the future, CRH will continue to optimise its business positions in the developed world where returns are more predictable and business practices are more developed. In parallel, CRH will seek to establish, in a measured way, platforms for the future in emerging economies that show the potential for above-average growth.

CRH is committed to meeting the future needs of its customer base. With its diverse yet balanced business, experience of managing through economic cycles, devolved organisation responsive to market conditions and strong focus on delivery, CRH has a sound basis on which to continue its strategy of delivering superior performance and growth.

Chairman's Statement

Kieran McGowan

Strong Growth in Difficult Conditions

The Group once again performed strongly in 2007 to deliver record full year financial results with profits before tax of €1.9 billion and earnings per share of 262.7 cent, representing increases of 19% and 17% respectively.

These results were delivered against a background of particularly challenging trading conditions including a sharp drop in residential construction activity in the United States, continuing increases in energy costs, and reducing growth rates in some of our major European markets. We were also confronted with a steep decline in the US Dollar which had a significant adverse effect on the translation into euro of our United States operating profits.

The ability of CRH management and staff to achieve exceptional levels of operational performance in this environment is to be commended. The benefits of the balanced spread of operations across many geographic regions and construction sectors were again demonstrated in these results.

Details of the performances of the Group's Divisions are given in the Chief Executive's Review and in the Operations and Finance Reviews which follow.

Profitability and Earnings

Profit before tax increased by 19% to €1.9 billion. Earnings per share increased by 17% to 262.7 cent. Cash earnings per share were 404.9 cent compared with 352.1 cent in the preceding year. Over the past five years, despite significant currency impacts and high energy cost inflation, the Group has delivered annualised earnings per share growth of 17% per annum. We regard this as a very good outcome.

Dividend

As indicated in the 2006 Annual Report, the Board decided last year to move towards a higher payout ratio and reduced level of dividend cover over the three financial years 2006 to 2008, with the aim of achieving dividend cover of the order of 3.5 times for the 2008 financial year. Accordingly, in this the second year of our three year process, a final dividend of 48 cent per share (2006: 38.5 cent per share) is now being recommended by the Board. This, if approved by the Annual General Meeting on 7th May 2008, will result in a total dividend for 2007 of 68 cent, an increase of 31% over 2006, and representing 2007 dividend cover of 3.9 times.

This is CRH's 24th consecutive year of dividend increase at a compound annual rate of 14%.

Development Activity

Full year development spend for 2007 amounted to €2.2 billion, a new record for CRH. The comparative figure for 2006 was €2.1 billion (net), and €1.3 billion and €1 billion for 2005 and 2004 respectively. The nature and extent of these investments will make an important contribution to delivering further growth for the Group in the years ahead.

First half expenditure of €1 billion comprised the acquisition of Swiss builders merchant Gétaz Romang completed in May; the purchase of a 50% stake in Denizli Cement in Turkey and the buyout of the remaining 50% of Paver Systems in the United States announced in April; the acquisition of Harbin Sanling Cement in China announced in February plus 31 other initiatives announced in the Development Strategy Update of July 2007.

Second half spending of €1.2 billion included the August buyout of the remaining 55% of Cementbouw bv in the Netherlands; completion of four separate transactions by the Americas Materials Division as announced in September; the purchase of certain Cemex assets in Florida and Arizona announced in late November plus a strong flow of traditional CRH development opportunities outlined in the Development Strategy Update released in January 2008.

In addition during the year we commenced three major cement projects in Ireland, Poland and Ukraine. These combined with ongoing construction of our joint venture cement plant in Florida represent a total investment over three years of approximately €0.7 billion targeted at modernising and expanding cement production in three key European markets and providing CRH's first investment in cement in the United States.

Corporate Governance

A detailed statement setting out CRH's key governance principles and practices is provided on pages 42 to 45. The Board and Management of CRH are committed to achieving the highest standards of Corporate Governance and ethical business conduct, and are satisfied that appropriate systems of internal control are in place throughout the Group.

CRH's unique culture of performance and achievement delivered another year of record results in 2007

Board and Senior Management

Pat Molloy retired from the Board and from the Chairmanship following the Annual General Meeting on 9th May 2007. Pat joined the Board in 1997 and became Chairman in May 2000. His leadership of the Board over the past seven years has been exceptional and he has made a huge contribution to the successful growth and development of the Group during that time. He is a great role model and I thank him sincerely for his valued inputs and wise counsel.

Declan Doyle retired from his role as Managing Director Europe Materials on 30th June 2007 after 39 years with CRH. He was a member of the Board since 2004 and was one of a number of extremely talented executives who built CRH to its present size and strength.

David Kennedy will retire from the Board on completion of the Annual General Meeting on 7th May 2008. David has been a non-executive Director since 1989 and has been Senior Independent Director and Chairman of the Remuneration Committee since May 2006. I thank David for his unique contributions to the effectiveness of the Board and to the development and success of CRH over the many years of his directorship.

In July 2007 we announced the co-option to the Board of Professor Utz-Hellmuth Felcht as a non-executive Director. Utz-Hellmuth Felcht, who is a German national, was until May of 2006 Chief Executive of Degussa GmbH, Germany's third largest chemical company, with operations on all five continents and sales of approximately €11 billion. He brings valuable international experience to the Board and his appointment continues the process of Board renewal at a pace which is consistent with the maintenance of the Board's teamwork and core values.

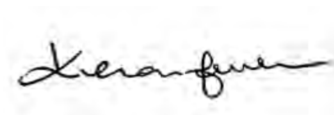
As provided in the Company's Articles of Association, Utz-Hellmuth Felcht is proposed for re-election at the Annual General Meeting on 7th May 2008. Also, in accordance with the Articles of Association and best practice in relation to re-election of directors, Nicky Hartery, Tom Hill, Joyce O'Connor and I will retire from the Board and seek re-election at the Annual General Meeting. I have conducted a formal evaluation of the performances of all Directors and can confirm that each of the Directors continues to perform effectively and to demonstrate commitment to the role.

Management and Staff

CRH's management and staff have been the key element in differentiating the Group from its competitors. We have a quite exceptional management team. Their leadership and their ability to attract, develop and retain talented people is a fundamental strength of CRH. There is a unique culture of performance and achievement throughout the Group, and this will ensure that, whatever the business environment, CRH has the capacity to deliver superior performance and growth. On behalf of the Board, I thank Liam O'Mahony and all CRH employees for their commitment and loyalty to the success of the Group and I congratulate them on another great set of results in 2007.

Conclusion

Management's views on the outlook for 2008 are set out more comprehensively in the Chief Executive's Review and the various Operations Reviews. While trading conditions will be challenging in residential construction in the United States, and growth in some European markets will be slower than in 2007, it is expected that these will be balanced by continuing good activity levels in the infrastructure sector in the United States as well as by strong growth in Central and Eastern European economies. Continued relentless focus on price and cost effectiveness across the Group, the benefits of our record 2007 acquisition spend and our continuing focus on development will, we expect, enable the Group to deliver further progress in the current year.



Conrad Yelvington Distributors' aggregates distribution terminal in Gainesville, Florida operates on the same site as an APAC asphalt plant. The track is utilised to receive 75-car unit train shipments of aggregates, and to position the cars for efficient unloading at the facility.

Chief Executive's Review

Liam O'Mahony

Overview

CRH's broad geographic, sectoral and product balance, together with its vigorous and consistent development strategy, once again delivered strong performance and growth in 2007. Sales, profits and earnings increased for the 15th consecutive year to new record levels. As in previous years, 2007 growth came both from organic operations and acquisitions. Development activity was also at new record levels. This continued year-in-year-out delivery over such an extended period, is a striking testament to CRH's strategy and to the talent and commitment of our 90,000-strong team across the world. My thanks to all throughout our organisation who have made this tremendous track record happen.

Some of the year's significant highlights include:

- Sales up 12% to €21 billion, exceeding the €20 billion mark for the first time.
- EBITDA up 16% to €2.9 billion, operating profit up 18% to €2.1 billion, and profit before tax up 19% to €1.9 billion.
- Profit on disposal of fixed assets up from €40 million to €57 million; it is expected that disposal of surplus properties will be an ongoing feature.
- Earnings per share up 17% to 262.7 cent, the 15th consecutive year of earnings growth.
- This significant increase in profits and earnings was achieved despite the translation impact of the further decline in the US Dollar in 2007, which had a negative impact of approximately 5% on profits and earnings.
- Dividend per share up for the 24th consecutive year, a 31% increase to 68 cent. This follows a 33% increase in 2006, and is part of a 3-year programme of increasing payout to reduce dividend cover to a targeted 3.5 times for the 2008 financial year.
- Operating margin (Operating Profit/Sales) increasing sharply to 9.9% (2006: 9.4%); a combination of good cost control and successful commercial focus. Return on capital employed (EBIT/Net Assets) up again to 16%.
- Record acquisition spend of €2.2 billion, surpassing 2006's €2.1 billion (net), spread across all Divisions and regions including taking us into Turkey and China for the first time.
- Capital expenditure of €1 billion. In addition to normal replacements (approximately 90% of depreciation in 2007), this included €0.3 billion of development capital expenditure, building the base of our business for the future.
- Continued strong cash flow, with a year-end EBITDA/Interest cover of 9.4 times. This has enabled CRH to launch a limited share buy-back programme in early 2008, while maintaining significant flexibility and capacity to continue to grow the Group through value-creating acquisitions.

2007 Operations

2007 was a year of robust delivery despite many challenges. Economic growth was strong in Eastern Europe, while in the core Eurozone countries a very busy first half was followed by a somewhat slower pace of growth in the second half.

In the United States the decline in new residential construction which started in 2006 accelerated considerably, exacerbated by the credit crisis, but the non-residential sector continued to grow while highway activity benefited from robust public funding programmes.

Europe Materials, which has leading positions in Ireland, Finland, the Baltics, Poland, Ukraine, Switzerland, Spain, Portugal and the Eastern Mediterranean, enjoyed, with some exceptions, generally favourable economic conditions. Activity was particularly busy in Eastern Europe with strong volume and profit increases; profits also increased across the Western European network at a satisfactory pace with some volume growth and good price and cost discipline. Operating profit for the year grew by a strong 39%.

Europe Products & Distribution continued its recovery from the relatively anaemic markets of the early part of the decade, and operating profit grew by over 30%. There was a marked improvement in operating profit and margin in the first half, while the second half saw a slower pace of demand growth, particularly in Germany. The Eurozone is the largest region for Europe Products & Distribution and had a reasonable growth in activity. Denmark and Switzerland were strong, the UK was flat, while the Division also benefited from its small but growing exposure in Eastern Europe. The Concrete, Clay and Building Products businesses all delivered increased profits, as did Distribution, with a particularly strong initial eight-month contribution from Gétaz Romang in Switzerland.

Our Americas Materials business, which is a national leader in aggregates, asphalt and readymixed concrete, delivered operating profits up 31% in dollar terms. Organic profits were up approximately 10%, while APAC, the major acquisition in 2006, performed very strongly. Infrastructure is the key end-use and highway funding was strong with good spend from the multi-year dedicated Federal programme and from State and local sources. As in recent years, recovery of energy cost increases through efficiency, cost and pricing initiatives was a priority; the successful push-through of the necessary price increases led to volume reductions but boosted profitability.

Our Americas Products & Distribution businesses sell principally to the residential and non-residential sectors. The significant decline in new residential construction led to difficult market conditions right across the country, but this was in part offset by continued strength in non-residential activity. MMI, the new platform acquired in 2006, was hardest hit among our Products businesses and had a poor year; various initiatives are in place to improve future profitability. The Architectural Products, Precast and Glass groups all performed satisfactorily. Distribution was also hit hard by the residential decline; while operating profit and margin were down from the record 2006 levels, a margin of 5.3% was resilient in the circumstances. Our operations in Canada, Argentina and Chile once again had strong outcomes. Overall operating profits for Americas Products & Distribution declined 6% in dollar terms.

Development

Following a record acquisition spend of €2.1 billion (net) in 2006, CRH continued the momentum in 2007, spending €2.2 billion on 78 acquisitions which strengthen, expand, and add value to our network. In addition a further €0.7 billion 3-year programme of investment in cement plant modernisation and expansion was progressed.

2007 Acquisition Spend

€ billion		Europe	Americas	Total
Materials		0.36	0.64	1.00
Products:	– Concrete	0.19	0.22	0.41
	– Other	0.03	0.14	0.17
Distribution		0.44	0.21	0.65
Total		**1.02**	**1.21**	**2.23**

As the above table shows, the acquisitions were well spread across all geographies and product groups.

Europe Materials acquired 50% of Denizli Cement, a 1.8 million tonne per annum modern cement plant in southwestern Turkey with a vertically integrated readymixed concrete business, and 100% of Harbin Sanling Cement, a modern 650,000 tonne cement plant in northeastern China. These represent our first ventures in those regions, and provide platforms for future growth – indeed since year-end we have signed a contract to acquire 26%, with an option to go to 49% in due course, of the leading cement manufacturer in northeastern China, Yatai Cement, with 9 million tonnes of cement capacity which is currently being expanded to 18 million tonnes.

In the Americas the largest deals were the acquisition of Conrad Yelvington Distributors, with a major network of depots and railcars for distributing aggregates in Florida; together with certain aggregates and readymixed concrete assets acquired from Cemex in Florida and Arizona.

On the Products & Distribution side, the keynote European deal was the acquisition of Gétaz Romang, the leading building materials distributor in French-speaking Switzerland which, together with our existing operations in the German-speaking area, gives CRH strong national leadership.

In the western United States, the acquisition of Acoustical Materials Services brings leadership in the distribution of interior products, a growing sub-sector for our United States Distribution Division, while the acquisition of Vistawall enhances the product offering of our Glass group in architectural glazing systems.

The vast majority of our 2007 acquisitions are value-enhancing bolt-ons which continue to develop our cement and aggregates platforms, expand existing strong market positions for our Products operations and leverage our successful Distribution business model.

There were also a number of major cement development projects commenced and/or progressed during the year:

- In Ireland a €200 million new state-of-the-art 1.3 million tonne plant at Platin, partly replacement, partly expansion; planned to come on-stream towards year-end.

Sales, profits and earnings increased for the 15th consecutive year to new record levels. This continued year-in-year-out delivery over such an extended period is a striking testament to CRH's strategy.

- In Ukraine a €210 million wet to dry conversion giving a new state-of-the-art 3 million tonne plant; planned to come on-stream in 2009.
- In Poland a €200 million 1.8 million tonne capacity expansion to meet growing demand; planned to come on-stream in 2009.
- In the United States, progress in the 50% joint venture cement plant announced in 2006; a US$200 million, 1.1 million tonne plant in Florida, which is planned to come on-stream towards year-end.

The combination of our acquisition and greenfield investment initiatives continues to underpin CRH's future performance and growth.

Organisation and People

Following the significant evolution in our organisation in recent years, when a number of senior executives retired and were succeeded from within, 2007 was a year for consolidation. The new leaders have stepped up into their roles extremely well and the organisation is functioning very effectively, all of which augurs well for the future progress of the Group.

As mentioned in the 2006 Report, Declan Doyle, Managing Director Europe Materials, and Tony O'Loghlen, Chief Operating Officer, retired during the year and Albert Manifold and Henry Morris stepped up very successfully to succeed them. Declan and Tony have been at the heart of CRH for many years and we thank them for their enormous contributions to our success.

Corporate Social Responsibility (CSR)

CRH's commitment to CSR, which is embedded throughout the Group, is set out elsewhere in this Report, and in the separate CSR Report on our website www.crh.com. The leading Socially Responsible Investment Rating Agencies rank CRH as a sector leader, and we are a member of the FTSE4Good and Dow Jones World and STOXX Sustainability indexes.

Our major cement investments outlined earlier are a practical example of our commitment to reduce our specific cement CO_2 emissions by 15% by 2015. In this regard our Ukrainian investment is the first project, JI-0001, to be approved under the Joint Implementation Protocol by the United Nations for any industry worldwide. We actively participate in the Cement Sustainability Initiative with the World Business Council for Sustainable Development, whose aim is to address the challenges of sustainable development and provide a framework for working with the various stakeholders.

Strategy

As set out elsewhere, we are focused on the manufacture and distribution of building materials, with balance being fundamental to smooth-out cycles and provide multiple platforms for growth. Approximately 75% of our business is heavy-side – cement, aggregates, asphalt, readymixed concrete and concrete products – with the remaining 25% split between other value-added building products and distribution. This balances

In April 2007 CRH Europe Materials acquired 50% of Denizli Cement, the largest cement factory in the Aegean region of Turkey. Denizli is an efficient, modern cement factory with excellent limestone reserves and an annual cement production capacity of 1.8 million tonnes.

residential/non-residential/infrastructure end-uses, and also new build/RMI (repair, maintenance and improvement) end-uses, all of which operate in cycles of different timing, amplitude and duration. It also provides a unique perspective to understand and capitalise on market developments which benefits ongoing operations and enhances growth possibilities.

Geographically, CRH has traditionally been roughly 50/50 Western Europe/United States. While there are still significant growth opportunities in these developed markets, we have in recent years been increasing our focus on emerging markets which now comprise 15% of our end-use.

With a strong focus on operational performance, capital expenditure geared towards cost-effectiveness and expansion, and a broad-based acquisition programme which adds value to the existing network and provides platforms for future growth, CRH has uniquely delivered unbroken sales, profits and earnings growth since 1992. We believe we have significant continued momentum as we look to build on this successful track record into the future.

Outlook

CRH's geographic, sectoral and product balance continued to deliver in 2007 both in terms of overall trading performance and development activity. While developments over recent months have added to economic uncertainties, CRH is well positioned across its operations to deal with the evolving market circumstances. Following record levels of acquisition activity in 2006 and 2007 and with an ongoing strong pipeline of opportunities, we are continuing to develop our Western European and North American businesses while building on our growing platforms in emerging markets. With a relentless emphasis on operational efficiency, and targeted cost reduction measures, we remain focused on our twin goals – performance and growth – and on delivering a sixteenth consecutive year of profit and earnings growth in 2008.

Operations Review: Europe

Albert Manifold

Materials

€ million	% of Group	2007	2006	Change	Analysis of Change: Organic	Acquisitions 2006	Acquisitions 2007	Exchange translation
Sales Revenue	18	**3,651**	2,967	+684	+457	+24	+210	-7
Operating Profit	28	**586**	421	+165	+125	+6	+34	-
Average Net Assets		**2,611**	2,125					
Operating Profit Margin		**16.1%**	14.2%					

Máirtín Clarke

Products

€ million	% of Group	2007	2006	Change	Analysis of Change: Organic	Acquisitions 2006	Acquisitions 2007	Non-recurring items	Exchange translation
Sales Revenue	17	**3,628**	3,186	+442	+161	+196	+85	-	-
Operating Profit	15	**308**	221	+87	+30	+20	+6	+31	-
Average Net Assets		**2,392**	2,081						
Operating Profit Margin		**8.5%**	6.9%						
Excluding non-recurring		**8.5%**	7.9%						

Distribution

€ million	% of Group	2007	2006	Change	Analysis of Change: Organic	Acquisitions 2006	Acquisitions 2007	Non-recurring items	Exchange translation
Sales Revenue	16	**3,435**	2,786	+649	+76	+25	+566	-	-18
Operating Profit	10	**212**	172	+40	+23	+1	+36	-19	-1
Average Net Assets		**1,287**	1,014						
Operating Profit Margin		**6.2%**	6.2%						
Excluding non-recurring		**6.2%**	5.5%						

Europe Materials

2007 Overview

Europe Materials continued to benefit from strong economic conditions and increased its profitability significantly during 2007, primarily through organic growth.

In Ireland we benefited from the high levels of infrastructure and non-residential activity which compensated for the decline in the residential sector that has emerged following record house completions in 2006.

The Finnish economy performed well with strong construction growth, particularly in the non-residential sector which posted a double-digit advance. The Baltic States eased in the second half, but St. Petersburg continued to grow at pace.

Strong growth in foreign direct investment led to high demand for construction materials in Poland, particularly in the industrial and commercial sectors. While there was a good level of activity in roads, this will grow in the years ahead as substantial European Union funding flows through into construction projects. High levels of demand helped the pricing environment for all products.

Following some difficult years, the Ukrainian economy grew strongly and construction activity benefited resulting in a significant increase in cement demand.

Switzerland continued on a stable path and CRH operations benefited from infrastructure projects in its regions.

In Spain housing demand eased, particularly in Madrid and the South. While volumes were weaker generally, good cost control led to better margins and profitability.

Portugal again saw a lower level of construction despite a recovery in the economy. Downstream activity, exports and a good performance in operations outside of Portugal resulted in an overall improved performance.

In August we bought out our partners in the Benelux cement trading, readymixed concrete and aggregates joint venture, Cementbouw bv. The company was reorganised to report under the Europe Materials Division and has performed to expectation since acquisition.

2007 saw the commencement of three major cement projects aimed at modernising and expanding our cement facilities in Ireland, Poland and Ukraine. With a combined value of approximately €0.6 billion, this investment programme demonstrates CRH's commitment to investing for the future.

The focus on developing and emerging markets continued and the Division's acquisition of a 100% stake in Harbin Sanling Cement, China and a 50% stake in Denizli Cement, Turkey, has created new platforms for growth.

Ireland

In Ireland construction demand continued to grow in the first half of 2007; however, the second half saw an accelerating decline in residential output. The National Development Plan continued to underpin demand in the road sector, while private investment remained strong particularly in commercial and retail projects. Agricultural construction recovered well, supported by environmental improvement grant aid. As a result overall demand for our products was at a similar level to 2006. The Northern Ireland business, particularly quarry products and construction, benefited from the general sense of optimism in the economy.

Ongoing programmes to reduce operating costs and improve efficiency delivered further savings in 2007, particularly in the area of energy cost reduction. Commercially, the emphasis on cost recovery through price improvement continued. Profits were ahead of 2006.

Irish Cement commenced a €200 million investment project to modernise its Platin Works. The investment will create an ultra-modern, energy-efficient plant meeting world best practice emissions standards. It is due on-stream towards the end of 2008 and demonstrates CRH's commitment to meeting the long-term needs of the Irish economy and construction sector.

Finland/Baltics

The Finnish economy grew by 4% in 2007. Broad-based strength in construction activity contributed to strong advances in cement, aggregates and readymixed concrete volumes. There was a particularly strong increase in new non-residential construction, which grew by over 20% when compared with 2006 levels. Ongoing investments in infrastructure such as the Helsinki-Turku motorway and Vuosaari port, combined with a stable residential construction market, also underpinned volume growth. All products achieved improved pricing and this resulted in a very good uplift in operating performance. The new clinker line at the Lappeenranta cement plant, commissioned during the first half of 2007 has performed satisfactorily to date.

Sales volumes in Estonia, Latvia and St. Petersburg were generally ahead of 2006. Higher input costs remained a challenge, particularly in Russia, though good cost control and better pricing held overall profits in line with 2006 levels.

Overall, good volume growth and better pricing delivered improved profitability in the Finland/Baltic region in 2007.

Central Eastern Europe

2007 was another good year for the Polish economy with GDP growth at 6.5% and unemployment falling to a new low of 11.4%. Inflation, although low, rose to an average 2.5% while overall construction output increased by an estimated 16% on 2006. The unusually mild

A year of substantial progress in organic sales and operating profit, record growth in Central and Eastern Europe, commencement of a major cement plant modernisation programme, and investments in the emerging markets of Turkey and China.

The Vuosaari Harbour project in Finland, to be completed in 2008, is one of Europe's largest harbour projects with 3.4km of new quay wall. Rudus delivered the concrete used in the construction of 675 high-quality quay elements at the site.

first quarter set the tone for cement demand with annual volumes up 17% on 2006 levels. Our concrete businesses performed extremely well with improvement in both volumes and prices across all product groups. Despite some delays in the road programme our aggregates and blacktop businesses performed well with a significant increase in hardrock aggregates sales. The lime group continued to perform satisfactorily with lime product volumes up 7%. Overall, profits in Poland improved significantly on 2006 levels.

In Ukraine GDP grew by 8% with increased demand for cement. Higher cement pricing in Russia and other neighbouring countries had a positive knock-on effect on pricing and profitability progressed significantly to record levels.

Work has commenced on both the 1.8 million tonne Ożarów cement capacity expansion in Poland and on CRH's Joint Implementation Project JI-0001 to convert its Ukrainian cement plant from wet to dry process with associated environmental and operational benefits. These two projects, totalling approximately €0.4 billion, demonstrate CRH's commitment to meeting the growing construction materials needs of these rapidly developing economies, which in 2007 accounted for approximately one-third of Europe Materials operating profits.

Switzerland

The Swiss economy grew by 2.8% in 2007 with continuing strong private consumption and substantially increased exports. Inflation and unemployment rates remained at low levels. Construction grew by 1.4%, with residential activity reaching its peak mid-year and levelling off in the second half. Growth drivers were infrastructure and industrial construction. Start-up infrastructure projects led to an increase in cement sales while excellent weather conditions in the first quarter of the year, as well as strong construction activities in all the regional markets, led to better profitability in downstream, aggregates, asphalt and readymixed concrete operations.

Iberia

Although the Spanish economy continued to grow, our volumes in Spain were a little down on the record levels achieved in 2006. Nevertheless, better pricing and improved cost control led to higher margins and increased profitability. Activity remained strong in our main markets with the exception of Madrid. Corporación Uniland, the Group's 26% cement associate, recorded a strong increase in profitability.

The Portuguese economy grew by 1.9% in 2007; however, construction had another difficult year with activity decreasing 3.9%, reflecting reduced activity in housing. Secil's three cement plants operated at full capacity taking advantage of strong export markets. Overall, Secil recorded a satisfactory year due to a good advance in profitability in its Tunisian cement operation and in its downstream activities in Portugal. Ciment de Sibline, the cement and concrete business in Lebanon in which Secil acquired a controlling stake in January 2007, performed in line with expectations.

Eastern Mediterranean

Our investment in Denizli Cement in Turkey provides a platform for growth in the Aegean region of southwestern Turkey, which is an expanding construction market. Denizli is one of three large cement producers in the region and is vertically integrated downstream in readymixed concrete. The performance of the business since acquisition has been in line with our expectations and ahead of prior year results.

In Israel, Mashav, in which CRH holds a 25% stake, performed slightly ahead of 2006.

China

Our purchase in February 2007 of Harbin Sanling Cement in Heilongjiang in northeast China represented a first step for CRH in the Chinese cement and building materials market. Economic and construction growth in the target region continued as anticipated and the performance of the company and its integration into the CRH Group is progressing well. In January 2008, CRH signed an agreement for the acquisition of a 26% shareholding in Yatai Cement with capacity to produce 9 million tonnes of cement per annum which is currently being expanded to 18 million tonnes per annum. This transaction, which is subject to Chinese regulatory approval and which is expected to be completed later in 2008, is a further step in our strategy to build a regional position in cement in northeastern China.

Outlook 2008

Construction demand in Ireland is expected to decline in 2008 as housing output adjusts to a more sustainable level. Both infrastructure and commercial investment are expected to continue at current high levels, and will help to moderate the demand reduction. Cost reduction programmes are expected to reduce the profit impact of lower overall activity.

Finland's economy and construction demand are anticipated to grow in 2008, though at a slower pace than in 2007. A decline in new residential construction will be more than offset by continued strength in non-residential and infrastructure investment. The Estonian and Latvian economies face a more uncertain period, although we expect demand in St. Petersburg to remain strong. Overall, we expect to see a further advance in profitability in the Finland/Baltics region in 2008.

Polish GDP is forecast to advance 5.6% with construction output expected to grow by over 10%. The continued availability of European Union funding coupled with strong foreign direct investment will underpin growth.

In Ukraine GDP is projected to grow by 6%. Expanding private sector investment and ongoing rehabilitation of infrastructure are expected to be the major drivers of economic growth with increased demand for all our building products.

GDP in Switzerland is forecast to grow in 2008 by 1.9% driven by a strong export performance, tourism and good internal consumption. Construction activity is anticipated to remain stable with further small declines in housing offset by growth in industrial and commercial work and a stable infrastructural sector.

In Spain a further decline in housing activity is anticipated. We expect volume reductions in all regions across the country with the exception of our principal market in Catalonia where road and rail infrastructural projects and commercial activity are expected to mitigate the impact of the housing decline. In Portugal construction is expected to show a modest recovery in 2008 due to an expected increase in public capital expenditure.

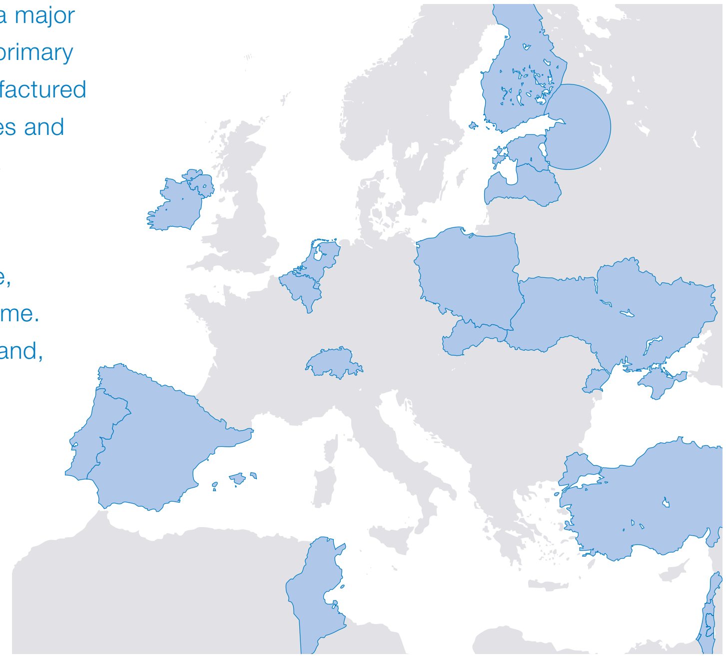
Continued growth is forecast for construction in Turkey next year with cement volumes rising accordingly. Denizli should once again operate to full capacity.

As in recent years, the home market in Israel should show modest growth but significant progress will depend on the political environment.

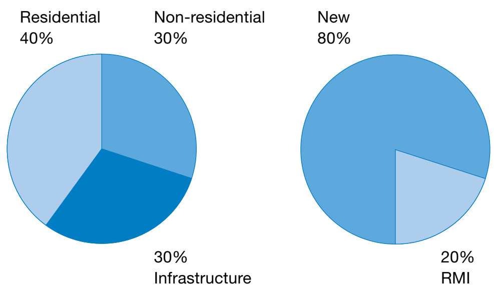
Cement demand in China is again expected to grow at close to 10% in 2008 and we believe that Harbin Sanling Cement will operate at full capacity.

Overall, the market outlook for 2008 is good. While organic growth is unlikely to be as strong as an outstanding 2007, we will benefit from acquisitions completed during the year, and the major cement capital expenditure projects underway will contribute strongly to the development of the Division in 2009 and beyond.

The Europe Materials Division is a major vertically integrated producer of primary materials and value-added manufactured products operating in 19 countries and is actively involved in the Group's development efforts in Asia. Its principal products are cement, aggregates, readymixed concrete, concrete products, asphalt and lime. Ireland, Poland, Finland, Switzerland, Spain, Portugal and Ukraine are the major markets. In total, the Division employs approximately 14,500 people at over 540 locations.



Product end-use (EBITDA)



Activities		**Market leadership positions**
Cement *China, Finland, Ireland, Lebanon (25%), Poland, Portugal (49%), Switzerland, Tunisia (49%), Turkey (50%), Ukraine*	**15.6m tonnes***	No.1: Finland, Ireland No.2: Portugal, Switzerland No.3: Poland, Ukraine
Aggregates *Estonia, Finland, Ireland, Latvia, Poland, Portugal (49%), Slovakia, Spain, Switzerland*	**86.3m tonnes***	No.1: Finland, Ireland
Asphalt *Finland, Ireland, Poland, Switzerland*	**4.9m tonnes***	No.1: Ireland
Readymixed concrete *Estonia, Finland, Ireland, Latvia, Poland, Portugal (49%), Russia, Spain, Switzerland, Tunisia (49%), Turkey (50%)*	**16.1m cubic metres***	No.1: Finland and Ireland No.2: Portugal and Switzerland
Agricultural & chemical lime *Ireland, Poland, Switzerland*	**1.9m tonnes***	No.1: Ireland No.2: Poland
Concrete products *Estonia, Finland, Ireland, Poland, Portugal (49%), Spain, Tunisia (49%)*	**8.6m tonnes***	No.1: Blocks and rooftiles: Ireland

*CRH share of annualised production volumes. Cement and readymixed concrete volumes above exclude CRH share of associates Uniland in Spain (26.3%) and Mashav in Israel (25%). CRH's share of annualised production volumes for these businesses amounts to approximately 3.1m tonnes of cement and 0.8m cubic metres of readymixed concrete.

Europe Products & Distribution

2007 Overview

After a strong first half, housing demand in the Netherlands moderated later in the year. Germany also reported a robust start, but slowed somewhat in the latter months. Nordic markets witnessed significant growth while Belgium, Switzerland and France remained positive. The UK saw stable markets with operational efficiencies leading to good profit growth. Results in Eastern Europe were exceptional with strong growth and high margins.

During 2007 we invested €663 million in 26 acquisitions including the Builders Merchants business Gétaz Romang, a major addition to our Swiss distribution business. We also completed several strategically important bolt-on acquisitions in our various markets, in line with our strategy of building local leadership positions.

Overall, the Division once again achieved record sales and operating profits, up 18% and 32% respectively.

Concrete Products

This group manufactures concrete products for two principal end-uses: pavers, tiles and blocks for architectural use, and floor and wall elements, beams and vaults for structural use. In addition, sand-lime bricks are produced for the residential market. 2007 saw good progress on the development front with eight acquisitions which further consolidated our positions in existing Western European markets and expanded our operations in Eastern Europe, in particular in Poland and Romania. The group reported a solid underlying profit advance boosted by contributions from acquisitions.

Architectural
Architectural operations performed ahead of 2006 despite difficult market conditions in several markets. Our Dutch and Belgian businesses continued to face tough competition due to market over-capacity and downward price pressure. The German business posted strong results despite a downturn in new residential construction. In France results improved driven by operational synergies. Our Danish and Slovakian businesses continued to perform strongly. Supreme in the UK, acquired in April 2006, contributed above expectations in its first full year. The architectural group made four acquisitions in 2007 including an add-on to Supreme in the UK, two bolt-ons to our water treatment and paving business in Belgium, and Elpreco, an entry into the Romanian market.

Structural
Our structural concrete operations again delivered excellent results driven by tight operational control and strong markets in Belgium, France, Denmark and Poland, in particular in the new non-residential sector. Our sand-lime brick business posted lower results reflecting slower activity levels in the Dutch residential market. The structural group expanded its product range and market position in Denmark with the acquisition of a concrete stairs business in March followed by the purchase of a lightweight wall panels and flooring manufacturer in August; this group also acquired a small add-on in France and completed the buyout of the remaining 75% of Ergon Poland.

Clay Products

The Clay Products group, with operations in the UK, the Netherlands, Germany, Poland and Belgium, principally produces clay facing bricks, pavers, blocks and rooftiles. This group delivered increased profits for 2007.

UK brick industry volumes showed a welcome return to growth in the first half of 2007; however, with heavy rain across the UK in mid-summer, volumes for the year finished at a similar level to 2006. Ibstock profits advanced strongly due to operating and overhead efficiencies.

In the Netherlands our markets slowed as the year progressed and profitability declined slightly.

In Germany the initial early optimism was not sustained and our clay operations were restructured and capacity reduced. However, underlying results improved on 2006. Our Polish operation advanced strongly and profits increased sharply, as a result of good volume and price growth. In November, we expanded our presence with the acquisition of a clay brick, block and rooftile manufacturer in western Poland.

Building Products

The Building Products group is active in lightside building materials and focuses on three core business areas: Construction Accessories, Building Envelope Products and Insulation Products. Market conditions in 2007 were positive, particularly in non-residential sectors in Germany, the Benelux and the UK. All business units contributed to organic improvement, complemented by acquisitive growth.

Construction Accessories
This business unit, market leader in construction accessories in Europe, experienced another year of top performance and growth. The full year contribution of Halfen, acquired in May 2006, exceeded

our expectations and all our other businesses showed solid operating results. We closed four small bolt-on acquisitions during the year, which performed as expected. With its main focus on non-residential construction and civil engineering, Construction Accessories is well positioned for further growth.

Building Envelope Products
This business unit comprises Fencing & Security (F&S), Daylight & Ventilation (D&V) and Roller Shutters & Awnings (RSA) businesses which specialise in entrance control and climate control products. All segments contributed to a stronger 2007 performance. F&S once again delivered record results. Despite difficult markets for our glass projects business, D&V showed a year of progress in operating results, mainly driven by an excellent performance in its German roof lights business. The first full year contribution from our RSA business, acquired in August 2006, exceeded expectations. The Building Envelope unit continues to benefit from a growing market focus on repair, maintenance and improvement, safety and comfort.

Insulation Products
Insulation Products had another year of organic improvement in both sales and operating profits. Good returns from recent restructuring initiatives and growing demand in our key markets, especially in Poland, underpinned a solid performance. The business is well positioned for further improvements, given the ongoing European legislation for energy management of buildings.

Distribution

2007 was another strong year with a further improvement in sales and operating profit. Good market conditions in most of our markets, a mild winter and a continued focus on margin improvement and cost control underpinned organic growth. This was supplemented by excellent contributions from the ten acquisitions completed in 2007.

Professional Builders Merchants
With 448 locations in five countries, Professional Builders Merchants has strong market positions in all its regions and generated significant margin improvement in 2007.

The Netherlands: Following a good final quarter in 2006, this business performed very strongly in the first half of 2007, supported by a positive market and mild winter conditions. Although the global credit crunch impacted sentiment from mid-year, demand remained solid throughout the second half. This positive backdrop combined with a targeted “quality for quantity” margin improvement programme enabled our Dutch professional business to report strong sales and profit growth.

France: Our heritage operations in Ile-de-France (100%), Burgundy and Franche-Comté (58%) benefited from good market conditions resulting in improved sales and profits. LDP (100%), acquired in January 2007 with 17 locations in Normandy, delivered very satisfactory results exceeding our initial expectations.

Switzerland: Our acquisition (effective 1st May 2007) of Gétaz Romang, created the largest builders merchants business in Switzerland with more than 100 locations and annualised sales of approximately €1 billion. In addition to its traditional builders merchants business, the new group has a leading position in a number of specialised builders merchants businesses including sanitary ware, tiles, kitchens and ironmongery. Organic improvement in the heritage Baubedarf and Richner operations, a performance well above initial expectations from Gétaz Romang and a successful integration of all three businesses, resulted in a highly satisfactory 2007 performance. In addition, two further acquisitions added three branches to the existing network.

The latest technology combined with time honoured craftsmanship work in harmony to produce this cast stone window cill - part of the popular Forticrete range of exceptional quality cast stone dressings.

Austria: Quester, our Austrian builders merchants company, failed to benefit in 2007 from the positive market conditions and from re-organisation measures taken in 2006. As a result, sales, operating profit and margins were lower than 2006. In response, further restructuring initiatives were implemented from mid-2007 which are expected to restore margins to appropriate levels. Taking account of these restructuring costs, Quester was loss-making at operating profit level in 2007.

Germany: Bauking, in which we have a 48% stake, operates primarily in the northwestern half of Germany. After a good start to the year due to mild winter weather, the expiry of home ownership grants and the increase in value added tax (VAT) effective 1st January 2007 began to impact from the second quarter. As a result, like-for-like sales were lower than in 2006. However, with relentless cost control, like-for-like operating profit was maintained and, with an active year on the development front, overall sales and operating profit advanced.

DIY
The DIY Europe platform has activities in five countries with 240 DIY stores. These stores are operated under five different

Improved economic conditions together with profit enhancement initiatives led to strong performance across all businesses. Operating margins advanced and an active development programme included the doubling of our Swiss distribution activities.

brands: Gamma (The Netherlands and Belgium), Karwei (The Netherlands), Hagebau (Germany), Maxmat (Portugal) and BricoHouse (Spain).

The Netherlands: After some flat years, 2007 saw a healthy increase in the total DIY market underpinned by increasing consumer confidence. The mild winter and sunny spring period resulted in a very successful garden season, while good promotional campaigns and sharp formula management resulted in an increase in market share. Organic sales and profit advanced strongly. In addition, two stores were added from one acquisition, and three greenfield stores were opened.

Belgium: Gamma Belgium showed a healthy increase in both sales and profits but, in the absence of new greenfield store openings, market share declined.

Germany: Bauking operates 54 DIY stores under the brand name Hagebau. In a very competitive market which was depressed by the effect of the VAT increase, Bauking's Hagebau stores reported sales and profits in line with 2006. From two acquisitions Bauking added 14 Hagebau stores bringing its total network to 140 stores.

Portugal: Despite generally weak economic conditions, like-for-like sales at Maxmat remained at 2006 levels. With the lifting of legal limitations on new store openings, Maxmat greenfielded seven new stores in 2007 and introduced the Maxgarden concept. Start-up losses for the new openings resulted in lower profits than in 2006.

Spain: We entered the Spanish DIY market in May 2007 with the acquisition of a 60% interest in a small business in the Alicante/Valencia region.

Outlook

Current forecasts for our European construction markets are for a slower pace of growth than in 2007. In the Netherlands, we expect the residential and non-residential sectors to be stable in 2008. In Belgium after several years of strong growth, the market is expected to vary somewhat by segment, with a slower new residential market, growth in non-residential spend and a stable infrastructure sector.

While we anticipate a slowdown in the new non-residential sector in France the residential markets are expected to remain stable.

After a long downturn, 2006 and 2007 saw the start of a modest recovery in overall German construction activity. Although the residential sector remains weak, we expect that non-residential and infrastructure will continue growth into 2008.

Swiss construction output is anticipated to grow at a moderate pace in 2008 with a slight decrease in the new housing sector more than offset by a positive non-residential outlook.

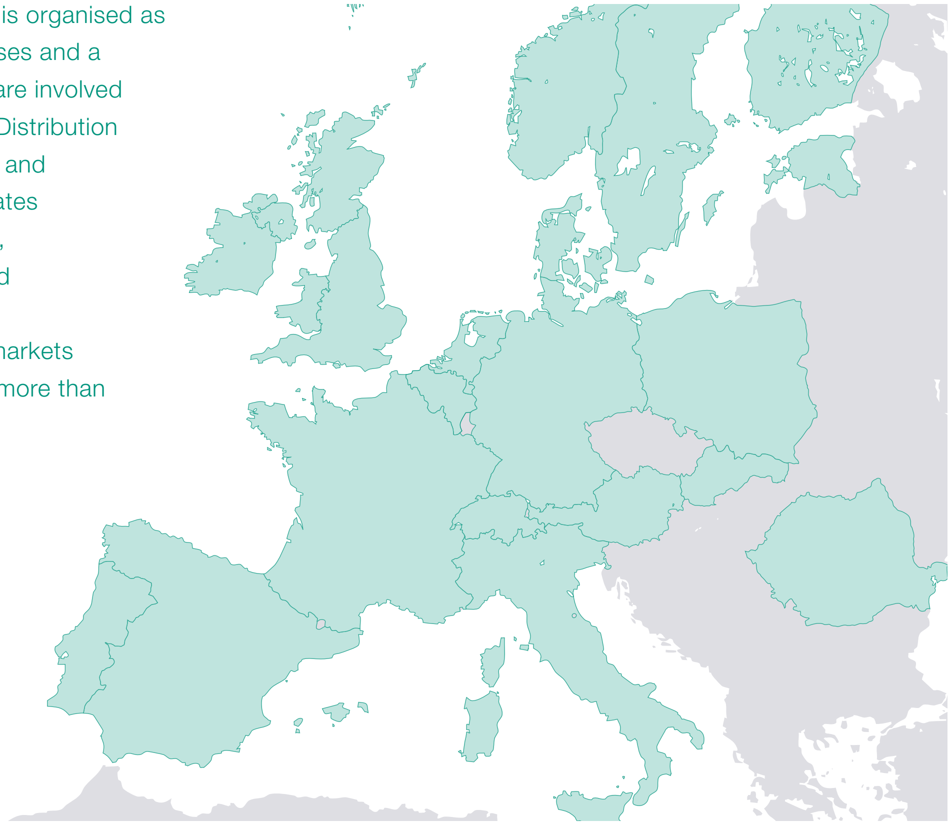
In the UK despite recent reductions in interest rates, we expect the more cautious lending environment generally to dampen 2008 demand with the exception of non-residential, which is expected to remain relatively stable.

Strong growth is expected in Eastern Europe, with the current robust climate in Poland expected to continue. Strong but more moderate growth is still expected in Slovakia and we see a positive outlook to our newly acquired Romanian concrete operations. The growth we have experienced in our Scandinavian businesses will be tempered somewhat by the slowdown in Danish new housing, but overall we consider the outlook for these markets to be positive.

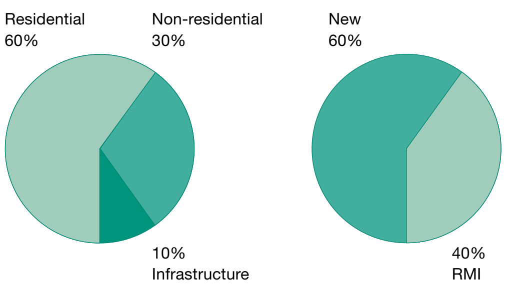
Following successful delivery in 2006 and 2007, ongoing margin improvement through a combination of price recovery and cost reduction remains the key focus of our management teams. The search for acquisition opportunities in Europe across our full range of activities continues. We look to further success on the operational and development front in 2008 leading to further profit advances, despite a somewhat slower growth backdrop.

In May 2007 CRH aquired Gétaz Romang, the market leader in building materials distribution in the French speaking part of Switzerland. Pictured is one of Gétaz's branches in Daillens, a sanitary ware distribution centre.

The Products & Distribution Division in Europe is organised as three groups of related manufacturing businesses and a distribution group. The manufacturing groups are involved in concrete, clay and other building products. Distribution encompasses professional builders merchants and "do-it-yourself" (DIY) stores. The Division operates in 19 European countries with the Netherlands, Belgium, UK, Germany, France and Switzerland being our major markets. Europe Products & Distribution seeks leadership positions in the markets and sectors in which it operates and employs more than 30,000 people at over 1,200 locations.



Product end-use (EBITDA)



Activities		Market leadership positions
Concrete paving and landscaping *Benelux, Denmark, France, Germany, Italy, Slovakia, UK*	**10.1m tonnes***	No.1 paving products: Benelux, France, Slovakia No.1 paving/landscape walling: Germany; No.1 architectural masonry: UK No.2 paving products: Denmark
Precast concrete products *Benelux, Denmark, France, Poland, Romania, Switzerland, UK*	**7.3m tonnes***	No.1 precast flooring: Benelux; No.1 precast architectural concrete: Denmark No.1 utility precast: France; No.1 precast structural elements: Switzerland No.1 concrete fencing and lintels: UK
Clay bricks, pavers, rooftiles and blocks *Benelux, Germany, Poland, UK*	**3m tonnes***	No.1 facing bricks: UK; No.2 facing bricks, pavers & blocks: Europe
Insulation Products *Benelux, Denmark, Estonia, Finland, Germany, Ireland, Poland, Sweden, UK*	**6.2m cubic metres***	No.1 EPS: Ireland, Netherlands, Poland, Nordic region Joint No.1 XPS: Germany (50%); No.1 XPE: Germany No.1 PUR/PIR: Netherlands
Fencing & Security *Benelux, France, Germany, UK*	**2.4m lineal metres***	No.1 security fencing and perimeter protection: Europe
Daylight & Ventilation *Benelux, France, Germany, Ireland, UK*	**1.2m square metres***	Joint No.1 glass structures, plastic rooflights, natural ventilation and smoke exhaust systems: Europe
Construction accessories *Benelux, France, Germany, Ireland, Italy, Norway, Poland, Spain, Switzerland, Sweden, UK*	**n/a**	No.1 Western Europe
Professional builders merchants *Austria, France, Germany, Netherlands, Switzerland*	**448 branches**	No.1: Netherlands; No.1: Burgundy, Rhône-Alps and Franche-Comté No.1 Switzerland; No.1: Sachsen-Anwalt, Niedersachsen and northern Nord Rhein Westfalen; No.1: Austria; No.2: Ile-de-France
DIY stores *Benelux, Germany (48%), Portugal (50%)*	**240 stores**	Member of Gamma franchise, No.1: Netherlands, No.2: Belgium Member of Hagebau franchise, No.5: Germany; Joint No. 2: Portugal

*CRH share of annualised production volumes.

Tom Hill

Materials

€ million	% of Group	**2007**	2006	Change	Analysis of Change: Organic	Acquisitions 2006	Acquisitions 2007	Exchange translation
Sales Revenue	26	**5,445**	4,778	+667	-61	+1,002	+127	-401
Operating Profit	28	**570**	475	+95	+42	+80	+12	-39
Average Net Assets		**4,169**	3,671					
Operating Profit Margin		**10.5%**	9.9%					
Excluding APAC		**12.1%**	11.2%					

Products

€ million	% of Group	**2007**	2006	Change	Analysis of Change: Organic	Acquisitions 2006	Acquisitions 2007	Exchange translation
Sales Revenue	17	**3,510**	3,572	-62	-186	+226	+185	-287
Operating Profit	16	**340**	375	-35	-17	-1	+13	-30
Average Net Assets		**1,931**	1,764					
Operating Profit Margin		**9.7%**	10.5%					
Excluding MMI		**11.0%**	11.3%					

Distribution

€ million	% of Group	**2007**	2006	Change	Analysis of Change: Organic	Acquisitions 2006	Acquisitions 2007	Exchange translation
Sales Revenue	6	**1,323**	1,448	-125	-209	+163	+42	-121
Operating Profit	3	**70**	103	-33	-39	+15	-	-9
Average Net Assets		**484**	362					
Operating Profit Margin		**5.3%**	7.1%					

Americas Materials

2007 Overview

Americas Materials had another good year, with continuing success in recovering higher energy and other input costs and in delivering an improvement in heritage operating profit margin for the third consecutive year. After a record net acquisition spend of €1.1 billion (US$1.4 billion) in 2006, our main development focus during the first half of 2007 was on integrating APAC, the major 2006 transaction, which performed well ahead of expectations in 2007. The significant incremental contribution from APAC, combined with a 2007 acquisition spend of €0.6 billion (US$0.9 billion) arising mainly in the second half of the year, and the strong organic heritage performance, resulted in another record year of sales and operating profit for the Division.

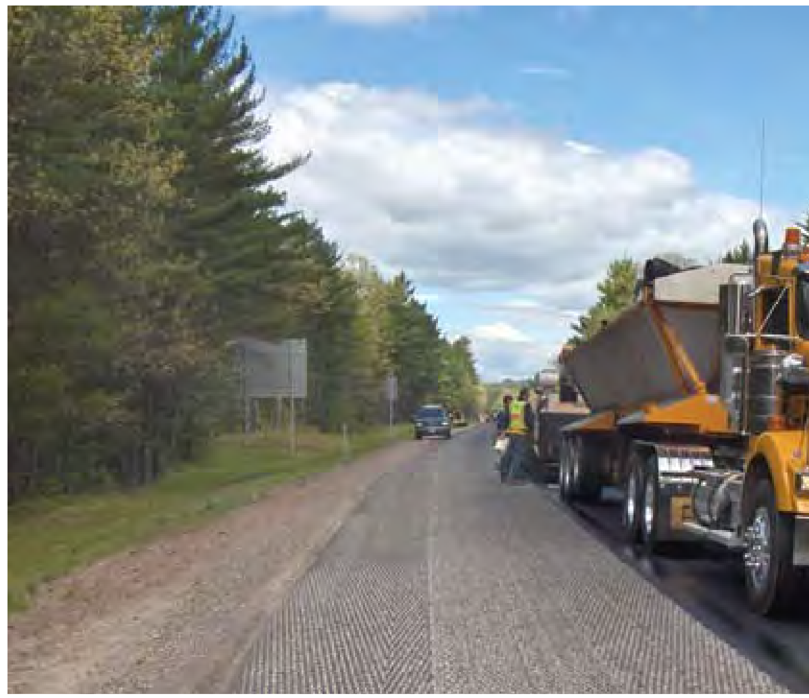
Despite record high crude oil prices bitumen costs increased a relatively modest 5%. Energy used at our asphalt plants, consisting of fuel oil, recycled oil and natural gas, had a composite cost decrease of 7%. The cost of diesel fuel and gasoline used to power our mobile fleet increased by 6%. Against this backdrop, overall prices increased 7% for aggregates, 8% for readymixed concrete and 12% for asphalt, the product most impacted by input cost increases.

Non-residential demand continued to improve and somewhat offset the significant decline in new residential construction. Overall funding available for highway projects showed further growth on 2006 levels. However, with relatively fixed highway budgets, the volume of activity was again impacted by the strong price increases necessary to recover continuing higher input costs. Total volumes, including acquisition effects, increased 5% for aggregates, 2% for readymixed concrete and 14% for asphalt. Heritage volumes declined 7% for aggregates, 13% for readymixed concrete, and 13% for asphalt.

The overall 2007 Divisional margin of 10.5% (2006: 9.9%) again reflected the dampening effect of APAC's profitable but lower margin business mix. The operating margin excluding APAC again advanced to 12.1% (2006: 11.2%).

The acquisition of APAC has resulted in an optimisation of our regional operating structure. The newly formed Mid-Atlantic region comprises our operations in Pennsylvania, Delaware and Michigan, which previously reported as part of our Central region. We have merged APAC's operations in western North Carolina, eastern Tennessee and Virginia, which represent approximately 20% of APAC's total operations, into a redefined Central operating region together with our heritage operations in Ohio, Kentucky, West Virginia, North Carolina and Virginia. We have created two APAC operating regions, the Southeast operations in Alabama, Florida, Georgia and Mississippi and the Southwest comprising operations in Arkansas, Missouri, Kansas, western Tennessee, Oklahoma and Texas.

With a total investment of approximately US$0.9 billion, 2007 was another very busy year in acquisition terms for the Division. Major transactions included the acquisition of Conrad Yelvington Distributors (CYDI) and the purchase of certain assets in Florida and Arizona formerly owned by Cemex. CYDI is the largest rail distributor of aggregates in the southeast United States and, with a major presence in



Florida, is a strong geographic and complementary fit with APAC's Florida activities and also with CRH's extensive local Precast and Architectural Products businesses in the southeast United States. The former Cemex assets fit well with our expanding interests in Florida and offer development opportunities in Arizona. In addition the Division completed 17 other transactions which included some significant moves in the western states and in Pennsylvania, and commencement of a bolt-on acquisitions programme across the APAC platform. Construction of the 1.1 million tonne joint venture greenfield cement plant in central Florida is progressing well with completion scheduled for end 2008.

New England

In 2007, New Hampshire and Vermont enjoyed good trading in solid markets. Massachusetts had another favourable year with good demand and a continuing positive pricing environment. The states of Maine and Connecticut both reduced highway spending and higher prices impacted volumes at the municipal and local level resulting in profit declines in these areas. Overall, profits improved. September saw the acquisition of Burgess Brothers based in Bennington, Vermont, which establishes a presence for our business in a new market area in the state.

New York/New Jersey

Our New York/New Jersey businesses had record results mainly due to asphalt margin expansion. In Upstate New York, our Albany operations once again increased profits despite challenging market conditions. Recent years have seen significant contraction in the Rochester region with many large local employers continuing to scale back their activities. However, Another year of improvement in heritage operating profit margin combined with a significant incremental contribution from APAC, and benefits from a $0.9 billion 2007 acquisition spend, resulted in a 31% increase in US$ operating profits.

A section of Interstate 93 in Canterbury, New Hampshire being resurfaced by Pike Industries. To prepare the road for resurfacing cold planing is done to re-establish the profile of the road and then a conducive surface for repaving is established by removing the top layer of the road. A glass grid pavement fabric is installed acting as a barrier to retard future reflective cracking. Finally, a fresh layer of hotmix asphalt is laid producing a resurfaced road that provides a safe and smooth ride to its travellers. Materials for this job were produced by Pike Industries' Hooksett facility.

2007 brought some improvement in local demand and our Rochester operations reported higher profits. Work continued on our major project to double aggregates production capacity at our key West Nyack quarry, just north of New York City; this will further enhance our ability to service the New York Metro market. A readymixed concrete producer based in Utica, New York was acquired in July.

Mid-Atlantic

The newly formed Mid-Atlantic region delivered positive results. Despite continued poor markets in Michigan, our operations delivered good results reflecting strong cost control and reduced fixed overhead. The slowing economy in Pennsylvania and Delaware resulted in sales declines for heritage operations, although cost and price initiatives achieved earnings on par with prior year. At end-August, McMinn's Asphalt and Prospect Aggregates, a vertically integrated materials business based near Lancaster, Pennsylvania was acquired, adding approximately 170 million tonnes of well-located reserves and providing a good growth platform for further vertically integrated expansion. Other transactions included the Delaware component of the readymixed concrete and concrete products assets, acquired from US Concrete in November, and the January purchase of a crushing facility adjacent to an existing Materials Division quarry in Virginia.

Central

This region delivered record results in the year with solid contributions from APAC's operations in the region, improvements in pricing and good benefits from its winter-fill programme. Our bitumen storage capacity in this region mitigated significant bitumen cost increases during the busy highway paving season. Transactions completed during 2007 included the April purchase of a 1 million tonne per annum Cleveland, Ohio-based asphalt producer; the August acquisition of a small asphalt producer based in Ridgeland, South Carolina; and in November the addition of the Knoxville, Tennessee component of the readymixed concrete and concrete products assets acquired from US Concrete.

West

Our West region had another excellent year. Local economies were mixed, but overall remained strong with solid non-residential and highway markets offsetting weak residential demand. Once again, Utah and Idaho saw significant profit gains due to a better pricing environment in solid markets for all products, and volume gains associated with major projects. In Washington, results improved significantly. Our operations in Wyoming, Montana, South Dakota, Colorado, and New Mexico had another record year. Our Iowa operations suffered profit declines as a result of weak residential demand. The major acquisitions completed during 2007 were the purchase in August of Eugene Sand & Gravel, based in Eugene, Oregon and of Cessford Construction, which operates in central and eastern Iowa and in west central Illinois; in November we acquired HK Contractors, based in Idaho Falls. These combined with five smaller bolt-on deals plus the acquisition of former Cemex assets in Arizona contributed to a busy development year in this region.

APAC

We achieved significant synergies through overhead reductions and by shifting the business emphasis from construction to materials. Although APAC's structurally lower margins (due to higher revenue, lower margin construction sales) again impacted Americas Materials' overall operating margin in 2007, underlying trading in the business for 2007 was well ahead of expectations. The integration programme was completed on schedule and overall performance was well ahead of expectations.

CYDI and the former Cemex assets in Florida acquired during 2007 complement APAC's operations in the state. In addition two other acquisitions during 2007 served to expand APAC's aggregates and asphalt activities in Texas and Oklahoma respectively.

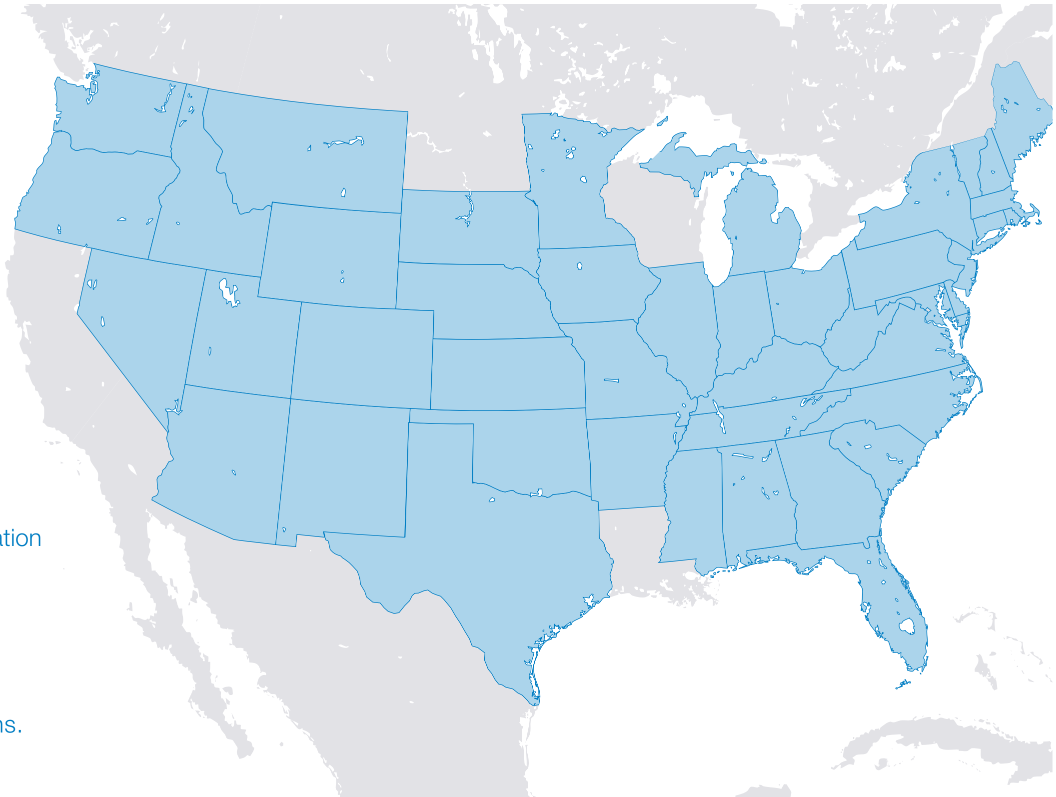
Outlook 2008

Infrastructure is the key end-use for Americas Materials and while funding for highway projects is forecast to increase further in 2008, volumes and activity levels will continue to be influenced by input cost movements and associated product pricing trends.

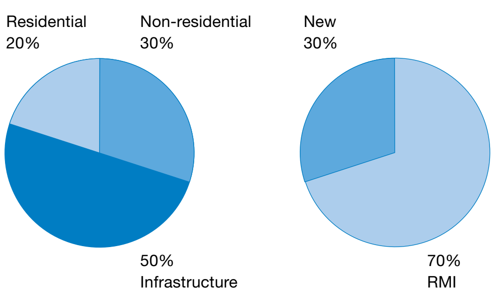
The key focus in 2008 is to continue the improving underlying trend in operating profit margin through prudent cost and overhead savings, combined with the ongoing achievement of efficiency gains and additional price improvements.

With a continuing favourable pricing environment, a sustained emphasis on operating efficiency and with benefits from our record 2006/07 development spend we look forward to another year of progress for this Division.

The Americas Materials Division operates in 44 states in the United States through six regional business units. CRH is the third largest aggregates producer, the largest asphalt producer and a top 10 readymixed concrete producer in the United States. It owns integrated aggregates and asphalt operations thoughout the United States with strategically located long-term aggregates reserves. Integrated readymixed concrete operations are spread throughout many states, with particular concentration in the west. The Division is currently developing a greenfield joint venture cement plant in Florida. Americas Materials employs approximately 23,500 people at over 1,200 locations.



Product end-use (EBITDA)



Activities		**Market leadership positions**
Aggregates *United States*	**174.0m tonnes***	No. 3 national producer
Asphalt *United States*	**51.4m tonnes***	No. 1 national producer
Readymixed concrete *United States*	**9.7m cubic metres***	Top 10 United States

*CRH share of annualised production volumes.

2007 Overview

Americas Products & Distribution faced a challenging year with the sharp decline in new residential construction and financial market turmoil from mid-year. Against this backdrop, our Products businesses delivered a resilient performance with continued growth in non-residential activity mitigating the impact of residential weakness, leaving full-year US$ operating profit only slightly below the record 2006 outcome. In Distribution, strong acquisition contributions were unable to compensate for an organic profit decline as residential demand weakened and Florida demand fell sharply from 2006 peak levels. Regionally, our Products & Distribution operations in the western and southern states performed relatively better; while the midwest and northeastern operations were noticeably weaker than 2006. Significant cost reduction measures were implemented in our residential-orientated businesses which mitigated the impact of volume declines. Overall, the Division recorded a 5% increase in sales and a 6% decline in operating profit before translation adjustments. We believe that this represents a very positive outcome and once again demonstrates the merits of the Division's broad sectoral exposure and product diversity.

Architectural Products (APG)

APG, with 234 locations in 39 states and two Canadian provinces, is the leading North American producer of concrete products for the commercial masonry, professional landscaping and consumer DIY markets. The group is also a regional leader in clay brick, packaged dry-mixes, packaged decorative stone, mulches and soils.

APG faced difficult trading conditions in 2007 due to the sharp and continuing slowdown in the residential construction sector and weaker demand from the homecenter channel. These negative influences were partially offset by strong non-residential construction which limited the decline in like-for-like sales to approximately 10%. Despite the reduction in turnover, strong margin management, a significant turnaround in our Lawn & Garden bagged soil and mulch activities and a strong performance from our Canadian operations resulted in broadly maintained profits and an improved overall operating margin compared with 2006.

APG completed 12 acquisitions in 2007. These included the purchase of concrete block operations, masonry distribution businesses and other bolt-on acquisitions in masonry, packaged soils and mulches, and packaged specialty concrete products.

Precast

The Precast group is a leading manufacturer of precast, prestressed and polymer concrete products, small plastic box enclosures and concrete pipe in North America. The group operates from 81 locations in 26 states and the province of Québec.

The continued strength of the non-residential construction sector during the year was offset by a very weak residential sector. However, margins were sustained by good cost control and effective price management and profits were only slightly behind a record 2006. Backlog volumes and margins heading into 2008 are similar to 2007. Management's focus will be on internal improvements and cost reduction as we move into a more challenging environment.

Internal developments completed during 2007 included the commissioning of the new concrete pipe production plant in the Panhandle region of Florida and the completion of two major concrete pipe plant expansions in eastern Pennsylvania and Utah. Together these investments will result in increased capacity and lower manufacturing costs in three key markets.

Precast completed two acquisitions in 2007 – the acquisition of a plastic and polymer box manufacturer with plants in California, Kentucky and Ohio, expanding our national leadership position in concrete, polymer and concrete small box enclosures, and the purchase of a concrete manhole producer in Southern California, adding to our strong market position in that region.

Glass

The Glass group custom manufactures high-performance architectural glass and engineered aluminium glazing systems for multi-storey commercial, institutional and residential construction.

In June the Glass group acquired the Vistawall Group. With annual sales of US$323 million, Vistawall is a leading vertically-integrated manufacturer of a broad range of architectural aluminium glazing systems, including storefront systems, curtain wall, glass skylights, translucent roof and wall systems and operable windows. Headquartered in Terrell, Texas, Vistawall has 26 locations and a national footprint with sales in all 50 states. The acquisition of Vistawall provides scale and critical mass for Glass group's growth strategy to assemble a unique product and service bundle of architectural glass and architectural aluminium glazing systems. With an expanded network of 73 locations in 26 states and four Canadian provinces, the Glass group continues to be the largest supplier of high-performance glazing products and services in North America.

Trading conditions in the architectural glass market weakened in the second half of the year, although continued demand for high-performance energy-efficient architectural glass products and value-added fabrication services resulted in similar like-for-like sales and operating profit. This, combined with an excellent first-time contribution from Vistawall due to strong demand for storefront, curtain wall systems and operable windows, enabled the group to achieve a record performance in 2007.

MMI

MMI, acquired in April 2006, has 17 manufacturing plants and 59 distribution centres across 29 states plus a plant in Mexico.

Sales and profitability in its fencing division (which depends to an important degree on residential applications) declined significantly due to the dramatic fall in residential construction activity and price development which failed to keep up with increasing steel costs. The residential downturn also impacted certain product categories in the welded wire reinforcement division and this weakness was not sufficiently offset by demand from the commercial and infrastructure sectors. Although disappointing volumes and pricing were also factors for the construction accessories division (especially in the state of Florida), it performed relatively well for the year particularly in those products used in tilt-up wall construction and as anchoring systems for building facades and structural components. In light of market conditions, strong management actions are underway to rationalise MMI's cost structure and improve operating profit margins.

Distribution

Oldcastle Distribution, trading primarily as Allied Building Products ("Allied"), has 200 branches in 30 US states and 2 Mexican states, focused on major metropolitan areas. It comprises two divisions which supply contractor groups specialising in Roofing/Siding and Interior Products (wallboard, steel studs and acoustical ceiling systems).

Roofing/Siding is the group's traditional business and Allied is one of the top three distributors in this segment in the United States. Demand is largely influenced by residential replacement activity with the key products having an average life span of roughly 20 years. In 2005, we organised our fast-growing Interior Products operations, focused equally on the commercial and residential construction markets, into a separate division. We have

Left: Baylor University in Texas decided to incorporate their branded BU logo into every new project on campus. Baylor selected multiple colours of Belgard® Holland pavers to create the large logo at the entrance to its baseball and softball complex, complementing the existing traditional architecture found at the university.

Right: Vinyl siding being handled efficiently at a branch of Allied Building Products, CRH's Americas Distribution business. The multi-directional forklift facilitates greater productivity of warehouse space. Vinyl siding is the most popular residential exterior cladding material in most regions of the United States, and is an important product in Allied's Roofing/Siding division.

Strong margin management and targeted cost reduction, combined with acquisition contributions, limited the decline in US$ operating profit to just 6% – a good outcome in tough circumstances.

significantly expanded this segment and, with the recent acquisition of Acoustical Materials Services in the western United States and Baja California, Mexico, Interior Products accounts for approximately 47% of annualised Distribution sales and we are now the third largest Interior Products distributor in the United States. Key to Oldcastle Distribution's success is its well-trained, highly motivated workforce and strategically-focused organisational structure, supported by superior IT.

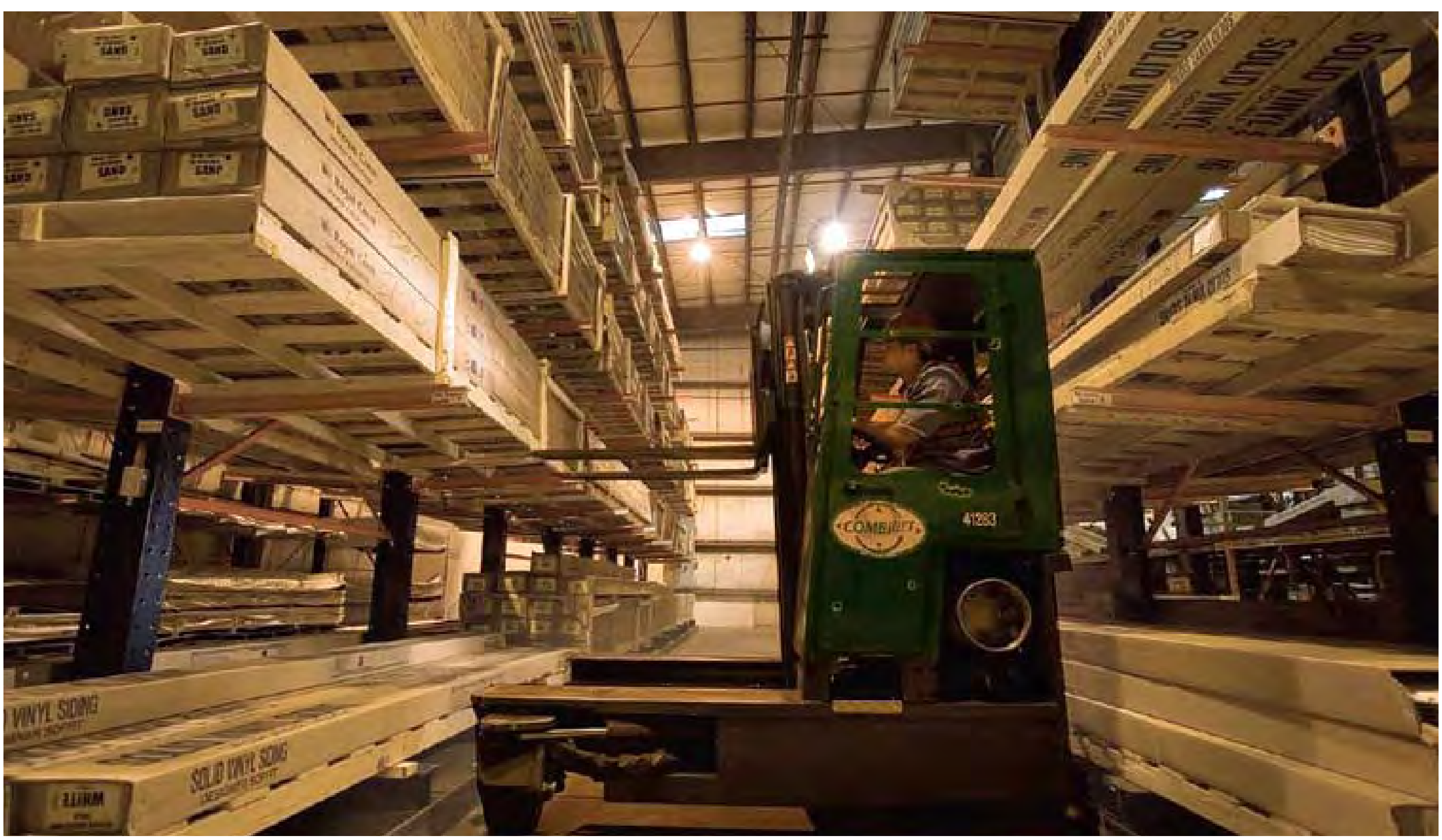
2007 was a challenging year for Americas Distribution in both its business sectors. Roofing/Siding demand declined in almost all areas reflecting the downturn in both new and remodel activity. Florida was particularly impacted due to the absence of extensive 2006 roofing/siding repair activity which followed active hurricane seasons in both 2004 and 2005. Hawaii and the Pacific Northwest were the bright spots for the year. Interior Products performed well despite a generally weakening background and significant price deflation in gypsum wallboard and, with the benefits of good contributions from acquisition activity in recent years particularly in Hawaii, Texas and North Carolina, profits were maintained. Against this backdrop, full year operating profit for Americas Distribution declined by 26% before translation effects; while down from the record 2006 level, the operating margin of 5.3% was resilient in the circumstances.

South America

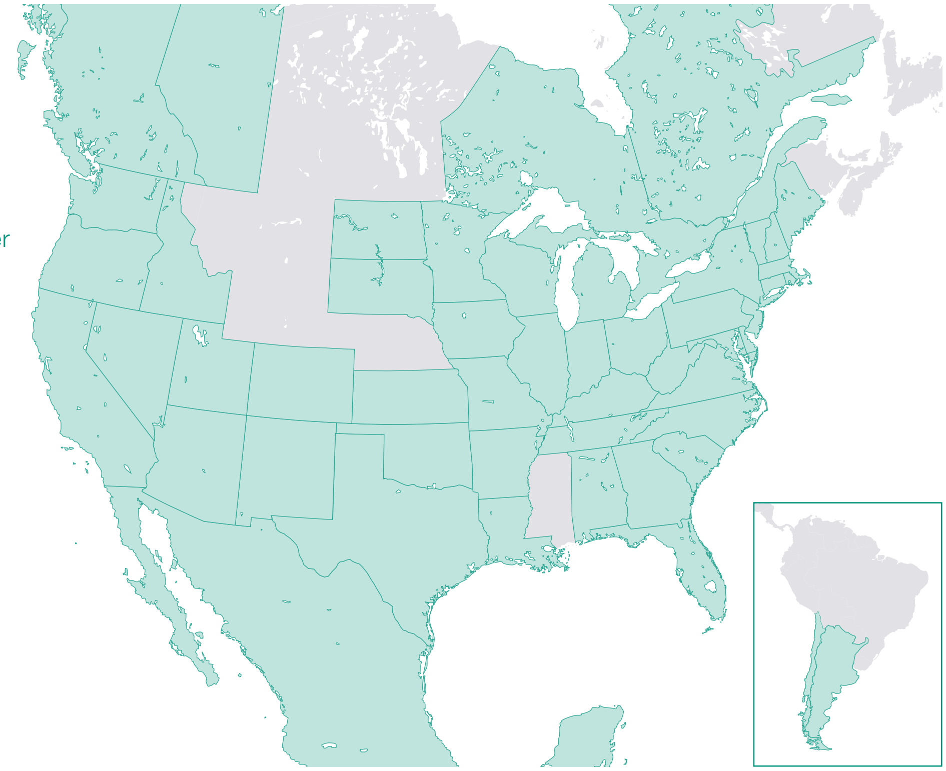
Our operations in Argentina and Chile had another record year in a robust regional economic environment. In Argentina, the recent capacity expansion made in our ceramic tile business resulted in further strong gains in sales and profits. Our Chilean glass business performed extremely well and the new state-of-the-art laminating facility remains on track for start up in March 2008.

Outlook 2008

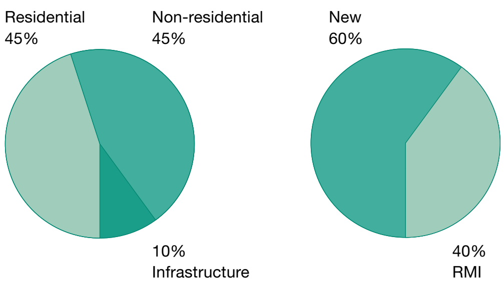
New United States residential demand is forecast to show further declines in 2008 and the timing and pace of a recovery is not clear given the continued uncertainty in credit markets. Residential repair, maintenance and improvement activity is historically less cyclical and is expected to remain close to 2007 levels. Following good momentum in 2007, non-residential construction looks likely to moderate later in 2008. Benefits from acquisitons, improvements made in 2007, and further targeted cost reductions measures will mitigate the effects of an overall weaker market, and we look to a slightly lower US$ outcome for our Products and Distribution activities.



The Americas Products & Distribution Division operates primarily in the United States and has a significant presence in Canada. Its product groups – Architectural Products, Precast, Glass, MMI and Distribution – all have leading positions in national and regional markets. The Division is also a leading producer of clay tile products in Argentina and operates glass fabrication businesses in Argentina and Chile. Employees total approximately 24,000 at almost 600 locations.



Product end-use (EBITDA)



Activities		Market leadership positions
Concrete masonry, patio products, pavers and rooftiles *Canada, United States*	**13.4m tonnes***	No. 1 in masonry, paving and patio in United States No. 1 in paving and patio in Canada
Prepackaged concrete mixes *United States*	**2m tonnes***	No. 2 United States
Clay bricks, pavers and tiles *Argentina, United States*	**1.3m tonnes***	No. 1 brick producer in northeast and midwest United States No. 1 in rooftiles in Argentina No. 2 wall and floor tiles in Argentina
Precast concrete products *Canada, United States*	**2.4m tonnes***	No. 1 United States
Glass fabrication *Argentina, Canada, Chile, United States*	**12.5m square metres***	No. 1 in architectural glass fabrication in North America
Aluminium Glazing Systems *Canada, United States*	**n/a**	No. 1 in custom-engineered aluminium glazing systems in North America
Construction accessories *United States*	**n/a**	No. 1 United States
Welded wire reinforcement *United States*	**n/a**	No. 2 fencing distributor and manufacturer United States
Fencing products *United States*	**11.8m lineal metres**	No. 3 roofing/siding distributor United States
Roofing/Siding *United States*	**135 branches**	No. 3 interior products distributor United States
Interior products *Mexico, United States*	**65 branches**	

*CRH share of annualised production volumes.

Finance Review

Myles Lee

Results

CRH performed robustly in 2007 with growth in reported sales of 12%, in operating profit of 18% and in pre-tax profit of 19%. The key components of 2007 performance are analysed in Table 1.

Exchange Translation Effects

2007 saw a sharp decline in the value of the US Dollar with the average US$/euro rate of 1.3705 for 2007 being 8% weaker versus the euro than in 2006 (1.2556). This combined with movements in average exchange rates for our other operating currencies resulted in an adverse translation impact of €67 million at profit before tax level. The average and year-end exchange rates used in the preparation of CRH's financial statements are included under Accounting Policies on page 63 of this Report.

Incremental Impact of 2006 Acquisitions

2006 acquisitions contributed incremental operating profit of €121 million on sales of €1,636 million, an effective incremental operating profit margin of approximately 7%.

In Europe, 2006 acquisitions generated an incremental €27 million in operating profit on sales of €245 million to give a margin of approximately 11%. This primarily arose in Product operations and mainly reflected the impact of the Halfen-Deha Construction Accessories acquisition completed in May and the AVZ Roller Shutters & Awnings purchase finalised in August together with 11 other Products acquisitions spread throughout 2006.

In the Americas, 2006 acquisitions contributed an incremental €94 million in operating profit on sales of €1,391 million, with the incremental operating profit margin of approximately 7% reflecting inherently low margins in both APAC, acquired by Americas Materials in August 2006, and in our MMI platform acquired by Americas Products in April. APAC exceeded expectations in 2007 contributing almost all of the incremental €80 million in operating profit and €1,002 million in sales generated by 2006 Materials acquisitions. In Products, MMI had a tough year as the downturn in new housing particularly impacted its residential-orientated fencing activities. As a result the incremental operating profit impact from 2006 Products acquisitions was slightly negative on incremental sales of €226 million. However, 2006 Distribution acquisitions contributed strongly delivering incremental operating profit of €15 million on sales of €163 million.

Incremental Impact of 2007 Acquisitions

The incremental impact from 2007 acquisitions amounted to €101 million in operating profit and €1,215 million in sales, an effective operating margin of just over 8%.

2007 acquisitions by our European-based operations contributed an incremental €76 million in operating profit and €861 million in sales, a margin of approximately 9%. Our Materials operations benefited from acquisitions in Poland, Portugal, Turkey and China and from the buy-out of the outstanding 55% stake

Table 1 Key Components of 2007 Performance

€ million	Revenue	Operating profit	Profit on disposals	Trading profit	Finance costs	Associates' PAT	Pre-tax profit
2006 as reported	**18,737**	**1,767**	**40**	**1,807**	**(252)**	**47**	**1,602**
Exchange effects	(834)	(79)	(1)	(80)	13	-	(67)
2006 at 2007 exchange rates	**17,903**	**1,688**	**39**	**1,727**	**(239)**	**47**	**1,535**
Incremental impact in 2007 of:							
– 2006 acquisitions	1,636	121	-	121	(64)	1	58
– 2007 acquisitions	1,215	101	-	101	(42)	-	59
Non-recurring items	-	12	-	12	-	-	12
Ongoing operations	238	164	18	182	42	16	240
2007 as reported	**20,992**	**2,086**	**57**	**2,143**	**(303)**	**64**	**1,904**
% change as reported	+12%	+18%		+19%			+19%

in Cementbouw bv, following which responsibility for this business passed from Europe Products to Europe Materials. Materials acquisitions added €34 million in operating profit and €210 million in sales to the 2007 outcome. The acquisition in May of Gétaz Romang, the publicly-quoted Swiss builders merchanting group, was the major contributor to the very strong incremental impact from 2007 Distribution acquisitions – €36 million in operating profit on sales of €566 million. The contribution from 2007 acquisitions undertaken by Europe Products – €6 million in operating profit on sales of €85 million – is stated net of the impact of transfer of responsibility for Cementbouw bv to Europe Materials effective end-August 2007.

2007 acquisitions in the Americas, which were mainly concentrated in the second half of the year, contributed an incremental €25 million in operating profit on sales of €354 million, with acquisitions across Materials and Products operations accounting for the bulk of the total impact.

CRH's 2008 results are expected to reflect a significant incremental impact from 2007 acquisitions which combined added annual sales of approximately €2.7 billion.

Non-recurring Items

In 2006 two non-recurring items affecting our Europe Products & Distribution businesses had a net adverse impact of €12 million on reported profits. Their absence in 2007 is reflected in the movement in non-recurring items in Table 1.

Ongoing Operations

2007 organic sales growth amounted to €238 million, a growth rate of just over 1% compared with 9% in 2006. Overall organic sales growth in Europe of 8% was substantially offset by a decline of 5% in the Americas; this compared with 2006 which saw organic sales growth of approximately 7% in Europe and almost 12% in the Americas. Despite the lower overall organic sales growth, underlying operating profit progress maintained strong momentum with an increase of €164 million (2006: €201 million).

Our European operations generated underlying operating profit growth of €178 million on an underlying sales increase of €694 million to give an effective margin of 26%. Our Materials businesses performed strongly through the year, with particularly strong markets in central and eastern countries, delivering an underlying operating profit increase of €125 million. Our Products & Distribution operations both enjoyed very strong first half growth but, with a slower economic backdrop in core Eurozone markets, underlying second half performance was slightly below a strong second half in 2006. For the year as a whole, underlying operating profit advanced by €30 million in Products and €23 million in Distribution.

Our operations in the Americas had a challenging year but successfully limited the decline in like-for-like operating profit to just €14 million despite a €456 million decline in underlying sales. The Materials Division achieved significant success in recovering higher energy and other input costs to report an excellent €42 million advance in underlying operating profit. Despite a turbulent backdrop in financial and housing markets, growth in non-residential construction markets and profit improvement measures limited the like-for-like operating profit reduction in our Products activities to just €17 million. Our Distribution operations suffered from the decline in residential construction and significant price deflation in gypsum wallboard and underlying operating profit was €39 million lower.

Operating Profit Margins

Structurally low operating margins in the two major 2006 acquisitions, APAC and MMI, together with 2006 restructuring charges at APAC plus the impact of non-recurring items outlined above, affect comparisons of reported Group and segmental operating profit margins for 2006 and 2007. The table below compares the reported operating profit margins with margins excluding APAC, MMI and the non-recurring items in order to provide a fuller appreciation of CRH's 2007 operating performance.

Profit on Disposal of Fixed Assets, Finance Costs, Taxation, Earnings per Share, Dividend

Profit on disposal of fixed assets of €57 million was well ahead of 2006 (€40 million) and it is expected that disposal of surplus properties will be an ongoing feature of the Group's activities.

While the substantial acquisition activity over the past two years resulted in a significant increase in net finance costs to €303 million (2006: €252 million), EBITDA/net interest cover for the year remained very comfortable at 9.4 times (2006: 9.7 times).

The tax charge at 24.5% of Group profit before tax increased compared with 2006 (23.6%). The reduction in the share of profits from minority interests mainly reflects the exercise early in 2007 of our call option to acquire the remaining 50% of Paver Systems in Florida. Prior to this, results for Paver Systems had been fully consolidated with the appropriate 50% share of profits included in minorities.

Earnings per share grew by 17% while cash earnings per share was ahead by 15%.

The 31% total dividend increase for 2007 to 68 cent follows a 33% increase in 2006 and reflects the second step in a phased reduction in dividend cover which aims to achieve cover of the order of 3.5 times for the 2008 financial year.

Table 2 Operating Profit Margin Data

	Excluding APAC/MMI and non-recurring items		Reported	
	2007	**2006**	**2007**	**2006**
Europe Materials	16.1%	14.2%	16.1%	14.2%
Europe Products	8.5%	7.9%	8.5%	6.9%
Europe Distribution	6.2%	5.5%	6.2%	6.2%
Americas Materials	12.1%	11.2%	10.5%	9.9%
Americas Products	11.0%	11.3%	9.7%	10.5%
Americas Distribution	5.3%	7.1%	5.3%	7.1%
Group	**10.4%**	**9.9%**	**9.9%**	**9.4%**

CRH delivered strongly on all fronts in 2007; with robust cash generation the Group remains very well positioned to pursue a strong development pipeline, continue the phased reduction in dividend cover and the current limited share repurchase programme, while maintaining CRH's investment grade credit rating.

Table 3 Compound Average Growth Rates

	5-year	10-year
Sales*	14%	17%
EBITDA*	14%	20%
Earnings per share*	17%	16%
Cash earnings per share*	13%	16%
Net dividend	22%	18%

** Due to the implementation of IFRS these percentage increases have been calculated by combining earlier percentage increases computed under Irish GAAP with the relevant percentage increases since 2005 computed under IFRS.*

Table 4 Key Financial Performance Indicators

	2007	2006
Interest cover, excluding joint ventures		
– EBITDA basis (times)	9.4	9.7
– EBIT basis (times)	6.9	7.0
Effective tax rate (%)*	24.5	23.6
Net debt as a percentage of total equity (%)	64.4	63.2
Net debt as a percentage of year-end market capitalisation (%)	39.6	26.2
Return on average capital employed (%)*	16.1	15.4
Return on average equity (%)*	19.0	18.4

EBITDA – earnings before finance costs, tax, depreciation and intangible asset amortisation

EBIT – earnings before finance costs and tax (trading profit)

**Effective tax rate excludes associates*

Table 5 Cash Flow

€ million	2007	2006
Inflows		
Profit before tax	1,904	1,602
Depreciation	739	664
Amortisation of intangibles	35	25
Working capital	227	(76)
	2,905	2,215
Outflows		
Taxation	(388)	(378)
Dividends	(318)	(222)
Capital expenditure	(1,028)	(832)
Other	(81)	(51)
	(1,815)	(1,483)
Operating cash flow	**1,090**	**732**
Acquisitions & investments	(2,227)	(2,311)
Disposals	156	252
Share issues (net of expenses)	104	112
Ordinary Shares purchased, net	(31)	(15)
Translation adjustment	237	187
Increase in net debt	**(671)**	**(1,043)**
Opening net debt	(4,492)	(3,449)
Closing net debt	**(5,163)**	**(4,492)**

The 2007 dividend was covered 3.9 times (2006: 4.3 times and 2005: 4.8 times).

The strong growth in sales, earnings before interest, tax, depreciation and amortisation (EBITDA), earnings per share and cash earnings per share and net dividend, over a five-year and ten-year period, are highlighted in Table 3.

Financial Performance Indicators

Some key financial performance indicators which, taken together, are a measure of performance and financial strength are set out in Table 4.

Interest cover measures remain very comfortable with 2007 EBITDA/net interest cover of 9.4 times more than double the 4.5 times minimum provided for in our banking covenants.

Year-end net debt of €5,163 million was €671 million higher than end-2006 resulting in an increase in the percentage of net debt to total equity. With a lower market capitalisation, the debt to market capitalisation ratio showed a proportionately greater increase.

Overall Group return on average capital employed increased to 16.1%.

The acquisition spend of over €4 billion delivered in 2006 and 2007 has made greater use of the Group's significant debt capacity contributing to an improvement in the Group's return on equity to 19.0%.

Cash Generation

While spending a total of over €3.25 billion on acquisitions, investments and capital projects, the strong cash generation characteristics of the Group limited the increase in net debt to €0.7 billion, helped by a positive translation adjustment of €0.2 billion. Table 5 summarises CRH's cash flows for 2007 and 2006.

The increased charges for depreciation and amortisation of intangible assets mainly reflect the impact of acquisitions completed in 2006 and 2007.

A continuing strong focus on working capital management across the Group's heritage operations combined with a significant reduction in working capital levels at APAC, associated with the scaling back of its low margin contracting activities, resulted in a working capital inflow for the year of €227 million compared with a €76 million outflow in 2006.

Taxation payments were slightly higher than in 2006.

The increase in dividend cost reflects the 39% increase in the final 2006 dividend and the 48% increase in the interim 2007 dividend both of which were paid during the course of 2007.

Capital expenditure of €1,028 million represented 4.9% of Group turnover (2006: 4.4%) and amounted to 1.39 times depreciation (2006: 1.25 times). Of the total capital expenditure 50% was invested in Europe with 50% in the Americas.

The caption denoted "Other" mainly reflects the elimination of non-cash income items, mainly share of associates' profits and profit on disposal of fixed assets, and non-cash expense items such as IFRS share based compensation expense, which are included in arriving at profit before tax.

2007 saw a record €2.2 billion spend on acquisitions and investments. This compared with a net €2.1 billion in 2006 after adjusting the reported gross spend of €2.3 billion for subsequent selective APAC asset disposals of approximately €0.2 billion.

Proceeds from share issues principally reflect the take-up of shares in lieu of dividends under the Company's scrip dividend scheme (€68 million, 2006: €25 million) augmented by issues under Group share option and share participation schemes of €36 million (2006: €87 million).

Purchase of shares reflects the purchase of existing shares in respect of the Performance Share Plan (€10 million) and purchases to satisfy the exercise of share options during the year (€21 million net of proceeds from exercise of options). In 2006 shares were purchased in respect of the Performance Share Plan only.

Exchange rate movements during 2007 reduced the euro amount of net foreign currency debt by €237 million principally due to the 12% revaluation of the euro against the US Dollar from 1.3170 at end-2006 to 1.4721 at end-2007. The favourable translation adjustment in 2006 also reflected a 12% revaluation of the euro versus the US Dollar from 1.1797 at end-2005 to 1.3170 at end-2006.

Year-end net debt of €5,163 million (2006: €4,492 million) includes €164 million (2006: €248 million) in respect of the Group's proportionate share of net debt in joint venture undertakings. The reduction reflects the fact that following the August 2007 buy-out of the remaining 55% of Cementbouw bv its net debt is no longer included in the joint venture total.

Employee Benefits

In compliance with IFRS, the net assets and actuarial liabilities (excluding related deferred taxation) of the defined benefit pension schemes operated by various Group companies, computed in accordance with IAS 19, have been included on the face of the balance sheet under retirement benefit obligations. At end-2007, retirement benefit obligations amounted to €95 million (2006: €262 million); after deducting deferred tax the net liability amounted to €62 million (2006: €177 million). The net liability represented 0.5% of CRH's year-end 2007 market capitalisation (2006: 1.0%).

Share Price and Share Repurchase Programme

The Company's Ordinary Shares traded in the range €21.92 to €38.20 during 2007. The year-end share price was €23.85 (2006: €31.54). Shareholders recorded a negative gross return of -23% (dividends and capital depreciation) during 2007 following returns of +29% in 2006, +28% in 2005 and +23% in 2004.

Subsequent to year-end, on 3rd January 2008, CRH introduced a share repurchase programme limited to 5% of the 547 million Ordinary Shares then in issue. To date, 6 million shares have been repurchased at an average price of €25. These shares are held as Treasury Shares.

CRH is one of six building materials companies included in the FTSE Eurotop 300, a market-capitalisation-weighted index of Europe's largest 300 companies. At year-end 2007 CRH's market capitalisation of €13.1 billion (2006: €17.1 billion) placed it among the top 6 building materials companies worldwide.

Insurance

Group headquarters advises management on different aspects of risk and monitors overall safety and loss prevention performance; operational management is responsible for the day-to-day management of business risks. Insurance cover is held for all significant insurable risks and against major catastrophe. For any such events, the Group generally bears an initial cost before external cover begins.

Legal Proceedings

Group companies are parties to various legal proceedings, including some in which claims for damages have been asserted against the companies. The final outcome of all the legal proceedings to which Group companies are party cannot be accurately forecast. However, having taken appropriate advice, we believe that the aggregate outcome of such proceedings will not have a material effect on the Group's financial condition, results of operations or liquidity.

Financial Risk Management

The Board of Directors sets the treasury policies and objectives of the Group, which include controls over the procedures used to manage financial market risks. These are set out in detail in note 23 to the financial statements.

Interest rate and debt/liquidity management
At the end of 2007, 46% of the Group's net debt was at interest

rates which were fixed for an average period of 4.8 years. The euro accounted for approximately 38% of net debt at the end of 2007 and 48% of the euro component of net debt was at fixed rates. The US Dollar accounted for approximately 47% of net debt at the end of 2007 and 53% of the US Dollar component of net debt was at fixed rates.

The Group finished the year in a very strong financial position with 97% of the Group's gross debt drawn under committed term facilities, 94% of which mature after more than one year. In addition, at year-end the Group held €1.6 billion of undrawn committed facilities, which had an average maturity of 1.3 years.

At year-end 2007, 92% of the Group's cash, short-term deposits and liquid resources had a maturity of six months or less.

Currency management
The bulk of the Group's net worth is denominated in the world's two largest currencies – the US Dollar and the euro – which accounted for 43% and 35% respectively of the Group's net worth at end-2007.

2007 saw a negative €410 million currency translation effect on foreign currency net worth mainly arising on US Dollar net assets. This negative effect is stated net of a €237 million positive translation impact on net foreign currency debt.

Sarbanes-Oxley Act

As a result of its NYSE Listing, CRH is subject to the provisions of Section 404 of the Sarbanes-Oxley Act of 2002, which requires management to perform an annual assessment of the effectiveness of internal control over financial reporting and to report its conclusions in the Company's Annual Report on Form 20-F, filed with the Securities and Exchange Commission. For the year ended 31st December 2006, management concluded that the Company's internal control over financial reporting was effective. As required by US law, Ernst & Young audited management's assessment and the effectiveness of the Company's controls over financial reporting and issued an unqualified opinion with regard to the effectiveness of management's assessment and of the Company's financial controls.

Management's assessment and the auditors' report on the effectiveness of internal controls for the year ended 31st December 2007 will be included in the 2007 Annual Report on Form 20-F which will be filed later in the year.

Board of Directors

Board Committees

Acquisitions

K. McGowan, Chairman
M. Lee
T.V. Neill
D.N. O'Connor
W.I. O'Mahony

Audit

J.M. de Jong, Chairman
T.V. Neill
D.N. O'Connor
J.M.C. O'Connor

Finance

K. McGowan, Chairman
U-H. Felcht
D.M. Kennedy
M. Lee
W.I. O'Mahony

Nomination

K. McGowan, Chairman
W.P. Egan
U-H. Felcht
N. Hartery
D.M. Kennedy
W.I. O'Mahony

Remuneration

D.M. Kennedy, Chairman
W.P. Egan
U-H. Felcht
N. Hartery
K. McGowan

Senior Independent Director

D.M. Kennedy

The photograph above shows members of the Board during a visit to APAC's Oklahoma quarry in June 2007.

Left to right:

T.V. Neill * MA, MSc

Terry Neill became a non-executive Director in January 2004. He was, until August 2001, Senior Partner in Accenture and had been Chairman of Accenture/Andersen Consulting's global board. He is a member of the Court of Bank of Ireland. He is also a member of the Governing Body of the London Business School, where he is Chair of the Finance Committee, and of the Trinity Foundation Board. (Aged 62).

W.I. O'Mahony BE, BL, MBA, FIEI

Chief Executive
Liam O'Mahony joined CRH in 1971. He has held senior management positions including Chief Operating Officer of the United States 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 became Group Chief Executive in January 2000. He is a director of Smurfit Kappa Group plc, and a member of The Irish Management Institute Council and of the Harvard Business School European Advisory Board. (Aged 61).

J.M. de Jong *

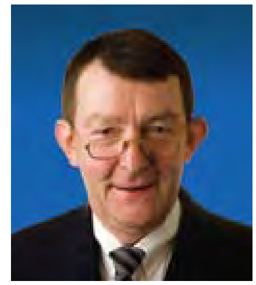
Jan Maarten de Jong, a Dutch national, became a non-executive Director in January 2004. He is Vice Chairman of the Supervisory Board of Heineken N.V. He is a former member of the Managing Board of ABN Amro Bank N.V. and continued to be a Special Advisor to the board of that company until April 2006. He also holds a number of other directorships of European companies including AON Groep Nederland B.V. (Aged 62).

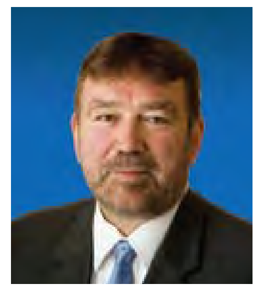
K. McGowan *

Chairman
Kieran McGowan became Chairman of CRH in 2007 having been a non-executive Director since 1998. He retired as Chief Executive of IDA Ireland in December 1998. He is a director of a number of companies including Elan Corporation plc, Enterprise Ireland, Irish Life & Permanent plc and United Drug plc. He is also Chairman of the Governing Authority of University College Dublin. (Aged 64).

D.N. O'Connor * BComm, FCA

Dan O'Connor became a non-executive director in June 2006. He was, until March 2006, President and Chief Executive Officer of GE Consumer Finance – Europe and a Senior Vice-President of GE. He is a director of Allied Irish Banks, p.l.c. (Aged 48).





J.M.C. O'Connor * B.Soc.Sc., M.Soc.Sc., PhD

Joyce O'Connor became a non-executive Director in June 2004. She is President Emeritus of the National College of Ireland. She currently chairs the Digital Hub Development Agency, the National Guidance Forum and the Dublin Inner City Partnership. She is a non-executive director of the Hugh Lane Gallery and Caring for Carers Association. She is a board member of the National Centre for Partnership and Performance, a Council Member of the Dublin Chamber of Commerce and an Eisenhower Fellow. (Aged 60).

T.W. Hill BA, MBA

Chief Executive Officer
Oldcastle, Inc.
Tom Hill joined CRH in 1980. He was appointed President of Oldcastle Materials, Inc. in 1991 and became its Chief Executive Officer in January 2000. He was appointed to his current position with effect from July 2006. A United States citizen, he is responsible for the Group's materials, products and distribution businesses in the Americas. He was appointed a CRH Board Director in January 2002. (Aged 51).

W.P. Egan *

Bill Egan became a non-executive Director in January 2007. He is founder and general partner of Alta Communications, a venture capital company headquartered in Boston. He is Past President and Chairman of the National Venture Capital Association and is a trustee of the University of Pennsylvania and a member of the board of overseers of the Wharton School of Finance at the University of Pennsylvania. He is a director of Cephalon, Inc., the Irish venture capital company Delta Partners Limited and also serves on the boards of several privately held communications, cable and information technology companies. (Aged 62).

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 Bon Secours Health System Limited, Drury Communications Limited and Pimco Funds Global Investors Series plc. He was formerly Chief Executive of Aer Lingus plc. (Aged 69).

M. Lee BE, FCA

Finance Director
Myles Lee joined CRH in 1982. Prior to this he worked in a professional accountancy practice and in the oil industry. He was appointed General Manager Finance in 1988 and became Finance Director in November 2003.
(Aged 54).

U-H. Felcht *

Utz-Hellmuth Felcht became a non-executive Director in July 2007. A German national, he was, until May of 2006, Chief Executive of Degussa GmbH, Germany's third largest chemical company. He is on the board of CIBA AG and is a partner in the private equity group One Equity Europe GmbH. He is a member of the Advisory Board of Hapag-Lloyd and of the Supervisory Board of SGL Carbon AG.
(Aged 60).

N. Hartery * CEng, FIEI, MBA

Nicky Hartery became a non-executive Director in June 2004. He is Vice President of Manufacturing, Business Operations and Customer Experience for Dell Europe, the Middle East and Africa. Prior to joining Dell, he was Executive Vice President at Eastman Kodak and previously held the position of President and CEO at Verbatim Corporation, based in the United States. (Aged 56).

*Non-executive

CRH has primary listings on the Irish and London Stock Exchanges and its ADRs are listed on the New York Stock Exchange (NYSE).

The Directors are committed to maintaining the highest standards of corporate governance and this statement describes how CRH applies the main and supporting principles of section 1 of the Combined Code on Corporate Governance (June 2006) published by the Financial Reporting Council in the UK.

Board of Directors

Role
The Board is responsible for the leadership and control of the Company. There is a formal schedule of matters reserved to the Board for consideration and decision. This includes Board appointments, approval of strategic plans for the Group, approval of financial statements, the annual budget, major acquisitions and significant capital expenditure, and review of the Group's system of internal controls.

The Board has delegated responsibility for the management of the Group, through the Chief Executive, to executive management. The roles of Chairman and Chief Executive are not combined and there is a clear division of responsibilities between them, which is set out in writing and has been approved by the Board. The Chief Executive is accountable to the Board for all authority delegated to executive management.

The Board has also delegated some of its responsibilities to Committees of the Board. Individual Directors may seek independent professional advice, at the expense of the Company, in the furtherance of their duties as a Director.

The Group has a policy in place which indemnifies the Directors in respect of legal action taken against them.

Membership
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 three executive and nine non-executive Directors. Biographical details are set out on pages 40 and 41. The Board considers that, between them, the Directors bring the range of skills, knowledge and experience, including international experience, necessary to lead the Company.

Directors are appointed for specified terms and subject to the Memorandum and Articles of Association of the Company.

All of the Directors bring independent judgement to bear on issues of strategy, performance, resources, key appointments and standards. The Board has determined that each of the non-executive Directors is independent. In reaching that conclusion, the Board considered the principles relating to independence contained in the Combined Code and the guidance provided by a number of shareholder voting agencies. Those principles and guidance address a number of factors that might appear to affect the independence of Directors, including former service as an executive, extended service on the Board and cross-directorships. However, they also make clear that a Director may be considered independent notwithstanding the presence of one or more of these factors. This reflects the Board's view that independence is determined by a Director's character, objectivity and integrity. Where relevant, the Board took account of these factors and in each case was satisfied that the Director's independence was not compromised.

Chairman
Mr. Kieran McGowan succeeded Mr. Pat Molloy as Chairman on Mr. Molloy's retirement following the Annual General Meeting on 9th May 2007. On his appointment as Chairman, Mr. McGowan met the independence criteria set out in the Combined Code. The Chairman is responsible for the efficient and effective working of the Board. He ensures that Board agendas cover the key strategic issues confronting the Group; that the Board reviews and approves management's plans for the Group; and that Directors receive accurate, timely, clear and relevant information. While Mr. McGowan holds a number of other directorships (see details on page 40), the Board considers that these do not interfere with the discharge of his duties to CRH.

Senior Independent Director
The Board has appointed Mr. David Kennedy as the Senior Independent Director. Mr. Kennedy is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive or Finance Director. On Mr. Kennedy's retirement from the Board on 7th May 2008, Mr. Nicky Hartery will take on the role of Senior Independent Director.

Company Secretary
The appointment and removal of the Company Secretary is a matter for the Board. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with.

Terms of appointment
The standard terms of the letter of appointment of non-executive Directors is available, on request, from the Company Secretary.

Induction and development
New Directors are provided with extensive briefing materials on the Group and its operations. Directors meet with key executives and, in the course of twice-yearly visits by the Board to Group locations, see the businesses at first hand and meet with local management teams.

Remuneration
Details of remuneration paid to the Directors (executive and non-executive) are set out in the Report on Directors' Remuneration on pages 48 to 55.

Share ownership and dealing
Details of the shares held by Directors are set out on page 55.

CRH has a policy on dealings in securities that applies to Directors and senior management. Under the policy, Directors are required to obtain clearance from the Chairman and Chief Executive before dealing in CRH shares. Directors and senior management are prohibited from dealing in CRH shares during designated prohibited periods and at any time at which the individual is in possession of price-sensitive information. The policy adopts the terms of the Model Code, as set out in the Listing Rules published by the UK Listing Authority and the Irish Stock Exchange.

Performance appraisal
The Senior Independent Director conducts an annual review of corporate governance, the operation and performance of the Board and its Committees and the performance of the Chairman. This is achieved through discussion with each Director.

A review of individual Directors' performance is conducted by the Chairman and each Director is provided with feedback gathered from other members of the Board. Performance is assessed against a number of measures, including the ability of the Director to contribute to the development of strategy, to understand the major risks affecting the Group, to contribute to the cohesion of the Board, to commit the time required to fulfil the role, and to listen to and respect the views of other Directors and the management team.

Directors' retirement and re-election
The Board has determined that when a non-executive Director has served on the Board for more than nine years, that Director will be subject to annual re-election. Of the remaining Directors, at least one-third retire at each Annual General Meeting and Directors must submit themselves to shareholders for re-election every three years. Re-appointment is not automatic. Directors who are seeking re-election are subject to a performance appraisal, which is overseen by the Nomination Committee.

Directors appointed by the Board must submit themselves to shareholders for election at the Annual General Meeting following their appointment.

Board succession planning
The Board plans for its own succession with the assistance of the Nomination Committee. In so doing, the Board considers the skill, knowledge and experience necessary to allow it to meet the strategic vision for the Group.

The Board engages the services of independent consultants to undertake a search for suitable candidates to serve as non-executive Directors.

Meetings
There were eight full meetings of the Board during 2007. Details of Directors' attendance at those meetings are set out in the table on page 45. The Chairman sets the agenda for each meeting, in consultation with the Chief Executive and Company Secretary. Two visits are made each year by the Board to Group operations; one in Europe and one in North America. Each visit lasts between three and five days and incorporates a scheduled Board meeting. In 2007, these visits were to Poland and to Texas, Oklahoma and Arkansas in the United States. Additional meetings, to consider specific matters, are held when and if required. Board papers are circulated to Directors in advance of meetings.

The non-executive Directors met twice during 2007 without executives being present.

Committees
The Board has established five permanent Committees to assist in the execution of its responsibilities. These are the Acquisitions Committee, the Audit Committee, the Finance Committee, the Nomination Committee and the Remuneration Committee. Ad hoc committees are formed from time to time to deal with specific matters.

Each of the permanent Committees has terms of reference, under which authority is delegated to them by the Board. The terms of reference are available on the Group's website, www.crh.com. The Chairman of each Committee reports to the Board on its deliberations and minutes of all Committee meetings are circulated to all Directors.

The current membership of each Committee is set out on page 40. Attendance at meetings held in 2007 is set out in the table on page 45.

Chairmen of the Committees attend the Annual General Meeting and are available to answer questions from shareholders.

During the year each of the relevant Committees reviewed its performance and terms of reference.

The role of the *Acquisitions Committee* is to approve acquisitions and capital expenditure projects within limits agreed by the Board.

The *Audit Committee* consists of four non-executive Directors, considered by the Board to be independent. The Board has determined that Mr. Jan Maarten de Jong, Mr. Terry Neill and Mr. Dan O'Connor are the Committee's financial experts. It will be seen from the Directors' biographical details, appearing on pages 40 and 41, that the members of the Committee bring to it a wide range of experience and expertise.

The Committee met twelve times during the year under review. The Finance Director and the Head of Internal Audit normally attend meetings of the Committee, while the Chief Executive and other executive Directors attend when necessary. The external auditors attend as required and have direct access to the Committee Chairman at all times. During the year, the Committee met with the Head of Internal Audit and with the external auditors in the absence of management.

The main role and responsibilities are set out in written terms of reference and include:

- monitoring the integrity of the Group's financial statements and reviewing significant financial reporting issues and judgements contained therein;
- reviewing the effectiveness of the Group's internal financial controls;
- monitoring and reviewing the effectiveness of the Group's internal auditors;
- making recommendations to the Board on the appointment and removal of the external auditors and approving their remuneration and terms of engagement; and
- monitoring and reviewing the external auditors' independence, objectivity and effectiveness, taking into account professional and regulatory requirements.

These responsibilities are discharged as follows:

- the Committee reviews the trading statements issued by the Company in January and July;
- at a meeting in February, the Committee reviews the Company's preliminary results announcement/Annual Report and accounts. The Committee receives reports at that meeting from the external auditors identifying any accounting or judgemental issues requiring its attention;
- the Committee also meets with the external auditors to review the Annual Report on Form 20-F, which is filed annually with the United States Securities and Exchange Commission;
- in August, the Committee reviews the interim report;
- the external auditors present their audit plans in advance to the Committee;
- the Committee approves the annual internal audit plan;
- regular reports are received from the Head of Internal Audit on reviews carried out; and
- the Head of Internal Audit also reports to the Committee on other issues including, in the year under review, updates in relation to Section 404 of the Sarbanes-Oxley Act 2002 and the arrangements in place to enable employees to raise concerns, in confidence, in relation to possible wrongdoing in financial reporting or other matters.

As noted above, one of the duties of the Audit Committee is to make recommendations to the Board in relation to the appointment of the external auditors. A number of factors are taken into account by the Committee in assessing whether to recommend the auditors for re-appointment. These include:

- the quality of reports provided to the Audit Committee and the Board, and the quality of advice given;
- the level of understanding demonstrated of the Group's business and industry; and
- the objectivity of the auditors' views on the financial controls around the Group and their ability to co-ordinate a global audit, working to tight deadlines.

The Committee has put in place safeguards to ensure that the independence of the audit is not compromised. Such safeguards include:

- seeking confirmation that the auditors are, in their professional judgement, independent from the Group;
- obtaining from the external auditors an account of all relationships between the auditors and the Group;
- monitoring the number of former employees of the external auditors currently employed in senior positions in the Group and assessing whether those appointments impair, or appear to impair, the auditors' judgement or independence;
- considering whether, taken as a whole, the various relationships between the Group and the external auditors impair, or appear to impair, the auditors' judgement or independence; and

- reviewing the economic importance of the Group to the external auditors and assessing whether that importance impairs, or appears to impair, the external auditors' judgement or independence.

The Group has a policy governing the conduct of non-audit work by the auditors. Under that policy, the auditors are prohibited from performing services where the auditors:

- may be required to audit their own work;
- participate in activities that would normally be undertaken by management;
- are remunerated through a 'success fee' structure, where success is dependent on the audit; or
- act in an advocacy role for the Group.

Other than the above, the Group does not impose an automatic ban on the Group auditors undertaking non-audit work. The auditors are permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence, providing they have the skill, competence and integrity to carry out the work and are considered by the Committee to be the most appropriate to undertake such work in the best interests of the Group. The engagement of the external auditors to provide any non-audit services must be pre-approved by the Audit Committee or entered into pursuant to pre-approval policies and procedures established by the Committee.

The Group audit engagement partner rotates every five years. Details of the amounts paid to the external auditors during the year for audit and other services are set out in note 4 to the financial statements on page 72.

The *Finance Committee* advises the Board on the financial requirements of the Group and on appropriate funding arrangements.

The *Nomination Committee* assists the Board in ensuring that the composition of the Board and its Committees is appropriate to the needs of the Group by:

- assessing the skills, knowledge, experience and diversity required on the Board and the extent to which each are represented;
- establishing processes for the identification of suitable candidates for appointment to the Board; and
- overseeing succession planning for the Board and senior management.

To facilitate the search for suitable candidates to serve as non-executive Directors, the Committee uses the services of independent consultants.

During 2007, the Committee identified, and recommended to the Board, a suitable candidate for appointment as a non-executive Director. The Committee also reviewed succession planning at senior management level in the four operating Divisions.

The *Remuneration Committee*, which consists solely of non-executive Directors considered by the Board to be independent:

- determines the Group's policy on executive remuneration;
- determines the remuneration of the executive Directors;
- monitors the level and structure of remuneration for senior management; and
- reviews and approves the design of all share incentive plans.

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 Committee oversees the preparation of the Report on Directors' Remuneration.

In 2007, the Committee determined the salaries of the executive Directors and awards under the performance-related incentive plans; set the remuneration of the Chairman; and reviewed the remuneration of senior management. It also approved the award of share options to the executive Directors and key management and the conditional allocation of shares under the Performance Share Plan.

A *Succession Committee* has been appointed to make recommendations to the Board in relation to the appointment of a new Chief Executive to succeed Mr. Liam O'Mahony, whose retirement at the end of 2008 has been announced. The members of this committee are Mr. Kieran McGowan, Mr. Nicky Hartery, Mr. Jan Maarten de Jong, Mr. David Kennedy and Mr. Terry Neill.

Corporate Social Responsibility

Corporate Social Responsibility is embedded in all CRH operations and activities. Excellence in environmental, health, safety and social performance is a daily key priority of line management. Group policies and implementation systems are summarised on pages 8 and 9 and are described in detail in the CSR Report on the Group's website, www.crh.com. During 2007, CRH was again recognised by several key rating agencies as being among the leaders in its sector in respect of sustainability performance.

Code of Business Conduct

The CRH Code of Business Conduct is applicable to all Group employees and is supplemented by local codes throughout the Group's operations. The Code is available on the Group's website, www.crh.com. Regional hotline facilities are in place, to enable employees to report suspected breaches of the Code. The Board recently approved a new Code of Business Conduct, which will be rolled out to the operating companies during the course of 2008.

Communications with Shareholders

Communications with shareholders are given high priority and there is regular dialogue with institutional shareholders, as well as presentations at the time of the release of the annual and interim results. Conference calls are held following the issuance of trading statements and major announcements by the Group, which afford Directors the opportunity to hear investors' reactions to the announcements and their views on other issues.

Trading statements are issued in January and July. Major acquisitions are notified to the Stock Exchanges in accordance with the requirements of the Listing Rules. In addition, development updates, giving details of other acquisitions completed and major capital expenditure projects, are issued in January and July each year.

During 2007, the Board received reports from management on the issues raised by investors in the course of presentations following the annual and interim results.

The Group's website, www.crh.com, provides the full text of the Annual and Interim Reports, the Annual Report on Form 20-F, which is filed annually with the United States Securities and Exchange Commission, trading statements and copies of presentations to analysts and investors. News releases are made available in the News & Media 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. Notice of the Annual General Meeting is sent to shareholders at least 20 working days before the meeting. At the meeting, after each resolution has been dealt with, details are given of the level of proxy votes lodged, the balance for and against that resolution and the number of abstentions. This information is made available on the Company's website following the meeting.

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 a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Directors confirm that the Group's ongoing process for identifying, evaluating and managing its significant risks is in accordance with the updated Turnbull guidance (*Internal Control: Revised Guidance for Directors on the Combined Code*) published in October 2005. The process has been in place throughout the accounting period and up to the date of approval of the Annual Report and financial statements and is regularly reviewed by the Board.

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 the 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 material risks that could affect the Group's business (as outlined in the Directors' Report on pages 46 and 47), 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

In the period under review, CRH complied with the provisions set out in section 1 of the Combined Code. The Company also complied with the rules issued by the United States Securities and Exchange Commission to implement the Sarbanes-Oxley Act 2002, in so far as they apply to the Group.

Attendance at Board and Board Committee meetings during the year ended 31st December 2007

	Board		**Acquisitions**		**Audit**		**Finance**		**Nomination**		**Remuneration**	
	A	B	A	B	A	B	A	B	A	B	A	B
D.W. Doyle ***	4	4										
W.P. Egan *	8	8							2	2	3	3
U-H. Felcht ****	3	2							1	0	1	0
N. Hartery	8	7							3	3	5	5
T.W. Hill	8	8										
J.M. de Jong	8	8			12	10						
D.M. Kennedy	8	8					5	5	3	3	5	5
M. Lee	8	8	3	2			5	5				
K. McGowan	8	8	3	3	5	5	3	3	2	2	3	3
P.J. Molloy **	2	2	2	2			2	2	1	1		
T.V. Neill	8	8	1	1	7	7			1	1	2	2
D.N. O'Connor	8	8	3	2	12	12						
J.M.C. O'Connor	8	8			12	10						
W.I. O'Mahony	8	8	3	3			5	5	3	3		

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

** Appointed 1st January 2007*
*** Retired 9th May 2007*
**** Retired 30th June 2007*
***** Appointed 25th July 2007*

The Directors submit their Report and Financial Statements for the year ended 31st December 2007.

Accounts and Dividends

Sales revenue at €20,992 million was 12% higher than in 2006. Profit before tax amounted to €1,904 million, an increase of €302 million (19%) on the previous year. After providing for tax, Group profit for the financial year amounted to €1,438 million (2006: €1,224 million). Basic earnings per share amounted to 262.7c compared with 224.3c in the previous year, an increase of 17%.

An interim dividend of 20.0c (2006: 13.5c) per share was paid in November 2007. It is proposed to pay a final dividend of 48.0c per share on 12th May 2008 to shareholders registered at close of business on 18th March 2008. The total dividend of 68c compares with a dividend of 52c for 2006, an increase of 31%. Shareholders will have the option of receiving new shares in lieu of cash dividends.

Other net expense recognised directly within equity in the year amounted to €317 million (2006: €233 million).

Some key financial performance indicators are set out in the Finance Review on pages 35 to 39. The financial statements for the year ended 31st December 2007 are set out in detail on pages 58 to 115.

Books and Records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990, are kept by the Company. The Directors have appointed appropriate accounting personnel, including a professionally qualified Finance Director, in order to ensure that those requirements are met.

The books and accounting records of the Company are maintained at the principal executive offices located at Belgard Castle, Clondalkin, Dublin 22.

Business Review

Full year acquisition spend for 2007 was a record €2.2 billion, compared with €2.1 billion (net) in 2006, and €1.3 billion and €1 billion for 2005 and 2004 respectively. The nature and extent of these investments will make an important contribution to delivering further growth for the Group in the years ahead. First half expenditure of €1 billion comprised the acquisition of Swiss builders merchant Gétaz Romang completed in May; the purchase of a 50% stake in Denizli Cement in Turkey and the buyout of the remaining 50% of Paver Systems in the United States announced in April; the acquisition of Harbin Sanling Cement in China announced in February plus 31 other initiatives announced in the July Development Strategy Update. Second half spending of €1.2 billion included the August buyout of the remaining 55% of Cementbouw bv in the Netherlands; completion of four separate transactions by the Americas Materials Division as announced in September; the purchase of certain Cemex assets in Florida and Arizona announced in late November plus a strong flow of traditional CRH development opportunities outlined in the Development Strategy Update released in January 2008.

CRH's Materials Divisions in both Europe and the Americas achieved significant profit advances in 2007, with strong organic growth and significant contributions from acquisitions. While the Products & Distribution Division in Europe also reported good organic and acquisition profit growth, the results of the Products & Distribution Division in the Americas were affected by the sharp decline in new residential construction in the United States. Comprehensive reviews of the development and financial and operating performance of the Group during 2007 are set out in the Chief Executive's Review on pages 15 to 18, the separate Operations Reviews for each of the Divisions on pages 19 to 34 and the Finance Review on pages 35 to 39 (including Key Financial Performance Indicators on page 37). The treasury policy and objectives of the Group are set out in note 23 to the financial statements.

The Group is fully committed to operating ethically and responsibly in all aspects of its business relating to employees, customers, neighbours and other stakeholders. The Corporate Social Responsibility (CSR) report available on the Group's website at www.crh.com sets out CRH's policies and performance relating to the Environment, Health & Safety and Social & Community matters.

Outlook 2008

CRH's geographic, sectoral and product balance continued to deliver in 2007 both in terms of overall trading performance and development activity. While developments over recent months have added to economic uncertainties, CRH is well positioned across its operations to deal with the evolving market circumstances. Following record levels of acquisition activity in 2006 and 2007, and with an ongoing strong pipeline of opportunities, we are continuing to develop our Western European and North American businesses while building on our growing platforms in emerging markets. With a relentless emphasis on operational efficiency, and targeted cost reduction measures, we remain focused on our twin goals - performance and growth - and on delivering a sixteenth consecutive year of profit and earnings growth in 2008.

Principal Risks and Uncertainties

Under Irish Company law (Regulation 37 of the European Communities (Companies: Group Accounts) Regulations 1992, as amended), the Group is required to give a description of the principal risks and uncertainties which it faces. These principal risks are set out below.

- CRH operates in cyclical industries which are affected by factors beyond Group control such as the level of construction activity, fuel and raw material prices, which are in turn affected by the performance of national economies, the implementation of economic policies by sovereign governments and political developments.
- The onset of a cycle of reduced economic growth in the countries in which CRH has significant operations or the implementation of unfavourable governmental policies could adversely affect Group revenues and operating margins.
- CRH pursues a strategy of growth through acquisitions. CRH may not be able to continue to grow as contemplated in its business plan if it is unable to identify attractive targets, complete the acquisition transactions and integrate the operations of the acquired businesses.
- CRH faces strong competition in its various markets, and if CRH fails to compete successfully, market share will decline.
- Existing products may be replaced by substitute products which CRH does not produce and, as a result, CRH may lose market share in the markets for these products.
- Severe weather can reduce construction activity and lead to a decrease in demand for Group products in areas affected by adverse weather conditions.
- CRH is subject to stringent and evolving environmental and health and safety laws, regulations and standards which could result in costs related to compliance and remediation efforts that may adversely affect Group results of operations and financial condition.
- CRH may be adversely affected by governmental regulations.
- Many of CRH's subsidiaries operate in currencies other than the euro, and adverse changes in foreign exchange rates relative to the euro could adversely affect Group reported earnings and cash flow.

The Group has long experience of coping with these risks while delivering superior performance and strong Total Shareholder Return.

Board of Directors

Mr. P.J. Molloy retired from the Board on 9th May 2007. Mr. D.W. Doyle retired from the Board on 30th June 2007.

Mr. N. Hartery, Mr. T.W. Hill, Mr. K. McGowan and Ms. J.M.C. O'Connor retire from the Board by rotation and, being eligible, offer themselves for re-election.

Mr. U-H. Felcht was appointed to the Board on 25th July 2007. In accordance with the provisions of Article 109, he retires and, being eligible, offers himself for re-election.

Mr. D.M. Kennedy will retire from the Board at the Annual General Meeting on 7th May 2008.

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 (excluding Treasury Shares) having a nominal value of €9,195,000, representing 5% approximately of the issued Ordinary/Income share capital at 3rd March 2008. This authority will expire on the earlier of the date of the Annual General Meeting in 2009 or 6th August 2009.

Purchase of Own Shares

At the Annual General Meeting held on 9th May 2007, authority was granted to purchase up to 54,348,665 of the Company's Ordinary/Income Shares. On 3rd January 2008, the Company announced the introduction of a share repurchase programme of up to 5% of the 547,227,194 shares then in issue and the intention to hold the repurchased shares as Treasury Shares. In the period to 3rd March 2008, 6,422,583 Ordinary/Income Shares were purchased and 88,584 Treasury Shares were re-issued under the Group's Share Schemes. As at 3rd March 2008, 547,227,194 Ordinary/Income Shares were in issue, of which 6,333,999 (1.16%) were held as Treasury Shares.

Special resolutions will be proposed at the Annual General Meeting to renew the authority of the Company, or any of its subsidiaries, to purchase up to 10% of the Company's Ordinary/Income Shares in issue at the date of the Annual General Meeting and in relation to the maximum and minimum prices at which Treasury Shares (effectively shares purchased and not cancelled) may be re-issued off-market by the Company. If granted, the authorities will expire on the earlier of the date of the Annual General Meeting in 2009 or 6th August 2009.

The minimum price which may be paid for shares purchased by the Company shall not be less than the nominal value of the shares and the maximum price will be 105% of the average market price of such shares over the preceding five days. Options to subscribe for a total of 24,475,051 Ordinary/Income Shares are outstanding, representing 4.47% of the issued Ordinary/Income share capital. If the authority to purchase Ordinary/Income Shares was used in full, the options would represent 4.97%.

The Directors will only exercise the power to purchase shares if they consider it to be in the best interests of the Company and its shareholders.

Memorandum and Articles of Association

Resolutions 8 and 9 to be proposed at the Annual General Meeting seek shareholders' approval for certain changes to the Memorandum and Articles of Association.

Memorandum of Association
Clause 4 (21) of the Memorandum of Association deals with the Company's powers to lend money and to provide guarantees and indemnities and the current clause has been in place since 1975. The proposed replacement clause, set out in Resolution 8, is more suited to the current structure and needs of the Group.

Articles of Association
Paragraph (i) of Resolution 9 updates certain definitions contained in the Articles of Association, in line with current practice.

Article 12 deals with the Company's power to pay commissions in connection with subscriptions for shares. It is necessary to amend this Article to take account of a change in Irish company law.

Article 89 deals with the Directors' powers to borrow and secure indebtedness and places limits on these powers based on the consolidated audited balance sheet of the Company. It is proposed to amend this Article in respect of the calculation of the borrowing limits to reflect current practice and to take account of the Company's purchase of its own shares.

Article 127 provides for the use of electronic communication between the Company and its shareholders. The revised Article, set out in paragraph (iv) of Resolution 9, reflects current practice in this area.

Corporate Governance

Statements by the Directors in relation to the Company's appliance of corporate governance principles, compliance with the provisions of the Combined Code on Corporate Governance (June 2006), the Group's system of internal controls and the adoption of the going concern basis in the preparation of the financial statements are set out on pages 42 to 45.

The Report on Directors' Remuneration is set out on pages 48 to 55.

Details of the Company's capital structure and of employee share schemes can be found in note 29 to the financial statements on pages 105 to 106. Details regarding the appointment and replacement of Directors can be found in the section on Corporate Governance.

Subsidiary, Joint Venture and Associated Undertakings

The Group has over 1,100 subsidiary, joint venture and associated undertakings. The principal ones as at 31st December 2007 are listed on pages 120 to 125.

Auditors

The Auditors, Ernst & Young, Chartered Accountants, 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 pages 131 and 132.

Your Directors believe that the Resolutions to be proposed at the Meeting are in the best interests of the Company and its shareholders as a whole and, therefore, recommend you to vote in favour of the Resolutions. Your Directors intend to vote in favour of the Resolutions in respect of their own beneficial holdings of Ordinary Shares, amounting in total, on 3rd March 2008, to 1,273,755 Ordinary Shares, representing approximately 0.23% of the issued Ordinary share capital of your Company.

On behalf of the Board,
K. McGowan, W.I. O'Mahony,
Directors
3rd March 2008

Substantial Holdings

As at 3rd March 2008, the Company had received notification of the following interests in its Ordinary share capital:

Name	Holding	%
Bank of Ireland Asset Management Limited.	27,013,024	4.99
Capital Group International, Inc.	19,489,063	3.60
Capital Research and Management Company	22,939,982	4.24
FMR LLC and Fidelity International Limited and their direct subsidiaries	16,806,463	3.10
UBS AG	26,380,604	4.87

Bank of Ireland Asset Management Limited, Capital Group International, Inc. and Capital Research and Management Company have stated that these shares are not beneficially owned by them.

The Remuneration Committee

The *Remuneration Committee* of the Board consists 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 attends meetings except when his own remuneration is being discussed. Membership of the *Remuneration Committee* is set out on page 40.

Remuneration Policy

CRH is an international group of companies, with activities in 32 countries. Our policy on Directors' remuneration is designed to attract and retain Directors of the highest calibre who can bring their experience 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's 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 performance-related incentive plan, 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 approximately 6,700 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 relate principally to the use of company cars and medical/life assurance. No fees are payable to executive Directors.

Performance-related incentive plan
The performance-related incentive plan is totally based on achieving clearly defined and stretch annual profit targets and strategic goals with an approximate weighting of 80% for profits and 20% for personal and strategic goals. At target performance payout is 80% of basic salary for Europe-based participants and 90% of basic salary for US-based participants. A maximum payout of 1.5 times these levels is payable for a level of performance well in excess of target.

The three components of the plan are:

(i) Individual performance

(ii) Earnings per share growth targets

(iii) Return on net assets targets

Up to one-third of the earned bonus in each year is receivable in CRH shares and deferred for a period of three years, with forfeiture in the event of departure from the Group in certain circumstances during that time period.

In addition, the Chief Executive has a special long-term incentive plan incorporating targets set for the four-year period 2005-2008. The plan incorporates challenging goals in respect of Total Shareholder Return by comparison with a peer group, growth in earnings per share and the strategic development of the Group, with a total maximum earnings potential of 40% of aggregate basic salary. While accruals are made on an annual basis, there is no commitment to any payment until the end of the period. Details of the manner in which earnings are provided for under the plan are set out in note 2 to the table of Directors' remuneration on page 50.

Performance Share Plan/Share Option Scheme
Long-term incentive plans involving conditional awards of shares are now a common part of executive remuneration packages, motivating high performance and aligning the interests of executives and shareholders. The Performance Share Plan approved by shareholders in May 2006 is tied to Total Shareholder Return (TSR). Half of the award is assessed against TSR for a group of global building materials companies and the other half against TSR for the constituents of the Eurofirst 300 Index. An earnings per share growth underpin of the Irish Consumer Price Index plus 5% per annum is also applied.

The maximum award under the Performance Share Plan is 150% of basic salary per annum in the form of conditional shares and the vesting period is three years. The awards lapse if over the three-year period CRH's TSR is below the median of the peer group/index; 30% of the award vests if CRH's performance is equal to the median while 100% vests if CRH's performance is equal to or greater than the 75th percentile; for TSR performance between the 50th and the 75th percentiles, between 30% and 100% of the award vests on a straight-line basis. Participants in the Plan are not entitled to any dividends (or other distributions made) and have no right to vote in respect of the shares subject to the award, until such time as the shares vest. Details of awards to Directors under the Plan are provided on page 53.

Under the terms of the share option scheme approved by shareholders in May 2000, two tiers of options have been available subject to different performance conditions as set out below:

(i) Exercisable only when earnings per share (EPS) growth exceeds the 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 (Basic Tier).

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

With the introduction of the Performance Share Plan, the *Remuneration Committee* decided that no further Second Tier share options should be granted under the existing share option scheme; however, Basic Tier options continue to be issued. 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.

The percentage of share capital which can be issued under the Performance Share Plan and share option schemes, and individual share option grant limits, comply with institutional guidelines.

Non-executive Directors' Remuneration

The remuneration of non-executive Directors, including that of the Chairman, is determined by the Board of Directors as a whole. The fees paid to the Chairman and 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. They do not participate in any of the Company's performance-related incentive plans or share schemes.

Pensions

The Irish-based executive Directors participate in a contributory defined benefit plan which is based on an accrual rate of 1/60th of pensionable salary for each year of pensionable service and is designed to provide two-thirds of salary at retirement for full service. There is provision for Mr. Lee to retire at 60 years of age. Mr. O'Mahony's pension is fully funded, under arrangements which provided for his retirement on two-thirds salary at completion of five years in the role of Chief Executive at end 2004.

The Finance Act 2006 established a cap on pension provision by introducing a penalty tax charge on pension assets in excess of the higher of €5 million or the value of individual accrued pension entitlements as at 7th December 2005. As a result of these legislative changes, the *Remuneration Committee* has decided that Irish-based executive Directors should have the option of continuing to accrue pension benefits as previously, or of choosing an alternative arrangement – by accepting pension benefits limited by the cap – with a similar overall cost to Group. The Irish-based executive Directors chose to opt for the alternative arrangement which involves capping their pensions in line with the provisions of the Finance Act and receiving a supplementary taxable non-pensionable cash allowance in lieu of pension benefits foregone. These allowances are similar in value to the reduction in the Company's liability represented by the pension benefits foregone. They are calculated based on actuarial advice as the equivalent of the reduction in the Company's liability to each individual and spread over the term to retirement as annual compensation allowances. The allowances for 2007 are detailed in note (ii) on page 51.

Mr. Hill participates in a defined contribution retirement plan in respect of basic salary; in addition he participates in an unfunded defined contribution Supplemental Executive Retirement Plan (SERP) also in respect of basic salary, to which contributions are made at an agreed rate, offset by contributions made to the other retirement plan.

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 a service 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 50. Details of individual remuneration and pension benefits for the year ended 31st December 2007 are given on page 51. Directors' share options and shareholdings are shown on page 53 and page 55 respectively.

Directors' Remuneration

Notes		2007 €000	2006 €000
	Executive Directors		
	Basic salary	**2,975**	3,306
	Performance-related incentive plan		
	- cash element	**2,414**	2,669
	- deferred shares element	**785**	905
	Retirement benefits expense	**399**	497
	Other remuneration	**-**	43
	Benefits	**96**	104
1		**6,669**	7,524
2	Provision for Chief Executive long-term incentive plan	**536**	496
	Total executive Directors' remuneration	**7,205**	8,020
	Average number of executive Directors	**3.50**	4.32
	Non-executive Directors		
	Fees	**571**	455
	Other remuneration	**644**	501
1	Total non-executive Directors' remuneration	**1,215**	956
	Average number of non-executive Directors	**8.78**	7.85
3	Payments to former Directors	**98**	95
	Total Directors' remuneration	**8,518**	9,071

Notes to Directors' remuneration

1 See analysis of 2007 remuneration by individual on page 51.

2 As set out on page 48, the Chief Executive has a special long-term incentive plan tied to the achievement of exceptional growth and key strategic goals for the four-year period 2005 to 2008 with a total maximum earnings potential of 40% of aggregate basic salary. While accruals are made on an annual basis, there is no commitment to any payment until the end of the four-year period.

3 Consulting and other fees paid to a number of former directors.

Individual remuneration for the year ended 31st December 2007

	Basic salary and fees	Incentive Plan Cash element (i)	Incentive Plan Deferred shares (i)	Retirement benefits expense (ii)	Other Remuneration (iii)	Benefits (iv)	Total 2007	Total 2006
	€000	€000	€000	€000	€000	€000	€000	€000
Executive Directors								
D. W. Doyle (v)	305	366	-	53	-	12	736	1,344
T.W. Hill	730	583	182	146	-	33	1,674	1,825
M. Lee	600	453	187	200	-	25	1,465	1,411
W. I. O'Mahony (vi)	1,340	1,012	416	-	-	26	2,794	2,656
J.L. Wittstock (vii)	-	-	-	-	-	-	-	288
	2,975	2,414	785	399	-	96	6,669	7,524
Non-executive Directors								
W.P. Egan (viii)	65	-	-	-	50	-	115	-
U-H. Felcht (ix)	28	-	-	-	15	-	43	-
N. Hartery	65	-	-	-	20	-	85	75
J.M. de Jong	65	-	-	-	56	-	121	75
D. M. Kennedy	65	-	-	-	62	-	127	103
K. McGowan (x)	65	-	-	-	250	-	315	104
P. J. Molloy (x)	23	-	-	-	131	-	154	375
T. V. Neill	65	-	-	-	20	-	85	75
A. O'Brien (xi)	-	-	-	-	-	-	-	36
D.N. O'Connor (xii)	65	-	-	-	20	-	85	38
J.M.C. O'Connor	65	-	-	-	20	-	85	75
	571	-	-	-	644	-	1,215	956

(i) **Performance-related Incentive Plan** Under the executive Directors' incentive plan for 2007, a bonus is payable for meeting clearly defined and stretch profit targets and strategic goals. The structure of the 2007 incentive plan is set out on pages 48 and 49 and includes a cash element paid out when earned and an element receivable in CRH shares deferred for a period of three years, with forfeiture in the event of departure from the Group in certain circumstances during that time period.

(ii) **Retirement Benefits Expense** The Irish Finance Act 2006 established a cap on pension provision by introducing a penalty tax charge on pension assets in excess of the higher of €5 million or the value of individual prospective pension entitlements as at 7th December 2005. As a result of these legislative changes, the Remuneration Committee has decided that Irish-based executive Directors should have the option of continuing to accrue pension benefits as previously, or of choosing an alternative arrangement - by accepting pension benefits limited by the cap - with a similar overall cost to the Group. The three Irish-based executive Directors chose to opt for the alternative arrangement which involves capping their pensions in line with the provisions of the Finance Act and receiving a supplementary taxable non-pensionable cash allowance, in lieu of prospective pension benefits foregone. These allowances are similar in value to the reduction in the Company's liability represented by the pension benefit foregone. They are calculated based on actuarial advice as the equivalent of the reduction in the Company's liability to each individual and spread over the term to retirement as annual compensation allowances. For 2007 the compensation allowances amount to €52,577 for Mr. Doyle; €200,137 for Mr. Lee and €631,570 for Mr. O'Mahony. Mr. O'Mahony has waived his right to equivalent prospective benefit entitlements from his benefit plan arrangements, which were fully funded at end-2004, and as a result no net pension-related expense arises in his respect.

(iii) **Other Remuneration** *Executive Director*: Expatriate and housing allowance for Mr. J.L. Wittstock in 2006. *Non-executive Directors*: Includes remuneration for Chairman and for Board Committee work.

(iv) **Benefits** These relate principally to the use of company cars and medical/life assurance.

(v) Mr. D.W. Doyle retired on 30th June 2007.

(vi) Mr. W.I. O'Mahony became a non-executive Director of the Smurfit Kappa Group plc in March 2007 for which he received fees of €104,167 in 2007.

(vii) Mr. J.L. Wittstock resigned on 26th April 2006.

(viii) Mr. W.P. Egan became a Director on 1st January 2007.

(ix) Professor U-H. Felcht became a Director on 25th July 2007.

(x) Mr. K. McGowan became Chairman on 9th May 2007 succeeding Mr. P.J. Molloy who retired as a non-executive Director on the same date.

(xi) Mr. A. O'Brien retired on 3rd May 2006.

(xii) Mr. D.N. O'Connor became a Director on 28th June 2006.

Pension entitlements - defined benefit

Executive Directors	Increase in accrued personal pension during 2007 (i) €000	Transfer value of increase in dependants' pension (i) €000	Total accrued personal pension at year-end (ii) €000
D. W. Doyle	-	20	367
M. Lee	-	49	275
W. I. O'Mahony	-	-	839

Non-executive Director	Increase in accrued personal pension during 2007 (i)	Transfer value of increase	Total accrued personal pension at year-end (ii)
D. M. Kennedy	11	180	35

(i) As noted on page 51, the pensions of Mr. Doyle, Mr. Lee and Mr. O'Mahony have been capped in line with the provisions of the Finance Act 2006 and Mr. O'Mahony's pension arrangements were fully funded as at end-2004 and as a result no further personal pension benefit accrues. Since the accrual of personal pension has ceased, other than indexation of the accrued pension, no Greenbury pension charge arises - except in the cases of Mr. Doyle and Mr. Lee where dependants' pensions continue to accrue. The transfer values above represent the increase in the value of these dependants' benefits. These transfer values have been calculated on the basis of actuarial advice. These transfer values do not represent sums paid out or due, but are the amounts that the pension scheme would transfer to another pension scheme in relation to the benefits accrued in 2007 in the event of the member leaving service.

(ii) Accrued pension shown is that which would be paid annually on normal retirement date.

Pension entitlements - defined contribution

The accumulated liablility related to the unfunded Supplemental Executive Retirement Plan for Mr. T.W. Hill is as follows:

Executive Director	As at 31st December 2006 €000	2007 contribution €000	2007 notional interest €000 (iii)	Translation adjustment €000	As at 31st December 2007 €000
T.W. Hill	836	126	52	(100)	914

(iii) Notional interest, which is calculated based on the average bid yields of United States Treasury fixed-coupon securities with remaining terms to maturity of approximately 20 years, plus 1.5%, is credited to Mr. Hill's account each year.

Deferred Shares (iv)

Executive Directors	Number at 1st January 2007	Awards of Deferred Shares during 2007 (v)	New Shares allotted under the Scrip Dividend Scheme during 2007	Number at 31st December 2007	Release date
T.W. Hill	-	8,625	134	8,759	March 2010
M. Lee	-	5,846	92	5,938	March 2010
W. I. O'Mahony	-	13,446	210	13,656	March 2010
	-	27,917	436	28,353	

(iv) Under the executive Directors' incentive plan, up to one third of the earned bonus in each year is receivable in CRH shares, deferred for a period of three years, with forfeiture in the event of departure from the Group in certain circumstances during that period.

(v) The shares awarded during 2007 related to the deferred portion of 2006 bonuses and were included in total remuneration reported for 2006. These shares were purchased by the Trustees of the CRH plc Employee Benefit Trust on 7th March 2007 at €32.00 per Ordinary Share.

Directors' awards under the Performance Share Plan (i)

	31st December 2006	Granted in 2007	31st December 2007	Performance Period	Release Date	Market Price in euro on award	
D.W. Doyle	-	-	-	-	-	-	
T.W. Hill	30,000	-	30,000	01/01/06 - 31/12/08	March 2009	24.82	(ii)
	-	25,000	25,000	01/01/07 - 31/12/09	March 2010	33.55	(ii)
M. Lee	20,000	-	20,000	01/01/06 - 31/12/08	March 2009	24.82	(ii)
	-	18,000	18,000	01/01/07 - 31/12/09	March 2010	33.55	(ii)
W.I. O'Mahony	60,000	-	60,000	01/01/06 - 31/12/08	March 2009	24.82	(ii)

(i) This is a long term share incentive plan under which share awards are granted in the form of a provisional allocation of shares for which no exercise price is payable. The shares are scheduled for release in March 2009 and March 2010 to the extent that the relative TSR performance conditions are achieved. The structure of the Performance Share Plan is set out on pages 48 and 49.

(ii) The Trustees of the CRH plc Employee Benefit Trust purchased Ordinary Shares at €24.82 per share on 21st June 2006 in respect of the 2006 award, and at €33.55 per share on 11th April 2007 in respect of part of the 2007 award. No dividends are payable on these shares until such time as they are released to plan participants.

Directors' interests

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:

							Options exercised during 2007	
	31st December 2006	Granted in 2007	Exercised in 2007	31st December 2007		Weighted average option price at 31st December 2007 €	Weighted average exercise price €	Weighted average market price at date of exercise €
D.W. Doyle	61,476	-	-	61,476	(a)	15.48		
	46,108	-	-	46,108	(b)	15.66		
	185,000	-	-	185,000	(c)	15.90		
	56,000	-	-	56,000	(d)	19.28		
T.W. Hill	82,335	-	-	82,335	(b)	18.01		
	170,000	70,000	50,000	190,000	(c)	26.77	19.68	32.18
	195,000	-	-	195,000	(d)	17.07		
M. Lee	40,454	-	40,454	-	(a)	-	17.26	34.13
	13,228	-	-	13,228	(b)	17.26		
	195,000	30,000	50,000	175,000	(c)	22.11	18.98	34.13
	125,000	-	-	125,000	(d)	16.48		
	1,211	-	1,211	-	(e)	-	16.09	36.46
W.I. O'Mahony	203,093	-	27,445	175,648	(a)	15.97	7.10	31.95
	241,516	-	54,890	186,626	(b)	14.83	7.10	31.95
	520,000	-	-	520,000	(c)	20.30		
	250,000	-	-	250,000	(d)	18.84		
	2,385,421	100,000	224,000	2,261,421				

Options by Price

€	31st December 2006	Granted in 2007	Exercised in 2007	31st December 2007		Earliest exercise date	Expiry date
7.1015	27,445	-	27,445	-	(a)		
7.1015	54,890	-	54,890	-	(b)		
12.6416	42,814	-	-	42,814	(a)	March 2008	April 2008
12.6416	62,575	-	-	62,575	(b)	March 2008	April 2008
14.5652	14,271	-	-	14,271	(a)	March 2008	April 2009
14.5652	14,271	-	-	14,271	(b)	March 2008	April 2009
14.6563	38,423	-	-	38,423	(a)	March 2008	April 2009
14.6563	76,846	-	-	76,846	(b)	March 2008	April 2009
17.2615	182,070	-	40,454	141,616	(a)	March 2008	April 2010
17.2615	92,270	-	-	92,270	(b)	March 2008	April 2010
18.0084	82,335	-	-	82,335	(b)	March 2008	April 2010
18.28	175,000	-	25,000	150,000	(c)	March 2008	April 2011
18.28	251,000	-	-	251,000	(d)		April 2011
19.68	195,000	-	75,000	120,000	(c)	March 2008	April 2012
19.68	215,000	-	-	215,000	(d)		April 2012
13.15	170,000	-	-	170,000	(c)	March 2008	April 2013
13.15	40,000	-	-	40,000	(d)		April 2013
13.26	50,000	-	-	50,000	(d)		April 2013
16.71	130,000	-	-	130,000	(c)	March 2008	April 2014
16.71	35,000	-	-	35,000	(d)		April 2014
16.73	35,000	-	-	35,000	(c)	March 2008	April 2014
16.73	35,000	-	-	35,000	(d)		April 2014
20.79	50,000	-	-	50,000	(c)	April 2008	April 2015
20.91	35,000	-	-	35,000	(c)	April 2008	April 2015
29.00	80,000	-	-	80,000	(c)		April 2016
24.83	200,000	-	-	200,000	(c)		June 2016
32.70	-	30,000	-	30,000	(c)		April 2017
33.12	-	70,000	-	70,000	(c)		April 2017
16.09	1,211	-	1,211	-	(e)		
	2,385,421	100,000	224,000	2,261,421			

No options lapsed during the year. The market price of the Company's shares at 31st December 2007 was €23.85 and the range during 2007 was €21.92 to €38.20.

(a) Granted under the 1990 share option scheme, 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) Granted under the 1990 share option scheme, these options are only exercisable if, over a period of at least five years subsequent to the granting of the options, the growth in EPS would place the Company in the top 25% of the companies listed in the FTSE 100 Stock Exchange Equity Index.

(c) Granted under the 2000 share option scheme, these options are only exercisable when EPS growth exceeds the 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.

(d) Granted under the 2000 share option scheme, these options are only exercisable if, over a period of at least five years subsequent to the granting of the options, the growth in EPS exceeds the growth of the Irish Consumer Price Index by 10% compounded and places the Company 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.

(e) Granted under the 2000 savings-related share option scheme.

Directors' Interests in Share Capital at 31st December 2007

The interests of the Directors and Secretary in the shares of the Company, which are beneficial unless otherwise indicated, are shown below. Between 31st December 2007 and 3rd March 2008, there were no transactions in the Directors' and Secretary's interests.

The Directors and Secretary have no beneficial interests in any of the Group's subsidiary, joint venture or associated undertakings.

Ordinary Shares	31st December 2007	31st December 2006
Directors		
W.P. Egan	**15,000**	10,000 *
- Non-beneficial	**12,000**	-
U-H. Felcht	**1,000**	- *
N. Hartery	**1,000**	1,000
T.W. Hill	**79,792**	78,744
J.M. de Jong	**10,031**	3,084
D.M. Kennedy	**59,999**	57,388
- Non-beneficial	**9,250**	9,250
M. Lee	**240,218**	225,904
K. McGowan	**10,039**	7,915
T.V. Neill	**69,881**	59,031
D.N. O'Connor	**11,376**	7,278
J.M.C. O'Connor	**2,131**	1,000
W.I. O'Mahony	**744,935**	662,173
Secretary		
A. Malone	**36,820**	28,463
	1,303,472	1,151,230

* Holding as at date of appointment.

Of the above holdings, the following are held in the form of American Depository Receipts (ADRs):

	31st December 2007	31st December 2006
Directors		
W.P. Egan	**10,000**	5,000
- Non-beneficial	**12,000**	-
T.W. Hill	**21,726**	21,726

Statement of Directors' Responsibilities

in respect of the financial statements

Company law in the Republic of 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 Parent Company and of the Group and of the profit or loss of the Group for that period.

In preparing the financial statements of the Group, 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 International Financial Reporting Standards as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The considerations set out above for the Group are also required to be addressed by the Directors in preparing the financial statements of the Parent Company (which are set out on pages 113 to 115), in respect of which the applicable accounting standards are those which are generally accepted in the Republic of Ireland.

The Directors have elected to prepare the Parent Company's financial statements in accordance with generally accepted accounting practice in Ireland (Irish GAAP) comprising the financial reporting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland, together with the Companies Acts, 1963 to 2006.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Parent Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union and comply with the provisions of the Companies Acts, 1963 to 2006, and Article 4 of the IAS Regulation. 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.

Independent Auditors' Report

to the members of CRH public limited company

We have audited the Group and Parent Company ("Company") financial statements (the "financial statements") of CRH plc for the year ended 31st December 2007 which comprise the Group Income Statement, the Group Statement of Recognised Income and Expense, the Group and Company Balance Sheets, the Group Cash Flow Statement, the related notes 1 to 35 (Group) and the related notes 1 to 10 (Company). These financial statements have been prepared under the accounting policies set out therein.

This Report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this Report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the Group financial statements in accordance with applicable Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for the preparation of the Company financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland ("Generally Accepted Accounting Practice in Ireland") as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and whether, in addition, the Group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. 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 necessary for the purposes of our audit and whether the Company Balance Sheet is in agreement with the books of account.

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

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Financial Reporting Council's Combined Code specified for our review by the Listing Rules of 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 Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, Chief Executive's Review, Operations Reviews, Finance Review and the Corporate Governance Statement. We consider the implications for our Report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and Company'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 Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the Group as at 31st December 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation.

In our opinion the Company financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Company as at 31st December 2007 and have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

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 is consistent with the financial statements.

In our opinion, the Company Balance Sheet does not disclose a financial situation which under section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

Ernst & Young
Registered Auditors
Dublin
3rd March 2008

Group Income Statement

for the financial year ended 31st December 2007

Notes		2007 €m	2006 €m
1	**Revenue**	**20,992**	18,737
	Cost of sales	**(14,715)**	(13,123)
	Gross profit	**6,277**	5,614
3	Operating costs	**(4,191)**	(3,847)
1, 4, 5	**Group operating profit**	**2,086**	1,767
1	Profit on disposal of fixed assets	**57**	40
1	**Profit before finance costs**	**2,143**	1,807
8	Finance costs	**(473)**	(407)
8	Finance revenue	**170**	155
9	Group share of associates' profit after tax	**64**	47
	Profit before tax	**1,904**	1,602
10	Income tax expense	**(466)**	(378)
	Group profit for the financial year	**1,438**	1,224
	Profit attributable to:		
	Equity holders of the Company	**1,430**	1,210
31	Minority interest	**8**	14
	Group profit for the financial year	**1,438**	1,224
12	**Basic earnings per Ordinary Share**	**262.7c**	224.3c
12	**Diluted earnings per Ordinary Share**	**260.4c**	222.4c

Group Statement of Recognised Income and Expense

for the financial year ended 31st December 2007

Notes		2007 €m	2006 €m
	Items of income and expense recognised directly within equity		
30	Currency translation effects	**(410)**	(371)
27	Actuarial gain on Group defined benefit pension obligations	**159**	155
30	Gains/(losses) relating to cash flow hedges	**8**	(2)
10	Tax on items taken directly to equity	**(74)**	(15)
	Net expense recognised directly within equity	**(317)**	(233)
	Group profit for the financial year	**1,438**	1,224
	Total recognised income and expense for the financial year	**1,121**	991
	Attributable to:		
	Equity holders of the Company	**1,116**	980
	Minority interest	**5**	11
	Total recognised income and expense for the financial year	**1,121**	991

K. McGowan, W.I. O'Mahony, Directors

Group Balance Sheet

as at 31st December 2007

Notes		2007 €m	2006 €m
	ASSETS		
	Non-current assets		
13	Property, plant and equipment	**8,226**	7,480
14	Intangible assets	**3,692**	2,966
15	Investments in associates	**574**	554
15	Other financial assets	**78**	97
23	Derivative financial instruments	**124**	74
26	Deferred income tax assets	**336**	489
	Total non-current assets	**13,030**	11,660
	Current assets		
17	Inventories	**2,226**	2,036
18	Trade and other receivables	**3,199**	3,172
23	Derivative financial instruments	**9**	5
21	Liquid investments	**318**	370
21	Cash and cash equivalents	**1,006**	1,102
	Total current assets	**6,758**	6,685
	Total assets	**19,788**	18,345
	EQUITY		
	Capital and reserves attributable to the Company's equity holders		
29	Equity share capital	**186**	184
29	Preference share capital	**1**	1
30	Share premium account	**2,420**	2,318
30	Own shares	**(19)**	(14)
30	Other reserves	**70**	52
30	Foreign currency translation reserve	**(547)**	(137)
30	Retained income	**5,843**	4,659
		7,954	7,063
31	Minority interest	**66**	41
	Total equity	**8,020**	7,104
	LIABILITIES		
	Non-current liabilities		
22	Interest-bearing loans and borrowings	**5,928**	5,313
23	Derivative financial instruments	**52**	47
26	Deferred income tax liabilities	**1,312**	1,301
19	Trade and other payables	**141**	160
27	Retirement benefit obligations	**95**	262
25	Provisions for liabilities	**248**	320
28	Capital grants	**11**	10
	Total non-current liabilities	**7,787**	7,413
	Current liabilities		
19	Trade and other payables	**2,956**	2,788
	Current income tax liabilities	**244**	216
22	Interest-bearing loans and borrowings	**570**	645
23	Derivative financial instruments	**70**	38
25	Provisions for liabilities	**141**	141
	Total current liabilities	**3,981**	3,828
	Total liabilities	**11,768**	11,241
	Total equity and liabilities	**19,788**	18,345

K. McGowan, W.I. O'Mahony, Directors

Group Cash Flow Statement

for the financial year ended 31st December 2007

Notes		2007 €m	2006 €m
	Cash flows from operating activities		
	Profit before tax	**1,904**	1,602
	Finance costs (net)	**303**	252
	Group share of associates' profit after tax	**(64)**	(47)
	Profit on disposal of fixed assets	**(57)**	(40)
	Group operating profit	**2,086**	1,767
13	Depreciation charge	**739**	664
7	Share-based payments	**23**	16
14	Amortisation of intangible assets	**35**	25
28	Amortisation of capital grants	**(3)**	(2)
	Other non-cash movements	**(2)**	10
25	Net movement on provisions	**(49)**	11
20	Decrease/(increase) in working capital	**261**	(132)
	Cash generated from operations	**3,090**	2,359
	Interest paid (including finance leases)	**(352)**	(253)
	Irish corporation tax paid	**(18)**	(20)
	Overseas corporation tax paid	**(370)**	(358)
	Net cash inflow from operating activities	**2,350**	1,728
	Cash flows from investing activities		
	Inflows		
16	Proceeds from disposal of fixed assets	**156**	252
	Interest received	**64**	46
28	Capital grants received	**3**	-
	Dividends received from associates	**30**	22
		253	320
	Outflows		
13	Purchase of property, plant and equipment	**(1,028)**	(832)
33	Acquisition of subsidiaries and joint ventures	**(1,858)**	(1,978)
15	Investments in and advances to associates	**-**	(7)
15	Advances to joint ventures and purchase of trade investments	**(40)**	(13)
20	Deferred and contingent acquisition consideration paid	**(107)**	(74)
		(3,033)	(2,904)
	Net cash outflow from investing activities	**(2,780)**	(2,584)
	Cash flows from financing activities		
	Inflows		
	Proceeds from issue of shares	**36**	87
31	Shares issued to minority interests	**-**	3
24	Decrease in liquid investments	**29**	-
	Increase in interest-bearing loans and borrowings	**1,481**	1,708
	Increase in finance lease liabilities	**2**	3
		1,548	1,801
	Outflows		
30	Ordinary Shares purchased (own shares), net	**(31)**	(15)
24	Increase in liquid investments	**-**	(35)
	Repayment of interest-bearing loans and borrowings	**(753)**	(656)
	Repayment of finance lease liabilities	**(27)**	(13)
24	Net cash movement in derivative financial instruments	**(113)**	(29)
11	Dividends paid to equity holders of the Company	**(250)**	(197)
11	Dividends paid to minority interests	**(5)**	(12)
		(1,179)	(957)
	Net cash inflow from financing activities	**369**	844
	Decrease in cash and cash equivalents	**(61)**	(12)
	Reconciliation of opening to closing cash and cash equivalents		
24	Cash and cash equivalents at 1st January	**1,102**	1,149
24	Translation adjustment	**(35)**	(35)
	Decrease in cash and cash equivalents	**(61)**	(12)
24	**Cash and cash equivalents at 31st December**	**1,006**	1,102

A reconciliation of cash and cash equivalents to net debt is presented in note 24 to the financial statements.

K. McGowan, W.I. O'Mahony, Directors

Statement of compliance

The consolidated financial statements of CRH plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board (IASB).

CRH plc, the Parent Company, is a public limited company incorporated and domiciled in the Republic of Ireland.

IFRS as adopted by the European Union differ in certain respects from IFRS as issued by the IASB. However, the consolidated financial statements for the financial years presented would be no different had IFRS as issued by the IASB been applied. References to IFRS hereafter should be construed as references to IFRS as adopted by the European Union.

Basis of preparation

The consolidated financial statements, which are presented in euro millions, have been prepared under the historical cost convention as modified by the measurement at fair value of share-based payments and certain financial assets and liabilities including derivative financial instruments. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The accounting policies set out below have been applied consistently by all the Group's subsidiaries, joint ventures and associates to all periods presented in these consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, relate primarily to accounting for defined benefit pension schemes, provisions for liabilities, property, plant and equipment, goodwill impairment and current and deferred tax and are documented in the relevant accounting policies below.

The financial year-ends of the Group's subsidiaries, joint ventures and associates are co-terminous.

Adoption of IFRS and International Financial Reporting Interpretations Committee (IFRIC) Interpretations

IFRS and IFRIC Interpretations adopted during the financial year
The Group adopted the following standards and interpretations during the financial year: IFRS 7 *Financial Instruments: Disclosures*; Amendment to IAS 1 *Capital Disclosures*; IFRIC Interpretation 8 *Scope of IFRS 2*; IFRIC Interpretation 9 *Reassessment of Embedded Derivatives*; and IFRIC Interpretation 10 *Interim Financial Reporting and Impairment*. The adoption of IFRS 7 and the Amendment to IAS 1 have given rise to new disclosures in the current year together with the associated comparatives. None of the other standards or interpretations has had, or is expected to have, a material impact on the Group financial statements.

IFRS and IFRIC Interpretations which are not yet effective
The Group has not applied the following standards and interpretations that have been issued but are not yet effective:

- IFRS 8 Operating Segments (effective date: CRH financial year beginning 1st January 2009);
- IFRS 2 Share-based Payments – Vesting Conditions and Cancellations (effective date: CRH financial year beginning 1st January 2009);
- IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements (effective date: CRH financial year beginning 1st January 2010);
- IAS 1 Presentation of Financial Statements (Revised) (effective date: CRH financial year beginning 1st January 2009);
- IAS 23 Borrowing Costs (Revised) (effective date: CRH financial year beginning 1st January 2009);
- Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective date: CRH financial year beginning 1st January 2009);
- IFRIC Interpretation 11 Group and Treasury Share Transactions (effective date: CRH financial year beginning 1st January 2008);
- IFRIC Interpretation 12 Service Concession Arrangements (effective date: CRH financial year beginning 1st January 2008);
- IFRIC Interpretation 13 Customer Loyalty Programmes (effective date: CRH financial year beginning 1st January 2009);
- IFRIC Interpretation 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective date: CRH financial year beginning 1st January 2008).

The standards and interpretations addressed above will be applied for the purposes of the Group financial statements with effect from the dates listed.

Whilst the application of IFRS 8 will result in amendments to the segment information note accompanying the Group financial statements, these amendments will not be of a recognition and measurement nature given the disclosure focus of the IFRS.

The application of IFRS 2 *Share-based Payments – Vesting Conditions and Cancellations*, IAS 23 *Borrowing Costs (Revised)*, the Amendments to IAS 32 and IAS 1 *Puttable Financial Instruments* and IFRIC Interpretation 11 do not have any impact on the Group financial statements.

IFRS 3R introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. The application of IAS 1 *Presentation of Financial Statements (Revised)* will give rise to some presentational changes in the Group financial statements but will not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRS.

IFRIC Interpretations 12 and 13 are not applicable in the context of the Group's activities. Whilst defined benefit pension schemes are operated by various of the subsidiaries and joint ventures in the Group, IFRIC Interpretation 14 will only be of relevance where surpluses emerge and those surpluses are of a sufficient magnitude to warrant application of the surplus cap.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all subsidiaries, joint ventures and associates, drawn up to 31st December each year.

Subsidiaries
The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in determining the existence or otherwise of control.

Joint ventures

In line with IAS 31 *Interests in Joint Ventures*, the Group's share of results and net assets of joint ventures (jointly controlled entities), which are entities in which the Group holds an interest on a long-term basis and which are jointly controlled by the Group and one or more other venturers under a contractual arrangement, are accounted for on the basis of proportionate consolidation from the date on which the contractual agreements stipulating joint control are finalised and derecognised when joint control ceases. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's consolidated financial statements.

Loans to joint ventures are classified as loans and receivables within financial assets and are recorded at amortised cost.

Associates

Entities other than subsidiaries and joint ventures in which the Group has a participating interest, and over whose operating and financial policies the Group is in a position to exercise significant influence, are accounted for as associates using the equity method and are included in the consolidated financial statements from the date on which significant influence is deemed to arise until the date on which such influence ceases to exist. If the Group's share of losses exceeds the carrying amount of an associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Equity method

Under the equity method, which is used in respect of accounting for the Group's investments in associates, the Group Income Statement reflects the Group's share of profit after tax of the related associates. Investments in associates are carried in the Group Balance Sheet at cost adjusted in respect of post-acquisition changes in the Group's share of net assets, less any impairment in value. Where indicators of impairment arise in accordance with the requirements of IAS 39 *Financial Instruments: Recognition and Measurement*, the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from such transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment in the Group's interest in the entity.

Revenue recognition

Revenue represents the value of goods and services supplied to external customers and excludes intercompany sales, trade discounts and value added tax/sales tax. Other than in the case of construction contracts, revenue is recognised to the extent that it is subject to reliable measurement, that it is probable that economic benefits will flow to the Group and that the significant risks and rewards of ownership have passed to the buyer. Revenue on construction contracts is recognised in accordance with the percentage-of-completion method with the completion percentage being computed on an input cost basis.

Contract costs are recognised as incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as an expense. The percentage-of-completion method is used to determine the appropriate amount to recognise in a particular reporting period with the stage of completion assessed by reference to the proportion that contract costs incurred at the balance sheet date bear to the total estimated cost of the contract.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns different to those of other segments. Based on the Group's internal organisational and management structure and its system of internal financial reporting, segmentation by business is regarded as being the predominant source and nature of the risks and returns facing the Group and is thus the primary segment under IAS 14 *Segment Reporting*. Geographical segmentation is therefore the secondary segment.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro, which is the presentation currency of the Group and the functional currency of the Company.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All currency translation differences are taken to the Group Income Statement with the exception of differences on foreign currency borrowings; to the extent that such borrowings are used to provide a hedge against foreign equity investments, the translation differences are taken directly to equity together with the translation differences on the carrying amount of the related investments. Translation differences applicable to foreign currency borrowings are taken directly to equity until disposal of the net investment, at which time they are recycled through the Group Income Statement.

Results and cash flows of subsidiaries, joint ventures and associates 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 subsidiaries, joint ventures and associates at average rates, and on restatement of the opening net assets at closing rates, are dealt with in a separate translation reserve within equity, net of differences on related currency borrowings. All other translation differences are taken to the Group Income Statement.

On disposal of a foreign operation, accumulated currency translation differences are recognised in the Group Income Statement as part of the overall gain or loss on disposal. Goodwill and fair value adjustments arising on acquisition of a foreign operation are regarded as assets and liabilities of the foreign operation, are expressed in the functional currency of the foreign operation, are recorded in euro at the exchange rate at the date of the transaction and are subsequently retranslated at the applicable closing rates.

The principal exchange rates used for the translation of results, cash flows and balance sheets into euro were as follows:

	Average		Year-end	
euro 1 =	**2007**	2006	**2007**	2006
US Dollar	**1.3705**	1.2556	**1.4721**	1.3170
Pound Sterling	**0.6843**	0.6817	**0.7334**	0.6715
Polish Zloty	**3.7837**	3.8959	**3.5935**	3.8310
Ukrainian Hryvnia	**6.8982**	6.3290	**7.3588**	6.6583
Swiss Franc	**1.6427**	1.5729	**1.6547**	1.6069
Canadian Dollar	**1.4678**	1.4237	**1.4449**	1.5281
Argentine Peso	**4.2718**	3.8623	**4.5948**	4.0373
Israeli Shekel	**5.6270**	5.5928	**5.6201**	5.5623

Retirement benefit obligations

The Group operates defined contribution and defined benefit pension schemes in a number of its operating areas. In addition, the Group has also undertaken to provide certain additional post-employment healthcare and life assurance benefits, which are unfunded, to certain current and former employees in the United States.

Costs arising in respect of the Group's defined contribution pension schemes are charged to the Group Income Statement in the period in which they are incurred. Under these schemes, the Group has no obligation, either legal or constructive, to pay further contributions in the event that the fund does not hold sufficient assets to meet its benefit commitments.

The liabilities and costs associated with the Group's defined benefit pension schemes (both funded and unfunded) are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the balance sheet date. The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields at the balance sheet date on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. When the benefits of a defined benefit scheme are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the Group Income Statement on a straight-line basis over the average period until the benefits become vested. To the extent that the enhanced benefits vest immediately, the related expense is recognised immediately in the Group Income Statement. The net surplus or deficit arising on the Group's defined benefit pension schemes, together with the liabilities associated with the unfunded schemes, are shown either within non-current assets or non-current liabilities on the face of the Group Balance Sheet. The deferred tax impact of pension scheme surpluses and deficits is disclosed separately within deferred tax assets or liabilities as appropriate. The Group has elected to recognise post transition date actuarial gains and losses immediately in the Statement of Recognised Income and Expense.

In relation to the Group's defined benefit pension schemes, a full actuarial valuation is undertaken on an annual basis, where local requirements mandate that this be done, and at triennial intervals at a maximum in all other cases.

The defined benefit pension asset or liability in the Group Balance Sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high-quality corporate bonds) less any past service cost not yet recognised and less the fair value of plan assets (measured at bid value) out of which the obligations are to be settled directly.

The Group's obligation in respect of post-employment healthcare and life assurance benefits represents the amount of future benefit that employees have earned in return for service in the current and prior periods. The obligation is computed on the basis of the projected unit credit method and is discounted to present value using a discount rate equating to the market yield at the balance sheet date on high-quality corporate bonds of a currency and term consistent with the currency and estimated term of the post-employment obligations.

Share-based payments

The Group operates both Share Option Schemes and a Performance Share Plan. Its policy in relation to the granting of share options and the granting of awards under the Performance Share Plan together with the nature of the underlying market and non-market performance and other vesting conditions are addressed in the Report on Directors' Remuneration on page 48.

Share options

For equity-settled share-based payment transactions (i.e. the issuance of share options), the Group measures the services received and the corresponding increase in equity at fair value at the measurement date (which is the grant date) using a recognised valuation methodology for the pricing of financial instruments (i.e. the trinomial model). Given that the share options granted do not vest until the completion of a specified period of service and are subject to the realisation of demanding performance conditions, the fair value is determined on the basis that the services to be rendered by employees as consideration for the granting of share options will be received over the vesting period, which is assessed as at the grant date.

The share options granted by the Company are not subject to market-based vesting conditions as defined in IFRS 2 *Share-Based Payment*. Non-market vesting conditions are not taken into account when estimating the fair value of share options as at the grant date; such conditions are taken into account through adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised equates to the number of equity instruments that actually vest. The expense in the Group Income Statement in relation to share options represents the product of the total number of options anticipated to vest and the fair value of those options; this amount is allocated to accounting periods on a straight-line basis over the vesting period. The cumulative charge to the Group Income Statement is reversed only where the performance condition is not met or where an employee in receipt of share options relinquishes service prior to completion of the expected vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The measurement requirements of IFRS 2 have been implemented in respect of share options that were granted after 7th November 2002. In accordance with the standard, the disclosure requirements of IFRS 2 have been applied in relation to all outstanding share-based payments regardless of their grant date.

To the extent that the Group receives a tax deduction relating to the services paid in shares, deferred tax in respect of share options is provided on the basis of the difference between the market price of the underlying equity as at the date of the financial statements and the exercise price of the option; as a result, the deferred tax impact of share options will not directly correlate with the expense reported in the Group Income Statement.

The Group has no exposure in respect of cash-settled share-based payment transactions and share-based payment transactions with cash alternatives as defined in IFRS 2.

Awards under the Performance Share Plan
The fair value of shares awarded under the Performance Share Plan is determined using a Monte Carlo simulation technique. The Performance Share Plan contains inter alia a TSR-based (and hence market-based) vesting condition, and accordingly, the fair value assigned to the related equity instruments on initial application of IFRS 2 is adjusted so as to reflect the anticipated likelihood as at the grant date of achieving the market-based vesting condition.

Property, plant and equipment

With the exception of the one-time revaluation of land and buildings noted below, items of property, plant and equipment are stated at historical cost less any accumulated depreciation and any accumulated impairments.

Depreciation and depletion
Depreciation is calculated to write off the book value of each item of property, plant and equipment over 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 depleted over the period of the mineral extraction in the proportion which production for the year bears to the latest estimates of mineral reserves. Land other than mineral-bearing land is not depreciated. In general, buildings are depreciated at 2.5% per annum ("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: On average, transport equipment is depreciated at 20% p.a.

Certain items of property, plant and equipment that had been revalued to fair value prior to the date of transition to IFRS (1st January 2004) are measured on the basis of deemed cost, being the revalued amount as at the date the revaluation was performed.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.

Impairment of property, plant and equipment
In accordance with IAS 36 *Impairment of Assets*, the carrying values of items of property, plant and equipment are reviewed for impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. Where the carrying values exceed the estimated recoverable amount (being the greater of fair value less costs to sell and value-in-use), the assets or cash-generating units are written-down to their recoverable amount. Fair value less costs to sell is defined as the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable and willing parties, less the costs which would be incurred in disposal. Value-in-use is defined as the present value of the future cash flows expected to be derived through the continued use of an asset or cash-generating unit including those anticipated to be realised on its eventual disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities and income tax. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined by reference to the cash-generating unit to which the asset belongs.

Repair and maintenance expenditure
Repair and maintenance expenditure is included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenditure is charged to the Group Income Statement during the financial period in which it is incurred.

Borrowing costs
Borrowing costs incurred in the construction of major assets which take a substantial period of time to complete are capitalised in the financial period in which they are incurred.

Business combinations

The purchase method of accounting is employed in accounting for the acquisition of subsidiaries, joint ventures and associates by the Group.

The cost of a business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control together with any directly attributable expenses. To the extent that settlement of all or any part of a business combination is deferred, the fair value of the deferred component is determined through discounting the amounts payable to their present value at the date of exchange. The discount component is unwound as an interest charge in the Group Income Statement over the life of the obligation.

Where a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of the adjustment is included in the cost at the acquisition date if the adjustment is probable and can be reliably measured. Contingent consideration is included in the acquisition balance sheet on a discounted basis.

The assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. In the case of a business combination which is completed in stages, the fair values of the identifiable assets, liabilities and contingent liabilities are determined at the date of each exchange transaction.

When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated to the identifiable assets, liabilities and contingent liabilities are made within twelve months of the acquisition date.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised; goodwill is not allocated to the minority interest. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

Goodwill

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

The carrying amount of goodwill in respect of associates is included in investments in associates under the equity method in the Group Balance Sheet. Goodwill applicable to jointly controlled entities is accounted for on the basis of proportionate consolidation and is therefore included in the goodwill caption in the Group Balance Sheet, net of any impairments assessed in accordance with the methodology discussed below.

Where a subsidiary is disposed of or terminated through closure, the carrying value of any goodwill which arose on acquisition of that subsidiary, net of any impairments, is included in the determination of the net profit or loss on disposal/termination.

To the extent that the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of a business combination, the identification and measurement of the related assets, liabilities and contingent liabilities are revisited and the cost is reassessed and any remaining balance is recognised immediately in the Group Income Statement.

Goodwill acquired in a business combination is allocated, from the acquisition date, to the cash-generating units that are anticipated to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. The cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes and these units are not larger than the primary and secondary reporting segments determined in accordance with IAS 14 *Segment Reporting*. Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. In the year in which a business combination is effected, and where some or all of the goodwill allocated to a particular cash-generating unit arose in respect of that combination, the cash-generating unit is tested for impairment prior to the end of the relevant annual period. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed once recognised.

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

Intangible assets (other than goodwill) arising on business combinations

An intangible asset, which is an identifiable non-monetary asset without physical substance, is capitalised separately from goodwill as part of a business combination to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable (i.e. capable of being divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability) or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of definite-lived intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

The amortisation of intangible assets is calculated to write-off the book value of definite-lived intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. In general, definite-lived intangible assets are amortised over periods ranging from one to ten years, depending on the nature of the intangible asset.

Investments

All investments are initially recognised at the fair value of the consideration given net of any acquisition charges arising.

Where equity investments are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Where it is impracticable to determine fair value in accordance with IAS 39, unquoted equity investments are recorded at historical cost and are included within financial assets in the Group Balance Sheet.

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have transferred to the Group, and hire purchase contracts are capitalised in the Group Balance Sheet and are depreciated over their useful lives with any impairment being recognised in accumulated depreciation. The asset is recorded at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the finance lease. The capital elements of future obligations under leases and hire purchase contracts are included in liabilities in the Group Balance Sheet and analysed between current and non-current amounts. The interest elements of the rental obligations are charged to the Group Income Statement over the periods of the relevant agreements and represent a constant proportion of the balance of capital repayments outstanding in line with the implicit interest rate methodology.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Group Income Statement on a straight-line basis over the lease term.

Inventories and construction contracts

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle (and weighted average, where appropriate) and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Raw materials are valued on the basis of purchase cost on a first-in, first-out basis. In the case of finished goods and work-in-progress, cost includes direct materials, direct labour and attributable overheads based on normal operating capacity and excludes borrowing costs. 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.

Amounts recoverable on construction contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Cumulative costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses, provision for contingencies and payments on account not matched with revenue, are included as construction contract balances in inventories. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Trade and other receivables and payables

Trade and other receivables and payables are stated at cost, which approximates fair value given the short-dated nature of these assets and liabilities.

Trade receivables are carried at original invoice amount less an allowance for potentially uncollectible debts. Provision is made when there is objective evidence that the Group will not be in a position to collect the associated debts. Bad debts are written-off in the Group Income Statement on identification.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Where investments are categorised as cash equivalents, the related balances have a maturity of three months or less from the date of acquisition. Bank overdrafts are included within current interest-bearing loans and borrowings in the Group Balance Sheet. Where the overdrafts are repayable on demand and form an integral part of cash management, they are netted against cash and cash equivalents.

Liquid investments

Liquid investments comprise short-term deposits and current asset investments which are held as readily disposable stores of value and include investments in government gilts and commercial paper and deposits of less than one year in duration. The maturity of these investments falls outside the three months timeframe for classification as cash and cash equivalents under IAS 7 *Cash Flow Statements*, and accordingly these investments are treated as financial assets and are categorised as either "fair value through profit and loss" or "loans and receivables". Regular way purchases of financial assets are recognised using settlement date accounting. The fair value of liquid investments is determined by reference to the traded value of actively traded instruments.

Derivative financial instruments

The Group employs derivative financial instruments (principally interest rate and currency swaps and forward foreign exchange contracts) to manage interest rate risks and to realise the desired currency profile of borrowings. In accordance with its treasury policy, the Group does not trade in financial instruments nor does it enter into leveraged derivative transactions.

At the inception of a transaction entailing the usage of derivatives, the Group documents the relationship between the hedged item and the hedging instrument together with its risk management objective and the strategy underlying the proposed transaction. The Group also documents its assessment, both at the inception of the hedging relationship and subsequently on an ongoing basis, of the effectiveness of the hedge in offsetting movements in the fair values or cash flows of the hedged items.

Derivative financial instruments are stated at fair value. Where derivatives do not fulfil the criteria for hedge accounting, they are classified as "held for trading" and changes in fair values are reported in the Group Income Statement. The fair value of interest rate and currency swaps is the estimated amount the Group would pay or receive to terminate the swap at the balance sheet date taking into account current interest and currency rates and the creditworthiness of the swap counterparties. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles and equates to the quoted market price at the balance sheet date (being the present value of the quoted forward price).

Hedging

Fair value and cash flow hedges

The Group uses fair value hedges and cash flow hedges in its treasury activities. For the purposes of hedge accounting, hedges are classified either as fair value hedges (which entail hedging the exposure to movements in the fair value of a recognised asset or liability) or cash flow hedges (which hedge exposure to fluctuations in future cash flows derived from a particular risk associated with a recognised asset or liability, a firm commitment or a highly probable forecast transaction).

In the case of fair value hedges which satisfy the conditions for hedge accounting, any gain or loss stemming from the re-measurement of the hedging instrument to fair value is reported in the Group Income Statement. In addition, any gain or loss on the hedged item which is attributable to the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the Group Income Statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the Group Income Statement with the objective of achieving full amortisation by maturity.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised liability or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised as a separate component of equity with the ineffective portion being reported in the Group Income Statement. The associated gains or losses that had previously been recognised in equity are transferred to the Group Income Statement contemporaneously with the materialisation of the hedged transaction. Any gain or loss arising in respect of changes in the time value of the derivative financial instrument is excluded from the measurement of hedge effectiveness and is recognised immediately in the Group Income Statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised as a separate component of equity remains in equity until the forecast transaction occurs. If a hedged transaction is no longer anticipated to occur, the net cumulative gain or loss recognised in equity is transferred to the Group Income Statement in the period.

Hedges of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting is not applied and any gain or loss accruing on the hedging instrument is recognised in the Group Income Statement.

Net investment hedges

Where foreign currency borrowings provide a hedge against a net investment in a foreign operation, foreign exchange differences are taken directly to a foreign currency translation reserve (being a separate component of equity). Cumulative gains and losses remain in equity until disposal of the net investment in the foreign operation at which point the related differences are transferred to the Group Income Statement as part of the overall gain or loss on sale.

Interest-bearing loans and borrowings

All loans and borrowings are initially recorded at cost being the fair value of the consideration received net of attributable transaction costs.

Subsequent to initial recognition, current and non-current interest-bearing loans and borrowings are, in general, measured at amortised cost employing the effective interest yield methodology. Fixed rate term loans, which have been hedged to floating rates (using interest rate swaps), are measured at amortised cost adjusted for changes in value attributable to the hedged risks arising from changes in underlying market interest rates. The computation of amortised cost includes any issue costs and any discount or premium materialising on settlement. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Gains and losses are recognised in the Group Income Statement through amortisation on the basis of the period of the loans and borrowings and/or on impairment and derecognition of the associated loans and borrowings.

Borrowing costs arising on financial instruments are recognised as an expense in the period in which they are incurred.

Provisions for liabilities

A provision is recognised on a discounted basis when the Group has a present obligation (either legal or constructive) as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Where the Group anticipates that a provision will be reimbursed, the reimbursement is recognised as a separate asset when it is virtually certain that the reimbursement will arise. Provisions are not recognised in respect of future operating losses.

Provisions arising on business combination activity are accordingly recognised only to the extent that they would have qualified for recognition in the financial statements of the acquiree prior to acquisition.

Tax (current and deferred)

Current tax represents the expected tax payable (or recoverable) on the taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date and taking into account any adjustments stemming from prior years. Any interest or penalties arising are included within current tax.

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, the timing of the reversal of the temporary difference is subject to control by the Group and it is probable that reversal will not materialise in the foreseeable future.

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

- where the deferred tax asset arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred tax asset is recognised only if it is probable that the deductible temporary difference will reverse in the foreseeable future and that sufficient taxable profits will be available against which the temporary difference can be utilised.

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

Where items are accounted for directly through equity (for example, in the context of certain derivative financial instruments and actuarial gains and losses on defined benefit pension schemes and share-based payments), the related income tax is charged or credited to equity. In all other circumstances, income tax is recognised in the Group Income Statement.

Capital grants

Capital grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions have been complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is treated as a deferred credit and is released to the Income Statement over the expected useful life of the relevant asset through equal annual instalments.

Share capital

Own shares

Ordinary Shares purchased by the Company under the terms of the Performance Share Plan are recorded as a deduction from equity on the face of the Group Balance Sheet.

Dividends

Dividends on Ordinary Shares are recognised as a liability in the Group's financial statements in the period in which they are declared by the Company.

Emission rights

Emission rights are accounted for such that a liability is recognised only in circumstances where emission rights have been exceeded from the perspective of the Group as a whole and the differential between actual and permitted emissions will have to be remedied through the purchase of the required additional rights at fair value; assets and liabilities arising in respect of under and over-utilisation of emission credits respectively are accordingly netted against one another in the preparation of the consolidated financial statements.

1. Segment Information

Analysis by class of business and by geography

The Group is organised into four Divisions, two in Europe: Materials and Products & Distribution; and two in the Americas: Materials in the United States and Products & Distribution in the United States, Mexico, Canada, Argentina and Chile. These activities comprise three reporting business segments as follows:

Materials businesses are involved in the production of cement, aggregates, asphalt and readymixed concrete.

Products businesses are involved in the production of concrete products and a range of construction-related products and services.

Distribution businesses are engaged in the marketing and sale of builders' supplies to the construction industry and of materials and products for the DIY market.

Intersegment revenue is not material.

Group Income Statement — **Continuing operations - year ended 31st December**

	Materials		Products		Distribution		Total Group	
	2007 €m	2006 €m	**2007 €m**	2006 €m	**2007 €m**	2006 €m	**2007 €m**	2006 €m
Segment revenue								
Europe	**3,651**	2,967	**3,628**	3,186	**3,435**	2,786	**10,714**	8,939
Americas	**5,445**	4,778	**3,510**	3,572	**1,323**	1,448	**10,278**	9,798
	9,096	7,745	**7,138**	6,758	**4,758**	4,234	**20,992**	18,737

Segment revenue includes €3,706 million (2006: €3,065 million) in respect of revenue applicable to construction contracts.

	Materials 2007	Materials 2006	Products 2007	Products 2006	Distribution 2007	Distribution 2006	Total Group 2007	Total Group 2006
Group operating profit before depreciation and amortisation (EBITDA) (i)								
Europe	**746**	564	**461**	361	**261**	210	**1,468**	1,135
Americas	**834**	695	**468**	506	**90**	120	**1,392**	1,321
	1,580	1,259	**929**	867	**351**	330	**2,860**	2,456
Depreciation								
Europe	**159**	143	**145**	134	**46**	37	**350**	314
Americas	**263**	220	**112**	116	**14**	14	**389**	350
	422	363	**257**	250	**60**	51	**739**	664
Amortisation of intangible assets								
Europe	**1**	-	**8**	6	**3**	1	**12**	7
Americas	**1**	-	**16**	15	**6**	3	**23**	18
	2	-	**24**	21	**9**	4	**35**	25
Group operating profit (i)								
Europe	**586**	421	**308**	221	**212**	172	**1,106**	814
Americas	**570**	475	**340**	375	**70**	103	**980**	953
	1,156	896	**648**	596	**282**	275	**2,086**	1,767
Profit on disposal of fixed assets								
Europe	**29**	28	**11**	2	**3**	4	**43**	34
Americas	**11**	2	**2**	3	**1**	1	**14**	6
	40	30	**13**	5	**4**	5	**57**	40
Segment result (profit before finance costs) (i)								
Europe	**615**	449	**319**	223	**215**	176	**1,149**	848
Americas	**581**	477	**342**	378	**71**	104	**994**	959
	1,196	926	**661**	601	**286**	280	**2,143**	1,807
Finance costs (net)							**(303)**	(252)
Group share of associates' profit after tax (note 9)							**64**	47
Profit before tax							**1,904**	1,602
Income tax expense							**(466)**	(378)
Group profit for the financial year							**1,438**	1,224

(i) Segment result in 2006 for Europe Products included a goodwill impairment loss of €50 million relating to the Cementbouw bv joint venture (see note 14). In addition, segment result in 2006 for Europe Products included €19 million of a total €38 million gain which arose on deconsolidation of certain pension schemes in the Netherlands (see note 27). The remaining €19 million of this deconsolidation gain was included in the segment result in 2006 for Europe Distribution.

1. Segment Information *continued*

Group Balance Sheet — **Continuing operations - year ended 31st December**

Segment assets	Materials 2007 €m	Materials 2006 €m	Products 2007 €m	Products 2006 €m	Distribution 2007 €m	Distribution 2006 €m	Total Group 2007 €m	Total Group 2006 €m
Europe	3,815	2,982	3,295	3,142	1,939	1,376	9,049	7,500
Americas	5,030	5,067	2,561	2,511	703	576	8,294	8,154
	8,845	8,049	5,856	5,653	2,642	1,952	17,343	15,654
Reconciliation to total assets as reported in the Group Balance Sheet								
Investments in associates							574	554
Other financial assets							78	97
Derivative financial instruments (current and non-current)							133	79
Deferred income tax assets							336	489
Liquid investments							318	370
Cash and cash equivalents							1,006	1,102
Total assets as reported in the Group Balance Sheet							19,788	18,345
Segment liabilities								
Europe	823	753	777	877	405	337	2,005	1,967
Americas	858	901	567	643	151	160	1,576	1,704
	1,681	1,654	1,344	1,520	556	497	3,581	3,671
Reconciliation to total liabilities as reported in the Group Balance Sheet								
Interest-bearing loans and borrowings (current and non-current)							6,498	5,958
Derivative financial instruments (current and non-current)							122	85
Income tax liabilities (current and deferred)							1,556	1,517
Capital grants							11	10
Total liabilities as reported in the Group Balance Sheet							11,768	11,241

1. Segment Information *continued*

Geographical analysis

The following is a geographical analysis of the segmental data presented above with Ireland (including Northern Ireland) and the Benelux (which comprises Belgium, the Netherlands and Luxembourg) separately analysed on the basis of the aggregation thresholds contained in IAS 14:

Group Income Statement — **Continuing operations - year ended 31st December**

	Ireland		Benelux		Rest of Europe		Americas		Total Group	
	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m
Segment revenue	1,402	1,251	2,918	2,628	6,382	5,058	10,290	9,800	20,992	18,737
Group EBITDA	207	209	354	301	905	624	1,394	1,322	2,860	2,456
Depreciation	48	52	82	81	220	181	389	350	739	664
Amortisation of intangible assets	-	-	2	2	10	5	23	18	35	25
Group operating profit	159	157	270	218	675	438	982	954	2,086	1,767
Profit on disposal of fixed assets	26	23	7	3	9	8	15	6	57	40
Segment result (profit before finance costs)	185	180	277	221	684	446	997	960	2,143	1,807
Group Balance Sheet										
Segment assets	959	830	2,468	2,101	5,617	4,563	8,299	8,160	17,343	15,654
Segment liabilities	282	289	487	485	1,235	1,195	1,577	1,702	3,581	3,671

Other segment information - capital expenditure — **Continuing operations - year ended 31st December**

	Materials		Products		Distribution		Total Group	
	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m
By business segment								
Europe	291	213	153	123	72	46	516	382
Americas	334	288	159	142	19	20	512	450
	625	501	312	265	91	66	1,028	832
Geographical analysis								
Ireland							119	78
Benelux							88	79
Rest of Europe							309	225
Americas							512	450
							1,028	832

2. Proportionate Consolidation of Joint Ventures

	Year ended 31st December	
Impact on Group Income Statement	**2007 €m**	2006 €m
Group share of:		
Revenue	**1,076**	901
Cost of sales	**(734)**	(628)
Gross profit	**342**	273
Operating costs	**(229)**	(180)
Impairment of Cementbouw bv goodwill (note 14)	**-**	(50)
Operating profit	**113**	43
Profit on disposal of fixed assets	**-**	4
Profit before finance costs	**113**	47
Finance costs (net)	**(14)**	(16)
Profit before tax	**99**	31
Income tax expense	**(25)**	(18)
Group profit for the financial year	**74**	13
Depreciation	**43**	37
Impact on Group Balance Sheet		
Group share of:		
Non-current assets	**1,002**	806
Current assets	**380**	289
Total assets	**1,382**	1,095
Total equity	**835**	553
Non-current liabilities	**265**	273
Current liabilities	**282**	269
Total liabilities	**547**	542
Total equity and liabilities	**1,382**	1,095
Net debt included above	**(164)**	(248)
Impact on Group Cash Flow Statement		
Group share of:		
Net cash inflow from operating activities	**106**	87
Net cash outflow from investing activities	**(224)**	(75)
Net cash inflow/(outflow) from financing activities	**145**	(34)
Net increase/(decrease) in cash and cash equivalents	**27**	(22)
Cash and cash equivalents at 1st January	**51**	74
Translation adjustment	**(1)**	(1)
Cash and cash equivalents at 31st December	**77**	51
Reconciliation of cash and cash equivalents to net debt		
Cash and cash equivalents as above	**77**	51
Liquid investments	**1**	-
Derivative financial instruments (current and non-current)	**-**	1
Interest-bearing loans and borrowings (current and non-current)	**(242)**	(300)
Net debt at 31st December	**(164)**	(248)

The Group's share of net debt in joint ventures is non-recourse to the Group.

3. Operating Costs

	2007 €m	2006 €m
Selling and distribution costs	**2,675**	2,496
Administrative expenses	**1,474**	1,267
Other operating expenses	**58**	96
Other operating income	**(16)**	(12)
Total	**4,191**	3,847

Other operating expenses and income comprise the following charges/(credits):

	2007 €m	2006 €m
Other operating expenses		
Share-based payments expense (note 7)	**23**	16
Amortisation of intangible assets (note 14)	**35**	25
Goodwill impairment loss (note 14)	**-**	50
Mark-to-market of undesignated derivative financial instruments	**-**	5
Total	**58**	96
Other operating income		
Excess of fair value of identifiable net assets over consideration paid (note 33)	**(4)**	(7)
Mark-to-market of undesignated derivative financial instruments	**(5)**	(1)
Income from financial assets	**(4)**	(2)
Capital grants released (note 28)	**(3)**	(2)
Total	**(16)**	(12)

4. Group Operating Profit

Group operating profit has been arrived at after charging the following amounts (including the Group's proportionate share of amounts in joint ventures):

	2007 €m	2006 €m
Depreciation		
- included in cost of sales	**447**	414
- included in operating costs	**292**	250
Total	**739**	664
Foreign exchange gains and losses (net)		
- included in cost of sales	**1**	1
Operating lease rentals		
- hire of plant and machinery	**109**	82
- land and buildings	**120**	99
- other operating leases	**39**	40
Total	**268**	221
Auditors' remuneration (included in administrative expenses)		
Audit fees, including Sarbanes-Oxley attestation	**16**	17
Non-audit services comprising the following:		
- acquisition-related financial due diligence (i)	**-**	1
- other advice	**1**	-

(i) In addition to the due diligence fees expensed in the Group Income Statement, further due diligence fees of €1.7 million (2006: €0.3 million) paid to the auditors have been included in the fair value of purchase consideration of business combinations for the respective periods.

5. Directors' Emoluments and Interests

Directors' emoluments (which are included in administrative expenses in note 3) and interests are given in the Report on Directors' Remuneration on pages 48 to 55 of this Annual Report.

6. Employment

The average number of employees (including CRH's proportionate share of employees in joint ventures) is as follows:

Year ended 31st December 2007	**Materials**	**Products**	**Distribution**	**Total Group**
Europe	**14,583**	**19,298**	**10,381**	**44,262**
Americas	**23,521**	**20,538**	**3,712**	**47,771**
Total	**38,104**	**39,836**	**14,093**	**92,033**
Year ended 31st December 2006				
Europe	12,221	17,705	8,420	38,346
Americas	18,856	18,867	3,491	41,214
Total	31,077	36,572	11,911	79,560

Employment costs charged in the Group Income Statement (including the Group's proportionate share of joint ventures' costs) are analysed as follows:

	2007 €m	2006 €m
Wages and salaries	**3,018**	2,689
Social welfare costs	**377**	337
Other employment-related costs	**355**	348
Share-based payment expense (note 7)	**23**	16
Total pension costs (note 27)	**194**	140
Total	**3,967**	3,530
Total charge analysed between:		
Cost of sales	**1,759**	1,658
Operating costs	**2,223**	1,884
Finance costs (net) - defined benefit pension schemes (note 8)	**(15)**	(12)
Total	**3,967**	3,530

7. Share-based Payments

	2007 €m	2006 €m
Share option expense	**18**	15
Performance Share Plan expense	**5**	1
	23	16

€2 million (2006: €1 million) of the total expense reported in the Group Income Statement relates to the Directors.

7. Share-based Payments *continued*

Share Option Schemes

The Group operates share option schemes, which were approved by shareholders in May 2000 (replacing the schemes which were approved in May 1990), and savings-related share option schemes, also approved by shareholders in May 2000. The general terms and conditions applicable to the share options granted by CRH under these schemes are set out in the Report on Directors' Remuneration on pages 48 to 55.

The Group's employee share options are equity-settled share-based payments as defined in IFRS 2 *Share-based Payment*. The IFRS requires that a recognised valuation methodology be employed to determine the fair value of share options granted and stipulates that this methodology should be consistent with methodologies used for the pricing of financial instruments. The expense of €18 million (2006: €15 million) reported in the Group Income Statement has been arrived at through applying the trinomial model, which is a lattice option-pricing model.

Impact on Group Income Statement

The measurement requirements of IFRS 2 have been implemented in respect of share options that were granted after 7th November 2002. As options to acquire Ordinary Shares in the Company are traditionally granted in April of each year, the expense disclosed in the Group Income Statement relates to options granted in April 2003 and in the subsequent periods.

The total share option expense is analysed as follows:

	Grant price	Duration of vesting period	Number of options	Weighted average fair value	Expense in Group Income Statement 2007 €m	2006 €m
Granted in 2003						
Share option schemes	€13.15 / €13.26 / Stg£9.06	3 and 5 years	4,247,900	€3.63	**1**	2
Savings-related share option schemes	€10.63 / Stg£7.18	3 and 5 years	768,853	€3.73	**-**	-
Granted in 2004						
Share option schemes	€16.71 / €16.73 / Stg£11.13	3 and 5 years	4,372,990	€4.37	**3**	5
Savings-related share option schemes	€14.45 / Stg£9.66	3 and 5 years	219,658	€4.67	**-**	-
Granted in 2005						
Share option schemes	€20.79 / €20.91 / Stg£14.37	3 years	2,362,450	€4.32	**3**	3
Savings-related share option schemes	€17.99 / Stg£12.38	3 and 5 years	162,731	€5.41	**-**	-
Granted in 2006						
Share option schemes	€29.00 / €24.83 / Stg£19.99	3 years	2,534,443	€6.39	**5**	4
Savings-related share option schemes	€23.16 / Stg£15.68	3 and 5 years	324,673	€7.12	**1**	1
Granted in 2007						
Share option schemes	€32.70 / €33.12 / Stg£22.43	3 years	2,788,341	€6.65	**5**	-
Savings-related share option schemes	€26.89 / Stg£18.61	3 and 5 years	256,787	€7.84	**-**	-
					18	15

Details of options granted under the share option schemes

A summary of activity under the Company's share option schemes in the two years ended 31st December 2007 and 31st December 2006 together with the weighted average exercise price of the share options is as follows:

Share options	Weighted average exercise price	Number of options 2007	Weighted average exercise price	Number of options 2006
Outstanding at beginning of year	**€18.33 / Stg£13.85**	**23,785,368**	€16.75 / Stg£11.32	26,434,144
Granted (a)	**€32.90 / Stg£22.43**	**2,807,900**	€28.68 / Stg£19.99	2,618,400
Exercised	**€15.54 / Stg£10.99**	**(2,810,420)**	€15.28 / Stg£10.35	(4,886,939)
Lapsed	**€19.83 / Stg£17.91**	**(478,295)**	€18.00 / Stg£13.93	(380,237)
Outstanding at end of year	**€20.38 / Stg£16.06**	**23,304,553**	€18.33 / Stg£13.85	23,785,368
Exercisable at end of year	**€16.73 / Stg£11.26**	**8,652,124**	€16.02 / Stg£11.16	7,270,476

(a) Pursuant to the 2000 share option schemes, employees were granted options over 2,807,900 (2006: 2,618,400) of the Company's Ordinary Shares on 10th April 2007. These options may be exercised after the expiration of three years from their date of grant, subject to specified EPS growth targets being achieved. All options granted have a life of ten years.

7. Share-based Payments *continued*

Analysis of share options - outstanding at end of year

	Exercise prices	31st December 2007 Number of options	31st December 2007 Actual remaining life	31st December 2006 Number of options	31st December 2006 Actual remaining life
Options by exercise price					
€ options	€7.09	-	-	39,192	0.3
	€7.10	-	-	258,532	0.3
	€12.64	354,221	0.3	549,639	1.3
	€14.57	268,364	1.3	319,714	2.3
	€14.66	494,307	1.3	571,149	2.3
	€17.26	1,559,918	2.3	1,810,775	3.3
	€18.01	1,505,809	2.3	1,621,136	3.3
	€18.28	2,248,403	3.3	2,561,178	4.3
	€19.68	2,669,495	4.3	3,139,102	5.3
	€13.15	1,555,943	5.3	1,793,707	6.3
	€13.26	1,382,980	5.3	1,577,980	6.3
	€16.71	1,983,221	6.3	2,517,799	7.3
	€16.73	1,564,300	6.3	1,910,500	7.3
	€20.79	1,235,640	7.3	1,292,640	8.3
	€20.91	1,073,000	7.3	1,095,000	8.3
	€24.83	200,000	8.5	200,000	9.5
	€29.00	2,301,070	8.3	2,370,711	9.3
	€32.70	1,442,090	9.3	-	-
	€33.12	1,317,500	9.3	-	-
Stg£ options	Stg£8.22	-	-	975	1.3
	Stg£10.99	13,945	2.3	18,497	3.3
	Stg£11.16	8,897	3.3	20,426	4.3
	Stg£12.04	17,580	4.3	22,880	5.3
	Stg£9.06	3,717	5.3	6,853	6.3
	Stg£11.13	6,769	6.3	14,441	7.3
	Stg£14.37	37,010	7.3	39,010	8.3
	Stg£19.99	31,623	8.3	33,532	9.3
	Stg£22.43	28,751	9.3	-	-
Total outstanding as at 31st December		23,304,553		23,785,368	

Analysis of share options - exercisable at end of year

	Exercise prices	31st December 2007 Number of options	31st December 2007 Actual remaining life	31st December 2006 Number of options	31st December 2006 Actual remaining life
Options by exercise price					
€ options	€7.09	-	-	39,192	0.3
	€7.10	-	-	258,532	0.3
	€12.64	354,221	0.3	549,639	1.3
	€14.57	268,364	1.3	319,714	2.3
	€14.66	494,307	1.3	571,149	2.3
	€17.26	1,559,918	2.3	776,045	3.3
	€18.01	1,505,809	2.3	764,307	3.3
	€18.28	939,903	3.3	1,184,178	4.3
	€19.68	922,895	4.3	1,283,502	5.3
	€13.15	587,443	5.3	785,607	6.3
	€13.26	504,480	5.3	668,980	6.3
	€16.71	812,076	6.3	-	-
	€16.73	651,800	6.3	-	-
Stg£ options	Stg£8.22	-	-	975	1.3
	Stg£10.99	13,945	2.3	18,497	3.3
	Stg£11.16	8,897	3.3	20,426	4.3
	Stg£12.04	17,580	4.3	22,880	5.3
	Stg£9.06	3,717	5.3	6,853	6.3
	Stg£11.13	6,769	6.3	-	-
Total exercisable as at 31st December		8,652,124		7,270,476	

7. Share-based Payments *continued*

The weighted average fair values assigned to options granted in 2006 and 2007 under the 2000 share option schemes, which were computed in accordance with the trinomial valuation methodology, were as follows:

	Denominated in	
	€	**Stg£***
	3-year	**3-year**
Granted during 2007 (amounts in €)	**6.65**	**6.60**
Granted during 2006 (amounts in €)	6.39	6.49

** € equivalents at the date of grant*

The fair values of these options were determined using the following assumptions:

	2007 3-year	2006 3-year
Weighted average exercise price (amounts in €)	**32.90**	28.68
Risk-free interest rate (%)	**4.08**	3.64 / 3.77
Expected dividend payments over the expected life (€ cent)	**503.05**	324.62
Expected volatility (%)	**21.3**	23.2 / 22.4
Expected life in years	**5**	5

The expected volatility was determined using an historical sample of 61 month-end CRH share prices. Share options are granted at market value at the date of grant. The expected lives of the options are based on historical data and are therefore not necessarily indicative of exercise patterns that may materialise.

Other than the assumptions listed above, no other features of options grants were factored into the determination of fair value.

The terms of the options granted under the share option schemes do not contain any market conditions within the meaning of IFRS 2.

No relevant modifications were effected to the share option schemes during the course of 2007 or 2006.

Details of options granted under the savings-related share option schemes

Savings-related share options	**Weighted average exercise price**	**Number of options 2007**	Weighted average exercise price	Number of options 2006
Outstanding at beginning of year	**€15.85 / Stg£10.97**	**1,263,622**	€12.71 / Stg£8.76	1,434,061
Granted (a)	**€26.89 / Stg£18.61**	**265,300**	€23.16 / Stg£15.68	358,986
Exercised	**€14.95 / Stg£9.83**	**(211,702)**	€12.40 / Stg£7.62	(450,229)
Lapsed	**€20.56 / Stg£14.00**	**(58,138)**	€14.35 / Stg£10.41	(79,196)
Outstanding at end of year	**€18.37 / Stg£12.53**	**1,259,082**	€15.85 / Stg£10.97	1,263,622
Exercisable at end of year	**€15.20 / Stg£9.94**	**3,313**	€15.39 / Stg£7.18	1,948

(a) Pursuant to the savings-related share option schemes operated by the Company in the Republic of Ireland and the United Kingdom, employees were granted options over 265,300 of the Company's Ordinary Shares on 5th April 2007 (143,261) and 11th April 2007 (122,039) respectively (2006: 358,986 share options on 7th April 2006). This figure comprises options over 144,138 (2006: 202,624) shares and 121,162 (2006: 156,362) shares which are normally exercisable within a period of six months after the third or the fifth anniversary of the contract, whichever is applicable, and are not subject to specified EPS growth targets being achieved. The exercise price at which the options are granted under the schemes represents a discount of 15% to the market price on the date of grant.

7. Share-based Payments *continued*

Analysis of savings-related share options - outstanding at end of year

Options by exercise price	Exercise prices	31st December 2007 Number of options	31st December 2007 Weighted average remaining contractual life (years)	31st December 2006 Number of options	31st December 2006 Weighted average remaining contractual life (years)
€ options	€15.39	-	-	871	0.1
	€16.09	725	0.1	19,782	0.9
	€10.63	198,186	0.9	200,447	1.9
	€14.45	26,793	1.8	61,952	1.8
	€17.99	46,576	2.0	50,573	3.0
	€23.16	131,749	2.9	139,361	3.9
	€26.89	120,321	4.0	-	-
Stg£ options	Stg£10.08	1,149	0.1	56,166	0.9
	Stg£7.18	232,289	0.9	239,310	1.9
	Stg£9.66	59,356	1.9	160,229	1.7
	Stg£12.38	114,047	1.7	124,152	2.7
	Stg£15.68	191,425	2.7	210,779	3.7
	Stg£18.61	136,466	3.6	-	-
Total outstanding as at 31st December		1,259,082		1,263,622	

As at 31st December 2007, 3,313 (2006: 1,948) options were exercisable under the savings-related share option schemes.

The weighted average fair values assigned to options issued under the savings-related share option schemes, which were computed in accordance with the trinomial valuation methodology, were as follows:

	Denominated in			
	€ 3-year	€ 5-year	Stg£* 3-year	Stg£* 5-year
Granted during 2007 (amounts in €)	7.09	8.55	7.23	8.71
Granted during 2006 (amounts in €)	6.54	7.88	6.54	7.88

** € equivalents at the date of grant*

The fair values of these options were determined using the following assumptions:

	2007 3-year	2007 5-year	2006 3-year	2006 5-year
Weighted average exercise price (amounts in €)	27.20	27.10	23.16	23.16
Risk-free interest rate (%)	4.08	4.10	3.43	3.64
Expected dividend payments over the expected life (€ cent)	246.06	503.05	162.94	324.62
Expected volatility (%)	17.3	21.3	20.8	23.2
Expected life in years	3	5	3	5

The expected volatility was determined using an historical sample of 37 month-end CRH share prices in respect of the three-year savings-related share options and 61 month-end share prices in respect of the five-year savings-related share options. The expected lives of the options are based on historical data and are therefore not necessarily indicative of exercise patterns that may materialise.

Other than the assumptions listed above, no other features of option grants were factored into the determination of fair value.

The terms of the options issued under the savings-related share option schemes do not contain any market conditions within the meaning of IFRS 2.

No modifications were effected to the savings-related share option schemes during the course of 2007 or 2006.

7. Share-based Payments *continued*

Performance Share Plan

The Group operates a Performance Share Plan which was approved by shareholders in May 2006. The general terms and conditions applicable to shares awarded by CRH under this Plan are set out in the Report on Directors' Remuneration on pages 48 to 55.

Shares awarded under the Group's Performance Share Plan are equity-settled share-based payments as defined in IFRS 2 *Share-based Payment*. The IFRS requires that a recognised valuation methodology be employed to determine the fair value of shares awarded and stipulates that this methodology should be consistent with methodologies used for the pricing of financial instruments. The expense of €5 million (2006: €1 million) reported in the Group Income Statement has been arrived at through applying a Monte Carlo simulation technique to model the combination of market and non-market based performance conditions in the Plan.

Impact on Group Income Statement

The first award of shares under the Plan was in June 2006 when a total of 627,750 shares were awarded; of this total, 12,000 lapsed during the course of 2007. A second award of 594,750 shares was made in April 2007.

The total expense is analysed as follows:

	Share price at date of award	Period to earliest release date	Number of shares	Fair value	Expense in Group Income Statement 2007 €m	2006 €m
Granted in 2006						
Performance Share Plan	€24.82	3 years	615,750	€12.11	**2**	1
Granted in 2007						
Performance Share Plan	€33.29	3 years	594,750	€17.14	**3**	-
					5	1

The fair value of the shares awarded was determined using a Monte Carlo simulation technique taking account of peer group total shareholder return volatilities and correlations, together with the following assumptions:

	2007	2006
Risk-free interest rate (%)	**4.07**	3.77
Expected volatility (%)	**20**	20

The expected volatility was determined using an historical sample of 37 month-end CRH share prices.

Impact on Group Balance Sheet

In accordance with the terms of the Performance Share Plan, following the award of 594,750 shares in April 2007 (2006: 627,750), 310,000 Ordinary Shares (2006: 627,750) were purchased by the Trustees of the Plan at a total cost of €10 million (2006: €15 million). These shares are recorded at cost and reported as a deduction from equity in the Group Balance Sheet, net of the related income statement expense of €5 million (2006: €1 million) (see note 30).

8. Finance Costs and Finance Revenue

	2007 €m	2006 €m
Finance costs		
Interest payable on bank loans and overdrafts repayable wholly within five years:		
- by instalments	**17**	18
- not by instalments	**230**	154
Interest payable under finance leases and hire purchase contracts	**2**	3
Interest payable on other borrowings	**137**	160
Total interest payable	**386**	335
Unwinding of discount element of provisions for liabilities (note 25)	**17**	19
Unwinding of discount applicable to deferred and contingent acquisition consideration	**5**	8
Income on interest rate and currency swaps	**(31)**	(51)
Mark-to-market of designated fair value hedges and related debt and ineffectiveness of net investment hedges:		
- interest rate swaps (i)	**(90)**	42
- currency swaps and forward contracts	**2**	3
- hedged fixed rate debt (i)	**92**	(42)
Interest cost on defined benefit pension scheme liabilities	**92**	93
Total finance costs	**473**	407
Finance revenue		
Interest receivable on loans to joint ventures and associates	**(4)**	(5)
Interest receivable on liquid investments	**(18)**	(15)
Interest receivable on cash and cash equivalents	**(41)**	(30)
	(63)	(50)
Expected return on defined benefit pension scheme assets	**(107)**	(105)
Total finance revenue	**(170)**	(155)
Finance costs (net)	**303**	252

(i) The Group uses interest rate swaps to convert fixed rate debt to floating rate. Fixed rate debt, which has been converted to floating rate through the use of interest rate swaps, is stated in the Group Balance Sheet at adjusted fair value to reflect movements in underlying fixed rates. The movement on this adjustment, together with the offsetting movement in the fair value of the related interest rate swaps, is taken to income in each reporting period.

9. Group Share of Associates' Profit after Tax

The Group's share of associates' profit after tax is equity-accounted and is presented as a single-line item in the Group Income Statement. The Group's share of profit after tax generated by associates is analysed as follows between the principal Group Income Statement captions:

	2007 €m	2006 €m
Group share of:		
Revenue	**806**	773
Profit before finance costs	**91**	72
Finance costs (net)	**(1)**	(2)
Profit before tax	**90**	70
Income tax expense	**(26)**	(23)
Profit after tax (i)	**64**	47

(i) The Group's share of associates' profit after tax comprises €52 million (2006: €36 million) in Europe Materials, €2 million (2006: €2 million) in Europe Products, €10 million (2006: €7 million) in Europe Distribution and €nil million (2006: €2 million) in Americas Materials.

The aggregated balance sheet data (analysed between current and non-current assets and liabilities) in respect of the Group's investment in associates is presented in note 15.

10. Income Tax Expense

	2007 €m	2006 €m
Current tax		
Ireland		
Corporation tax at 12.5% (2006: 12.5%)	**17**	22
Less: manufacturing relief	**(4)**	(4)
	13	18
Overseas tax	**398**	298
Tax on disposal of fixed assets	**15**	12
Total current tax	**426**	328
Deferred tax		
Origination and reversal of temporary differences:		
Defined benefit pension obligations	**8**	10
Share-based payments	**(4)**	3
Derivative financial instruments	**(1)**	-
Other items	**37**	37
Total deferred tax	**40**	50
Income tax expense	**466**	378

Reconciliation of applicable tax rate to effective tax rate

	2007	2006
Profit before tax (€m)	**1,904**	1,602
Tax charge expressed as a percentage of profit before tax (effective tax rate):		
- current tax expense only	**22.4%**	20.5%
- total income tax expense (current and deferred)	**24.5%**	23.6%

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

	% of profit before tax	
Irish corporation tax rate	**12.5**	12.5
Manufacturing relief in the Republic of Ireland	**(0.2)**	(0.3)
Higher tax rates on overseas earnings	**12.0**	12.9
Other items (comprising items not chargeable to tax/expenses not deductible for tax)	**0.2**	(1.5)
Total effective tax rate	**24.5**	23.6

Current and deferred tax movements applicable to items recognised directly within equity

	€m	€m
Current tax		
Share option exercises	**13**	-
Deferred tax		
Defined benefit pension obligations	**(46)**	(42)
Share-based payments	**(39)**	27
Cash flow hedges	**(2)**	-
Total	**(74)**	(15)

10. Income Tax Expense *continued*

Factors that may affect future tax charges and other disclosure requirements

Excess of capital allowances over depreciation

Based on current capital investment plans, the Group expects to continue to be in a position to claim capital allowances in excess of depreciation in future years.

Unremitted earnings in subsidiaries, joint ventures and associates

No provision has been recognised in respect of the unremitted earnings of subsidiaries and joint ventures as there is no commitment to remit earnings. A deferred tax liability has been recognised in relation to unremitted earnings of associates on the basis that the exercise of significant influence would not necessarily prevent earnings being remitted by other shareholders in the undertaking.

Investments in subsidiaries and associates and interests in joint ventures

No provision has been made for temporary differences applicable to investments in subsidiaries and interests in joint ventures as the Group is in a position to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Due to the absence of control in the context of associates, deferred tax liabilities are recognised where appropriate in respect of CRH's investments in these entities. Given that participation exemptions and tax credits would be available in the context of the Group's investments in subsidiaries and joint ventures in the majority of the jurisdictions in which the Group operates, the aggregate amount of temporary differences in respect of which deferred tax liabilities have not been recognised would be immaterial.

Other considerations

The total tax charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Group operates. The current tax charge will also be impacted by changes in the excess of tax depreciation (capital allowances) over accounting depreciation and the use of tax credits.

11. Dividends

As shown in note 29, the Company has various classes of share capital in issue comprising Ordinary Shares, 5% Cumulative Preference Shares and 7% 'A' Cumulative Preference Shares. The dividends paid and proposed in respect of these classes of share capital are as follows:

Dividends to shareholders	**2007 €m**	2006 €m
Preference		
5% Cumulative Preference Shares €3,175 (2006: €3,175)	**-**	-
7% 'A' Cumulative Preference Shares €77,521 (2006: €77,521)	**-**	-
Equity		
Final - paid 38.50c per Ordinary Share in May 2007 (27.75c paid in May 2006)	**209**	149
Interim - paid 20.00c per Ordinary Share (2006: 13.50c)	**109**	73
Total	**318**	222
Dividends proposed (memorandum disclosure)		
Equity		
Final 2007 - proposed 48.00c per Ordinary Share (2006: 38.50c)	**260**	209
Reconciliation to Cash Flow Statement		
Dividends to shareholders	**318**	222
Less: issue of shares in lieu of dividend (i)	**(68)**	(25)
Dividends paid to equity holders of the Company	**250**	197
Dividends paid by subsidiaries to minority interests (note 31)	**5**	12
Total dividends paid	**255**	209

(i) In accordance with the scrip dividend scheme, shares to the value of €68 million (2006: €25 million) were issued in lieu of dividends.

12. Earnings per Ordinary Share

	2007 €m	2006 €m
The computation of basic and diluted earnings per Ordinary Share is set out below:		
Numerator computations - basic and diluted earnings per Ordinary Share		
Group profit for the financial year	**1,438**	1,224
Profit attributable to minority interest	**(8)**	(14)
Profit attributable to equity holders of the Company	**1,430**	1,210
Preference dividends	**-**	-
Profit attributable to ordinary equity holders of the Company	**1,430**	1,210
Amortisation of intangible assets	**35**	25
Profit attributable to ordinary equity holders of the Company excluding amortisation of intangible assets	**1,465**	1,235
Depreciation	**739**	664
Numerator for "cash" earnings per Ordinary Share (ii)	**2,204**	1,899
Denominator computations		
Denominator for basic earnings per Ordinary Share		
Weighted average number of Ordinary Shares (millions) outstanding for the year	**544.3**	539.4
Effect of dilutive potential Ordinary Shares (employee share options) (millions) (i)	**4.8**	4.7
Denominator for diluted earnings per Ordinary Share	**549.1**	544.1
Basic earnings per Ordinary Share		
- including amortisation of intangible assets	**262.7c**	224.3c
- excluding amortisation of intangible assets	**269.2c**	229.0c
Diluted earnings per Ordinary Share		
- including amortisation of intangible assets	**260.4c**	222.4c
- excluding amortisation of intangible assets	**266.8c**	227.1c
"Cash" earnings per Ordinary Share (ii)	**404.9c**	352.1c

(i) The issue of certain Ordinary Shares in respect of employee share options is contingent upon satisfaction of specified performance conditions in addition to the passage of time. In accordance with IAS 33 *Earnings per Share*, these contingently issuable Ordinary Shares (totalling 14,652,429 at 31st December 2007 and 16,514,892 at 31st December 2006) are excluded from the computation of diluted earnings per Ordinary Share where the conditions governing exercisability have not been satisfied as at the end of the reporting period. Vesting of shares awarded under the Performance Share Plan is also contingent upon satisfaction of specified performance conditions and these shares have also been excluded from the computation of diluted earnings.

(ii) "Cash" earnings per Ordinary Share, which is computed through adding amortisation of intangible assets and depreciation to profit attributable to ordinary equity holders of the Company, is presented here for information as management believes it is a useful indicator of the Group's ability to generate cash from operations. Cash earnings per share is not a recognised measure under generally accepted accounting principles.

13. Property, Plant and Equipment

31st December 2007	Land and buildings €m	Plant and machinery €m	Transport €m	Assets in course of construction €m	Total €m
At 1st January, net of accumulated depreciation	**3,857**	**3,010**	**311**	**302**	**7,480**
Translation adjustment	**(233)**	**(193)**	**(24)**	**(18)**	**(468)**
Reclassifications of assets in course of construction	**19**	**177**	**9**	**(205)**	**-**
Additions at cost	**148**	**473**	**91**	**316**	**1,028**
Arising on acquisition (note 33)	**423**	**486**	**83**	**7**	**999**
Disposals at net carrying amount	**(38)**	**(29)**	**(7)**	**-**	**(74)**
Depreciation charge for year	**(146)**	**(508)**	**(85)**	**-**	**(739)**
At 31st December, net of accumulated depreciation	**4,030**	**3,416**	**378**	**402**	**8,226**
At 31st December 2007					
Cost/deemed cost	**4,963**	**6,303**	**731**	**402**	**12,399**
Accumulated depreciation	**(933)**	**(2,887)**	**(353)**	**-**	**(4,173)**
Net carrying amount	**4,030**	**3,416**	**378**	**402**	**8,226**

The equivalent disclosure for the prior year is as follows:

31st December 2006	Land and buildings €m	Plant and machinery €m	Transport €m	Assets in course of construction €m	Total €m
At 1st January, net of accumulated depreciation	3,679	2,599	257	289	6,824
Translation adjustment	(213)	(156)	(23)	(15)	(407)
Reclassifications of assets in course of construction	67	81	65	(213)	-
Additions at cost	92	428	87	225	832
Arising on acquisition (note 33)	414	633	21	16	1,084
Disposals at net carrying amount	(46)	(119)	(24)	-	(189)
Depreciation charge for year	(136)	(456)	(72)	-	(664)
At 31st December, net of accumulated depreciation	3,857	3,010	311	302	7,480
At 31st December 2006					
Cost/deemed cost	4,689	5,675	656	302	11,322
Accumulated depreciation	(832)	(2,665)	(345)	-	(3,842)
Net carrying amount	3,857	3,010	311	302	7,480

The carrying value of mineral-bearing land included in the land and buildings category above amounted to €1,690 million at the balance sheet date (2006: €1,793 million).

Borrowing costs capitalised during the financial year amounted to €3 million (2006: nil). The capitalisation rate employed was 5.5%.

Revaluation of land and buildings

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; this revaluation was carried forward as deemed cost under the transitional provisions of IFRS 1 *First-time Adoption of International Financial Reporting Standards*. Other than the aforementioned revaluation, all items of property, plant and equipment are recorded at cost.

The original historical cost of revalued assets cannot be obtained without unreasonable expense. The analysis of land and buildings assets held at deemed cost and at cost is as follows:

	2007 €m	2006 €m
At deemed cost as at 31st December 1980	**55**	56
At cost post 31st December 1980	**4,908**	4,633
Total	**4,963**	4,689

13. Property, Plant and Equipment *continued*

Assets held under finance leases

The net carrying amount and the depreciation charge during the year in respect of assets held under finance leases, and capitalised in property, plant and equipment, are as follows:

	2007 €m	2006 €m
Cost	101	88
Accumulated depreciation	(38)	(23)
Net carrying amount	63	65
Depreciation charge for year	11	6
Future purchase commitments for property, plant and equipment		
Contracted for but not provided in the financial statements	612	340
Authorised by the Directors but not contracted for	466	286

14. Intangible Assets

		Other intangible assets			
31st December 2007	Goodwill €m	Marketing-related €m	Customer-related €m	Contract-based €m	Total €m
At 1st January, net of accumulated impairment losses and amortisation	2,841	17	97	11	2,966
Translation adjustment	(166)	(1)	(10)	(1)	(178)
Arising on acquisition (note 33)	807	6	117	9	939
Amortisation charge for year (i)	-	(4)	(29)	(2)	(35)
At 31st December, net of accumulated impairment losses and amortisation	3,482	18	175	17	3,692
At 31st December 2007					
Cost	3,532	27	230	21	3,810
Accumulated impairment losses and amortisation	(50)	(9)	(55)	(4)	(118)
Net carrying amount	3,482	18	175	17	3,692

The equivalent disclosure for the prior year is as follows:

31st December 2006	Goodwill €m	Marketing-related €m	Customer-related €m	Contract-based €m	Total €m
At 1st January, net of accumulated amortisation	2,194	8	46	4	2,252
Translation adjustment	(121)	-	(6)	-	(127)
Arising on acquisition (note 33)	818	12	78	8	916
Impairment loss	(50)	-	-	-	(50)
Amortisation charge for year (i)	-	(3)	(21)	(1)	(25)
At 31st December, net of accumulated impairment losses and amortisation	2,841	17	97	11	2,966
At 31st December 2006					
Cost	2,891	23	126	12	3,052
Accumulated impairment losses and amortisation	(50)	(6)	(29)	(1)	(86)
Net carrying amount	2,841	17	97	11	2,966

(i) Goodwill is not subject to amortisation under IFRS. The useful lives of all other intangible assets are finite and, in general, range from one to ten years dependent on the nature of the asset.

As noted below, a goodwill impairment loss of €50 million was recognised in 2006 (2007: nil). No impairment losses have been recognised in respect of other intangible assets.

Due to the asset-intensive nature of operations in the Materials business segment (and the fact that goodwill arising on transactions in this segment is typically relatively small), no significant intangible assets are recognised on business combinations in this segment. Business combinations in the Group's Products and Distribution segments, wherein the majority of goodwill arises, do not exhibit the same level of asset intensity and hence give rise to the recognition of intangible assets.

14. Intangible Assets *continued*

Goodwill

The goodwill balances disclosed above include goodwill arising on the acquisition of joint ventures which are accounted for on the basis of proportionate consolidation. Goodwill arising in respect of investments in associates is included in investments in associates in the Group Balance Sheet (see note 15).

The net book value of goodwill capitalised under previous GAAP (Irish GAAP) as at the transition date to IFRS (1st January 2004) has been treated as deemed cost. Goodwill arising on acquisition since that date is capitalised at cost.

Impairment testing
Goodwill is subject to impairment testing on an annual basis.

No impairment losses were recognised by the Group in 2007.

Testing in 2006 identified an impairment in respect of the Group's 45% share of goodwill in Cementbouw bv, a joint venture which was established in 2003 in a leveraged buyout of Cementbouw's materials trading and readymixed concrete operations in the Netherlands, undertaken in conjunction with CRH's 100% purchase of Cementbouw's distribution, concrete and clay products activities. An impairment loss of €50 million was recognised in the Group Income Statement for the 2006 financial year and included in the segment result for Europe Products in that year (note 1). During 2007, the Group acquired the remaining 55% of Cementbouw bv (see note 33).

Cash-generating units
Goodwill acquired through business combination activity has been allocated to cash-generating units for the purposes of impairment testing based on the business segment into which the business combination will be assimilated. The cash-generating units represent the lowest level within the Group at which the associated goodwill is monitored for internal management purposes and are not larger than the primary and secondary segments determined in accordance with IAS 14 *Segment Reporting*. A total of 24 cash-generating units have been identified and these are analysed as follows between the six business segments in the Group:

	Cash-generating units
Europe Materials	7
Europe Products	5
Europe Distribution	1
Americas Materials	5
Americas Products	5
Americas Distribution	1
Total cash-generating units	24

Impairment testing methodology and results
The recoverable amount of each of the 24 cash-generating units is determined based on a value-in-use computation. The cash flow forecasts employed for the value-in-use computation are extracted from a five-year strategic plan document formally approved by senior management and the Board of Directors and specifically exclude incremental profits and other cash flows stemming from future acquisition activity. The five-year cash flows obtained from this document are projected forward for an additional five years using the lower of historical compound annual growth and anticipated inflation as the relevant general growth factor. A 20-year annuity-based terminal value is calculated using the average of the last five years' cash flows adjusted to take account of cumulative inflation to year 10 (being the end of the projection period); the terminal value specifically excludes any underlying growth assumption. The recoverable amount stemming from this exercise represents the present value of the future cash flows, including the terminal value, discounted at a before-tax weighted average cost of capital appropriate to the cash-generating unit being assessed for impairment; the before-tax discount rates range from 7.4% to 10.7% (2006: 7.4% to 10.6%). The average before-tax discount rate represents a premium of circa 0.5 percentage points on the Group's estimated before-tax weighted average cost of capital.

Key assumptions include management's estimates of future profitability, replacement capital expenditure requirements, trade working capital investment needs and tax considerations. The duration of the discounted cash flow model is a significant factor in determining the fair value of the cash-generating units and has been arrived at taking account of the Group's strong financial position, its established history of earnings growth and cash flow generation, its proven ability to pursue and integrate value-enhancing acquisitions and the nature of the building materials industry where product obsolescence risk is very low.

Additional disclosures - significant goodwill amounts
The goodwill allocated to each of the 24 cash-generating units accounts for between 10% and 20% of the total carrying amount of €3,482 million in the case of Europe Distribution (within the Europe Products & Distribution Division) and less than 10% of the total carrying amount in all other cases. The additional disclosures required under IAS 36 *Impairment of Assets* in relation to significant goodwill amounts arising in Europe Distribution are as follows:

	2007	2006
Carrying amount of goodwill allocated to the cash-generating unit	**€342m**	€334m
Carrying amount of indefinite-lived intangible assets allocated to the cash-generating unit	**Nil**	Nil
Basis on which recoverable amount of the cash-generating unit has been assessed	**Value-in-use**	Value-in-use
Discount rate applied to the cash flow projections (real before-tax)	**9.3%**	9.4%
Excess of value-in-use over carrying amount	**€593m**	€395m

14. Intangible Assets *continued*

The key assumptions used for the value-in-use computation for this cash-generating unit were in line with those addressed above. The values applied to each of the key assumptions were derived from a combination of internal and external factors based on historical experience and took into account the stability of cash flows typically associated with this business.

The cash flows for the cash-generating unit were projected in line with the methodology disclosed above with the cash flows arising after the five-year period in the strategic plan document being projected forward for an additional five years using inflation as the relevant growth factor.

Given the magnitude of the excess of value-in-use over carrying amount, and the reasonableness of the key assumptions employed, no further disclosures relating to sensitivity of the value-in-use computations were required.

15. Financial Assets

	Investments in associates					
31st December 2007	**Share of net assets €m**	**Goodwill €m**	**Loans €m**	**Total €m**	**Other** (i) **€m**	**Total financial assets €m**
At 1st January	**444**	**107**	**3**	**554**	**97**	**651**
Translation adjustment	**(1)**	**(2)**	**-**	**(3)**	**(1)**	**(4)**
Arising on acquisition (note 33)	**(3)**	**-**	**1**	**(2)**	**(42)**	**(44)**
Investments and advances	**-**	**-**	**-**	**-**	**40**	**40**
Disposals	**(9)**	**-**	**-**	**(9)**	**(16)**	**(25)**
Retained profit less dividends paid	**34**	**-**	**-**	**34**	**-**	**34**
At 31st December	**465**	**105**	**4**	**574**	**78**	**652**

The equivalent disclosure for the prior year is as follows:

31st December 2006						
At 1st January	416	109	3	528	107	635
Translation adjustment	(4)	(2)	-	(6)	(1)	(7)
Arising on acquisition (note 33)	1	-	-	1	-	1
Investments and advances	6	-	1	7	13	20
Disposals	-	-	(1)	(1)	(22)	(23)
Retained profit less dividends paid	25	-	-	25	-	25
At 31st December	444	107	3	554	97	651

The investment in associates (including goodwill and loans payable) is analysed as follows:

	2007 €m	2006 €m
Non-current assets	**617**	600
Current assets	**378**	322
Non-current liabilities	**(225)**	(205)
Current liabilities	**(196)**	(163)
Net assets	**574**	554

The Group holds a 21.66% stake (2006: 21.66%) in Groupe SAMSE, a publicly-quoted distributor of building materials to the merchanting sector in France which is accounted for as an associate investment above. The fair value of this investment as at the balance sheet date amounted to €70 million (2006: €60 million).

(i) Other financial assets comprise trade investments carried at historical cost together with quoted investments at fair value and loans extended by the Group to joint ventures (which are treated as loans and receivables under IAS 39 *Financial Instruments: Recognition and Measurement* and are included within financial assets at historical cost). The balance as at 31st December 2007 comprises €15 million in respect of trade and quoted investments and €63 million in respect of loans to joint ventures (2006: €14 million and €83 million respectively).

16. Disposal of Fixed Assets

	2007 €m	2006 €m
Fixed assets disposed of at net carrying amount:		
- property, plant and equipment (note 13)	**74**	189
- financial assets (note 15)	**25**	23
Total	**99**	212
Profit on disposal of fixed assets	**57**	40
Proceeds from disposal of fixed assets - Group Cash Flow Statement	**156**	252

17. Inventories

	2007 €m	2006 €m
Raw materials	**617**	624
Work-in-progress (i)	**116**	73
Finished goods	**1,493**	1,339
Total inventories at the lower of cost and net realisable value	**2,226**	2,036

(i) Work-in-progress includes €15 million (2006: €17 million) in respect of the cumulative costs incurred, net of amounts transferred to cost of sales under percentage-of-completion accounting, for construction contracts in progress at the balance sheet date.

Write-downs of inventories recognised as an expense within cost of sales amounted to €20 million (2006: €24 million).

None of the above carrying amounts has been pledged as security for liabilities entered into by the Group.

18. Trade and Other Receivables

	2007 €m	2006 €m
All current		
Trade receivables	**2,166**	2,220
Amounts receivable in respect of construction contracts (i)	**480**	429
Other receivables (ii)	**386**	340
Amounts receivable from associates	**1**	2
Prepayments and accrued income	**166**	181
Total	**3,199**	3,172

(i) Unbilled revenue at the balance sheet date in respect of construction contracts amounted to €131 million (2006: €109 million).

(ii) Retentions held by customers at the balance sheet date amounted to €97 million (2006: €105 million).

The aged analysis of trade receivables and amounts receivable in respect of construction contracts split between amounts that were neither past due nor impaired and amounts past due but not impaired at 31st December 2007 and 31st December 2006 was as follows:

	2007 €m	2006 €m
Neither past due nor impaired:		
Receivable within 3 months of the balance sheet date	**2,385**	2,405
Past due but not impaired:		
Receivable between 3 and 6 months of the balance sheet date	**183**	190
Receivable between 6 and 9 months of the balance sheet date	**31**	23
Receivable between 9 and 12 months of the balance sheet date	**47**	31
Total	**2,646**	2,649

18. Trade and Other Receivables *continued*

Trade receivables and amounts receivable in respect of construction contract activity are in general receivable within 90 days of the balance sheet date, are unsecured and are not interest-bearing. The figures disclosed above are stated net of provisions for impairment. The movements in the provision for impairment of receivables are as follows:

	2007 €m	2006 €m
At 1st January	129	118
Translation adjustment	(6)	(5)
Arising on acquisition	30	16
Provided during year	45	32
Written-off during year	(32)	(27)
Recovered during year	(8)	(5)
At 31st December	158	129

A general discussion of the terms and conditions applicable to related party receivables is provided in note 34 to the financial statements.

19. Trade and Other Payables

	2007 €m	2006 €m
Current		
Trade payables	1,475	1,399
Irish employment-related taxes	5	5
Other employment-related taxes	70	51
Value added tax	93	92
Deferred and contingent acquisition consideration	49	110
Other payables (i)	441	383
Accruals and deferred income	801	719
Amounts payable to associates	22	29
Subtotal - current	2,956	2,788
Non-current		
Other payables	33	24
Deferred and contingent acquisition consideration (stated at net present cost) due as follows:		
- between one and two years	42	29
- between two and five years	36	63
- after five years	30	44
Subtotal - non-current	141	160
Total	3,097	2,948

(i) Billings in excess of costs incurred together with advances received from customers in respect of work to be performed under construction contracts and foreseeable losses thereon amounted to €216 million at the balance sheet date (2006: €188 million).

20. Movement in Working Capital

31st December 2007	Inventories €m	Trade and other receivables €m	Trade and other payables €m	Total €m
At 1st January	**2,036**	**3,172**	**(2,948)**	**2,260**
Translation adjustment	**(110)**	**(149)**	**160**	**(99)**
Arising on acquisition (note 33)	**263**	**411**	**(313)**	**361**
Deferred and contingent acquisition consideration:				
- arising on acquisition (note 33)	**-**	**-**	**(31)**	**(31)**
- paid during the year	**-**	**-**	**107**	**107**
Interest accruals	**-**	**(1)**	**(8)**	**(9)**
Increase/(decrease) in working capital	**37**	**(234)**	**(64)**	**(261)**
At 31st December	**2,226**	**3,199**	**(3,097)**	**2,328**

The equivalent disclosure for the prior year is as follows:

At 1st January	1,723	2,476	(2,443)	1,756
Translation adjustment	(101)	(138)	125	(114)
Arising on acquisition (note 33)	363	615	(438)	540
Deferred and contingent acquisition consideration:				
- arising on acquisition (note 33)	-	-	(98)	(98)
- paid during the year	-	-	74	74
Interest accruals	-	4	(39)	(35)
Reclassifications	-	-	5	5
Increase/(decrease) in working capital	51	215	(134)	132
At 31st December	2,036	3,172	(2,948)	2,260

21. Liquid Investments and Cash and Cash Equivalents

Liquid investments

Liquid investments comprise short-term deposits and current asset investments which are held as readily disposable stores of value and include investments in government gilts and commercial paper and deposits of less than one year in duration. The maturity of these investments falls outside the three months timeframe for classification as cash and cash equivalents under IAS 7 *Cash Flow Statements*, and accordingly, the related balances have been separately reported in the Group Balance Sheet and have been categorised as either "held for trading" or "loans and receivables" in accordance with IAS 39 *Financial Instruments: Recognition Measurement* in the table below. The credit risk attaching to these items is documented in note 23.

	2007 €m	2006 €m
Held for trading (fair value through profit and loss)	**316**	366
Loans and receivables	**2**	4
Total	**318**	370

Cash and cash equivalents

In accordance with IAS 7, cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Where investments are categorised as cash equivalents, the related balances have a maturity of three months or less from the date of investment. Bank overdrafts are included within current interest-bearing loans and borrowings in the Group Balance Sheet.

Cash and cash equivalents are reported at fair value and are analysed as follows:

	2007 €m	2006 €m
Cash at bank and in hand	**592**	719
Investments (short-term deposits)	**414**	383
Included in Group Balance Sheet and Group Cash Flow Statement	**1,006**	1,102

Cash at bank earns interest at floating rates based on daily deposit bank rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

22. Interest-bearing Loans and Borrowings

	2007 €m	2006 €m
Bank loans and overdrafts:		
- unsecured	**2,487**	1,549
- secured *	**63**	40
Other term loans:		
- unsecured	**3,664**	4,034
- secured *	**42**	35
Group share of joint ventures' interest-bearing loans and borrowings (non-current and current)	**242**	300
Interest-bearing loans and borrowings (non-current and current)	**6,498**	5,958
Included in current liabilities in the Group Balance Sheet:		
- loans repayable within one year	**(386)**	(449)
- bank overdrafts	**(184)**	(196)
Current interest-bearing loans and borrowings	**(570)**	(645)
Non-current interest-bearing loans and borrowings	**5,928**	5,313

** Secured on specific property, plant and equipment*

Repayment schedule		
Within one year	**570**	645
Between one and two years	**2,235**	240
Between two and three years	**247**	1,201
Between three and four years	**721**	228
Between four and five years	**892**	762
After five years	**1,833**	2,882
	6,498	5,958

Instalment payments		
Loans fully repayable within five years:		
- not by instalments	**4,432**	2,846
- by instalments	**191**	202
Subtotal	**4,623**	3,048
Loans fully repayable in more than five years:		
- not by instalments	**1,797**	2,862
- by instalments**	**78**	48
Subtotal	**1,875**	2,910
Interest-bearing loans and borrowings (non-current and current)	**6,498**	5,958

*** €36 million (2006: €20 million) falls due for repayment after five years*

22. Interest-bearing Loans and Borrowings *continued*

Borrowing facilities

The Company manages its borrowing ability by entering into committed borrowing agreements. Revolving committed bank facilities are generally available to the Company for periods of up to five years from the date of inception. Various borrowing facilities are available to the Group. The undrawn committed facilities available as at 31st December 2007 and 31st December 2006, in respect of which all conditions precedent had been met, mature as follows:

	2007	2006
	€m	€m
Within one year	**195**	37
Between one and two years	**1,282**	77
Between two and five years	**122**	309
After five years	**-**	4
	1,599	427

Included in the figures above is an amount of €248 million in respect of the Group's share of facilities available to joint ventures (2006: €137 million).

Guarantees

The Company has given letters of guarantee to secure obligations of subsidiary undertakings as follows: €6,205 million in respect of loans, bank advances, derivative obligations and future lease obligations (2006: €5,536 million), €6 million in respect of deferred and contingent acquisition consideration (2006: €11 million), €284 million in respect of letters of credit (2006: €205 million) and €50 million in respect of other obligations (2006: €14 million).

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of its wholly-owned subsidiary undertakings and of Concrete Building Systems Limited and the Oldcastle Finance Company general partnership in the Republic of Ireland for the financial year ended 31st December 2007 and, as a result, such subsidiary undertakings and the general partnership have been exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986 and Regulation 20 of the European Communities (Accounts Regulations), 1993 respectively.

The Company has not guaranteed any debt or other obligations of joint ventures or associates.

Lender covenants

The Group's major bank facilities and debt issued pursuant to Note Purchase Agreements in private placements require the Group to maintain its consolidated EBITDA/net interest cover (excluding share of joint ventures) at no lower than 4.5 times for twelve-month periods ending 30th June and 31st December. Non-compliance with financial covenants would give the relevant lenders the right to demand early repayment of the related debt thus altering the maturity profile of the Group's debt and the Group's liquidity.

23. Derivative Financial Instruments

The fair values of derivative financial instruments are analysed by year of maturity and by accounting designation as follows:

31st December 2007	Total €m	Within 1 year €m	Between 1 and 2 years €m	Between 2 and 3 years €m	Between 3 and 4 years €m	Between 4 and 5 years €m	After 5 years €m
Assets							
Fair value hedges	**122**	**-**	**-**	**-**	**14**	**54**	**54**
Cash flow hedges	**9**	**7**	**2**	**-**	**-**	**-**	**-**
Not designated as hedges	**2**	**2**	**-**	**-**	**-**	**-**	**-**
	133	**9**	**2**	**-**	**14**	**54**	**54**
Analysed as:							
Non-current assets	**124**						
Current assets	**9**						
Total	**133**						
Liabilities							
Fair value hedges	**(67)**	**(25)**	**(42)**	**-**	**-**	**-**	**-**
Cash flow hedges	**(1)**	**(1)**	**-**	**-**	**-**	**-**	**-**
Net investment hedges	**(50)**	**(40)**	**-**	**-**	**-**	**-**	**(10)**
Not designated as hedges	**(4)**	**(4)**	**-**	**-**	**-**	**-**	**-**
	(122)	**(70)**	**(42)**	**-**	**-**	**-**	**(10)**
Analysed as:							
Non-current liabilities	**(52)**						
Current liabilities	**(70)**						
Total	**(122)**						
Net asset arising on derivative financial instruments	**11**						

The equivalent disclosure for the prior year is as follows:

31st December 2006	Total €m	Within 1 year €m	Between 1 and 2 years €m	Between 2 and 3 years €m	Between 3 and 4 years €m	Between 4 and 5 years €m	After 5 years €m
Assets							
Fair value hedges	71	-	-	-	7	8	56
Cash flow hedges	4	1	2	1	-	-	-
Net investment hedges	3	3	-	-	-	-	-
Not designated as hedges	1	1	-	-	-	-	-
	79	5	2	1	7	8	56
Analysed as:							
Non-current assets	74						
Current assets	5						
Total	79						
Liabilities							
Fair value hedges	(37)	(6)	(7)	(10)	-	-	(14)
Cash flow hedges	(4)	(2)	(1)	(1)	-	-	-
Net investment hedges	(40)	(26)	(14)	-	-	-	-
Not designated as hedges	(4)	(4)	-	-	-	-	-
	(85)	(38)	(22)	(11)	-	-	(14)
Analysed as:							
Non-current liabilities	(47)						
Current liabilities	(38)						
Total	(85)						
Net liabilty arising on derivative financial instruments	(6)						

Fair value hedges consist of interest rate swaps and currency swaps. These instruments hedge risks arising from changes in asset/liability fair values due to interest rate and foreign exchange rate movements. In accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, fair value hedges and the related hedged items are recorded at fair value through profit and loss.

23. Derivative Financial Instruments *continued*

Cash flow hedges consist of forward foreign exchange and commodity contracts and interest rate swaps. These instruments hedge risks arising to future cash flows from movements in foreign exchange rates, commodity prices and interest rates. Cash flow hedges are expected to affect profit and loss in periods closely matching the maturities shown above.

Net investment hedges consist of currency swaps and hedge changes in the value of net investments due to currency movements.

The profit/(loss) impact of fair value, cash flow and net investment hedges on the Group Income Statement is shown below:

	2007 €m	2006 €m
Cash flow hedges - ineffectiveness	-	1
Fair value hedges - profit and loss	91	(42)
Fair value of the hedged item - profit and loss	(92)	42
Net investment hedges - ineffectiveness	1	(2)

Capital management

The primary objectives of CRH's capital management strategy are to ensure that the Group maintains a strong credit rating to support the continued organic and acquisitive growth of its business and to maximise shareholder value through optimisation of the debt and equity balance.

The Board periodically reviews the capital structure of the Group, considering the cost of capital and the risks associated with each class of capital. The Group manages and if necessary adjusts its capital structure taking account of underlying economic conditions; any material adjustments to the Group's capital structure in terms of the relative proportions of debt and equity are approved by the Board. The Group is committed to optimising the use of its balance sheet within the confines of the overall objective to maintain an investment grade credit rating. During the course of 2006, a decision was taken to implement a phased reduction in dividend cover with the objective of achieving dividend cover of 3.5 times for the 2008 financial year; dividend cover for the 2007 financial year amounted to 3.9 times (2006: 4.3 times). In addition, as part of the Board's capital management strategy, a share buyback programme was initiated subsequent to the balance sheet date in January 2008.

The capital structure of the Group, which comprises net debt and capital and reserves attributable to the Company's equity holders, may be summarised as follows:

	2007 €m	2006 €m
Capital and reserves attributable to the Company's equity holders	7,954	7,063
Net debt (note 24)	5,163	4,492
Capital and net debt	13,117	11,555

Financial risk management objectives and policies

The Group uses financial instruments throughout its businesses: interest-bearing loans and borrowings, cash and cash equivalents, short-dated liquid investments and finance leases are used to finance the Group's operations; trade receivables and trade payables 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 currency exposures and to achieve the desired profile of borrowings. The Group does not trade in financial instruments nor does it enter into any leveraged derivative transactions.

The main risks attaching to the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Commodity price risk is of minimal relevance given that exposure is confined to a small number of contracts entered into for the purpose of hedging future movements in energy costs. The Board reviews and agrees policies for the prudent management of each of these risks as documented below.

Interest rate risk

The Group's exposure to market risk for changes in interest rates stems predominantly from its long-term debt obligations. Interest cost is managed by a centrally-controlled treasury function using a mix of fixed and floating rate debt; in recent years, the Group's target has been to fix interest rates on approximately 50% of net debt as at the period-end. With the objective of managing this mix in a cost-efficient manner, the Group enters into interest rate swaps, under which the Group contracts to exchange, at predetermined intervals, the difference between fixed and variable interest amounts calculated by reference to a pre-agreed notional principal.

The majority of these swaps are designated under IAS 39 to hedge underlying debt obligations; undesignated financial instruments are termed "not designated as hedges" in the preceding analysis of derivative financial instruments in the Group Balance Sheet.

23. Derivative Financial Instruments *continued*

Foreign currency risk

Due to the nature of building materials, which in general exhibit a low value-to-weight ratio, CRH's activities are conducted primarily in the local currency of the country of operation resulting in low levels of foreign currency transaction risk; variances arising in this regard are reflected in operating costs or cost of sales in the Group Income Statement in the period in which they arise.

Given its presence in 32 countries worldwide, the principal foreign exchange risk is translation-related arising from fluctuations in the euro value of the Group's net investment in currencies other than the euro. The Group's established policy is to spread its net worth across the currencies of its various operations with the objective of limiting its exposure to individual currencies and thus promoting consistency with the geographical balance of its operations. In order to achieve this objective, the Group manages its borrowings, where practicable and cost effective, partially to hedge its foreign currency assets. Hedging is done using currency borrowings in the same currency as the assets being hedged or through the use of other hedging methods such as currency swaps.

Credit risk

In addition to cash at bank and in hand, the Group holds significant cash balances which are invested on a short-term basis and are classified as either cash equivalents or liquid investments. These deposits and other financial instruments (principally certain derivatives and loans and receivables included within financial assets) give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty primarily depending on its credit rating and by regular review of these ratings. Acceptable credit ratings are high investment grade ratings - generally counterparties have ratings of A2/A from Moody's/Standard & Poor's ratings agencies. The maximum exposure arising in the event of default on the part of the counterparty is the carrying value of the relevant financial instrument.

Credit risk arising in the context of the Group's operations is not significant. Customers who wish to trade on credit terms are subject to strict verification procedures prior to credit being advanced and are subject to continued monitoring at operating company level.

Liquidity risk

The Group is exposed to liquidity risk which arises primarily from the maturing of short-term and long-term debt obligations and derivative transactions. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due. To achieve this objective, the Group:

- maintains cash balances and liquid investments with highly-rated counterparties;
- limits the maturity of cash balances; and
- borrows the bulk of its debt needs under committed bank lines or other term financing.

The tables below show the projected undiscounted total cash outflows (principal and interest) arising from the Group's gross debt, trade and other payables and derivatives. The tables also include the gross cash inflows projected to arise from derivatives. These projections are based on the interest and foreign exchange rates applying at the end of the relevant year.

31st December 2007	**Within 1 year €m**	**Between 1 and 2 years €m**	**Between 2 and 5 years €m**	**After 5 years €m**	**Total €m**
Financial liability cash outflows					
Trade and other payables	**2,956**	**78**	**43**	**39**	**3,116**
Finance leases	**14**	**5**	**6**	**5**	**30**
Interest-bearing loans and borrowings	**556**	**2,230**	**1,786**	**1,773**	**6,345**
Interest payments on finance leases	**2**	**1**	**2**	**1**	**6**
Interest payments on interest-bearing loans and borrowings	**350**	**282**	**530**	**512**	**1,674**
Interest rate swaps - net cash outflows	**3**	**3**	**8**	**3**	**17**
Cross-currency swaps - gross cash outflows	**1,135**	**370**	**54**	**405**	**1,964**
Other derivatives	**3**	**-**	**-**	**-**	**3**
Gross projected cash outflows	**5,019**	**2,969**	**2,429**	**2,738**	**13,155**
Derivatives - cash inflows					
Interest rate swaps - net cash inflows	**(13)**	**(12)**	**(28)**	**(14)**	**(67)**
Cross-currency swaps - gross cash inflows	**(1,070)**	**(330)**	**(61)**	**(397)**	**(1,858)**
Other derivatives	**(7)**	**(2)**	**-**	**-**	**(9)**
Gross derivative cash inflows	**(1,090)**	**(344)**	**(89)**	**(411)**	**(1,934)**

23. Derivative Financial Instruments *continued*

The equivalent disclosure for the prior year is as follows:

31st December 2006	Within 1 year €m	Between 1 and 2 years €m	Between 2 and 5 years €m	After 5 years €m	Total €m
Financial liability cash outflows					
Trade and other payables	2,788	55	75	58	2,976
Finance leases	17	17	13	7	54
Interest-bearing loans and borrowings	628	223	2,178	2,875	5,904
Interest payments on finance leases	3	2	4	1	10
Interest payments on interest-bearing loans and borrowings	326	308	715	709	2,058
Interest rate swaps - net cash outflows	5	5	15	9	34
Cross-currency swaps - gross cash outflows	1,187	386	350	-	1,923
Other derivatives	6	1	1	-	8
Gross projected cash outflows	4,960	997	3,351	3,659	12,967
Derivatives - cash inflows					
Interest rate swaps - net cash inflows	(10)	(10)	(27)	(10)	(57)
Cross-currency swaps - gross cash inflows	(1,179)	(371)	(339)	-	(1,889)
Other derivatives	(1)	(1)	-	-	(2)
Gross derivative cash inflows	(1,190)	(382)	(366)	(10)	(1,948)

Commodity price risk

The Group's exposure to price risk in this regard is minimal with the fair value of derivatives used to hedge future energy costs being €7 million favourable as at the balance sheet date (2006: €4 million unfavourable).

24. Analysis of Net Debt

Components of and reconciliation of opening to closing net debt

Net debt comprises cash and cash equivalents, liquid investments, derivative financial instrument assets and liabilities and current and non-current interest-bearing loans and borrowings.

	At 1st January €m	Cash flow €m	Acquisitions €m	Mark-to-market €m	Translation adjustment €m	At 31st December Book value €m	*At 31st December Fair value* (i) *€m*
31st December 2007							
Cash and cash equivalents (note 21)	**1,102**	**(144)**	**83**	**-**	**(35)**	**1,006**	***1,006***
Liquid investments (note 21)	**370**	**(29)**	**-**	**-**	**(23)**	**318**	***318***
Interest-bearing loans and borrowings (note 22)	**(5,958)**	**(703)**	**(222)**	**(92)**	**477**	**(6,498)**	***(6,363)***
Derivative financial instruments (net) (note 23)	**(6)**	**113**	**-**	**86**	**(182)**	**11**	***11***
Group net debt (including share of non-recourse debt in joint ventures)	**(4,492)**	**(763)**	**(139)**	**(6)**	**237**	**(5,163)**	***(5,028)***
Group net debt excluding proportionately consolidated joint ventures	**(4,244)**	**(762)**	**(221)**	**(6)**	**234**	**(4,999)**	***(4,864)***

The equivalent disclosure for the prior year is as follows:

	At 1st January €m	Cash flow €m	Acquisitions €m	Mark-to-market €m	Translation adjustment €m	At 31st December Book value €m	*At 31st December Fair value* (i) *€m*
31st December 2006							
Cash and cash equivalents (note 21)	1,149	(81)	69	-	(35)	1,102	*1,102*
Liquid investments (note 21)	342	35	-	-	(7)	370	*370*
Interest-bearing loans and borrowings (note 22)	(5,107)	(1,042)	(239)	42	388	(5,958)	*(6,017)*
Derivative financial instruments (net) (note 23)	167	29	-	(43)	(159)	(6)	*(6)*
Group net debt (including share of non-recourse debt in joint ventures)	(3,449)	(1,059)	(170)	(1)	187	(4,492)	*(4,551)*
Group net debt excluding proportionately consolidated joint ventures	(3,177)	(1,081)	(171)	(2)	187	(4,244)	*(4,303)*

Note (i) appears on page 96.

24. Analysis of Net Debt *continued*

(i) The fair values of cash and cash equivalents and floating rate loans and borrowings are based on their carrying amounts, which constitute a reasonable approximation of fair value. The carrying value of liquid investments is the market value of these investments. The carrying value of derivatives is fair value based on discounted future cash flows at current foreign exchange and interest rates. The fair value of fixed rate debt is calculated based on actual traded prices for publicly traded debt or discounted future cash flows reflecting market interest rate changes since issuance for other fixed rate debt.

Interest rate and currency profile

The interest rate and currency profile of the Group's net debt and net worth (capital and reserves attributable to the Company's equity holders) as at 31st December 2007 is as follows:

	euro €m	US Dollar €m	Pound Sterling €m	Swiss Franc €m	Other €m	Total €m
Cash and cash equivalents - floating rate	354	323	56	72	201	1,006
Liquid investments - floating rate	100	105	112	1	-	318
Interest-bearing loans and borrowings - fixed rate	(50)	(3,448)	(7)	(22)	(4)	(3,531)
Interest-bearing loans and borrowings - floating rate	(1,207)	(879)	(398)	(280)	(203)	(2,967)
Net debt by major currency excluding derivative financial instruments	(803)	(3,899)	(237)	(229)	(6)	(5,174)
Derivative financial instruments (including mark-to-market)	(1,152)	1,475	168	(208)	(272)	11
Net debt by major currency including derivative financial instruments	(1,955)	(2,424)	(69)	(437)	(278)	(5,163)
Non-debt assets and liabilities analysed as follows:						
Non-current assets	4,526	5,976	497	691	1,216	12,906
Current assets	2,102	2,247	312	346	418	5,425
Non-current liabilities	(432)	(1,037)	(136)	(96)	(106)	(1,807)
Current liabilities	(1,404)	(1,320)	(232)	(162)	(223)	(3,341)
Minority interest	(47)	(2)	-	(6)	(11)	(66)
Capital and reserves attributable to the Company's equity holders	2,790	3,440	372	336	1,016	7,954

Interest-bearing loans and borrowings - fixed rate

The fixed rate interest-bearing loans and borrowings including the impact of derivative financial instruments (interest rate and cross-currency swaps) as at 31st December 2007 are as follows:

	euro €m	US Dollar €m	Pound Sterling €m	Swiss Franc €m	Other €m	Total €m
Interest-bearing loans and borrowings - fixed rate as above (ii)	(50)	(3,448)	(7)	(22)	(4)	(3,531)
Impact of derivative financial instruments on fixed rate debt	(892)	2,174	(21)	-	(80)	1,181
Net fixed rate interest-bearing loans and borrowings	(942)	(1,274)	(28)	(22)	(84)	(2,350)
Weighted average fixed interest rates	*4.1%*	*6.7%*	*4.9%*	*3.4%*	*5.5%*	*5.6%*
Weighted average fixed periods - years	*3.1*	*6.3*	*0.9*	*0.8*	*0.8*	*4.8*
Gross debt by major currency - analysis of effective interest rates						
- interest rates excluding derivative financial instruments	*4.9%*	*6.3%*	*6.7%*	*2.9%*	*5.4%*	*5.8%*
- gross debt excluding derivative financial instruments	(1,257)	(4,327)	(405)	(302)	(207)	(6,498)
- interest rates including derivative financial instruments	*4.6%*	*6.5%*	*7.0%*	*2.9%*	*5.4%*	*5.4%*
- gross debt including derivative financial instruments	(2,409)	(2,852)	(237)	(510)	(479)	(6,487)

24. Analysis of Net Debt *continued*

The corresponding interest rate and currency profile of the Group's net debt and net worth as at 31st December 2006 is as follows:

	euro €m	US Dollar €m	Pound Sterling €m	Swiss Franc €m	Other €m	Total €m
Cash and cash equivalents - floating rate	484	324	48	105	141	1,102
Liquid investments - floating rate	92	95	183	-	-	370
Interest-bearing loans and borrowings - fixed rate	(206)	(3,875)	(17)	(9)	(3)	(4,110)
Interest-bearing loans and borrowings - floating rate	(1,011)	(271)	(406)	(9)	(151)	(1,848)
Net (debt)/cash by major currency excluding derivative financial instruments	(641)	(3,727)	(192)	87	(13)	(4,486)
Derivative financial instruments (including mark-to-market)	(1,127)	1,438	172	(260)	(229)	(6)
Net debt by major currency including derivative financial instruments	(1,768)	(2,289)	(20)	(173)	(242)	(4,492)
Non-debt assets and liabilities analysed as follows:						
Non-current assets	4,209	5,682	534	376	785	11,586
Current assets	1,932	2,528	266	175	307	5,208
Non-current liabilities	(405)	(1,220)	(290)	(78)	(60)	(2,053)
Current liabilities	(1,293)	(1,378)	(211)	(91)	(172)	(3,145)
Minority interest	(22)	(5)	-	(8)	(6)	(41)
Capital and reserves attributable to the Company's equity holders	2,653	3,318	279	201	612	7,063

Interest-bearing loans and borrowings - fixed rate

The fixed rate interest-bearing loans and borrowings including the impact of derivative financial instruments (interest rate and cross-currency swaps) as at 31st December 2006 are as follows:

	euro €m	US Dollar €m	Pound Sterling €m	Swiss Franc €m	Other €m	Total €m
Interest-bearing loans and borrowings - fixed rate as above (ii)	(206)	(3,875)	(17)	(9)	(3)	(4,110)
Impact of derivative financial instruments on fixed rate debt	(629)	2,603	(23)	(32)	(76)	1,843
Net fixed rate interest-bearing loans and borrowings	(835)	(1,272)	(40)	(41)	(79)	(2,267)
Weighted average fixed interest rates	*3.5%*	*6.9%*	*5.0%*	*1.7%*	*5.3%*	*5.5%*
Weighted average fixed periods - years	*2.4*	*7.4*	*1.5*	*1.2*	*1.8*	*5.1*
Gross debt by major currency - analysis of effective interest rates						
- interest rates excluding derivative financial instruments	*3.8%*	*6.5%*	*5.5%*	*3.5%*	*5.1%*	*5.8%*
- gross debt excluding derivative financial instruments	(1,217)	(4,146)	(423)	(18)	(154)	(5,958)
- interest rates including derivative financial instruments	*3.7%*	*6.9%*	*5.6%*	*2.1%*	*5.0%*	*5.2%*
- gross debt including derivative financial instruments	(2,344)	(2,708)	(251)	(278)	(383)	(5,964)

(ii) Of the Group's gross fixed rate debt at 31st December 2007, €2,176 million (2006: €2,659 million) has been hedged to floating rate at inception using interest rate swaps. In accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, hedged fixed rate debt is recorded at amortised cost adjusted for the change in value arising from changes in underlying market interest rates and the related hedging instruments (interest rate swaps) are stated at fair value. Adjustments to fixed rate debt values and the changes in the fair value of the hedging instrument are taken through profit and loss. The balance of gross fixed rate debt of €1,355 million (2006: €1,451 million) are financial liabilities measured at amortised cost in accordance with IAS 39.

Based on the level and composition of year-end net debt, a change in average interest rates of one per cent per annum would change the interest charge, before tax, by €28 million per annum (2006: €22 million).

A change in the value of other currencies by 10% against the euro would change the Group's net worth by €516 million and change the Group's year-end net debt by €320 million (2006: €441 million and €272 million respectively).

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

Gains and losses arising on the re-translation of net worth are dealt with in the Statement of Recognised Income and Expense. 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 Group Income Statement and are disclosed in note 4. As at 31st December 2007 and 2006, these exposures were not material.

25. Provisions for Liabilities

Net present cost	At 1st January €m	Translation adjustment €m	Arising on acquisition €m	Provided during year €m	Utilised during year €m	Reversed unused €m	Reclass-ifications* €m	Discount unwinding €m	At 31st December €m
31st December 2007									
Insurance (i)	**233**	**(20)**	**1**	**83**	**(99)**	**-**	**-**	**11**	**209**
Guarantees and warranties (ii)	**25**	**(1)**	**1**	**6**	**(7)**	**(2)**	**-**	**1**	**23**
Rationalisation and redundancy (iii)	**23**	**-**	**1**	**19**	**(29)**	**(2)**	**-**	**1**	**13**
Environment and remediation (iv)	**73**	**(3)**	**1**	**11**	**(18)**	**(2)**	**-**	**2**	**64**
Other	**107**	**(2)**	**(18)**	**15**	**(21)**	**(3)**	**-**	**2**	**80**
Total	**461**	**(26)**	**(14)**	**134**	**(174)**	**(9)**	**-**	**17**	**389**
Analysed as:									
Non-current liabilities	**320**								**248**
Current liabilities	**141**								**141**
Total	**461**								**389**

The equivalent disclosure for the prior year is as follows:

31st December 2006									
Insurance (i)	147	(14)	75	104	(92)	(1)	2	12	233
Guarantees and warranties (ii)	31	(1)	1	6	(9)	(2)	(2)	1	25
Rationalisation and redundancy (iii)	16	-	4	15	(12)	(2)	1	1	23
Environment and remediation (iv)	79	(3)	7	6	(17)	(3)	2	2	73
Other	60	(1)	25	52	(34)	-	2	3	107
Total	333	(19)	112	183	(164)	(8)	5	19	461
Analysed as:									
Non-current liabilities	223								320
Current liabilities	110								141
Total	333								461

* *Reclassifications (to)/from payables.*

(i) Insurance
This provision relates to workers' compensation (employers' liability) and third-party liabilities or claims covered under the Group's self-insurance schemes. Reflecting the operation of these self-insurance schemes, a substantial portion of the total provision relates to claims which are classified as incurred but not reported in respect of which the Group will bear an excess which will not be recoverable from insurers. In addition, due to the extended timeframe which is typically involved in such claims, a significant component of the total provision is subject to actuarial valuation. Where actuarial valuation is either inappropriate or impractical, other external assessments are made.

(ii) Guarantees and warranties
Some of the products sold by Group companies (subsidiaries and joint ventures) carry formal guarantees in relation to satisfactory performance spanning varying periods subsequent to purchase. Provision is accordingly made on a net present cost basis for the anticipated cost of honouring such guarantees and warranties at each balance sheet date. Although the expected timing of any payments is uncertain, best estimates have been made in determining a likely cash profile for the purposes of discounting using past experience as a guide.

(iii) Rationalisation and redundancy
These provisions relate to irrevocable commitments under various rationalisation and redundancy programmes throughout the Group, none of which is individually material. The Group expects that these provisions will be utilised within three years of the balance sheet date.

(iv) Environment and remediation
This provision comprises obligations governing site remediation and improvement costs to be incurred in compliance with either local or national environmental regulations together with constructive obligations stemming from established best practice. Whilst a significant element of the total provision will reverse in the medium-term (two to ten years), the majority of the legal and constructive obligations applicable to long-lived assets (principally mineral-bearing land) will unwind over a 30-year timeframe. In discounting the related obligations, expected future cash outflows have been determined with due regard to extraction status and anticipated remaining life.

26. Deferred Income Tax

The deductible and taxable temporary differences at the balance sheet date in respect of which deferred tax has been recognised are analysed as follows:

	2007 €m	2006 €m
Deferred income tax assets (deductible temporary differences)		
Deficits on Group defined benefit pension obligations	38	88
Revaluation of derivative financial instruments to fair value	1	-
Employee share options	21	56
Other deductible temporary differences (i)	276	345
Total	336	489

(i) These items relate principally to deferred tax assets arising on deferred and contingent acquisition consideration and provisions for liabilities.

Deferred income tax assets have been recognised in respect of all deductible temporary differences.

	2007 €m	2006 €m
Deferred income tax liabilities (taxable temporary differences)		
Taxable temporary differences principally attributable to accelerated tax depreciation and fair value adjustments arising on acquisition	1,280	1,268
Surpluses on Group defined benefit pension obligations	5	3
Revaluation of derivative financial instruments to fair value	2	1
Rolled-over capital gains	25	29
Total	1,312	1,301

	2007 €m	2006 €m
Movement in net deferred income tax liability		
At 1st January	812	718
Translation adjustment	(67)	(63)
Net charge for the year (note 10)	40	50
Arising on acquisition (note 33)	104	92
Movement in deferred tax asset on Group defined benefit pension obligations	46	42
Movement in deferred tax asset on share-based payments	39	(27)
Movement in deferred tax liability on cash flow hedges	2	-
At 31st December	976	812

27. Retirement Benefit Obligations

The Group operates either defined benefit or defined contribution pension schemes in all of its principal operating areas. Scheme assets are held in separate trustee administered funds.

At the year-end, €49 million (2006: €52 million) was included in other payables in respect of defined contribution pension liabilities.

The Group operates defined benefit pension schemes in the Republic of Ireland, Britain and Northern Ireland, the Netherlands, Belgium, Germany, Portugal, Switzerland and the United States; for the purposes of the disclosures which follow, the schemes in the Republic of Ireland, the Netherlands, Belgium, Germany and Portugal (49% joint venture) have been aggregated into a "Eurozone" category on the basis of common currency and financial assumptions. In line with the principle of proportionate consolidation, the assets, liabilities, income and expenses attaching to defined benefit pension schemes in joint ventures are reflected in the figures below on the basis of the Group's share of these entities. The majority of the defined benefit pension schemes operated by the Group are funded as disclosed in the analysis of the defined benefit obligation presented below with unfunded schemes restricted to one scheme in each of the Netherlands, Portugal and the United States and three schemes in Germany.

In addition to the aforementioned defined benefit pension schemes, provision has been made in the financial statements for post-retirement healthcare obligations in respect of certain current and former employees principally in the United States and in Portugal and for long-term service commitments in respect of certain employees in the Eurozone and Switzerland. These obligations are unfunded in nature and the required disclosures are set out below.

In all cases, the projected unit credit method has been employed in determining the present value of the obligations arising, the related current service cost and, where applicable, past service cost.

27. Retirement Benefit Obligations *continued*

The cumulative actuarial gains and losses attributable to the Group's defined benefit pension scheme obligations at 1st January 2004 (the date of transition to IFRS) were recognised in full as at that date and adjusted against retained income. Actuarial gains and losses and the associated movement in the net deferred tax asset are recognised via the Statement of Recognised Income and Expense.

Actuarial valuations - funding requirements

The funding requirements in relation to the Group's defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries and valuations are prepared in this regard either annually, where local requirements mandate that this be done, or at triennial intervals at a maximum in all other cases. In Ireland and Britain, either the attained age or projected unit credit methods are used in the valuations. In the Netherlands and Switzerland, the actuarial valuations reflect the current unit method, while the valuations are performed in accordance with the projected unit credit methodology in Portugal and Germany. In the United States, valuations are performed using a variety of actuarial cost methodologies - current unit, projected unit and aggregate cost. The actuarial valuations range from January 2005 to December 2007.

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 rates of increase in remuneration and pensions. In the course of preparing the funding valuations, it was assumed that the rate of return on investments would, on average, exceed annual remuneration increases by 2% and pension increases by 3% per annum.

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

Financial assumptions

The financial assumptions employed in the valuation of the defined benefit liabilities arising on pension schemes, post-retirement healthcare obligations and long-term service commitments applying the projected unit credit methodology are as follows:

Scheme liabilities

The major long-term assumptions used by the Group's actuaries in the computation of scheme liabilities as at 31st December 2007 and 31st December 2006 are as follows:

	Eurozone		Britain and Northern Ireland		Switzerland		United States	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	%	%	**%**	%	**%**	%	**%**	%
Rate of increase in:								
- salaries	**4.25**	4.00	**4.00**	4.50	**2.25**	2.25	**4.50**	4.50
- pensions in payment	**2.25**	2.00	**3.25**	3.00	**1.00**	1.50	**-**	-
Inflation	**2.25**	2.00	**3.00**	2.75	**1.50**	1.50	**2.50**	2.50
Discount rate	**5.50**	4.75	**5.75**	5.00	**3.50**	2.75	**6.25**	5.75
Medical cost trend rate	**5.25**	5.25	**n/a**	n/a	**n/a**	n/a	**11.00**	11.00

The mortality assumptions employed in determining the present value of scheme liabilities under IAS 19 are in accordance with the underlying funding valuations and represent actuarial best practice in the relevant jurisdictions taking account of mortality experience and industry circumstances.

Scheme assets

The long-term rates of return expected at 31st December 2007 and 31st December 2006, determined in conjunction with the Group's actuaries and analysed by class of investment, are as follows:

Equities	**8.00**	7.50	**8.00**	7.75	**6.50**	6.00	**8.00**	8.25
Bonds	**4.50**	4.00	**4.50**	4.25	**3.25**	2.75	**6.00**	5.75
Property	**7.00**	7.00	**7.00**	7.00	**4.50**	4.00	**7.00**	7.00
Other	**4.00**	3.50	**5.50**	5.00	**2.50**	2.50	**4.25**	5.25

27. Retirement Benefit Obligations *continued*

(a) Impact on Group Income Statement

The total expense charged to the Group Income Statement in respect of defined contribution and defined benefit pension schemes, post-retirement healthcare obligations and long-term service commitments is as follows:

	2007 €m	2006 €m
Total defined contribution pension expense	147	117
Defined benefit		
Pension schemes (funded and unfunded)	46	23
Post-retirement healthcare schemes (unfunded)	-	2
Long-term service commitments (unfunded)	1	(2)
Total defined benefit expense	47	23
Total expense in Group Income Statement	194	140

Analysis of defined benefit expense

The total defined benefit expense (comprising funded and unfunded defined benefit pension schemes and unfunded post-retirement healthcare obligations and long-term service commitments) is analysed as follows:

	Eurozone		Britain and Northern Ireland		Switzerland		United States		Total Group	
	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m
Charged in arriving at Group operating profit										
Current service cost	19	33	19	18	16	11	6	8	60	70
Past service cost: benefit enhancements	1	3	-	-	1	-	-	-	2	3
Deconsolidation of defined benefit pension schemes (i)	-	(38)	-	-	-	-	-	-	-	(38)
Subtotal	20	(2)	19	18	17	11	6	8	62	35
Included in finance revenue and finance costs respectively										
Expected return on scheme assets	(50)	(55)	(31)	(27)	(16)	(13)	(10)	(10)	(107)	(105)
Interest cost on scheme liabilities	38	42	32	31	12	9	10	11	92	93
Subtotal	(12)	(13)	1	4	(4)	(4)	-	1	(15)	(12)
Net charge to Group Income Statement	8	(15)	20	22	13	7	6	9	47	23
Actual return on pension scheme assets	2	79	32	33	3	22	9	16	46	150

No reimbursement rights have been recognised as assets in accordance with IAS 19 *Employee Benefits.*

(i) During 2006, in response to legislative changes implemented in the Netherlands, the Group reached agreement with its employees in the Netherlands on changes to certain pension arrangements which altered their basis under IFRS from defined benefit to defined contribution. This resulted in the elimination of certain defined benefit obligations from the Group Balance Sheet with a resultant gain of €38 million which was reflected in arriving at Group operating profit for the 2006 financial year.

27. Retirement Benefit Obligations *continued*

(b) Impact on Group Balance Sheet

The net pension liability (comprising funded and unfunded defined benefit pension schemes and unfunded post-retirement healthcare obligations and long-term service commitments) as at 31st December 2007 is analysed as follows:

	Eurozone		Britain and Northern Ireland		Switzerland		United States		Total Group	
	2007 €m	2006 €m	**2007 €m**	2006 €m	**2007 €m**	2006 €m	**2007 €m**	2006 €m	**2007 €m**	2006 €m
Equities	**455**	499	**290**	299	**128**	108	**89**	91	**962**	997
Bonds	**214**	188	**162**	168	**187**	110	**48**	49	**611**	515
Property	**81**	80	**18**	4	**83**	78	**-**	-	**182**	162
Other	**17**	17	**8**	9	**60**	36	**6**	3	**91**	65
Bid value of assets	**767**	784	**478**	480	**458**	332	**143**	143	**1,846**	1,739
Actuarial value of liabilities (present value)	**(793)**	(818)	**(526)**	(662)	**(439)**	(328)	**(173)**	(193)	**(1,931)**	(2,001)
Asset limit adjustment	**-**	-	**-**	-	**(10)**	-	**-**	-	**(10)**	-
Recoverable (deficit)/surplus in schemes	**(26)**	(34)	**(48)**	(182)	**9**	4	**(30)**	(50)	**(95)**	(262)
Related deferred income tax asset/(liability) (note 26)	**9**	11	**13**	55	**(2)**	(1)	**13**	20	**33**	85
Net pension (liability)/asset	**(17)**	(23)	**(35)**	(127)	**7**	3	**(17)**	(30)	**(62)**	(177)
Analysis of liabilities - funded and unfunded										
Funded										
Defined benefit pension schemes	**(751)**	(783)	**(526)**	(662)	**(434)**	(326)	**(162)**	(181)	**(1,873)**	(1,952)
Unfunded										
Defined benefit pension schemes	**(26)**	(20)	**-**	-	**-**	-	**(4)**	(4)	**(30)**	(24)
Total - defined benefit pension schemes	**(777)**	(803)	**(526)**	(662)	**(434)**	(326)	**(166)**	(185)	**(1,903)**	(1,976)
Post-retirement healthcare obligations (unfunded)	**(8)**	(8)	**-**	-	**-**	-	**(7)**	(8)	**(15)**	(16)
Long-term service commitments (unfunded)	**(8)**	(7)	**-**	-	**(5)**	(2)	**-**	-	**(13)**	(9)
Actuarial value of liabilities (present value)	**(793)**	(818)	**(526)**	(662)	**(439)**	(328)	**(173)**	(193)	**(1,931)**	(2,001)
Split of asset values	**%**	%	**%**	%	**%**	%	**%**	%	**%**	%
Equities	**59.3**	63.6	**60.7**	62.3	**27.9**	32.5	**62.2**	63.6	**52.1**	57.3
Bonds	**27.9**	24.0	**33.9**	35.0	**40.8**	33.1	**33.6**	34.3	**33.1**	29.6
Property	**10.6**	10.2	**3.8**	0.8	**18.2**	23.5	**-**	-	**9.9**	9.4
Other	**2.2**	2.2	**1.6**	1.9	**13.1**	10.9	**4.2**	2.1	**4.9**	3.7
Total	**100**	100	**100**	100	**100**	100	**100**	100	**100**	100

The asset values above include €7 million in respect of investment in Ordinary Shares of the Company as at 31st December 2007 (2006: €11 million).

Analysis of amount included in the Statement of Recognised Income and Expense (SORIE)

	Eurozone 2007	Eurozone 2006	BNI 2007	BNI 2006	Switzerland 2007	Switzerland 2006	US 2007	US 2006	Total 2007	Total 2006
Actual return less expected return on scheme assets	**(48)**	24	**1**	6	**(13)**	9	**(1)**	6	**(61)**	45
Experience (loss)/gain arising on scheme liabilities (present value)	**(13)**	(19)	**-**	19	**(9)**	(4)	**(3)**	(2)	**(25)**	(6)
Assumptions gain arising on scheme liabilities (present value)	**63**	89	**126**	27	**54**	-	**12**	-	**255**	116
Asset limit adjustment	**-**	-	**-**	-	**(10)**	-	**-**	-	**(10)**	-
Actuarial gain recognised in SORIE	**2**	94	**127**	52	**22**	5	**8**	4	**159**	155

27. Retirement Benefit Obligations *continued*

Actuarial gains and losses and percentages of scheme assets and liabilities

	Eurozone		Britain and Northern Ireland		Switzerland		United States		Total Group	
	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m	2007 €m	2006 €m
Actual return less expected return on scheme assets	(48)	24	1	6	(13)	9	(1)	6	(61)	45
% of scheme assets	(6.3%)	3.1%	0.2%	1.3%	(2.8%)	2.7%	(0.7%)	4.2%	(3.3%)	2.6%
Experience (loss)/gain arising on scheme liabilities (present value)	(13)	(19)	-	19	(9)	(4)	(3)	(2)	(25)	(6)
% of scheme liabilities (present value)	1.6%	2.3%	-	(2.9%)	2.1%	1.2%	1.7%	1.0%	1.3%	0.3%
Actuarial gain recognised in SORIE	2	94	127	52	22	5	8	4	159	155
% of scheme liabilities (present value)	(0.3%)	(11.5%)	(24.1%)	(7.9%)	(5.0%)	(1.5%)	(4.6%)	(2.1%)	(8.2%)	(7.7%)

Following transition to IFRS on 1st January 2004, the cumulative actuarial gain recognised in the SORIE is as follows:

	2007 €m
Recognised in 2004 financial year	(119)
Recognised in 2005 financial year	(86)
Recognised in 2006 financial year	155
Recognised in 2007 financial year	159
Cumulative actuarial gain recognised in SORIE	109

	Eurozone 2007 €m	Eurozone 2006 €m	Britain and Northern Ireland 2007 €m	Britain and Northern Ireland 2006 €m	Switzerland 2007 €m	Switzerland 2006 €m	United States 2007 €m	United States 2006 €m	Total Group 2007 €m	Total Group 2006 €m
Reconciliation of scheme assets (bid value)										
At 1st January	784	933	480	423	332	277	143	138	1,739	1,771
Movement in year										
Translation adjustment	-	-	(43)	9	(9)	(11)	(15)	(15)	(67)	(17)
Arising on acquisition (note 33)	2	2	-	6	131	45	-	1	133	54
Employer contributions paid	15	27	21	20	12	8	14	11	62	66
Contributions paid by plan participants	4	7	5	5	8	6	-	-	17	18
Benefit payments	(40)	(34)	(17)	(16)	(19)	(15)	(8)	(8)	(84)	(73)
Actual return on scheme assets	2	79	32	33	3	22	9	16	46	150
Deconsolidation adjustment	-	(230)	-	-	-	-	-	-	-	(230)
Bid value of assets	767	784	478	480	458	332	143	143	1,846	1,739
Asset limit adjustment	-	-	-	-	(10)	-	-	-	(10)	-
At 31st December	767	784	478	480	448	332	143	143	1,836	1,739
Reconciliation of actuarial value of liabilities										
At 1st January	(818)	(1,093)	(662)	(651)	(328)	(277)	(193)	(200)	(2,001)	(2,221)
Movement in year										
Translation adjustment	-	-	49	(13)	11	13	19	21	79	21
Arising on acquisition (note 33)	(3)	(12)	-	(6)	(149)	(49)	-	(1)	(152)	(68)
Current service cost	(19)	(33)	(19)	(18)	(16)	(11)	(6)	(8)	(60)	(70)
Contributions paid by plan participants	(4)	(7)	(5)	(5)	(8)	(6)	-	-	(17)	(18)
Benefit payments	40	34	17	16	19	15	8	8	84	73
Past service cost: benefit enhancements	(1)	(3)	-	-	(1)	-	-	-	(2)	(3)
Interest cost on scheme liabilities	(38)	(42)	(32)	(31)	(12)	(9)	(10)	(11)	(92)	(93)
Actuarial gain/(loss) arising on:										
- experience variations	(13)	(19)	-	19	(9)	(4)	(3)	(2)	(25)	(6)
- changes in assumptions	63	89	126	27	54	-	12	-	255	116
Deconsolidation adjustment	-	268	-	-	-	-	-	-	-	268
At 31st December	(793)	(818)	(526)	(662)	(439)	(328)	(173)	(193)	(1,931)	(2,001)

Anticipated employer contributions payable in the 2008 financial year (expressed using average exchange rates for 2007) amount to €58 million in aggregate.

27. Retirement Benefit Obligations *continued*

History of scheme assets, liabilities and actuarial gains and losses

Given that the Group transitioned to IFRS with effect from 1st January 2004, a five-year history in respect of assets, liabilities and actuarial gains and losses is not available; the relevant data for the Group for the four years after transition to IFRS are as follows:

	2007 €m	2006 €m	2005 €m	2004 €m
Bid value of assets	**1,846**	1,739	1,771	1,465
Actuarial value of liabilities (present value)	**(1,931)**	(2,001)	(2,221)	(1,815)
Asset limit adjustment	**(10)**	-	-	-
Recoverable deficit	**(95)**	(262)	(450)	(350)
Actual return less expected return on scheme assets	**(61)**	45	177	17
% of scheme assets	**(3.3%)**	2.6%	10.0%	1.2%
Experience (loss)/gain arising on scheme liabilities (present value)	**(25)**	(6)	42	(7)
% of scheme liabilities (present value)	**1.3%**	0.3%	(1.9%)	0.4%

Post-retirement healthcare benefits - sensitivity analysis on key actuarial assumptions

The impact of the sensitivity analysis on the key actuarial assumptions employed in the valuation of post-retirement healthcare benefits as required under IAS 19 *Employee Benefits* is not material to the Group.

28. Capital Grants

	2007 €m	2006 €m
At 1st January	**10**	12
Translation adjustment	**1**	-
Received	**3**	-
	14	12
Released to Group Income Statement	**(3)**	(2)
At 31st December	**11**	10

There are no unfulfilled conditions or other contingencies attaching to capital grants received.

29. Share Capital - Equity and Preference

	Equity		Preference	
31st December 2007	**Ordinary Shares of €0.32 each** **€m**	**Income Shares of €0.02 each** (i) **€m**	**5% Cumulative Preference Shares of €1.27 each** (ii) **€m**	**7% 'A' Cumulative Preference Shares of €1.27 each** (iii) **€m**
Authorised				
At 1st January and 31st December	**235**	**15**	**-**	**1**
Number of Shares (000s)	**735,000**	**735,000**	**150**	**872**
Allotted, called-up and fully paid				
At 1st January	**173**	**11**	**-**	**1**
Share options and share participation schemes (iv)	**2**	**-**	**-**	**-**
Shares issued in lieu of dividends (v)	**-**	**-**	**-**	**-**
At 31st December	**175**	**11**	**-**	**1**
Number of Shares (000s)	**547,208**	**547,208**	**50**	**872**

The corresponding disclosure in respect of the year ended 31st December 2006 is as follows:

Authorised				
At 1st January and 31st December	235	15	-	1
Number of Shares (000s)	735,000	735,000	150	872
Allotted, called-up and fully paid				
At 1st January	171	11	-	1
Share options and share participation schemes (iv)	2	-	-	-
Shares issued in lieu of dividends (v)	-	-	-	-
At 31st December	173	11	-	1
Number of Shares (000s)	542,790	542,790	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). 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. As elections made by shareholders to receive dividends on their holding of Income Shares were no longer relevant, the Articles of Association were amended on 8th May 2002 to cancel such elections.

(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.

(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.

29. Share Capital - Equity and Preference *continued*

(iv) Share schemes

Details of share options granted under the Company's share option schemes and savings-related share option schemes and the terms attaching thereto are provided in note 7 and in the Report on Directors' Remuneration on pages 48 to 55. Under these schemes, options over a total of 3,022,122 Ordinary Shares were exercised during the financial year (2006: 5,337,168). Of this total, 1,795,766 (2006: 5,337,168) were satisfied by the issue of new shares for total proceeds of €27 million (2006: €80 million). The remaining options were satisfied by the purchase of 1,226,356 Ordinary Shares on the market by the Employee Benefit Trust (see footnote (i) in note 30 below). The difference of €21 million (2006: nil) between the proceeds of €20 million (2006: nil) from the exercise of these latter options and the €41 million cost (2006: nil) of the shares purchased has been debited to retained income.

Share participation schemes At 31st December 2007, 6,028,916 (2006: 5,676,369) 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. The shares issued pursuant to these schemes are excluded from the scope of IFRS 2 *Share-based Payment* and are hence not factored into the expense computation and the associated disclosures in note 7.

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.

(v) Shares issued in lieu of dividends

In May 2007, 1,922,128 (2006: 497,960) Ordinary Shares were issued to the holders of Ordinary Shares who elected to receive additional Ordinary Shares at a price of €29.92 (2006: €28.48) per share, instead of part or all of the cash element of their 2006 and 2005 final dividends. In November 2007, 347,752 (2006: 381,691) Ordinary Shares were issued to the holders of Ordinary Shares who elected to receive additional Ordinary Shares at a price of €31.01 (2006: €27.12) per share, instead of part or all of the cash element of their 2007 and 2006 interim dividends.

30. Reserves

	2007					2006				
	Share premium account €m	Own shares (i) €m	Other reserves €m	Foreign currency translation reserve €m	Retained income €m	Share premium account €m	Own shares (i) €m	Other reserves €m	Foreign currency translation reserve €m	Retained income €m
At 1st January	2,318	(14)	52	(137)	4,659	2,208	-	37	234	3,533
Currency translation effects	-	-	-	(410)	-	-	-	-	(371)	-
Premium on shares issued	102	-	-	-	-	110	-	-	-	-
Share option expense (note 7)										
- share option schemes	-	-	18	-	-	-	-	15	-	-
- Performance Share Plan	-	5	-	-	-	-	1	-	-	-
Shares acquired by Employee Benefit Trust (i)	-	(10)	-	-	(41)	-	(15)	-	-	-
Share option exercises (note 29 (iv))	-	-	-	-	20	-	-	-	-	-
Dividends (including shares issued in lieu of dividend) (note 11)	-	-	-	-	(318)	-	-	-	-	(222)
Actuarial gain on Group defined benefit pension obligations (note 27)	-	-	-	-	159	-	-	-	-	155
Movement in deferred tax asset on Group defined benefit pension obligations	-	-	-	-	(46)	-	-	-	-	(42)
Current tax impact of share option exercises	-	-	-	-	13	-	-	-	-	-
Movement in deferred tax asset on share-based payments	-	-	-	-	(39)	-	-	-	-	27
Gains/(losses) relating to cash flow hedges	-	-	-	-	8	-	-	-	-	(2)
Movement in deferred tax liability on cash flow hedges	-	-	-	-	(2)	-	-	-	-	-
Group profit for the financial year attributable to equity holders of the Company	-	-	-	-	1,430	-	-	-	-	1,210
At 31st December	2,420	(19)	70	(547)	5,843	2,318	(14)	52	(137)	4,659

30. Reserves *continued*

(i) Shares acquired by Employee Benefit Trust

Pursuant to the terms of the Performance Share Plan (see note 7), which was approved by shareholders at the 2006 Annual General Meeting, 310,000 Ordinary Shares were purchased by the Trustees of the Plan in the financial year ended 31st December 2007 at a cost of €10 million (2006: 627,750 Ordinary Shares at a cost of €15 million). The nominal value of these shares, on which dividends have been waived by the Trustees of the Plan, amounted to €0.3 million at 31st December 2007 (2006: €0.2 million). These shares are included in the balance sheet at cost of €25 million (2006: €15 million), and are stated net of the accumulated income statement charge of €5 million (2006: €1 million) in respect of the Performance Share Plan.

In addition, a further 1,226,356 Ordinary Shares were purchased by the Trustees at a cost of €41 million (2006: nil) in order to satisfy the exercise during the period of options over the same number of shares.

Reconciliation of shares issued to proceeds shown in Group Cash Flow Statement

	2007 €m	2006 €m
Shares issued at nominal amount (note 29):		
- share options and share participation schemes	2	2
Premium on shares issued	102	110
Total value of shares issued	104	112
Shares issued in lieu of dividends (note 11)	(68)	(25)
Proceeds from issue of shares - Group Cash Flow Statement	36	87

31. Minority Interest

	2007 €m	2006 €m
At 1st January	41	39
Translation adjustment	(3)	(3)
Profit after tax (less attributable to associates)	8	14
Dividends paid by subsidiaries to minority interests	(5)	(12)
Arising on acquisition (note 33)	25	-
Shares issued to minority interests	-	3
At 31st December	66	41

32. Commitments under Operating and Finance Leases

Operating leases

Future minimum rentals payable under non-cancellable operating leases at 31st December are as follows:

	2007 €m	2006 €m
Within one year	230	199
After one year but not more than five years	498	426
More than five years	320	286
	1,048	911

Finance leases

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2007 Minimum payments €m	2007 Present value of payments €m	2006 Minimum payments €m	2006 Present value of payments €m
Within one year	16	14	20	17
After one year but not more than five years	14	11	36	30
More than five years	6	5	8	7
Total minimum lease payments	36		64	
Less: amounts allocated to future finance costs	(6)		(10)	
Present value of minimum lease payments	30	30	54	54

33. Acquisition of Subsidiaries and Joint Ventures

The principal business combinations completed during the year ended 31st December 2007 by reporting segment, together with the completion dates, were as follows; these transactions entailed the acquisition of a 100% stake where not indicated to the contrary:

Europe Materials
China: Harbin Sanling Cement (8th February); Finland: Murskauskolmio Oy (1st November); Lebanon: Ciment de Sibline - additional 21.9% (1st January); the Netherlands: remaining 55% of Cementbouw bv (30th August); Ireland: T.O'Connell & Sons (17th September); Poland: Gniewkow (30th May) and readymixed concrete assets of Schwenk (13th June); Slovakia: Jablonica quarry (31st August); Portugal (49% joint venture): increased interest in Secil Martinganca (1st January), additional 42.9% of Cimentos Madeira (5th June) and Minerbetao (1st June); Turkey: 50% of Denizli Cimento (14th April); Ukraine: Shchyrets readymixed concrete plant (3rd October) and Belotserkovsky concrete plant (10th December).

Europe Products
Belgium: Olivier (1st October) and MBI Beton (31st October); Denmark: Dalton (29th March) and Expan (31st August); France: Cinor (2nd January), OREP (4th May) and Sodeco (11th June); Italy: Plastybeton (29th March); Norway: Halfen-Frimeda (15th May); Poland: remaining 75% of Ergon (26th April) and Cerabud (29th November); Romania: Elpreco (17th December); Sweden: Tuvan Stangsel (7th March); United Kingdom: Anderton Concrete (24th April), West Midland Fencing (2nd July) and Forsite Construction Accessories (4th July).

Europe Distribution
France: LDP (3rd January); Germany: acquisitions by CRH's 48% joint venture BauKing - Mobau (22nd February), Kapella Baustoffe (17th July) and Moller & Forster Baustoffe (31st August); the Netherlands: Vlutters (3rd March), Bouweijden Almere (7th September) and Haringsma (5th October); Spain: Jelf Brico-House (24th May); Switzerland: Gétaz Romang (25th May) and G. von Gunten (14th December).

Americas Materials
Arizona: Hancock Materials (16th November); Florida: Conrad Yelvington Distributors (4th September) and selected Cemex Rinker assets (30th November); Idaho: International Stone (23rd August) and HK Contractors (5th November); Iowa: Cessford Construction (10th August); New York: Madden Concrete (30th July); Ohio: Kenmore Construction Company (2nd April); Oklahoma: Bellco Materials (31st December); Oregon: Eugene Sand & Gravel (3rd August); Pennsylvania: McMinn's Asphalt & Prospect Aggregates (31st August); South Carolina: Southeast Asphalt (22nd August); Tennessee: selected assets of US Concrete (9th November); Texas: Matthews Construction & Jasper Asphalt (2nd November); Utah: Kaneco Products (13th June) and Hales Sand & Gravel (2nd December); Vermont: Burgess Brothers (24th September); Virginia: Rock It Stone (11th January); and Wyoming: Big Sky Asphalt (10th April).

Americas Products
California: Carson Industries (20th July; also including operations in Kentucky, Ohio and Ireland) and Inland Concrete Enterprises (17th December); Florida: remaining 50% of Paver Systems (January 3rd), Ruck Brothers (13th August), Amerimix and Cementec Industries (17th August), Coloroc Materials (23rd February) and Harwood Brick (11th June); Georgia: remaining 20% of Custom Surfaces (29th June; also South Carolina), selected block assets of Lafarge North America (30th November; Georgia and New Mexico); Illinois: Valley Block (3rd January) and River City Landscape Supply (21st December; also Alabama); New Jersey: Pre-Blend Products (31st May); New Mexico: Rinker Block (23rd July); Texas: Vistawall (29th June) and Headwaters Mortar and Stucco Group (20th December).

Americas Distribution
California: Spartan Supply (11th April), John Ray Company (13th April) and Acoustical Materials Services (16th November; also Nevada, Hawaii, Arizona and Mexico); and Florida: Florida Waterproofing Supply (7th September).

33. Acquisition of Subsidiaries and Joint Ventures *continued*

Identifiable net assets acquired (excluding net debt assumed)	**2007 €m**	2006 €m
Assets		
Non-current assets		
Property, plant and equipment (note 13)	**999**	1,084
Intangible assets: - goodwill (note 14)	**807**	818
- excess of fair value of identifiable net assets over consideration paid	**(4)**	(7)
- other intangible assets (note 14)	**132**	98
Investments in associates (note 15)	**(2)**	1
Other financial assets (note 15) (i)	**(42)**	-
Deferred income tax assets (note 26)	**18**	11
Total non-current assets	**1,908**	2,005
Current assets		
Inventories (note 20)	**263**	363
Trade and other receivables (note 20)	**411**	615
Total current assets	**674**	978
Equity		
Minority interest (note 31)	**(25)**	-
Total equity	**(25)**	-
Liabilities		
Non-current liabilities		
Deferred income tax liabilities (note 26)	**(122)**	(103)
Retirement benefit obligations (note 27)	**(19)**	(14)
Provisions for liabilities (stated at net present cost - note 25) (ii)	**(3)**	(82)
Total non-current liabilities	**(144)**	(199)
Current liabilities		
Trade and other payables (note 20) (ii)	**(313)**	(438)
Current income tax liabilities	**(6)**	(1)
Provisions for liabilities (stated at net present cost - note 25) (ii)	**17**	(30)
Total current liabilities	**(302)**	(469)
Total consideration (enterprise value)	**2,111**	2,315
Satisfied by		
Cash payments	**1,922**	2,028
Professional fees incurred on business combinations	**19**	19
Cash and cash equivalents acquired on acquisition (note 24)	**(83)**	(69)
Net cash outflow	**1,858**	1,978
Net debt (other than cash and cash equivalents) assumed on acquisition:		
- non-current interest-bearing loans and borrowings and finance leases (note 24)	**22**	7
- current interest-bearing loans and borrowings and finance leases (note 24)	**200**	232
Deferred and contingent acquisition consideration (stated at net present cost - note 20)	**31**	98
Total consideration (enterprise value)	**2,111**	2,315

(i) The amount arising on acquisition in 2007 includes the derecognition of €44 million of loans to Cementbouw bv, a former joint venture, following the purchase of the remaining 55% stake during the year.

(ii) Certain amounts were re-allocated from provisions for liabilities to trade and other payables in restating provisional fair value estimates during the 2007 financial year.

33. Acquisition of Subsidiaries and Joint Ventures *continued*

None of the business combinations completed during the financial year was considered sufficiently material to warrant separate disclosure of the attributable fair values.

No contingent liabilities were recognised on the business combinations completed during the financial year or the prior financial year.

The principal factor contributing to the recognition of goodwill on business combinations entered into by the Group is the realisation of cost savings and synergies with existing entities in the Group.

The carrying amounts of the assets and liabilities acquired determined in accordance with IFRS before completion of the combination, together with the adjustments made to those carrying values to arrive at the fair values disclosed above, were as follows:

	Book values €m	Fair value adjustments €m	Accounting policy alignments €m	Adjustments to provisional fair values €m	Fair value €m
Non-current assets (excluding goodwill)	766	295	-	44	1,105
Current assets	661	25	(3)	(9)	674
Non-current liabilities	(62)	(48)	-	(34)	(144)
Current liabilities	(294)	(9)	(4)	5	(302)
Minority interest	(21)	(6)	-	2	(25)
Identifiable net assets acquired (excluding goodwill and net debt assumed)	1,050	257	(7)	8	1,308
Goodwill arising on acquisition	1,068	(257)	7	(15)	803
Total consideration (enterprise value)	2,118	-	-	(7)	2,111

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of a number of the business combinations disclosed above given the timing of closure of these deals; any amendments to these fair values made during the subsequent reporting window (within the twelve-month timeframe from the acquisition date imposed by IFRS 3) will be subject to subsequent disclosure. The total adjustments processed in 2007 to the fair values of business combinations completed during 2006 where those fair values were not readily or practicably determinable as at 31st December 2006 were as follows:

	Initial fair value assigned €m	Adjustments to provisional fair values (iii) €m	Revised fair value €m
Non-current assets (excluding goodwill)	955	44	999
Current assets	877	(9)	868
Non-current liabilities	(183)	(34)	(217)
Current liabilities	(436)	5	(431)
Minority interest	-	2	2
Identifiable net assets acquired (excluding goodwill and net debt assumed)	1,213	8	1,221
Goodwill arising on acquisition	648	(15)	633
Total consideration (enterprise value)	1,861	(7)	1,854

(iii) The majority of the adjustments to the provisional fair values booked in 2006 and reflected above pertain to the APAC acquisition where an independent fair value assessment was pending at 31st December 2006.

33. Acquisition of Subsidiaries and Joint Ventures *continued*

The post-acquisition impact of business combinations completed during the year on Group profit for the financial year was as follows:

	2007 €m	2006 €m
Revenue	**1,215**	1,907
Cost of sales	**(881)**	(1,455)
Gross profit	**334**	452
Operating costs	**(233)**	(343)
Group operating profit	**101**	109
Profit on disposal of fixed assets	**-**	-
Profit before finance costs	**101**	109
Finance costs (net)	**(42)**	(56)
Profit before tax	**59**	53
Income tax expense	**(18)**	(13)
Group profit for the financial year	**41**	40

The revenue and profit of the Group for the financial year determined in accordance with IFRS as though the acquisition date for all business combinations effected during the year had been the beginning of that year would be as follows:

	Pro-forma 2007			
	2007 acquisitions €m	CRH Group excluding 2007 acquisitions €m	Pro-forma consolidated Group €m	Pro-forma 2006 €m
Revenue	**2,786**	**19,777**	**22,563**	20,719
Group profit for the financial year	**85**	**1,397**	**1,482**	1,239

A number of business combinations have been completed subsequent to the balance sheet date. None of these combinations is individually material to the Group thereby requiring disclosure under either IFRS 3 or IAS 10 *Events after the Balance Sheet Date*. Development updates, giving details of acquisitions which do not require separate disclosure, are published in January and July each year.

34. Related Party Transactions

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group under IAS 24 *Related Party Disclosures* pertain to: the existence of subsidiaries, joint ventures and associates; transactions with these entities entered into by the Group; and the identification and compensation of key management personnel.

Subsidiaries, joint ventures and associates

The consolidated financial statements include the financial statements of the Company (CRH plc, the ultimate parent) and its subsidiaries, joint ventures and associates as documented in the accounting policies on pages 61 to 67. The Group's principal subsidiaries, joint ventures and associates are disclosed on pages 120 to 125.

Sales to and purchases from, together with outstanding payables to and receivables from, subsidiaries and joint ventures are eliminated in the preparation of the consolidated financial statements in accordance with IAS 27 *Consolidated and Separate Financial Statements*. Loans extended by the Group to joint ventures and associates are included in financial assets (whilst the Group's share of the corresponding loans payable by joint ventures are included in interest-bearing loans and borrowings due to the application of proportionate consolidation in accounting for the Group's interests in these entities). Sales to and purchases from associates during the financial year ended 31st December 2007 amounted to €19 million (2006: €17 million) and €497 million (2006: €438 million) respectively. Amounts receivable from and payable to associates (arising from the aforementioned sales and purchases transactions) as at the balance sheet date are included as separate line items in notes 18 and 19 to the consolidated financial statements.

Terms and conditions of transactions with subsidiaries, joint ventures and associates

In general, the transfer pricing policy implemented by the Group across its subsidiaries is market-based. Sales to and purchases from other related parties (being joint ventures and associates) are conducted in the ordinary course of business and on terms equivalent to those that prevail in arm's-length transactions. The outstanding balances included in receivables and payables as at the balance sheet date in respect of transactions with associates are unsecured and settlement arises in cash. No guarantees have been either requested or provided in relation to related party receivables and payables. Loans to joint ventures and associates (the respective amounts being disclosed in note 15) are extended on normal commercial terms with interest accruing and, in general, paid to the Group at predetermined intervals.

Key management personnel

For the purposes of the disclosure requirements of IAS 24, the term "key management personnel" (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Company) comprises the Board of Directors which manages the business and affairs of the Company. As identified in the Report on Directors' Remuneration on pages 48 to 55, the Directors, other than the non-executive Directors, serve as executive officers of the Company. Full disclosure in relation to the compensation entitlements of the Board of Directors is provided in the Report on Directors' Remuneration.

35. Board Approval

The Board of Directors approved and authorised for issue the financial statements on pages 58 to 112 in respect of the year ended 31st December 2007 on 3rd March 2008.

Company Balance Sheet

as at 31st December 2007

Notes		2007 €m	2006 €m
	Fixed assets		
2	Financial assets	**311**	1,074
	Current assets		
3	Debtors	**4,768**	3,683
	Cash at bank and in hand	**98**	55
		4,866	3,738
	Creditors (amounts falling due within one year)		
4	Trade and other creditors	**1,669**	1,386
	Bank loans and overdrafts	**2**	1
		1,671	1,387
	Net current assets	**3,195**	2,351
	Total assets less current liabilities	**3,506**	3,425
	Creditors (amounts falling due after more than one year)		
	Bank loans	**-**	19
		3,506	3,406
	Capital and reserves		
6	Called-up share capital	**186**	184
6	Preference share capital	**1**	1
7	Share premium	**2,424**	2,322
6	Own shares	**(19)**	(14)
7	Revaluation reserve	**42**	42
7	Other reserves	**60**	557
7	Profit and loss account	**812**	314
	Shareholders' funds	**3,506**	3,406

K. McGowan, W.I. O'Mahony, Directors

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with the Companies Acts, 1963 to 2006 and Generally Accepted Accounting Practice in the Republic of Ireland (Irish GAAP). The following paragraphs describe the principal accounting policies under Irish GAAP, which have been applied consistently.

Operating income and expenses

Operating income and expenses arise from the Company's principal activities as a holding company for the Group and are accounted for on an accruals basis.

Financial Assets

Fixed asset investments, including investments in subsidiaries, are stated at cost (and at valuation at 31st December 1980 for those investments in existence at that date) and are reviewed for impairment if there are indications that the carrying value may not be recoverable.

Foreign currencies

The reporting currency of the Company is euro. Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date, with a corresponding charge or credit to the profit and loss account.

Share issue expenses and share premium account

Costs of share issues are written-off against the premium arising on issues of share capital.

Share-based payments

The Company has applied the requirements of FRS 20 *Share-based Payment*.

The accounting policy applicable to share-based payments is consistent with that applied under IFRS and is accordingly addressed in detail on pages 63 and 64 of the Group financial statements.

Cash flow statement

The Company has taken advantage of the exemption afforded by FRS 1 *Cash Flow Statements* not to provide a statement of cash flows.

Dividends

Dividends on Ordinary Shares are recognised as a liability in the Company's financial statements in the period in which they are declared by the Company.

2. Financial Assets

The Company's investment in its subsidiaries is as follows:

31st December 2007	**Shares** (i) **€m**	**Other €m**	**Total €m**
At 1st January at cost/valuation	**1,030**	**44**	**1,074**
Disposals	**(779)**	**-**	**(779)**
Capital contribution in respect of employee share options expense	**-**	**11**	**11**
Capital contribution in respect of Performance Share Plan expense	**-**	**5**	**5**
At 31st December at cost/valuation	**251**	**60**	**311**

The equivalent disclosure for the prior year is as follows:

31st December 2006			
At 1st January at cost/valuation	1,038	28	1,066
Disposals	(8)	-	(8)
Capital contribution in respect of employee share options expense	-	15	15
Capital contribution in respect of Performance Share Plan expense	-	1	1
At 31st December at cost/valuation	1,030	44	1,074

(i) The Company's investment in shares in its subsidiaries was revalued at 31st December 1980 to reflect the surplus on revaluation of certain property, plant and equipment (land and buildings) of subsidiaries. The original historical cost of the shares equated to approximately €9 million. The analysis of the closing balance between amounts carried at valuation and at cost is as follows:

	2007 €m	2006 €m
At valuation 31st December 1980	**47**	47
At cost post 31st December 1980	**204**	983
Total	**251**	1,030

3. Debtors

Amounts owed by subsidiary undertakings	**4,768**	3,681
Other debtors	**-**	2
	4,768	3,683

4. Trade and Other Creditors

	2007 €m	2006 €m
Amounts falling due within one year		
Amounts owed to subsidiary undertakings	**1,669**	1,385
Other creditors	**-**	1
	1,669	1,386

5. Dividends Proposed (Memorandum Disclosure)

Details in respect of dividends proposed of €260 million (2006: €209 million) are presented in the dividends note (note 11) on page 81 of the notes to the Group's IFRS financial statements.

6. Called-up Share Capital

Details in respect of called-up share capital and own shares are presented in the share capital note (note 29) and in the reserves note (note 30) on pages 105 to 107 respectively of the notes to the Group's IFRS financial statements.

7. Movement in Shareholders' Funds

	2007				2006			
	Share premium account €m	Revaluation reserve €m	Other reserves €m	Profit and loss account €m	Share premium account €m	Revaluation reserve €m	Other reserve €m	Profit and loss account €m
At 1st January	**2,322**	**42**	**557**	**314**	2,212	42	747	314
Currency translation effects	**-**	**-**	**-**	**(2)**	-	-	-	(2)
Premium on shares issued	**102**	**-**	**-**	**-**	110	-	-	-
Transfer to profit and loss account	**-**	**-**	**(515)**	**515**	-	-	(205)	205
Profit before tax and dividends	**-**	**-**	**-**	**24**	-	-	-	19
Shares acquired by Employee Benefit Trust	**-**	**-**	**-**	**(41)**	-	-	-	-
Share option exercises	**-**	**-**	**-**	**20**	-	-	-	-
Employee share options	**-**	**-**	**18**	**-**	-	-	15	-
Dividends received from subsidiaries	**-**	**-**	**-**	**300**	-	-	-	-
Dividends (including shares issued in lieu of dividend)	**-**	**-**	**-**	**(318)**	-	-	-	(222)
At 31st December	**2,424**	**42**	**60**	**812**	2,322	42	557	314

In accordance with Section 148(8) of the Companies Act, 1963 and Section 7(1A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual profit and loss account to the Annual General Meeting and from filing it with the Registrar of Companies. The profit retained for the financial year dealt with in the Parent Company financial statements amounted to €6 million (2006: loss of €203 million).

8. Share-based Payments

The total expense of €23 million (2006: €16 million) reflected in note 7 to the Group's financial statements attributable to employee share options and the Performance Share Plan has been included as a capital contribution in financial assets (note 2) net of reimbursements receivable from subsidiaries.

9. Section 17 Guarantees

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of its wholly-owned subsidiary undertakings and of Concrete Building Systems Limited and the Oldcastle Finance Company general partnership in the Republic of Ireland for the financial year ended 31st December 2007 and, as a result, such subsidiary undertakings and the general partnership have been exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986 and Regulation 20 of the European Communities (Accounts Regulations), 1993 respectively.

The Company has not guaranteed any debt or other obligations of joint ventures or associates.

10. Approval by Board

The Board of Directors approved and authorised for issue the Company financial statements on pages 113 to 115 in respect of the year ended 31st December 2007 on 3rd March 2008.

Dividend payments

An interim dividend of 20.0c, with scrip alternative, was paid in respect of Ordinary Shares on 2nd November 2007.

A final dividend of 48.0c, if approved, will be paid in respect of Ordinary Shares on 12th May 2008. 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, Capita 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 (currently 20%). 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 the Company's Registrars. 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 the Company's Registrars to obtain a mandate form. Tax vouchers will be sent to the shareholder's registered address under this arrangement.

Dividends are paid in euro. In order to avoid costs to shareholders, dividends are paid in Sterling and US Dollars to shareholders whose address according to the Share Register is in the UK and the United States respectively, unless they require otherwise.

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.

Share price data

		2007 €	2006 €
Share price at 31st December		23.85	31.54
Market capitalisation		13.1bn	17.1bn
Share price movement			
during the year:	- high	38.20	31.82
	- low	21.92	22.65

Shareholdings as at 31st December 2007

Ownership of Ordinary Shares

Geographic location*	Number of shares held '000	% of total
Ireland	85,191	16
United Kingdom	89,516	16
North America	168,593	31
Europe/Other	122,014	22
Retail	81,893	15
	547,207	100

*This represents a best estimate of the number of shares controlled by fund managers resident in the geographic regions indicated. Private shareholders are classified as retail above.

Holdings	Number of shareholders	% of total	Number of shares held '000	% of total
1 - 1,000	18,091	60.93	6,703	1.23
1,001 - 10,000	9,925	33.42	29,267	5.35
10,001 - 100,000	1,330	4.48	35,544	6.50
100,001 - 1,000,000	276	0.93	85,928	15.70
Over 1,000,000	72	0.24	389,765	71.22
	29,694	100	547,207	100

Stock Exchange listings

CRH has primary listings on the Irish and London Stock Exchanges. The Group's ADRs are quoted on the New York Stock Exchange (NYSE) in the United States.

Financial calendar

Announcement of final results for 2007	4th March 2008
Ex-dividend date	12th March 2008
Record date for dividend	14th March 2008
Latest date for receipt of scrip forms	25th April 2008
Annual General Meeting	7th May 2008
Dividend payment date and first day of dealing in scrip dividend shares	12th May 2008
Trading update statement	2nd July 2008
Announcement of interim results for 2008	26th August 2008

Website

The Group's website, www.crh.com, provides the full text of the Annual and Interim Reports, the Annual Report on Form 20-F, which is filed annually with the United States Securities and Exchange Commission, trading statements and copies of presentations to analysts and investors. News releases are made available, in the News & Media section of the website, immediately after release to the Stock Exchanges.

Registrars

Enquiries concerning shareholdings should be addressed to:

Capita Registrars,
P.O. Box 7117, Dublin 2.
Telephone: +353 (0) 1 810 2400
Fax: +353 (0) 1 810 2422

Shareholders with access to the internet may check their accounts either by accessing CRH's website and selecting "Registrars" under "Shareholder Services" in the Investor Relations section or by accessing the Registrars' website, www.capitaregistrars.ie. This facility allows shareholders to check their shareholdings and to download standard forms required to initiate changes in details held by the Registrars.

American Depositary Receipts

The ADR programme is administered by the Bank of New York Mellon and enquiries regarding ADRs should be addressed to:

The Bank of New York Mellon
Investor Services
P.O. Box 11258
Church Street Station
New York, NY 10286-1258
Telephone: Toll Free Number (United States residents): 1-888-269 2377
International: +1 212-815 3700
Email: shareowners@bankofny.com
Website: http://www.stockbny.com

Electronic proxy voting

Shareholders may lodge a proxy form for the 2008 Annual General Meeting electronically. Shareholders who wish to submit proxies via the internet may do so by accessing CRH's, or the Registrars', website as described above. Shareholders must register for this service on-line before the electronic proxy service can be used. Instructions on using the service are sent to shareholders with their proxy form.

CREST members wishing to appoint a proxy via the CREST system should refer to the CREST Manual and the notes to the Notice of the Annual General Meeting.

Senior Group Staff

Liam O'Mahony
Chief Executive Officer

Myles Lee
Finance Director

Angela Malone
Company Secretary

Jack Golden
Human Resources Director

Liam Hughes
Business Support Director

Paul Barry
Head of Internal Audit

Maeve Carton
Group Controller

Rossa McCann
Group Treasurer

Jim O'Brien
Group Technical Advisor

Éimear O'Flynn
Head of Investor Relations

Pat O'Shea
Group Taxation Director

Europe

Materials

Albert Manifold
Managing Director

Henry Morris
Chief Operating Officer

Alan Connolly
Finance Director

Eamon Geraghty
Technical Director

Tony Macken
Business Development Manager

Ireland/Benelux

Donal Dempsey
Regional Director
Ireland & Benelux

Ken McKnight
Managing Director
Irish Cement

Leo Grogan
Managing Director
Premier Periclase

Jim Farrell
Managing Director
Roadstone Dublin

Frank Byrne
Managing Director
Roadstone Provinces

John Hogan
Managing Director
John A. Wood

Noel Quinn
Managing Director
Northstone

Oliver Mahon
Country Manager
Benelux

Central Eastern Europe

Declan Maguire
Regional Director
Central Eastern Europe

David Dillon
Country Manager
Finland

Eero Laatio
Managing Director
Finnsementti

Kalervo Matikainen
Managing Director
Rudus

Owen Rowley
Country Manager
Poland

Andrzej Ptak
President
Grupa Ożarów

Aleksander Szyszko
Country Manager
Ukraine

Switzerland

Urs Sandmeier
Country Manager
Switzerland

Paul Zosso
Managing Director
Jura Aggregates & Readymix

Spain

Sebastia Alegre
Managing Director
CRH Spain

Middle East/Asia

Jim Nolan
Regional Director
Middle East and Asia

Frank Heisterkamp
Country Manager
Turkey and China

Products & Distribution

Máirtín Clarke
Managing Director

Peter Erkamp
Finance Director

Michael Stirling
Human Resources Director

Concrete Products

Rudy Aertgeerts
Product Group Director

Kees Verburg
Finance/Development Director

Edwin van den Berg
Managing Director
Architectural Products Benelux

Mark van Loon
Managing Director
Structural Concrete Benelux

Claus Bering
Managing Director
Scandinavia and Eastern Europe

Jean-Paul Gelly
Managing Director
Architectural Products France

Hans-Josef Münch
Managing Director
EHL

Shaun Gray
Managing Director
Forticrete

Richard Lee
Managing Director
Supreme

Clay Products

Wayne Sheppard
Product Group Director & Managing Director
Ibstock Brick

Geoff Bull
Product Group Finance Director

Jan van Ommen
Managing Director
Clay Mainland-Europe

Claus Arntjen
Managing Director
AKA Ziegelwerke

Joanna Stelmasiak
Managing Director
CRH Klinkier

Building Products

Marc St. Nicolaas
Product Group Director

Erwin Thys
Finance/Development Director

Tom Beyers
Development Director

Peter Liesker
Human Resources Director

Geert-Jan van Schijndel
Managing Director
Building Envelope Products

Dirk Vael
Managing Director
Construction Accessories

Walter de Backer
Finance Director
Construction Accessories

Gerben Stilma
Managing Director
Insulation Products

Frank Boekholtz
Finance/Development Director
Insulation Products

John Nash
Development Director
Insulation Products

Distribution

Erik Bax
Group Managing Director

Kees van der Drift
Finance/Development Director

Erik de Groot
Human Resources Director

Anton Huizing
Development Director
New Regions

Harry Bosshardt
Managing Director
Builders Merchants Central Europe

Jean-Jacques Miauton
Managing Director
Builders Merchants Switzerland

René Doors
Managing Director
Builders Merchants Netherlands

Jos de Nijs
Managing Director
Specialist Builders Merchants Netherlands

Philippe Denécé
Managing Director
Builders Merchants France

Louis Bruzi
Managing Director
Builders Merchants Ile-de-France

Peter Wirth
Managing Director
Builders Merchants Austria

Emiel Hopmans
Managing Director
DIY Europe

The Americas

Tom Hill
Chief Executive Officer

Michael O'Driscoll
Chief Financial Officer

Gary Hickman
Senior Vice President Tax & Risk Management

North America

Materials

Mark Towe
Chief Executive Officer

Doug Black
President & Chief Operating Officer

Glenn Culpepper
Chief Financial Officer

Don Eshleman
Executive Vice President

Michael Brady
Senior Vice President Development

Charles Brown
Vice President Finance

John Hay
Vice President Government Relations

New England

John Keating
President
New England Division

Christian Zimmerman
President
Pike

Jim Reger
President
P.J. Keating

Ciaran Brennan
President
Tilcon Connecticut

New York/New Jersey

Chris Madden
President
New York/New Jersey Division

Jonas Havens
President
Callanan Industries

John Cooney
President
Tilcon NY

John Siel
President
Dolomite Group

George Thompson
President
Tilcon NJ

Central

Dan Montgomery
President
Central Division

John Powers
President
Shelly

Dan Cooperrider
President
Appalachian Mountain Group

Mid-Atlantic

Randy Lake
President
Mid-Atlantic Division

Dennis Rickard
President
Michigan Paving & Materials

West

John Parson
President
West Division

Jeff Schaffer
President
Northwest Group

Shane Evans
President
Rocky Mountain Group

Scott Parson
President
Staker-Parson Group

Jim Gauger
President
Iowa Companies

Southwest

Kirk Randolph
President
Southwest Division

John Walker
Regional President
Arkansas/Oklahoma/Texas

Chris Lodge
Regional President
Memphis/Mississippi/Ballenger

Damien Murphy
Regional President
Kansas/Missouri

Southeast

Rick Mergens
President
Southeast Division

Sean O'Sullivan
President
Mid-South Materials

Gary Yelvington
President
Conrad Yelvington Distributors

Robert Duke
President
Preferred Materials

Don Sollie
President
Florida APAC Operations

Products & Distribution

Architectural Products

William Sandbrook
Chief Executive Officer

Paul Valentine
Executive Vice President Finance & Administration

Ted Kozikowski
President, Masonry

Keith Gauss
Chief Financial Officer

Damian Burke
Vice President Development

John Kemp
Senior Vice President, Marketing

Bertin Castonguay
Director, Research & Development

Georges Archambault
President
APG Canada

Steve Matsick
President
Glen-Gery

Wade Ficklin
President
APG West

John O'Neill
President
APG Northeast

Tom Conroy
President
APG South

Marcia Gibson
President
APG Midwest

Keith Haas
President
APG Retail

David Maske
President
Bonsal American

Eoin Lehane
President
Oldcastle Lawn & Garden

Precast

Mark Schack
Chief Executive Officer

Bob Quinn
Chief Administrative Officer

Eric Farinha
Chief Financial Officer

George Heusel
Vice President Development

George Hand
President
Northeast Pipe and Precast

Jan Olsen
President
Southeast Division

Ray Rhees
President
Central Division

Mike Scott
President
Western Division

David Shedd
President
National Products Division

Dave Steevens
President
Enclosures Division

Glass

Ted Hathaway
Chief Executive Officer

Dan Hamblen
Chief Financial Officer

Daipayan Bhattacharya
Vice President
Development & Technology

Jim Avanzini
President Western Group

Bob Berleth
President Eastern Group

Tom Harris
President Engineered Products Group

Roy Orr
President Central Group

MMI

John Wittstock
Chief Executive Officer

Celeste Mastin
President & Chief Operating Officer

Bob Tenczar
Chief Financial Officer

Lyle Bumgarner
President
Construction Accessories

David Clark
President
Fencing

Mike McCall
President
Wire Products

Distribution

Michael Lynch
Chief Executive Officer

Robert Feury Jr.
Chief Operating Officer

Greg Bloom
John McLaughlin
Ruben Mendoza
Ron Pilla
Donald Toth
Vice Presidents

Brian Reilly
Chief Financial Officer

Kevin Hawley
Vice President Development

South America

Juan Carlos Girotti
Managing Director
CRH Sudamericana
Canteras Cerro Negro

Alejandro Javier Bertrán
Business Development Manager

Benjamin Fernandez
Business Development Manager

Bernardo Alamos
Managing Director
Vidrios Dell Orto

Principal Subsidiary Undertakings

Incorporated and operating in	*% held*	*Products and services*

Europe Materials

Britain & Northern Ireland

Northstone (NI) Limited (including Farrans, Ready Use Concrete, R.J. Maxwell & Son, Scott)	*100*	Aggregates, readymixed concrete, mortar, coated macadam, rooftiles, building and civil engineering contracting
Premier Cement Limited	*100*	Marketing and distribution of cement
T.B.F. Thompson (Properties) Limited	*100*	Property development

China

Harbin Sanling Cement Company Limited*	*100*	Cement

Finland

Finnsementti Oy	*100*	Cement
Lohja Rudus Oy Ab	*100*	Aggregates and readymixed concrete

Ireland

Irish Cement Limited	*100*	Cement
Premier Periclase Limited	*100*	High quality seawater magnesia
Roadstone-Wood Group		
Clogrennane Lime Limited	*100*	Burnt and hydrated lime
John A. Wood Limited	*100*	Aggregates, readymixed concrete, concrete blocks and pipes, asphalt, agricultural and chemical limestone and contract surfacing
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

Netherlands

Cementbouw bv	*100*	Cement transport and trading, readymixed concrete and aggregates

Poland

Bosta Beton Sp. z o.o.	*90.3*	Readymixed concrete
Cementownia Rejowiec S.A.	*100*	Cement
Drogomex Sp. z o.o.*	*99.94*	Asphalt and contract surfacing
Faelbud S.A.*	*100*	Readymixed concrete, concrete products and concrete paving
Grupa Ożarów S.A.	*100*	Cement
Grupa Prefabet S.A.*	*100*	Concrete products
Masfalt Sp. z o.o.*	*100*	Asphalt and contract surfacing
O.K.S.M.	*99.92*	Aggregates
Polbruk S.A.*	*100*	Readymixed concrete and concrete paving
ZPW Trzuskawica S.A.	*99.98*	Production of lime and lime products

Incorporated and operating in	*% held*	*Products and services*

Spain

Beton Catalan Group		
Beton Catalan s.a.	*100*	Readymixed concrete
Cabi s.a.	*99.99*	Cementitious materials
Cantera de Aridos Puig Broca s.a.	*99.81*	Aggregates
Explotacion de Aridos Calizos s.a.	*100*	Aggregates
Formigo i Bigues s.a.	*99.81*	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	*98.88*	Cement

Europe Products & Distribution

Austria

Quester Baustoffhandel GmbH	*100*	Builders merchants

Belgium

Concrete Products		
Douterloigne nv	*100*	Concrete floor elements, pavers and blocks
Ergon nv	*100*	Precast concrete structural elements
Klaps nv	*100*	Concrete paving, sewerage and water treatment
Marlux nv	*100*	Decorative concrete paving
MBI Beton bv	*100*	Architectural products
Oeterbeton nv	*100*	Precast concrete
Olivier Betonfabriek nv	*100*	Architectural products
Omnidal nv	*100*	Precast concrete structural elements
Remacle sa	*100*	Precast concrete products
Schelfhout nv	*100*	Precast concrete wall elements
Clay Products		
Steenhandel J. De Saegher nv	*100*	Clay brick factors
Building Products		
Plakabeton nv	*100*	Construction accessories
Portal sa	*100*	Glass roof structures
Distribution		
Van Neerbos Bouwmarkten nv	*100*	DIY stores

Incorporated and operating in	% held	Products and services
Britain & Northern Ireland		
Concrete Products		
Forticrete Limited	100	Concrete masonry products and rooftiles
Supreme Concrete Limited	100	Concrete fencing, lintels and floorbeams
Clay Products		
Ibstock Brick Limited	100	Clay brick manufacturer
Kevington Building Products Limited	100	Specialist brick fabricator
Manchester Brick & Precast	100	Brick-clad precast components
Building Products		
Airvent Systems Services Limited	100	Smoke ventilation systems and services
Broughton Controls Limited	100	Access control systems
Cox Building Products Limited	100	Domelights, ventilation systems and continuous rooflights
CRH Fencing Limited	100	Security fencing
EcoTherm Insulations Limited	100	PUR/PIR insulation
FCA Wholesalers Limited	100	Construction accessories
Geoquip Limited	100	Perimeter intrusion detection systems
Springvale EPS Limited	100	EPS insulation and packaging
TangoRail Limited	100	Non-welded railing systems
West Midland Fencing Limited	100	Security fencing
Denmark		
Concrete Products		
Betonelement A/S	100	Precast concrete structural elements
Betongruppen RBR	100	Paving Manufacturer
Dalton Betonelementer A/S	100	Structural products
Expan A/S	100	Structural products
Building Products		
ThermiSol A/S	100	EPS insulation
Estonia		
Building Products		
ThermiSol OÜ	100	EPS insulation
Finland		
Building Products		
ThermiSol Oy	100	EPS insulation
France		
Concrete Products		
BMI sa	99.91	Precast concrete products
Chapron Leroy sas	100	Utility products
Cinor sas	100	Structural products
Stradal sas	100	Landscape, utility and infrastructural concrete products

Incorporated and operating in	% held	Products and services
France *continued*		
Building Products		
Heda sa	100	Security fencing
Heras Clôture sarl	100	Temporary fencing
Laubeuf sas	100	Glass roof structures
Plakabeton sa	100	Construction accessories
Distribution		
Buscaglia sas*	100	Builders merchants
Doras sa*	57.85	Builders merchants
Etrechy Matériaux sas	100	Builders merchants
LDP Matériaux sas	100	Builders merchants
Matériaux Service sas	100	Builders merchants
Raboni sas*	100	Builders merchants
Germany		
Concrete Products		
EHL AG	100	Concrete paving and landscape walling products
Rhebau GmbH	100	Water treatment and sewerage products
Clay Products		
AKA Ziegelgruppe GmbH	100	Clay brick, pavers and rooftiles
Building Products		
Adronit GmbH	100	Security fencing and access control
Brakel Aero GmbH	100	Rooflights, glass roof structures and ventilation systems
EcoTherm GmbH	100	PUR/PIR insulation
Gefinex GmbH	100	XPE insulation
Greschalux GmbH	100	Domelights and ventilation systems
Halfen GmbH	100	Metal construction accessories
Heras SKS GmbH	100	Security fencing
JET Tageslicht und RWA GmbH	100	Domelights, ventilation systems and continuous rooflights
Magnetic Autocontrol GmbH	100	Vehicle and pedestrian access control systems
Syncotec GmbH	100	Construction accessories
Unidek GmbH	100	EPS insulation
Ireland		
Building Products		
Aerobord Limited	100	EPS insulation and packaging
Construction Accessories Limited	100	Metal and plastic construction accessories
Italy		
Concrete Products		
Record S.p.A.	100	Concrete landscaping
Building Products		
Plastybeton S.R.L.	100	Construction accessories

Incorporated and operating in	*% held*	*Products and services*
Netherlands		
Concrete Products		
Alvon Bouwsystemen bv	100	Precast concrete structural elements
Calduran bv	100	Sand-lime bricks and building elements
Dycore bv	100	Concrete flooring elements
Heembeton bv	100	Precast concrete structural elements
Kellen bv	100	Concrete paving products
Struyk Verwo bv	100	Concrete paving products
Clay Products		
Kleiwarenfabriek Buggenum bv	100	Clay brick manufacturer
Kleiwarenfabriek De Bylandt bv	100	Clay paver manufacturer
Kleiwarenfabriek De Waalwaard bv	100	Clay brick manufacturer
Kleiwarenfabriek Façade Beek bv	100	Clay brick manufacturer
Kleiwarenfabriek Joosten Kessel bv	100	Clay brick manufacturer
Kleiwarenfabriek Joosten Wessem bv	100	Clay brick manufacturer
Kooy Bilthoven bv	100	Clay brick factors
Leebo bv	100	Designer, manufacturer and installer of façade and roofing systems
Steenfabriek Nuth bv	100	Clay brick manufacturer
Building Products		
Arfman Hekwerk bv	100	Producer and installer of fauna and railway fencing solutions
Aluminium Verkoop Zuid bv	100	Roller shutter and awning systems
BIK Bouwprodukten bv	100	Domelights and continuous rooflights
Brakel Atmos bv	100	Glass roof structures, continuous rooflights and ventilation systems
EcoTherm bv	100	PUR/PIR insulation
Heras Nederland bv	100	Security fencing and perimeter protection
Mavotrans bv	100	Construction accessories
Unidek Group bv	100	EPS insulation
Unipol bv	100	EPS granulates
Vaculux bv	100	Domelights
Distribution		
CRH Bouwmaterialenhandel bv	100	Builders merchants
CRH Roofing Materials bv	100	Roofing materials merchant
Garfield Aluminium bv	100	Aluminium stockholding
NVB Vermeulen Bouwstoffen bv	100	Builders merchants
Stoel van Klaveren Bouwstoffen bv	100	Builders merchants
Syntec bv	100	Ironmongery merchants

Incorporated and operating in	*% held*	*Products and services*
Netherlands *continued*		
Distribution		
Ubbens Bouwmaterialen bv	100	Builders merchants
Van Neerbos Bouwmarkten bv	100	DIY stores
Van Neerbos Bouwmarkten Exploitatie bv	100	DIY stores
Van Neerbos Bouwmaten bv	100	Cash & Carry building materials
Van Neerbos Bouwmaterialen bv	100	Builders merchants
Norway		
Building Products		
Halfen-Frimeda AS	100	Construction accessories
Poland		
Concrete		
Ergon Poland Sp. z o.o.	100	Structural products
Clay Products		
CERG Sp. z o.o.	67.55	Clay brick manufacturer
Cerpol Kozlowice Sp. z o.o.	99.60	Clay brick manufacturer
CRH Klinkier Sp. z o.o.	100	Clay brick manufacturer
Gozdnickie Zaklady Ceramiki Budowlanej Sp. z o.o.*	100	Clay brick manufacturer
Krotoszyñskie Przedsiębiorstwo Ceramiki Budowlanej "CERABUD" S.A.	56.58	Clay blocks, bricks and rooftiles
Patoka Industries Limited Sp. z o.o.*	99.19	Clay brick manufacturer
Building Products		
Termo Organika Sp. z o.o.	100	EPS insulation
Romania		
Concrete		
Elpreco SA	100	Architectural products
Slovakia		
Premac Spol. s r.o.	100	Concrete paving and floor elements
Spain		
Building Products		
Plakabeton sa	100	Accessories for construction and precast concrete
Distribution		
JELF Brico House S.L.	60	Builders merchants
Sweden		
Building Products		
ThermiSol AB	100	EPS insulation
Tuvan-stängsel AB	100	Security fencing

Incorporated and operating in	*% held*	*Products and services*
Switzerland		
Concrete Products		
Element AG	*100*	Prefabricated structural concrete elements
Building Products		
Aschwanden AG	*100*	Construction accessories
Distribution		
Baubedarf	*100*	Builders merchants
CRH Gétaz Holding AG	*100*	Builders merchants
Richner	*100*	Sanitary ware and ceramic tiles

Americas Materials

Incorporated and operating in	*% held*	*Products and services*
United States		
APAC, Inc.	*100*	Aggregates, asphalt and related construction activities
APAC Mid-South, Inc.	*100*	Aggregates, asphalt and related construction activities
Callanan Industries, Inc.	*100*	Aggregates, asphalt, readymixed concrete and related construction activities
Conrad Yelvington Distributors, Inc.	*100*	Aggregate distribution
CPM Development Corporation	*100*	Aggregates, asphalt, readymixed concrete, prestressed concrete and related construction activities
Dolomite Products Company, Inc.	*100*	Aggregates, asphalt and readymixed concrete
Eugene Sand Construction, Inc.	*100*	Aggregates, asphalt, readymixed concrete and related construction activities
Evans Construction Company	*100*	Aggregates, asphalt, readymixed concrete and related construction activities
Hills Materials Company	*100*	Aggregates, asphalt, readymixed concrete and related construction activities
Michigan Paving and Materials Company	*100*	Aggregates, asphalt and related construction activities
Mountain Enterprises, Inc.	*100*	Aggregates, asphalt and related construction activities
OMG Midwest, Inc.	*100*	Aggregates, asphalt, readymixed concrete and related construction activities
Oldcastle Industrial Minerals, Inc.	*100*	Mining and crushing of high calcium limestone
Oldcastle Materials, Inc.	*100*	Holding company
United States *continued*		
Oldcastle SW Group, Inc.	*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
Preferred Materials, Inc.	*100*	Readymixed concrete
Staker & Parson Companies	*100*	Aggregates, asphalt, readymixed concrete and related construction activities
The Shelly Company	*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
West Virginia Paving, Inc.	*100*	Aggregates, asphalt and related construction activities

Americas Products & Distribution

Incorporated and operating in	*% held*	*Products and services*
Argentina		
Canteras Cerro Negro S.A.	*99.98*	Clay rooftiles, wall tiles and floor tiles
CRH Sudamericana S.A.	*100*	Holding company
Superglass S.A.	*100*	Fabricated and tempered glass products
Canada		
Oldcastle Building Products Canada, Inc. (trading as Décor Precast, Groupe Permacon, Oldcastle Glass and Synertech Moulded Products)	*100*	Masonry, paving and retaining walls, utility boxes and trenches and custom-fabricated and tempered glass products
Xemax Holdings, Inc. (trading as Antamex International)	*100*	Architectural curtain wall
Chile		
Vidrios Dell Orto, S.A.	*99.9*	Fabricated and tempered glass products
United States		
CRH America, Inc.	*100*	Holding company
Oldcastle, Inc.	*100*	Holding company
Oldcastle Building Products, Inc.	*100*	Holding company

Incorporated and operating in	*% held*	*Products and services*
United States *continued*		
Architectural Products Group		
Bend Industries, Inc.	100	Concrete, brick and stone products
Big River Industries, Inc.	100	Lightweight aggregate and fly-ash
Bonsal American, Inc.	100	Pre-mixed products and specialty stone products
Oldcastle Surfaces, Inc.	100	Custom fabrication and installation of countertops
Glen-Gery Corporation	100	Clay brick
Northfield Block Company	100	Specialty masonry, hardscape and patio products
Oldcastle Architectural, Inc.	100	Holding company
Oldcastle APG Midwest, Inc. (trading as 4D, Miller Material Co., Oldcastle Sheffield, Schuster's Building Products)	100	Specialty masonry, hardscape and patio products
Oldcastle APG Northeast, Inc. (trading as Anchor Concrete Products, Arthur Whitcomb, Balcon, Betco Block, Betco Supreme, Domine Builders Supply, Foster-Southeastern, Oldcastle Easton, Trenwyth Industries)	100	Specialty masonry, hardscape and patio products
Oldcastle APG South, Inc. (trading as Adams Products, Big Rock Building Products, Bosse Concrete Products, Georgia Masonry, Goria Enterprises, The Keystone Group)	100	Specialty masonry, hardscape and patio products
Oldcastle APG Texas, Inc. (trading as Custom-Crete, Custom Stone Supply, Eagle-Cordell Concrete Products, Jewell Concrete Products)	100	Specialty masonry and stone products, hardscape and patio products
Oldcastle APG West, Inc. (trading as Amcor Masonry Products, Central Pre-Mix Concrete Products, Oldcastle Stockton, Sierra Building Products, Superlite Block, Young Block)	100	Specialty masonry, hardscape and patio products
Oldcastle Lawn & Garden, Inc.	100	Patio products, bagged stone, mulch and stone
Oldcastle Coastal, Inc.	100	Patio products
Oldcastle Westile, Inc.	100	Concrete rooftile and pavers
Paver Systems, LLC	100	Hardscape products
Sakrete of North America, LLC	80	Holding company

Incorporated and operating in	*% held*	*Products and services*
United States *continued*		
Distribution Group		
Allied Building Products Corp.	100	Distribution of roofing, siding and related products, wallboard, metal studs, acoustical tile and grid
A.L.L. Roofing & Building Materials Corp.	100	Distribution of roofing and related products
AMS Holding, Inc.	100	Distribution of drywall, acoustical ceiling systems, metal studs and commercial door solutions
Arzee Supply Corp. of New Jersey	100	Distribution of siding, roofing and related products
Mahalo Acquisition Corp (trading as G. W. Killebrew)	100	Holding company
Oldcastle Distribution, Inc.	100	Holding company
Glass Group		
Antamex, Inc.	100	Architectural curtain wall
Oldcastle Glass, Inc.	100	Custom architectural glass, engineered aluminium glazing systems and integrated building envelope solutions
Oldcastle Windows, Inc. (trading as Vistawall, Moduline, Naturalite and Skywall)	100	Engineered aluminium glazing systems
Southwest Aluminum Systems, Inc.	100	Architectural aluminium store fronts and doors
Texas Wall Systems, Inc.	100	Architectural curtain wall
Construction Accessories and Fencing		
Merchants Metals Holding Company	100	Holding company
MMI Products, Inc. (trading as Merchants Metals, Ivy Steel & Wire and Meadow Burke)	100	Fabrication and distribution of metal products including fencing, welded wire reinforcement and concrete accessories; distribution of plastic, lumber and other metal products
Ivy Steel & Wire, Inc.	100	Welded wire reinforcement manufacturer
MMI StrandCo LP, LLC	100	PC strand
Precast Group		
Oldcastle Precast, Inc.	100	Precast concrete products, concrete pipe, prestressed plank and structural elements
Inland Concrete Enterprises, Inc.	100	Precast concrete products and drainage products

Principal Joint Venture Undertakings

Incorporated and operating in	*% held*	*Products and services*

Europe Materials

Ireland		
Kemek Limited*	*50*	Commercial explosives
Portugal		
Secil-Companhia Geral de Cal e Cimento, S.A.*	*48.99*	Cement, aggregates, concrete products, mortar and readymixed concrete
Turkey		
Denizli Çimento Sanayii T.A.Ş.	*50*	Cement and readymixed concrete

Europe Products & Distribution

Belgium		
Gefinex Jackon nv	*49*	XPS insulation
Germany		
Bauking AG	*47.82*	Builders merchants, DIY stores
Jackon Insulation GmbH*	*49.20*	XPS insulation
Ireland		
Williaam Cox Ireland Limited	*50*	Glass constructions, continuous rooflights and ventilation systems
Netherlands		
Bouwmaterialenhandel de Schelde bv	*50*	DIY stores
Portugal		
Modelo Distribuição de Materiais de Construção sa*	*50*	Cash & Carry building materials

Americas Materials

United States		
American Cement Company, LLC	*50*	Cement
Bizzack, LLC	*50*	Construction
Boxley Aggregates of West Virginia, LLC	*50*	Aggregates
Cadillac Asphalt, LLC*	*50*	Asphalt

Americas Products & Distribution

United States		
Architectural Products Group		
Landmark Stone Products, LLC	*50*	Veneer stone

Principal Associated Undertakings

Incorporated and operating in	*% held*	*Products and services*

Europe Materials

Israel		
Mashav Initiating and Development Limited	*25*	Cement
Spain		
Corporación Uniland S.A.*	*26.3*	Cement, aggregates, readymixed concrete and mortar

Europe Products & Distribution

France		
Groupe SAMSE*	*21.66*	Builders Merchants, DIY stores

Americas Materials

United States		
Buckeye Ready Mix, LLC*	*45*	Readymixed concrete

* Audited by firms other than Ernst & Young

Pursuant to Section 16 of the Companies Act, 1986, a full list of subsidiaries, joint ventures and associate undertakings will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

Group Financial Summary

(Figures prepared in accordance with Irish GAAP)

		1995 €m	1996 €m	1997 €m	1998 €m	1999 €m	2000 €m	2001 €m	2002 €m	2003 €m	2004 €m
Turnover including share of joint ventures		2,427	3,202	4,080	5,034	6,599	8,702	10,207	10,517	10,774	12,280
Group operating profit		224	283	349	442	676	919	1,020	1,049	1,046	1,247
Goodwill amortisation		-	-	-	(1)	(19)	(44)	(61)	(70)	(76)	(101)
Profit on disposal of fixed assets		1	1	9	11	7	13	17	16	13	11
Exceptional items		-	-	-	-	64	-	-	-	-	-
Profit on ordinary activities before interest		225	284	358	452	728	888	976	995	983	1,157
Net interest payable		(21)	(28)	(36)	(43)	(93)	(191)	(173)	(139)	(118)	(140)
Profit on ordinary activities before taxation		204	256	322	409	635	697	803	856	865	1,017
Tax on profit on ordinary activities		(42)	(58)	(76)	(100)	(152)	(194)	(217)	(227)	(218)	(247)
Tax on exceptional items		-	-	-	-	(26)	-	-	-	-	-
Profit on ordinary activies after tax		162	198	246	309	457	503	586	629	647	770
Employment of capital											
Fixed assets											
- Tangible assets		895	1,236	1,519	2,288	3,226	4,551	5,150	5,004	5,145	5,320
- Intangible asset - goodwill		-	-	-	138	629	955	1,153	1,154	1,475	1,443
- Financial assets		118	127	132	53	66	104	316	275	349	702
Net working capital	(a)	133	255	313	512	608	915	1,040	1,078	1,116	1,244
Other liabilities	(b)	(13)	(25)	(61)	(286)	(430)	(470)	(479)	(443)	(429)	(429)
Total		1,133	1,593	1,903	2,705	4,099	6,055	7,180	7,068	7,656	8,280
Financed as follows											
Equity shareholders' funds		868	1,056	1,308	1,553	2,201	3,074	4,734	4,747	4,758	5,217
Preference share capital		1	1	1	1	1	1	1	1	1	1
Minority shareholders' equity interest		12	13	14	285	37	36	135	111	90	82
Capital grants		12	11	11	20	19	17	16	14	13	11
Deferred tax		49	70	104	116	172	307	400	485	486	528
Net debt	(c)	189	442	465	730	1,669	2,620	1,894	1,710	2,308	2,441
Convertible capital bonds	(d)	2	-	-	-	-	-	-	-	-	-
		1,133	1,593	1,903	2,705	4,099	6,055	7,180	7,068	7,656	8,280
Purchase of tangible assets		109	150	147	232	360	430	452	367	402	520
Acquisitions and investments		164	532	241	604	1,421	1,605	1,080	992	1,615	922
Total		273	682	388	836	1,781	2,035	1,532	1,359	2,017	1,442
Depreciation and goodwill amortisation		81	104	129	166	275	395	497	526	534	596
Earnings per share after goodwill amortisation (cent)	(e)	41.1	48.7	58.1	72.1	97.0	113.8	115.3	119.2	121.9	143.9
Earnings per share before goodwill amortisation (cent)	(e)	41.1	48.7	58.1	72.4	101.6	123.8	127.3	132.5	136.2	163.1
Dividend per share (cent)		10.52	11.80	13.54	15.61	18.22	20.77	23.00	25.40	28.10	33.00
Cash earnings per share (cent)	(f)	62.0	74.4	88.9	111.2	161.2	204.1	213.7	219.8	223.4	256.4
Dividend cover (times)	(e)	3.87	4.02	4.27	4.59	5.29	5.34	4.85	4.68	4.32	4.34

Notes to Irish GAAP financial summary data

(a) Excluding bank advances and cash and liquid investments which are included under net debt (see note (c) below).

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

(c) Net debt represents the sum of loans (including finance leases) and overdrafts falling due within one year, bank loans (including finance leases) falling due after more than one year less cash and liquid investments.

(d) Including supplemental interest.

(e) Excluding exceptional net gains in 1999.

(f) Cash earnings per share equals the sum of profit for the year attributable to ordinary shareholders, depreciation and goodwill amortisation divided by the average number of Ordinary Shares outstanding for the year.

(Figures prepared in accordance with IFRS)

		Restated 2004 €m	2005 €m	2006 €m	**2007 €m**
Revenue		12,755	14,449	18,737	**20,992**
Group operating profit		1,220	1,392	1,767	**2,086**
Profit on disposal of fixed assets		11	20	40	**57**
Profit before finance costs		1,231	1,412	1,807	**2,143**
Finance costs (net)		(146)	(159)	(252)	**(303)**
Group share of associates' profit after tax		19	26	47	**64**
Profit before tax		1,104	1,279	1,602	**1,904**
Income tax expense		(232)	(273)	(378)	**(466)**
Group profit for the financial year		872	1,006	1,224	**1,438**
Employment of capital					
Non-current and current assets					
Property, plant and equipment		5,831	6,824	7,480	**8,226**
Intangible assets		1,774	2,252	2,966	**3,692**
Investments in associates/other financial assets		292	635	651	**652**
Net working capital	(g)	1,540	1,944	2,420	**2,469**
Other liabilities - current and non-current	(h)	(1,035)	(1,243)	(1,099)	**(869)**
Total		8,402	10,412	12,418	**14,170**
Financed as follows					
Capital and reserves excluding preference share capital		4,944	6,194	7,062	**7,953**
Preference share capital		1	1	1	**1**
Minority interest		34	39	41	**66**
Capital grants		13	12	10	**11**
Net deferred income tax liability		652	718	812	**976**
Net debt	(i)	2,758	3,448	4,492	**5,163**
Total		8,402	10,412	12,418	**14,170**
Purchase of property, plant and equipment		551	652	832	**1,028**
Acquisition of subsidiaries and joint ventures		1,019	1,298	2,311	**2,227**
Total		1,570	1,950	3,143	**3,255**
Depreciation of property, plant and equipment		516	556	664	**739**
Amortisation of intangible assets		4	9	25	**35**
Earnings per share after amortisation of intangible assets (cent)		163.6	186.7	224.3	**262.7**
Earnings per share before amortisation of intangible assets (cent)		164.3	188.5	229.0	**269.2**
Dividend per share (cent)		33.00	39.00	52.00	**68.00**
Cash earnings per share (cent)	(j)	261.8	292.5	352.1	**404.9**
Dividend cover (times)	(k)	4.96	4.79	4.31	**3.86**

Notes to IFRS financial summary data

(g) Represents the sum of inventories and trade and other receivables (included in current assets) less trade and other payables (included in current liabilities).

(h) Represents the sum of current income tax liabilities, current and non-current provisions for liabilities, non-current trade and other payables and retirement benefit obligations.

(i) Represents the sum of current and non-current interest-bearing loans and borrowings and derivative financial instruments liabilities less the sum of liquid investments, cash and cash equivalents and current and non-current derivative financial instruments assets.

(j) Cash earnings per share represents profit attributable to equity holders of the Company less preference dividends paid plus depreciation of property, plant and equipment and amortisation of intangible assets divided by the average number of Ordinary Shares outstanding for the year.

(k) Represents earnings per Ordinary Share divided by dividends per Ordinary Share.

The Annual General Meeting of CRH plc will be held at the Royal Marine Hotel, Marine Road, Dun Laoghaire, Co. Dublin at 11.00 a.m. on Wednesday, 7th May 2008 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 2007.
2. To declare a dividend on the Ordinary Shares.
3. To re-elect the following Directors:
   Mr. N. Hartery
   Mr. T.W. Hill
   Mr. K. McGowan
   Ms. J.M.C. O'Connor
   in accordance with Article 103
   Mr. U-H. Felcht
   in accordance with Article 109.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. 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 Articles of Association of the Company, 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 €9,195,000. This authority shall expire at the close of business on the earlier of the date of the Annual General Meeting in 2009 or 6th August 2009.
6. To consider and, if thought fit, to pass as a Special Resolution:

   That the Company be and is hereby authorised to purchase Ordinary Shares on the market (as defined in Section 212 of the Companies Act, 1990), in the manner provided for in Article 8A of the Articles of Association of the Company, up to a maximum of 10% of the Ordinary Shares in issue at the date of the passing of this Resolution. This authority shall expire at the close of business on the earlier of the date of the Annual General Meeting in 2009 or 6th August 2009.
7. To consider and, if thought fit, to pass as a Special Resolution:

   That the Company be and is hereby authorised to re-issue treasury shares (as defined in Section 209 of the Companies Act, 1990), in the manner provided for in Article 8B of the Articles of Association of the Company. This authority shall expire at the close of business on the earlier of the date of the Annual General Meeting in 2009 or 6th August 2009.

Special Business

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

   That Clause 4 (21) of the Memorandum of Association of the Company be deleted and replaced by the following new Clause 4 (21):-

   "(21) To lend and advance money or other property or give credit or financial accommodation to any company or person in any manner either with or without security and whether with or without the payment of interest and upon such terms and conditions as the Company's board of directors shall think fit or expedient and to guarantee, indemnify, grant indemnities in respect of, enter into any suretyship or joint obligation, or otherwise support or secure, whether by personal covenant, indemnity or undertaking or by mortgaging, charging, pledging or granting a lien or other security over all or any part of the Company's property (both present and future) or by any one or more of such methods or any other method and whether in support of such guarantee or indemnity or suretyship or joint obligation or otherwise, on such terms and conditions as the Company's board of directors shall think fit, the payment of any debts or the performance or discharge of any contract, obligation or actual or contingent liability of any person or company (including, without prejudice to the generality of the foregoing, the payment of any capital, principal, dividends or interest on any stocks, shares, debentures, debenture stock, notes, bonds or other securities of any person, authority or company) including, without prejudice to the generality of the foregoing, any company which is for the time being the Company's holding company as defined in section 155 of the Companies Act 1963 and in any statutory modification or re-enactment thereof, or subsidiary (as defined by the said section 155) of the Company or otherwise associated with the Company, in each case notwithstanding the fact that the Company may not receive any consideration, advantage or benefit, direct or indirect, from entering into any such guarantee or indemnity or suretyship or joint obligation or other arrangement or transaction contemplated herein."
9. To consider and, if thought fit, to pass as a Special Resolution:

   That the Articles of Association be amended as follows:-

   (i) by deleting the definitions of "The Acts" and "Person" in Article 2 and replacing them with definitions as follows:-

   " "The Acts" means the Companies Acts, 1963 to 2005 and Parts 2 and 3 of the Investment Funds, Companies and Miscellaneous Provisions Act 2006, all statutory instruments which are to be read as one with, or construed or read together as one with, the Companies Acts and every statutory modification and re-enactment thereof for the time being in force;"

   " "Person" means where the context permits an unincorporated body of persons, a partnership, a club or other association as well as an individual and a company which shall be deemed to include a body corporate, whether a company (wherever formed, registered or incorporated), a corporation aggregate, a corporation sole and a national or local government or authority or department or other legal entity or division or constituent thereof;"

   (ii) by deleting Article 12 and replacing it with the following new Article 12:

   "12. The Company may pay commission to any person in consideration of a person subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the Company or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company on such terms and subject to such conditions as the Directors may determine, including, without limitation, by paying cash or allotting and issuing fully or partly paid shares or any combination of the two. The Company may also, on any issue of shares, pay such brokerage as may be lawful."

   (iii) by deleting sub-paragraphs (a) and (b) from the second paragraph of Article 89 and replacing them with the following:

   "(a) the amount of capital of the Company for the time being issued, paid up, or credited as paid up and the amount for the time being of the share premium account; and

(b) the amount standing to the credit of retained income, foreign currency translation reserve and other reserves, capital grants, deferred taxation and minority shareholders' interest, less the amount of any repayable Government grants, all as shown in the then latest audited consolidated financial statements of the Company; less

(c) the aggregate amount for the time being of treasury shares and own shares held by the Company (such terms as used in the latest audited consolidated financial statements of the Company):"

(iv) by deleting Article 127 and replacing it with the following new Article 127:

"127. Notwithstanding anything to the contrary contained in these Articles, whenever any person (including without limitation the Company, a Director, the Secretary, a member or any officer or person) is required or permitted by these Articles, the Acts or any other enactment of the State to give information in writing, such information may be given by electronic means or in electronic form, whether as electronic communication or otherwise, but only if the use of such electronic or other communication conforms with all relevant legislation and provided further that the electronic means or electronic form used has been approved of by the Directors."

For the Board, A. Malone, Secretary,
42 Fitzwilliam Square, Dublin 2.
2nd April 2008

Notes

(1) The final dividend, if approved, will be paid on the Ordinary Shares on 12th May 2008.

(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) Shareholders who wish to submit proxies via the internet may do so by accessing either CRH's website and selecting "Registrars" under "Shareholder Services" in the Investor Relations section or by accessing the Registrars' website, www.capitaregistrars.ie and selecting "login to Shareholder Services" under "On-line Services". To submit a proxy on-line shareholders are initially required to register for the service.

(4) CREST members may appoint one or more proxies through the CREST electronic proxy appointment service in accordance with the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Further information on CREST procedures and requirements is contained in the CREST Manual. The message appointing a proxy(ies) must be received by the Registrar (ID 7RA08) not later than 11.00 a.m. on Monday, 5th May 2008. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act 1990 (Uncertificated Securities) Regulations 1996.

(5) 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 6.00 p.m. on Monday, 5th May 2008 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.

(6) 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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The International Building
Materials Group

CRH plc

Belgard Castle
Clondalkin
Dublin 22
Ireland

Telephone: +353 1 404 1000
Fax: +353 1 404 1007
E-mail: mail@crh.com

Website: www.crh.com

Registered Office
42 Fitzwilliam Square
Dublin 2
Ireland

Telephone: +353 1 634 4340
Fax: +353 1 676 5013
E-mail: crh42@crh.com

Front cover: Element AG, the largest provider of precast concrete elements for building construction and civil engineering in Switzerland, is constructing various shops and distribution centres for the discount chain ALDI as they enter the Swiss market. Pictured here is the installation of a double T-plate for the 580,000m^3 capacity ALDI Distribution Centre in Domdidier, Fribourg. This centre is being constructed to tight deadlines using 1,860 elements (facades and supporting structures) and will open for operation in summer 2008. With three production locations, Element AG annually produces and delivers 55,000m^3 of precast elements to all regions of Switzerland.