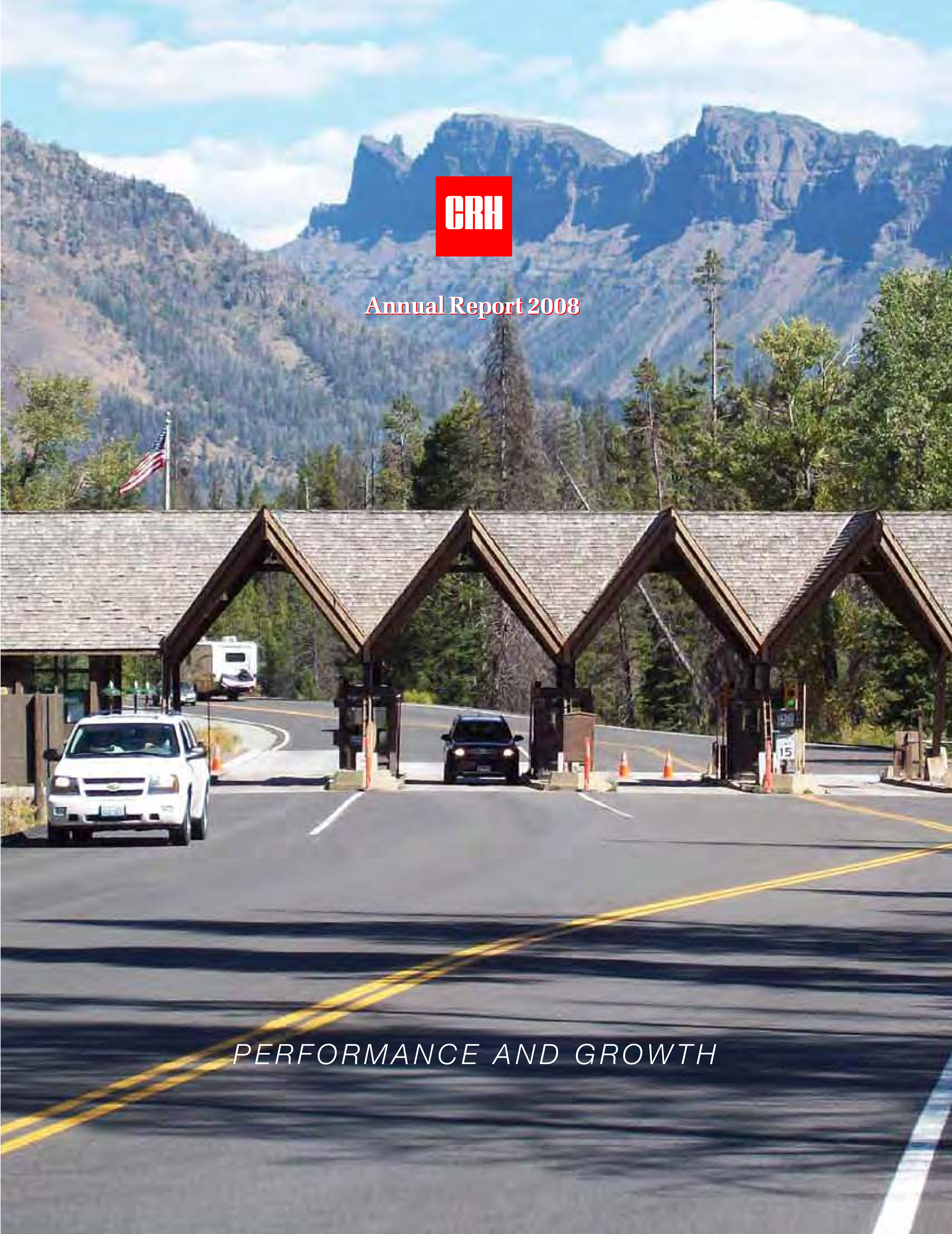

Annual Report 2008
PERFORMANCE AND GROWTH
15

Yellowstone National Park, America's first national park established in 1872, is located in Wyoming, Montana and Idaho. The East Entrance Gate and the East Entrance Road, both in Wyoming, are part of the same project completed by CRH subsidiary, H-K Contractors, under contract to the Federal Highway Administration and the National Park Service. The project won a "Quality in Construction" award from the National Asphalt Paving Association.

Robust Delivery in a Challenging Year

2008 Highlights

	€ million	
Sales	**20,887**	- %
EBITDA	**2,665**	-7%
Operating profit (EBIT)	**1,841**	-12%
Profit before tax	**1,628**	-14%

	cents	
Basic earnings per share	**233.1**	-11%
Cash earnings per share	**386.9**	-4%
Dividend per share	**69**	+1.5%

	times
Dividend cover	**3.4**
EBITDA Interest cover	**7.8**
EBIT Interest cover	**5.4**

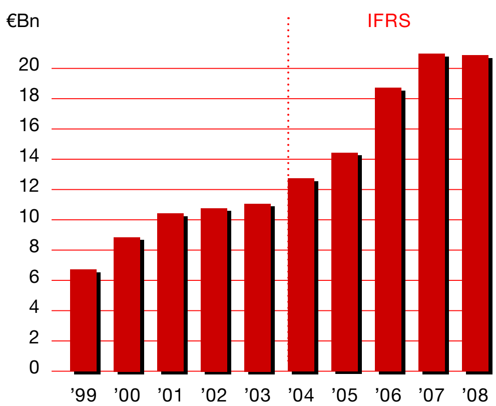
CRH shares are listed on the Irish (ISE) and London (LSE) Stock Exchanges and on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADRs).

The Group has consistently delivered superior long-term growth in total shareholder return, averaging 17% per annum since the Group was formed in 1970.

CRH – Track Record of Performance and Growth

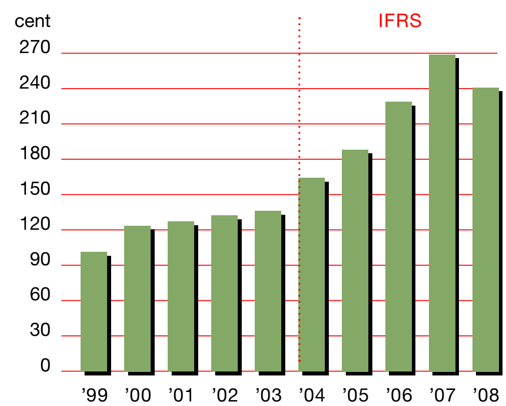
Sales

Sales of €20.9 billion, unchanged versus 2007.



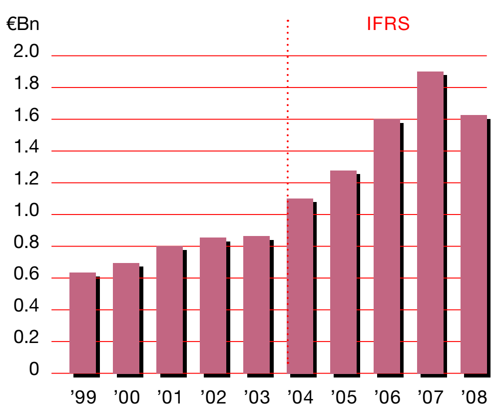
Earnings per Share

Earnings per share excluding amortisation of intangible assets decreased by 10%.



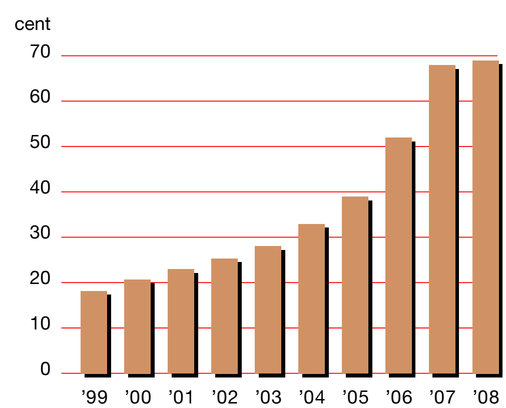
Profit before Tax

Profit before tax of €1.6 billion was 14% lower than 2007.



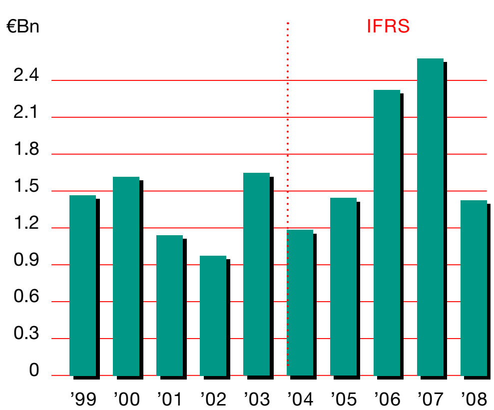
Dividend per Share

2008 is the 25th consecutive year of dividend increase. CRH operates a progressive dividend policy with an average annual growth rate in dividend of 12% since 1970. The 1.5% increase in 2008 follows a 31% increase in 2007.



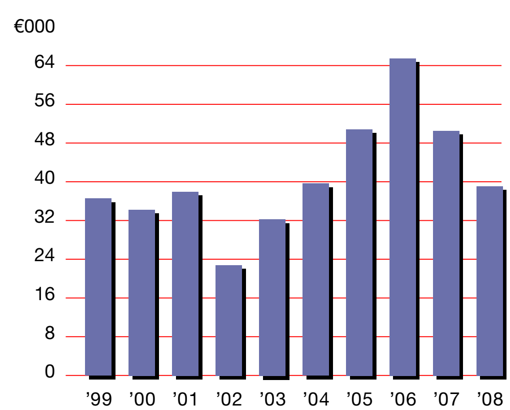
Development Activity

With the deteriorating economic environment, value-creating acquisition and development capital expenditure was curtailed as 2008 progressed. Total spend amounted to €1.4 billion.



Total Shareholder Return

A shareholder who invested the equivalent of €100 in 1970 and re-invested gross dividends would hold shares valued at €39,054 based on a share price of €17.85 on 31st December 2008. This represents a 17% compound annual return.



CRH's strategic vision is clear and consistent –
be a responsible international leader in building materials
delivering superior performance and growth

Contents

Materials:
The Fundamentals

1. Aggregates
Crushed stone from quarries

2. Cement
Primary binding agent for concrete products

3. Asphalt
A mix of aggregates and bitumen (liquid asphalt)

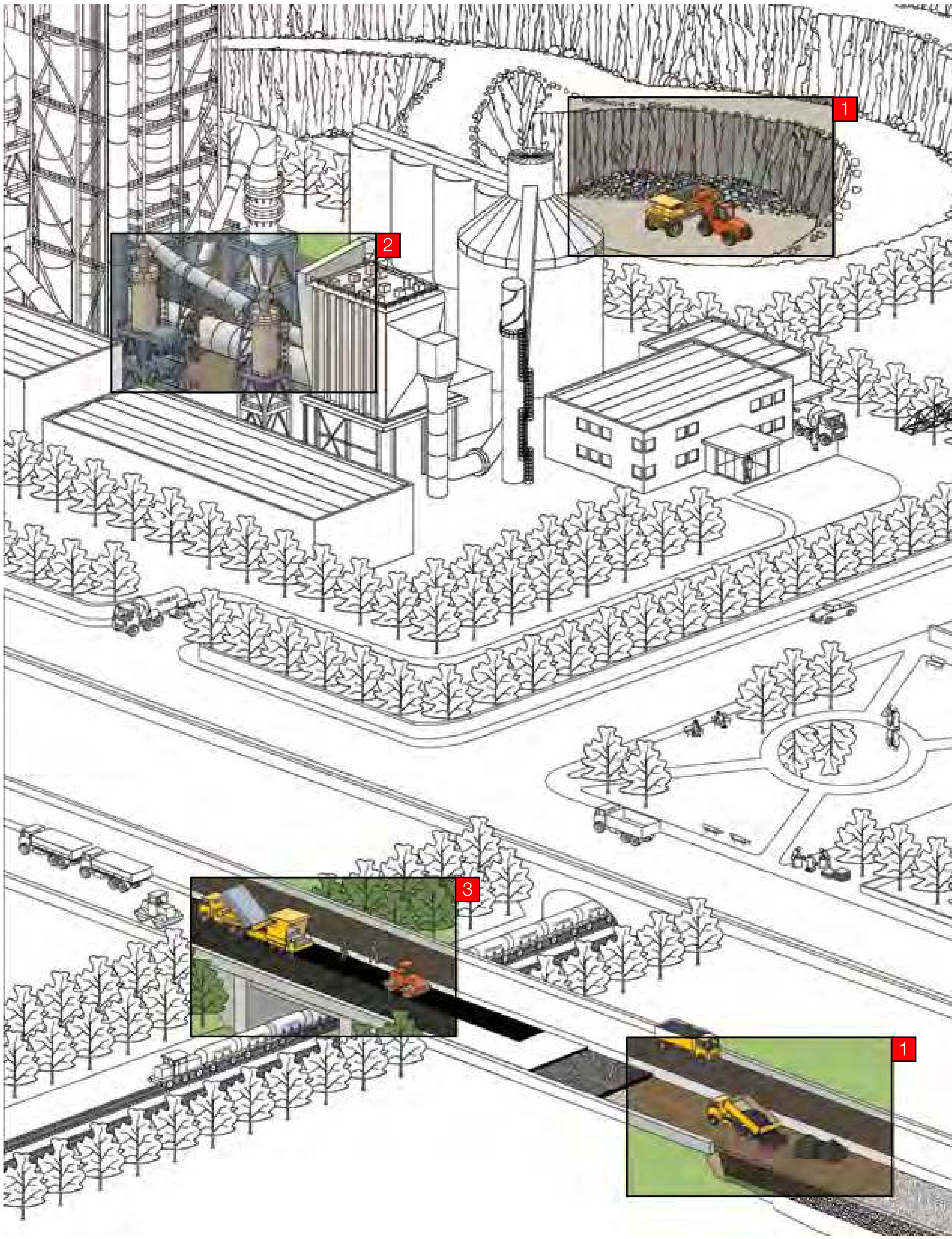
4. Readymixed Concrete
A mix of aggregates, water and cement

Products:
Constructing the Frame

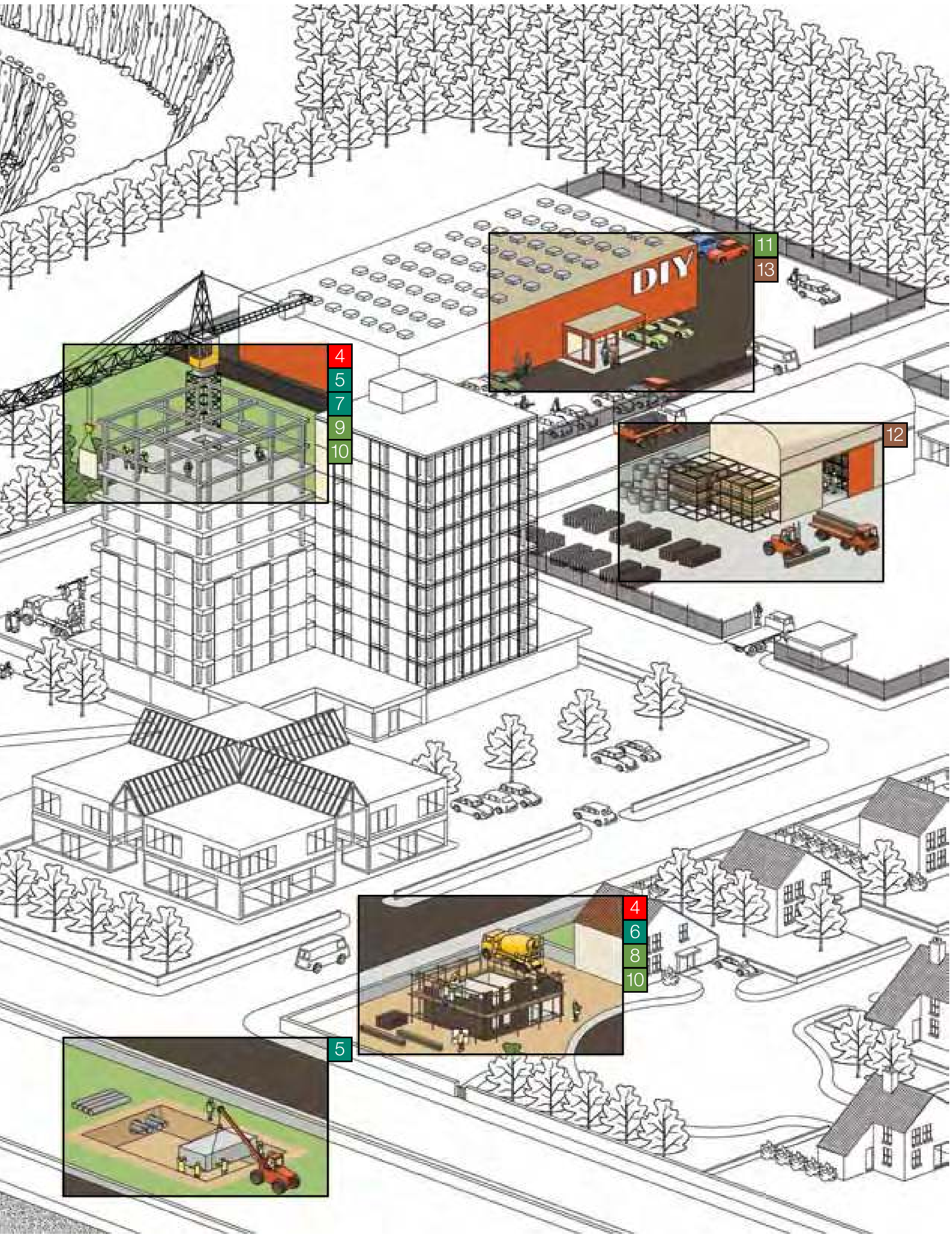
5. Precast
Structural concrete elements

6. Architectural
Concrete products for residential and non-residential building

7. Construction Accessories
Components to assist in the building process



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.



Products: Completing the Envelope

8. Clay
Facing brick, rooftile and paving products

9. Glass
Architectural glass and engineered glazing systems

10. Insulation
Products to improve the energy efficiency of buildings

11. Building Envelope Products
Entrance control and climate control products

Distribution: Fit-out and Renewal

12. Merchants
Channelling building material products to the professional contractor

13. DIY
Providing decorative and home improvement products to the consumer

CRH – Servicing the Breadth of Construction Demand

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 permitted 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 while seeking value-creating expansion opportunities via greenfield development and acquisitions in selected markets.

Annualised production volumes

Aggregates – 225.9 million tonnes
Cement – 16.5 million tonnes
Asphalt – 49.6 million tonnes
Readymixed Concrete – 20.9 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 – 29.3 million tonnes

60% **EBITDA** **15%**

75%

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.

Products: Completing the Envelope

CRH produces a range of complementary value-added building products to complete the building envelope and to optimise the climate control and energy efficiency of buildings. Products include architectural glass, clay brick and block, insulation materials, entrance control and climate control products, 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 products, edge expansion into new architectural products and solutions, developing positions to benefit from scale and best practice, and creating competitive advantage through product, process and end-use innovation.

Annualised production volumes

Clay – 3.7 million tonnes
Glass/Rooflights – 12.4 million square metres
Insulation – 6.0 million cubic metres
Fencing & Security – 11.5 million lineal metres

Distribution: Fit-out and Renewal

CRH distributes building materials to general building contractors and Do-It-Yourself (DIY) customers in Europe and to professional roofing/siding and interior products contractors in the United States. With a network of 717 branches in Europe and 202 branches in the United States, 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.

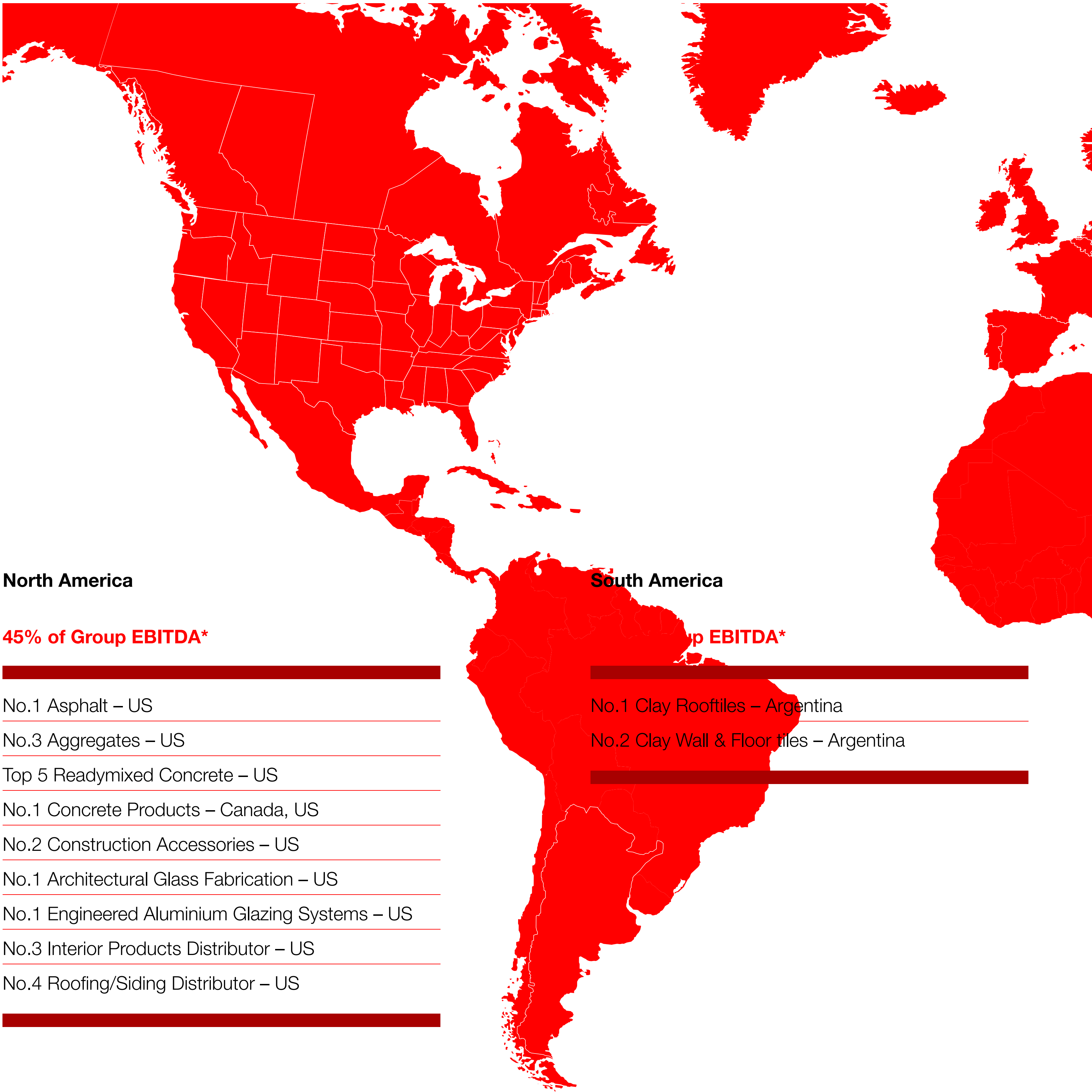
Outlets

Builders Merchants – 673 stores
DIY – 246 stores

10% **EBITDA** **15%**

25%

CRH – A Regional, National and International Leader



North America

45% of Group EBITDA*

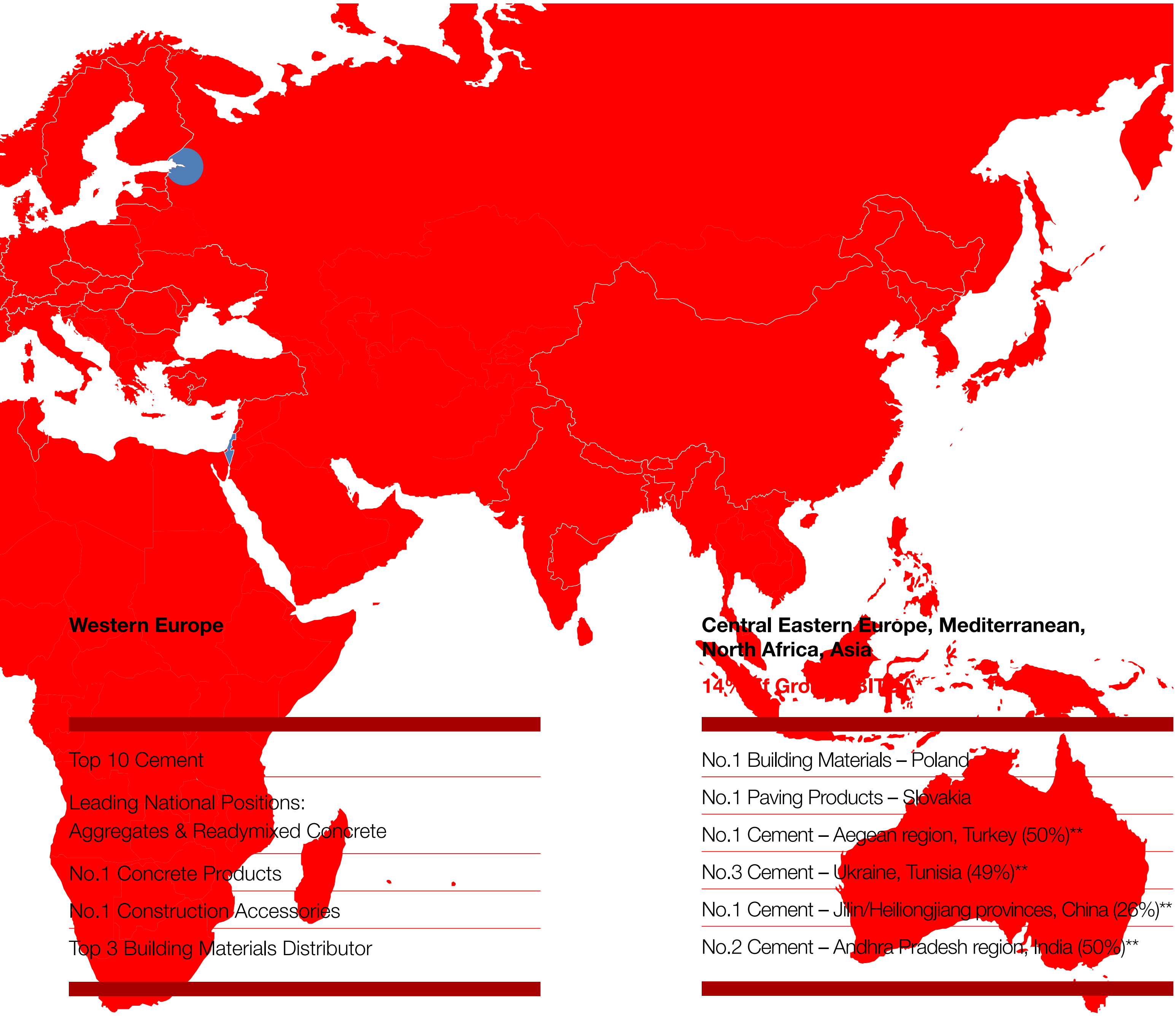
- No.1 Asphalt – US
- No.3 Aggregates – US
- Top 5 Readymixed Concrete – US
- No.1 Concrete Products – Canada, US
- No.2 Construction Accessories – US
- No.1 Architectural Glass Fabrication – US
- No.1 Engineered Aluminium Glazing Systems – US
- No.3 Interior Products Distributor – US
- No.4 Roofing/Siding Distributor – US

South America

p EBITDA*

- No.1 Clay Rooftiles – Argentina
- No.2 Clay Wall & Floor tiles – Argentina

CRH is an international group with strong regional, national and international leadership positions. With operations in 35 countries, CRH employed approximately 93,500 people at over 3,700 locations in 2008. From a strong base in the developed world, CRH is growing its presence in emerging economic regions.



Western Europe

Top 10 Cement
Leading National Positions: Aggregates & Readymixed Concrete
No.1 Concrete Products
No.1 Construction Accessories
Top 3 Building Materials Distributor

Central Eastern Europe, Mediterranean, North Africa, Asia

14% of Group EBITDA*

No.1 Building Materials – Poland
No.1 Paving Products – Slovakia
No.1 Cement – Aegean region, Turkey (50%)**
No.3 Cement – Ukraine, Tunisia (49%)**
No.1 Cement – Jilin/Heiliongjiang provinces, China (26%)**
No.2 Cement – Andhra Pradesh region, India (50%)**

**Approximate annualised EBITDA*

***CRH share*

CRH – Committed to Corporate Social Responsibility

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 and feedback and reporting mechanisms.

This positive commitment to CSR is a defining characteristic of management throughout 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 and will enhance our strong financial performance.

Corporate Governance

CRH is committed to the highest standards of corporate governance. Since 2003, we have implemented a Code of Business Conduct throughout the Group. This Code was updated in 2008. CRH's excellence in corporate governance was, in 2008, again rated at 10, the highest assignation, by Governance Metrics International (GMI). This maintains the position of CRH in the top 1% of GMI's global research universe.

Environment

CRH is committed to good environmental stewardship in all its activities. Our Environmental Policy, first formulated in 1991, is implemented across the Group and environmental performance is reviewed annually by the Board. In addressing climate change, major capital investment programmes have been developed at cement plants in Finland, Ireland, Poland and Ukraine. We are well on target towards meeting our commitment to reducing specific cement plant carbon emissions by 15% on 1990 emissions by 2015. Biodiversity is actively fostered at Group locations.

As part of our CSR commitments, we have been actively addressing climate change through significant investments in modern energy-efficient equipment in our cement, lime and clay brick plants. The production of lower carbon cements is now a priority. Furthermore, climate change is a driving force in many of our activities, as a substantial proportion of our product portfolio is ideally suited to assist in the implementation of strategies for adaptation to climate change.

A detailed review of corporate governance is addressed on pages 44 to 47 of this Report and full details of our environmental, health & safety and social performance are published in our separate annual CSR Report, which is available for download from our website www.crh.com.

CRH, as an international leader in the building materials sector, is committed to operating ethically and responsibly in all aspects of its operations relating to employees, customers, neighbours and local communities, shareholders and other stakeholders. CRH is committed to embedding Corporate Social Responsibility (CSR) as an integral component of its performance and growth strategy.

During 2008, we maintained our distinguished record of being ranked among sector leaders by leading Socially Responsible Investment (SRI) rating agencies.

CRH continued as a constituent member of the FTSE4Good Index and of the Dow Jones World and STOXX Sustainability Indexes. We also recently received the additional accolades of "Gold Class" and "Sector Mover" from Sustainability Asset Management (SAM).

Health & Safety

CRH continues to commit significant resources to improving Health & Safety at all its locations. The health and safety of employees and contractors is a priority for Board and management at all levels of the organisation. The implementation of Best Practice in safety management is actively promoted and implemented across the Group and our accident statistics continue to improve year on year. CRH continues to participate in the World Business Council for Sustainable Development initiatives dedicated to improving safety standards in industry.

Social and Community

CRH companies provide significant employment in over 3,700 locations worldwide and we actively support social and community activities local to our operations. In addition, plant open days provide opportunities for neighbours living in the vicinity of production plants to see at first hand the sustainable nature of our production processes and for plant management to outline the contribution to sustainable development of our product portfolio.

CRH continues 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.

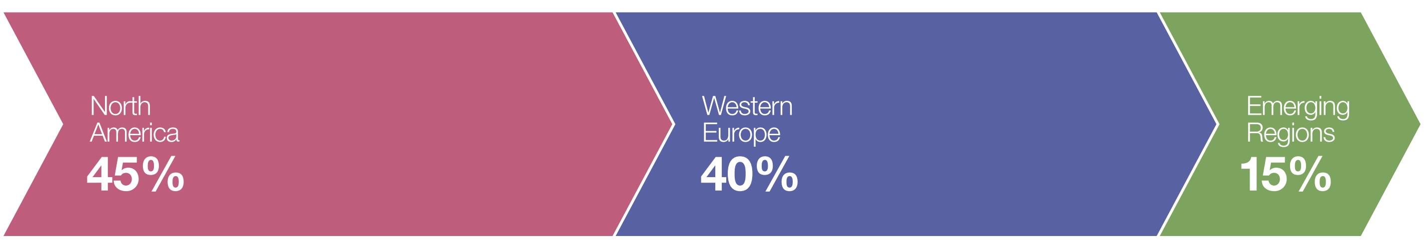
CRH will continue to ensure full independent verification of its CSR reporting. The verified 2008 CSR Report will be available by mid-2009.

CRH – Balanced Portfolio Yields Stability of Performance

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 and sustain 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 2008, 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.

Geography



Products

Approximate annualised EBITDA

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 delivers strong returns on capital through the cycle.

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".*

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 policies, these characteristics underpin the Group's ability to deliver consistent performance.

CRH's balance across the construction sectors remained stable in 2008. Residential demand accounted for approximately 35% of annualised Group EBITDA, non-residential for 35% and infrastructure for 30%.

End-use

New/RMI

End-use demand within the three construction sectors is further divided between new build and repair, maintenance and improvement (RMI). End-use balance, which is more heavily weighted towards RMI in developed economies, is counter-balanced by significant new build demand in developing economies.

"The 2008 results represent a robust performance in a particularly challenging year demonstrating once again the benefits of our balanced spread of operations and also reflecting management's emphasis on performance improvement, cost efficiency, overhead reduction and cash flow generation."

Kieran McGowan

A Strong Performance in Particularly Challenging Conditions

2008 was a particularly challenging year for CRH's operations. Trading conditions in the majority of our markets were much more difficult than in recent years. Continuing negative economic developments accelerated as the year progressed and these, along with unprecedented financial market events, had a severe impact on business sentiment and on market demand. The weaker US Dollar also had a significant adverse effect on the translation into euro of our United States operating profits. Against the background of these most testing conditions, the Group produced a profit before tax of €1.6 billion and earnings per share of 233.1 cent. While these results were below the record levels achieved in 2007, they represent a robust performance and demonstrate once again the benefits of our balanced spread of operations across geographic regions and construction sectors. They also reflect management's emphasis on performance improvement, cost efficiency, overhead reduction and cash flow generation.

Details of the challenges faced by the Group during 2008 and of the performances of the separate Divisions are given in the Chief Executive's Review and in the Operations and Finance Reviews which follow.

Profitability and Earnings

Profit before tax was €1.6 billion with earnings per share of 233.1 cent. These represented declines of 14% and 11% respectively compared to the preceding year. Cash earnings per share of 386.9 cent compared to 404.9 cent in 2007. Despite significant currency impacts, high energy cost inflation and particularly challenging 2008 market conditions, the Group has delivered average earnings per share growth of 14% per annum over the last five years.

Dividend

CRH has a strong dividend history delivering 24 consecutive years of dividend growth at a compound annual rate of 14% up to and including 2007. The payout ratio has increased in recent years as a result of the Board's decision to reduce the level of dividend cover over the three years 2006 to 2008 from 4.8 times to approximately 3.5 times. This year a final dividend of 48.5 cent is being recommended by the Board which, if approved by the Annual General Meeting on 6th May 2009, will result in a total dividend for 2008 of 69 cent, an increase of 1.5% over 2007, representing dividend cover of 3.4 times and a 25th year of dividend growth.

Development Activity

Total acquisition spend for 2008 was approximately €1 billion. First half expenditure of over €0.7 billion included the investment in My Home Industries announced in May, the acquisition of Ancon Building Products in April plus 35 other initiatives announced in the Development Strategy update of July 2008. Acquisition activity was deliberately curtailed in the second half of the year to a level of approximately €0.3 billion, reflecting the deteriorating economic environment and management's emphasis on cash preservation. To date in 2009, we have completed our acquisition of a 26% shareholding in Yatai Cement, a leading player in the northeastern provinces of China and a top-10 cement supplier nationally.

With a challenging trading backdrop for many of our businesses, management's emphasis is firmly concentrated on operational delivery and, as a result, development activity continues to be limited to acquisition opportunities that offer compelling value and exceptional strategic fit.

This emphasis is also reflected in capital expenditure which has been adjusted to reflect the reduced demand environment. Despite significant additional expenditure on completion of the new cement plants in Ireland and the United States, 2008 capital expenditure has been held at approximately €1 billion, the same level as 2007.

Financing Operations

The Group's strong growth over the past four decades has been financed primarily from internal cash flow, supplemented by occasional equity injections from shareholders.

It is now eight years since CRH's last equity funding which raised €1.1 billion by means of a rights issue in March 2001. The period 2001 to 2008 has seen a significant expansion of CRH's operations through a combination of organic growth and strategic value-enhancing acquisitions. Organic growth has been delivered through a relentless focus on operational excellence complemented by a significant programme of capital expenditure, which over the period has seen approximately €5 billion invested in expansion and efficiency projects. A further €11.5 billion has been spent on value-enhancing acquisitions and investments. The combined expenditure of approximately €16.5 billion has been substantially funded by CRH's strong internal cash flow and increased use of its debt capacity.

Maintenance of a prudent and strong balance sheet and a disciplined and rigorous approach to acquisition activity have long been core CRH financial principles and it is this conservative approach to balance sheet management and development which has resulted in CRH's current strong financial position. The Board believes that CRH is well-positioned to benefit from the attractive acquisition opportunities which are beginning to emerge within its industry, and that it is appropriate to further strengthen CRH's financial flexibility to ensure that the Company can take advantage, in its traditional long-established disciplined manner, of the likely increased flow of such development opportunities. The Board therefore decided in early March 2009 to raise additional equity via a 2 for 7 rights issue to help fund its ongoing expansion. The issue was well supported by existing shareholders and the amount of capital raised, net of expenses, was approximately €1.238 billion.

Share Repurchase Programme

The share buyback which was announced in January 2008 and limited to a maximum of 5% of the 547 million Ordinary Shares in issue at 31st December 2007 was subsequently terminated in light of the stresses in financial markets. A total of 18.2 million shares were repurchased, equivalent to 3.3% of Ordinary Shares in issue at end-2007, at an average price of €22.30 per share.

Corporate Governance

A statement setting out CRH's key governance principles and practices is provided on pages 44 to 47. 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.

Board and Senior Management

Liam O'Mahony's nine-year tenure as Group Chief Executive proved him to be an exceptional business leader. He has made a huge contribution to the growth and development of the Group during his remarkable career both as Chief Executive and as a senior executive of the Group over 30 years. Liam has accepted an invitation to continue as a member of the Board and I strongly recommend his re-election to the shareholders. We are fortunate in having as his successor Myles Lee, whose outstanding performance both as Group Finance Director and a senior executive with the Group over a long number of years, bodes well for the future of CRH.

As announced in May 2008, Albert Manifold has been appointed Group Chief Operating Officer (COO) and joined the Board on 1st January 2009. He has held a variety of senior positions including Group Development Director and Managing Director of Europe Materials. The new position of COO, reporting to the Group Chief Executive, reflects a natural evolution of the organisation structure in CRH, given the continuing growth and development of the Group.

Glenn Culpepper succeeded Myles Lee as Group Finance Director and joined the Board on 1st January 2009. Glenn has held a variety of positions in CRH's US operations including Chief Financial Officer of the Americas Materials Division for many years. In July 2008, Mark Towe, previously Chief Executive of the Americas Materials Division, succeeded Tom Hill as Chief Executive of CRH's operations in the Americas and joined the CRH Board. We would like to thank Tom for his major contribution to the growth of CRH over 28 years and as a member of the board from January 2002 until his resignation in June 2008.

The Board notes with sadness the death of our former colleague John Wittstock in November 2008 after a long illness. John made a significant contribution as a member of the Board from 2002 until 2006 when he stepped down for health reasons.

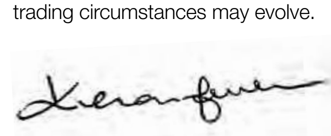
As provided for in the Company's Articles of Association, Glenn Culpepper, Albert Manifold, Liam O'Mahony and Mark Towe are proposed for election at the Annual General Meeting on 6th May 2009. Also in accordance with the Articles of Association and best practice in relation to re-election of Directors, Bill Egan, Jan Maarten de Jong and Myles Lee will retire from the Board and seek re-election at the Annual General Meeting. I have conducted a formal evaluation of the performance 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. The strength and depth of our management team has been demonstrated once again by our ability to achieve a smooth succession process at senior management level from the exceptional talent levels within the Group. There is a unique culture of performance and achievement throughout the Group and this will ensure that even in the current exceptionally difficult economic environment CRH has the capacity to deliver superior performance. On behalf of the Board, I thank Liam O'Mahony, Myles Lee and all CRH employees for their commitment and loyalty to the success of the Group.

Conclusion

Management's views on the outlook for 2009 are set out more comprehensively in the Chief Executive's Review and the various Operations Reviews. While there are a number of positives with lower energy costs, interest rate reductions and the US infrastructure stimulus package, the overall outlook for 2009 is extremely challenging, given the severe impact of ongoing turmoil in financial markets across the world. Throughout this environment, our attention and efforts will be focussed resolutely on ensuring that our businesses are strongly positioned, through cost reduction and cash generation measures, to deal with whatever trading circumstances may evolve.



Oldcastle Architectural's ProSpec® packaged building product was used extensively on the Mansion on Peachtree Hotel in Atlanta, Georgia.

Overview

2008 saw major changes in the financial, economic and business climate worldwide. These events necessitated a significant shift in CRH's short-term focus with the implementation of wide-ranging cutbacks across our businesses and a significant curtailment of development activity as the economic environment deteriorated. Despite a very challenging backdrop, and the adverse translation effects of a weaker average US Dollar/euro exchange rate, CRH performed robustly and succeeded in limiting the decline in performance following 15 consecutive years of growth between 1992 and 2007.

Myles Lee with Liam O'Mahony

"Despite a challenging backdrop, CRH performed robustly in 2008, and succeeded in limiting the decline in performance following 15 consecutive years of growth."

Key aspects of our 2008 results include:

- Sales of €21 billion, similar to the 2007 level and in excess of €20 billion for the second consecutive year.
- EBITDA down 7% to €2.7 billion, operating profit down 12% to €1.8 billion, and profit before tax down 14% to over €1.6 billion. Operating margin (Operating profit/Sales) was down just over 1% to 8.8% (2007: 9.9%); with the impact of sharply higher energy costs and declining volumes only partially offset by strong commercial delivery and intensified cost reduction efforts as the year advanced.
- Earnings per share down 11% to 233.1 cent; the decline in earnings is less than the decline in profit before tax as a result of the share buyback and a lower effective tax rate of 22.5% in 2008 compared with 24.5% in 2007.
- Dividend per share up for the 25th consecutive year, a 1.5% increase to 69 cent. This follows increases of 31% in 2007 and 33% in 2006 and resulted in dividend cover of 3.4 times for the 2008 financial year.
- Acquisition spend of approximately €1 billion. After investing over €2 billion in both 2007 and 2006 and €0.7 billion in the first half of 2008 we curtailed expenditure as the year progressed with a second-half spend of €0.3 billion.
- Capital expenditure of approximately €1 billion was broadly in line with 2007 despite a higher level of spending in 2008 relating to previously committed cement facilities in Ireland, Poland, Ukraine and the United States.
- Proceeds from disposals of surplus assets amounted to €168 million (2007: €156 million) generating profit of €69 million (2007: €57 million); such disposals remain an ongoing feature of CRH performance.
- The limited share buyback launched in early 2008 was terminated in the autumn in light of the stresses in financial markets and to maintain financial flexibility. In total, 18.2 million shares, equivalent to 3.3% of the Ordinary Shares in issue at 31st December 2007, were repurchased at an average price of €22.30 per share.
- Continued solid cash generation with a net cash outflow before translation of €0.7 billion after spending €2.5 billion on capital expenditure, acquisitions and share buyback. In addition, EBITDA/net interest cover for the year remained strong at 7.8 times.

Thanks to all the CRH team across the world who played their part in delivering a resilient outcome despite the toughest trading conditions for many years.

2008 Operations

After a strong start, economic growth in Eastern Europe weakened as the year progressed, while in the core Eurozone countries the slower trading patterns evident in the second quarter intensified through the second half with increasingly negative economic newsflow. In the United States, new residential construction continued its decline while the negative developments in financial markets in the second half of 2008 had a growing impact on previously resilient non-residential demand. US infrastructure volumes were adversely affected by the strong pricing necessary to recover sharply higher energy-related input costs.

Europe Materials had a positive first half with continuing advances in Poland and Ukraine, together with recovery in Portugal, more than compensating for declines in the Irish and Spanish markets. However, with slowing construction activity in Eastern Europe and generally weaker trading patterns in other markets, profitability in the second half was close to 2007 levels. Overall, for the year, operating profit grew by 8%.

Europe Products & Distribution had a good start to the year; however, slower trading patterns evident through the second quarter intensified through the second half and operating profit for the year fell by 20%. Our Concrete Products operations launched significant cost reduction initiatives in response to weakening markets. The Clay Products business was severely impacted by the sharp downturn in UK housing construction, which necessitated sharp capacity cuts and cost restructuring. Building Products businesses generally performed well, with positive acquisition contributions and satisfactory demand in non-residential segments. Distribution

The Mellacheruvu plant of My Home Industries Limited, in which CRH has a 50% stake, is located approximately 200 kilometres east of Hyderabad in southern India and serves the rapidly growing markets in the states of Andhra Pradesh, Tamilnadu and Orissa. The plant has three modern dry process kilns with annual production capacity of approximately 3 million tonnes and is one of the most efficient and low cost producers in India.

activities benefited from acquisition effects but these were more than offset by weaker trading in builders merchanting in the second half of the year.

Our Americas Materials business, a national leader in aggregates, asphalt and readymixed concrete, with a major presence in infrastructure markets, saw operating profit decline 13% in US Dollar terms. While highway funding was strong, with good spend from the multi-year Federal programme and from State and local sources, residential and non-residential demand declined. High energy-related input costs, particularly through the summer months, required a continuing intense focus on efficiency, cost and pricing initiatives. Once again the successful achievement of price increases necessary to recover higher input costs led to sharp volume declines with an inevitable impact on profitability.

Americas Products & Distribution, which principally sells to the residential and non-residential sectors, saw operating profit decline 14% in US Dollar terms. The Architectural Products and Precast groups, with their significant exposure to early-stage construction, were most affected, with combined US Dollar operating profit down approximately 50%. In contrast, the Glass group, whose products are utilised later in the construction cycle, delivered improved underlying profit and also benefited from the full-year inclusion of Vistawall acquired in June 2007. The initiatives implemented in 2007 to improve profitability at MMI resulted in a significant uplift in profit, despite the tough demand backdrop. Our products operations in South America once again reported positive outcomes. Distribution had an outstanding year with ongoing benefits from effective pricing, sales and overhead management, and from the November 2007 acquisition of AMS, which together delivered a substantial uplift in operating profit and margin.

Throughout 2008, our management teams responded early and progressively to weakening markets by implementing the necessary cost and efficiency measures across the Group and by focussing resolutely on cash generation. This unfortunately necessitated some painful adjustments in many of our operations but was essential to maintaining performance in challenging times.

Development

Following a record acquisition spend of €2.2 billion in 2007, total acquisition spend in 2008 was lower at approximately €1 billion. First-half expenditure amounted to over €0.7 billion; however, with the deteriorating economic environment, we significantly curtailed development activity as the year progressed, resulting in a second-half spend of approximately €0.3 billion.

During 2008, we acquired 50% of My Home Industries Limited (MHIL), an Indian cement producer headquartered in Hyderabad with strong market positions and excellent reserves in the Andhra Pradesh region of southeast India. MHIL has annual production capacity of approximately 3 million tonnes from modern facilities and is CRH's first acquisition in India. Since year-end, we have acquired 26% of Yatai Cement, the leading cement manufacturer in northeastern China with 14 million tonnes of cement capacity, currently being expanded to 18 million tonnes. As previously announced, we have an option to increase our stake to 49% in due course. Our Europe Materials Division, which has responsibility for our cement developments in Asia, is working with our new partners to enhance existing performance and to expand at a measured pace these initial CRH positions in India and China.

Europe Products & Distribution had an active year. Our Concrete Products group delivered CRH's first acquisition in Hungary with the acquisition of Ferrobeton, a leading precast concrete elements producer operating four plants in Hungary and one in Slovakia. Our Building Products group expanded its very successful Construction Accessories platform with the acquisition of Ancon, a UK-based designer and manufacturer of a range of stainless steel fixing systems, with operations in continental Europe, the Middle East and Australia. The Distribution group acquired an initial 35% minority stake in Trialis, a successful and leading independent regional builders merchant operating 190 branches in central, south and southwest France.

Americas Materials completed 19 bolt-on transactions expanding its network of locations. Americas Products & Distribution had a quiet year as attention was focussed on responding to a deteriorating operating environment. Nevertheless, some seven bolt-on transactions were completed across Precast, Architectural Products, and MMI operations while Distribution completed one transaction in its exterior products segment. In South America, 2008 saw the acquisition of a leading distributor of specialised building products in Santiago, Chile.

Organisation and People

The retirement of Liam O'Mahony as Chief Executive and my nomination last May to succeed him with effect from 1st January 2009 led to significant organisational change. Glenn Culpepper, formerly Chief Financial Officer of the US Materials group, moved into the Finance Director role. Albert Manifold has taken up the newly-created role of Chief Operating Officer to work closely with me on the overall performance and development of the Group and has been succeeded as Managing Director Europe Materials by Henry Morris, formerly Chief Operating Officer of that Division. In the Americas, Mark Towe succeeded Tom Hill as Chief Executive Officer in mid-2008, with Doug Black replacing Mark as Chief Executive of Materials and Bill Sandbrook moving to the position of Chief Executive of Products & Distribution. There were a number of consequent senior appointments, all from within the organisation. I have every confidence in the ability of the new team to deal with the immediate challenges ahead and to lead CRH on to further successes in the future.

Corporate Social Responsibility (CSR)

Achievement of international best practice in CSR remains a top priority for CRH and our commitment in this regard is set out on pages 8 and 9 of this Report. Each year we publish a comprehensive CSR Report and this is available for download from our website www.crh.com. Once again in 2008 we were recognised among the sector leaders by the leading Socially Responsible Investment (SRI) rating agencies. We continue to be a constituent member of the FTSE4Good Index and of the Dow Jones World and STOXX Sustainability Indexes, and we received the additional accolades of "Gold Class" and "Sector Mover" from Sustainability Asset Management (SAM).

Strategy

CRH's strategy is focussed on the manufacture and distribution of building materials, with approximately 75% of our business in heavyside

– cement, aggregates, asphalt, readymixed concrete and concrete products – and the remaining 25% split between lightside value-added building products and distribution. This mix provides a balanced exposure to residential/non-residential/infrastructure end-uses and also to new build/RMI (repair, maintenance and improvement), each of which displays different cyclical characteristics in terms of timing, amplitude and duration.

Today CRH is balanced roughly 40% Western Europe/45% North America/ 15% Emerging Markets, the latter comprising significant operations in eastern Europe built up over the last decade and more recently-established positions in Asia.

2008 marked the 30th anniversary of CRH's first acquisition in the Americas. The growth of our business from that initial small position in concrete products in the western United States to today's ranking as the largest building materials company in North America, with locations in all 50 states, four Canadian provinces, two Mexican states and in Argentina and Chile, demonstrates the effectiveness of CRH's strategic model. Over 30 years, through judicious product and geographic expansion at sensible acquisition multiples, combined with a strong focus on operational performance, CRH has built a balanced American portfolio which has delivered strongly and consistently through past industry cycles and which continues to outperform in the current extremely challenging market conditions. The growth model so clearly evident in the development of these American activities has been, and will continue to be, replicated across other geographies.

Currently, with a challenging trading backdrop for many of our businesses, management's emphasis is firmly concentrated on operational delivery. As a result, development activity is very much focussed on acquisition opportunities that offer compelling value and exceptional strategic fit. We believe that as the year progresses we will see an increased flow of potential acquisitions, driven by financing pressures and portfolio rationalisation across the sector.

Outlook

The outlook for 2009 is extremely challenging. January and February have seen the most severe winter for many years in Europe and North America and this will exacerbate the impact of already weak markets on the outcome for the first half of the year which in 2008 benefited from a relatively mild winter and a generally positive trading backdrop in Europe. The first half of 2009 is therefore expected to be sharply lower than 2008. However, lower energy costs, ongoing interest rate reductions and the recently-agreed infrastructure stimulus package in the United States should encourage activity as the year progresses. Consequently, given the weaker relative performance in the second half of 2008, the underperformance anticipated in the first half of 2009 is expected to moderate in the seasonally more important second half.

Europe: In Europe Materials, activity levels in Ireland and Spain are set to fall further in 2009 with less severe declines expected in Finland and Portugal. Switzerland is again forecast to perform robustly. In Poland, increased activity in infrastructure is expected to be offset by declines in other sectors while in Ukraine, the slowdown experienced in the latter months of 2008 is likely to be more pronounced. Recent weakness in the Polish Zloty and Ukrainian Hryvnya, if maintained, will have a negative effect on the reported euro outcome. Ongoing reductions in fuel and energy costs combined with savings from cost reduction measures will benefit 2009.

Demand for our Products & Distribution activities is down across the main Eurozone countries. Housing starts are lower and while non-residential demand remains reasonable the trends are weakening. Infrastructure in eastern Europe and the RMI sector generally should prove more resilient. Concrete Products will benefit from significant restructuring in 2008 and new initiatives in 2009. Clay Products should improve with lower energy costs and the absence of restructuring charges. Building Products faces weaker demand in its non-residential segments. Distribution is likely to benefit from more resilient DIY demand but its builders merchants activities will decline.

Overall, despite significant benefits from ongoing restructuring, we expect a much more demanding trading environment than in 2008 for our European operations.

Americas: The recently approved United States Federal economic stimulus package includes a strong infrastructure component favouring road and highway maintenance spending. We expect that this will contribute positively to Americas Materials infrastructure volumes in the second half of 2009, although residential and commercial volumes are expected to face further erosion. Bitumen and energy costs, which saw unprecedented mid-year increases in 2008, have moderated over recent months, and therefore we expect to benefit from much more stable input cost levels through 2009. The Division continues to focus on cost and overhead savings, operational efficiencies and additional price improvements. These initiatives combined with a more stable input cost backdrop should partly offset the effect on Americas Materials US Dollar profits of likely further overall volume reductions.

New US residential demand is expected to decline further in 2009 as is residential repair, maintenance and improvement activity although to a lesser degree. Non-residential construction is expected to fall due to the weaker economy and tighter commercial credit standards. Against this backdrop, and despite significant operating improvements implemented in 2008 and the benefit of further targeted cost reduction measures, we anticipate a further decline in Americas Products & Distribution in 2009.

Overall, the Americas in 2009 are expected to be weaker in US Dollar terms. However, the recent strengthening of the US Dollar, if maintained, will result in a relatively more favourable reported euro outcome.

Overall: Management's attention and efforts are resolutely focussed on commercial delivery and on ensuring that our businesses are strongly positioned, through additional cost reduction and cash generation measures, to deal with whatever trading circumstances may evolve. In addition, we continue to strengthen our financial flexibility in order to ensure that the Group is well-positioned to take advantage, in its traditional long-established disciplined manner, of a likely increased flow of development opportunities as the year progresses.

The new €200 million investment at Irish Cement's Platin Works in the Republic of Ireland will deliver important cost benefits in terms of fuel and electricity usage and a significant reduction in CO_2 emissions.

Operations Review: Europe

Results

Henry Morris
Managing Director
Europe Materials

Europe Materials					Analysis of Change			
						Acquisitions		
€ million	% of Group	**2008**	2007	Change	Organic	2007	2008	Exchange translation
Sales Revenue	18	**3,696**	3,651	+45	-205	+194	+74	-18
Operating Profit	34	**631**	586	+45	+4	+19	+16	+6
Average Net Assets		**3,173**	2,611					
EBITDA Margin		**21.8%**	20.4%					
Operating Profit Margin		**17.1%**	16.1%					

Máirtín Clarke
Managing Director
Europe Products &
Distribution

Europe Products					Analysis of Change			
						Acquisitions		
€ million	% of Group	**2008**	2007	Change	Organic	2007	2008	Exchange translation
Sales Revenue	18	**3,686**	3,628	+58	-143	+100	+172	-71
Operating Profit	12	**224**	308	-84	-99	+6	+16	-7
Average Net Assets		**2,475**	2,392					
EBITDA Margin		**10.6%**	12.7%					
Operating Profit Margin		**6.1%**	8.5%					

Europe Distribution					Analysis of Change			
						Acquisitions		
€ million	% of Group	**2008**	2007	Change	Organic	2007	2008	Exchange translation
Sales Revenue	18	**3,812**	3,435	+377	-86	+269	+165	+29
Operating Profit	11	**194**	212	-18	-35	+7	+9	+1
Average Net Assets		**1,621**	1,287					
EBITDA Margin		**6.8%**	7.6%					
Operating Profit Margin		**5.1%**	6.2%					

Europe Materials

Overview

Europe Materials experienced a change in economic conditions during 2008. After a positive first half, when continuing advances in eastern Europe more than compensated for declines in Ireland and Spain, the deteriorating global economic environment impacted second-half performance. Overall, operating profit for the year was up 8% on a record 2007 performance.

In response to the deteriorating economic backdrop and the unprecedented rise in energy costs, initiatives were put in place to proactively adjust the cost base to the changing demand environment. These included an intensified focus on operating efficiency, purchasing benefits and energy optimisation, together with adapting the level of bought-in services to match lower demand levels.

We continued to progress our capital expenditure programme to modernise and expand three cement plants in Ireland, Poland and Ukraine. The Irish Cement plant was completed in December and has created an ultra-modern, energy-efficient plant meeting world best practice emissions standards which will generate increased fuel and energy savings in 2009. The investment in Ukraine is progressing well and will deliver significant efficiency savings and reduced CO_2 emissions when commissioned in 2010. We are reviewing the timing of the requirement for additional cement capacity in Poland and have therefore postponed further expenditure on the project at present.

In addition to seven traditional bolt-on acquisitions during the year, we acquired a 50% stake in My Home Industries Limited (MHIL). MHIL is a cement company with headquarters in Hyderabad and markets in the Andhra Pradesh region of southeast India. MHIL represents CRH's entry into the Indian cement market and to date has performed ahead of our expectations.

Ireland

Construction demand in Ireland fell significantly in 2008. The decline of the residential sector, which commenced in 2007, accelerated through the year. Our sales to the commercial sector, which were strong in the first half, weakened considerably in the second half. The infrastructure and agricultural sectors continued to see strong demand throughout 2008.

Inflation in energy and fuel reached unprecedented levels during the year and was not wholly recovered. Cost reduction programmes were intensified across all businesses, with consequent one-off rationalisation costs reducing profits. While progress was achieved in adjusting the operating base to the new market circumstances, overall operating profit in Ireland declined compared with 2007.

Benelux

Cementbouw, our cement trading, readymixed concrete and aggregates business, consolidated into Europe Materials in 2007, had a good first full year in the Division and exceeded target returns. A rationalisation of joint venture companies within this business has improved management focus and helped to grow profits in 2008.

Bosta Beton was launched as CRH's national readymixed concrete brand in Poland in 2008. Bosta recently commissioned a state-of-the-art 240 cubic metres per hour concrete tower plant at Mszczonawska, Warsaw. Rapid construction growth over the past three years has seen Bosta Beton add 12 new concrete plants in Poland to bring its capacity to over 3 million cubic metres per annum.

Central and Eastern Europe

The Polish economy expanded at a slower rate than in 2007 with GDP growth at 4.8%. Inflation rose to an average 4.2% while unemployment declined to 9.5%. Interest rates were increased in the first half to help curb inflation and dampen property prices.

The Polish construction market experienced a good year and output grew by 11%. Increases in commercial and industrial construction compensated for a decline in infrastructure and public non-residential building and also in housing activity in the main cities.

Cement volumes remained at 2007 levels. The concrete products businesses performed very well with increased volumes in readymixed concrete and pavers, although walling products were impacted by a slowdown in the residential sector.

The delay in the road programme resulted in lower aggregates and blacktop volumes, although profitability improved through cost saving initiatives.

Lime volumes were also down but profits improved with the completion of a new lime kiln investment coupled with cost saving measures. Overall in Poland, improved efficiencies and good input cost recovery resulted in improved margins across our balanced operations and operating profit was up significantly on 2007 levels.

In Ukraine, GDP grew by 2.1% in 2008. Cement volumes grew strongly in the first half but fell back in the second half as political and economic difficulties intensified. Better pricing and the use of coal in place of high cost natural gas resulted in a higher operating profit for the year.

Finland and the Baltics

Finland's economy grew at a more modest rate of 0.9% in 2008 following the strong expansion of recent years. Overall construction demand continued to advance during the first half of the year; however, the second half saw slowing non-residential construction activity, an accelerating decline in residential output and the completion of a number of infrastructure projects. As a result, demand for our products was at a lower level than in 2007. Nevertheless, improved operating efficiencies and strong cost control led to increased operating profit in our Finnish business.

The Baltic States experienced a difficult year with Latvia showing a double-digit decline in construction activity. Sharp volume declines were partly offset by aggressive cost reduction programmes in both Estonia and Latvia, but overall profit was down. Our operations in St. Petersburg benefited from lower input costs in 2008, but weaker second-half demand resulted in lower profit when compared with 2007.

Switzerland

GDP grew by just under 2% in 2008. Exports grew by 4.2% and private consumption by 2.1%. Unemployment fell to just 2.5%. Construction volumes were slightly up on the previous year. Infrastructure and public non-residential spending increased and more than compensated for declines in housing and industrial activity. Cement volumes were in line with 2007 levels but significant fuel cost increases were not fully recovered resulting in cement profits behind 2007. Margins in our readymixed concrete and aggregrates business increased and the outcome was ahead of 2007. Our combined Swiss operations delivered a satisfactory performance in 2008.

"After a positive first half, Europe Materials experienced a change in economic conditions in the second half of 2008. In response, initiatives were put in place to proactively adjust the cost base to the changing demand environment."

Henry Morris

Iberia and Eastern Mediterranean

In Spain, construction activity fell significantly with volumes down regionally between 20-30%. While there were delays, newly-started infrastructural projects in Catalonia benefited our operations in the second half of the year. However, the residential and non-residential sectors were particularly affected and despite adjusting capacity by consolidating operating locations, our Spanish operating profit declined significantly compared with 2007.

The Portuguese economy grew by 0.2% in 2008; however, construction declined by about 3.0%, with lower activity in all sectors. Our Secil joint venture, with three cement plants, operated at full capacity taking advantage of strong export markets. Secil also enjoyed a good performance in its activities outside Portugal and reported a good uplift in operating performance due to a favourable pricing environment and efficiencies in production.

Construction demand in the southwest Aegean region of Turkey was somewhat negative and this combined with increased competition resulted in declining volumes and prices from our joint venture, Denizli Cement, resulting in lower operating profit. Profits were also adversely impacted by the sudden collapse of exports to Russia in July.

Asia

Sanling Cement's first full year of operation under CRH ownership resulted in record sales volumes. The business performed to our expectations and factory efficiency improved. However, competitive pricing in the region resulted in a lower outcome.

Our 50% joint venture investment in My Home Industries (MHIL) has been included in our consolidated results from May 2008. The significant economic and construction growth in the Andhra Pradesh markets continued as anticipated and the performance of the company was ahead of our expectations.

Outlook

Construction demand in Ireland is set to fall further in 2009. Weak consumer demand, government fiscal constraints, and restricted credit availability are expected to continue to impact activity. Further adjustments to our capacity and the cost base are being implemented.

Cementbouw's markets in the Netherlands are expected to show a modest decline in 2009 due mainly to weaker residential and non-residential construction. It is expected that a number of infrastructural projects will ensure some compensating growth.

In Finland, GDP is forecast to decline 2.2% and a rise in unemployment is expected. The construction trends seen during the second half of 2008 are forecast to continue into 2009 and demand for our products is projected to fall further despite an expected pick-up in infrastructure demand towards the end of the year. We expect our operations in the Baltic States and St. Petersburg to see further declines but to show improved margins on a reduced scale of activity.

Polish GDP is now forecast to grow by between 1.2% and 1.7%. Declining interest rates and lower inflation will help construction demand. We expect that increased activity in infrastructure, where EU-funded contracts are proceeding, will be offset by declines in other sectors.

In Ukraine, the decline in construction activity due to the economic crisis is expected to continue into 2009 resulting in a significant reduction in cement demand.

In Portugal, construction is expected to show a further decline due to reduced activity levels in domestic housing. Cost efficiencies and improved usage of alternative fuels should help maintain margins, but export markets will be more challenging.

While overall volumes in Spain are expected to decline further in 2009, we anticipate that the profit impact will be limited following the capacity adjustments made in 2008.

Modest growth is expected in Swiss construction due to increased residential and infrastructural activity with demand from tunnelling projects underpinning volumes from our cement operations.

Construction in Turkey is expected to show a further reduction in 2009, which we anticipate will result in our Denizli plant operating below full capacity.

While it is anticipated that cement demand may slow somewhat in greater China, we expect further growth in the northeastern provinces due to infrastructural projects. Our wholly-owned Sanling plant should again operate at full capacity.

The completion in January 2009 of the purchase of 26% of Yatai Cement Company considerably expands our presence in the Chinese cement industry. The operations of Yatai Cement comprise four cement plants and two grinding stations in the Jilin and Heilongjiang provinces in northeastern China, with a current cement capacity of 14 million tonnes per annum. A major investment programme to increase annual cement capacity to 18 million tonnes is well underway.

In India, we anticipate lower but still significant growth. The reduction in credit availability could adversely impact market growth and MHIL also faces increased competition from additional regional capacity. The launch of slag cement when MHIL's new mill is commissioned in the second half of 2009 should more than compensate for this and volumes are expected to grow.

The slowdown in economic growth, the continuing financial turmoil and the lack of bank credit create a high level of uncertainty as we enter 2009. We continue to adjust capacity to market demand, to focus on cost reduction and performance to maintain margins and to curtail capital expenditure to maximise cash flow. While falling interest rates, government intervention through increased infrastructure spending and declining fuel and energy costs should all help to offset the impact of volume declines, we expect a more demanding trading environment than in 2008 for Europe Materials.

Europe Products & Distribution

2008 Overview

Following a positive first quarter, our markets became increasingly difficult as the year progressed. By year-end, most countries and end-use sectors were seeing the impact of the knock-on effects from the credit crisis.

Housing was particularly hit, especially in the UK and Denmark; weaknesses in other countries became more evident in the second half of the year. Non-residential activity also slowed although less dramatically. The businesses that are geared towards the non-residential and repair, maintenance and improvement (RMI) sectors, especially our Building Products group, turned in a more robust performance.

During 2008, we invested €0.5 billion in 17 acquisitions including Ancon in the UK and a 34.8% stake in Trialis, a builders merchants business in France, together with several strategically important bolt-on acquisitions.

The Division implemented significant cost reduction actions and capital expenditure has been cut back. Our focus is on defending margins and conserving cash throughout the organisation. Overall, the Division saw sales increase by 6% and operating profit decline 20%.

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. After a good first quarter, the Concrete Products group faced increasingly difficult market circumstances, mainly in residential-related markets. On the development front, the group entered Hungary and consolidated its position in the Netherlands.

Architectural
Architectural operations faced difficult conditions in several markets and performed significantly below 2007. Our Belgian, French and Danish paver and tile businesses suffered from weak residential markets and falling consumer confidence while our UK block business experienced a significant volume drop. In Germany, the downturn in new residential construction impacted results. Results in our Dutch operations improved driven by a restructuring project which commenced in 2007, while our Slovakian businesses continued to perform strongly. In response to difficult market conditions, the group implemented a restructuring plan which included factory closures in Belgium, France, the UK, Germany and the Netherlands and significant overhead cost reductions. In April, we acquired a bolt-on Dutch paver business, which strengthens our position in the important Amsterdam market.

Structural
Our structural concrete operations delivered profits below 2007. Our Danish and Irish businesses were significantly impacted, from the beginning of the year, by difficult conditions in residential markets. Belgium and the Netherlands, which include our sand-lime brick operation, were less affected, with the decrease in the residential sector only becoming evident from the third quarter. Our operations serving non-residential markets across Europe performed well, with strong results in Belgium and France driven by tight operational control. In response to difficult market conditions, the group restructured its residential businesses, with factory closures and capacity reductions in Denmark, Ireland, Switzerland, Germany, Belgium and the Netherlands. The structural group expanded its activities into Hungary, with the acquisition of a leading player in the non-residential market.

Clay Products

The Clay Products group principally produces clay facing bricks, pavers, blocks and rooftiles and operates in the UK, the Netherlands, Germany, Poland and Belgium and also supplies various export markets.

UK brick industry volumes started 2008 at levels comparable to the previous year; however, the impact of tight credit markets became clearly apparent in March and volumes fell away rapidly as the year progressed, closing the year around 25% behind 2007. In response to falling sales, four factories were closed, extensive production shutdowns were implemented and overhead costs were reduced. Energy prices increased significantly during the year

“A sharply deteriorating trading environment, particularly in the second half of the year, resulted in a decline in profits. Comprehensive cost reduction and performance improvement plans continue to be implemented in response to the market decline.”

Máirtín Clarke

The Alvon plant, located in Veennoord in the North-east of the Netherlands, produces pre-stressed shuttering slabs, hollow walls, solid panels and lightweight concrete panels. Alvon was the first company to introduce the concept of hollow precast walls to the Netherlands over 15 years ago. It is now a widely accepted product with Alvon being the recognised top quality producer.

which, combined with production cut-backs, closure costs and redundancy programmes, resulted in an outcome well below prior year.

In Mainland Europe, our country-based organisation was restructured to form two operating regions, Central Europe and Eastern Europe, improving cross-border trading and reducing administration costs. Volumes declined as the year progressed; however, this was largely offset by strong pricing and overall the profit performance for these operations was similar to 2007.

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 2008 were mixed; residential markets slowed significantly from mid-year, while non-residential markets remained favourable until October. In total, 2008 operating profit was broadly in line with 2007.

Construction Accessories
This business unit, which is the market leader in construction accessories in western Europe, experienced another year of performance and growth. The contribution of Ancon, acquired in April 2008, exceeded our expectations and all our businesses showed solid operating results despite deteriorating market conditions towards the end of the year. We completed three small bolt-on acquisitions during the year, which performed according to plan. The main focus is on maintaining this solid performance through targeted cost cutting and innovation initiatives in light of declining markets.

Building Envelope Products
These operations specialise in systems and products for entrance and climate control solutions, and are mainly active in non-residential construction focussing on the growing RMI, safety and comfort market segment. Our Entrance Control operations in fencing, security and access systems experienced another year of solid performance. In Climate Control, our rooflight & ventilation activity reported further progress in operating results, driven by a strong performance in its German business. The Roller Shutters & Awnings business experienced difficult market conditions due to declining consumer confidence and unfavourable weather conditions in the Netherlands.

Insulation Products
Despite good progress on profit improvement initiatives, Insulation Products had a difficult year. The slowdown in residential markets, especially in the UK and Ireland, high volatility in input prices and price pressure in eastern Europe were the main reasons for a disappointing result. Despite uncertainties for the short term, we feel our insulation business is well-positioned to benefit from the ongoing European legislation for energy efficiency management in the longer term.

Distribution

The effects of the worldwide financial crisis led to a slowdown in business activity as 2008 progressed. Sales increased aided by contributions from acquisitions completed in 2008. However, after a record 2007, operating profit in 2008 declined by 8%. Management's focus is on internal improvements and cost reduction as we move into a more challenging business environment in 2009.

Professional Builders Merchants
With 471 locations in five countries, Professional Builders Merchants has strong market positions in all its regions.

The Netherlands: After a relatively strong first half year, sales weakened resulting in lower annual like-for-like sales and operating profit compared with 2007. Three bolt-on acquisitions added 8 locations to our network.

France: Our heritage operations in Ile-de-France (100%), Burgundy (58%) and Franche-Comté (58%) witnessed a slowdown resulting in reduced sales and profits. With the 34.8% investment in July in Trialis, a leading independent Builders Merchant in France (190 locations), a foothold in the central, south and southwest of France was achieved.

Switzerland: Compared to other western European construction markets, the Swiss market showed some resilience. However, internal reorganisation costs resulted in a

slightly disappointing outcome with lower profits in 2008 despite higher sales. On the development front, two acquisitions added 12 branches to the existing network and strengthened the group's position as the only country-wide supplier of sanitary ware, heating and plumbing ("SHAP") products in Switzerland.

Austria: Quester benefited from reorganisation initiatives taken in 2007 and 2008. These measures included the closure of some loss-making branches and although 2008 sales decreased, operating profit returned to positive territory. Further initiatives continue to be implemented to restore margins to appropriate levels.

Germany: Bauking, in which we have a 48% stake, operates primarily in northwestern Germany. German sales held up fairly well with annual like-for-like sales versus 2007 down marginally but despite relentless cost control, like-for-like operating profit was also down. The 2007 acquisitions were successfully integrated and performed according to expectations. In the summer, our SHAP activities expanded with the acquisition of a leading player in the northern part of Germany, which performed to expectations and which serves as a platform for SHAP growth in Germany. Overall, including acquisition effects, sales advanced and operating profit was at a similar level.

DIY

The DIY Europe platform has activities in five countries with 246 stores under five different brands: Gamma (the Netherlands and Belgium), Karwei (the Netherlands), Hagebau (Germany), Maxmat (Portugal) and Jelf BricoHouse (Spain).

The Netherlands: Despite a sharp decrease in consumer confidence, like-for-like sales were flat compared with 2007. Increased competition and promotional campaigns had a negative impact on margins; however, this was mitigated by tight cost control and sharp franchise formula management leading to only a modest decrease in operating profit.

Belgium: Gamma Belgium with 19 locations had flat sales but lower profits mainly due to a less favourable second half in 2008.

Germany: Bauking operates 54 DIY stores under the brand name Hagebau. In a very competitive market, Bauking managed to keep costs under tight control which led to a modest decline in operating profit while maintaining a similar sales level to 2007.

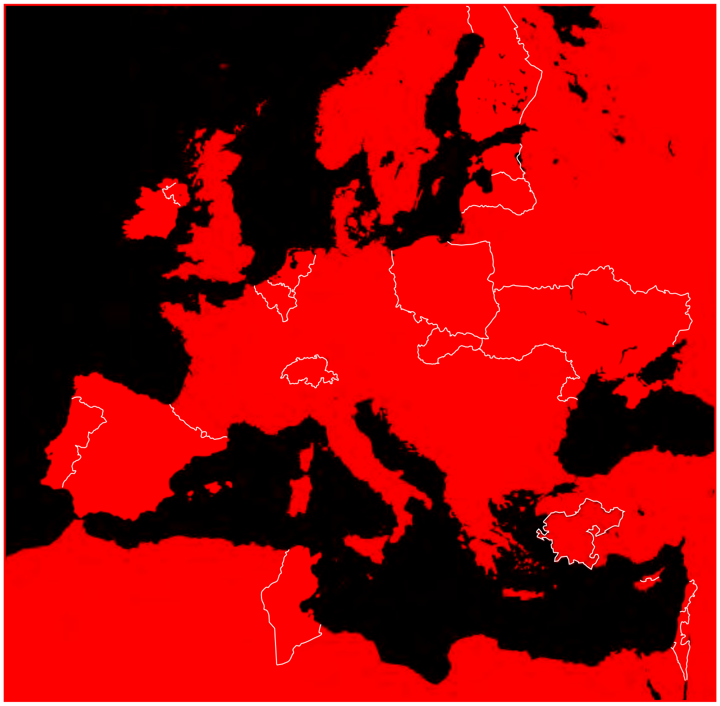
Portugal: Within a weak economic environment, sales increased supported by five new stores. Start-up losses for the new openings and difficult market conditions resulted in lower profits than in 2007.

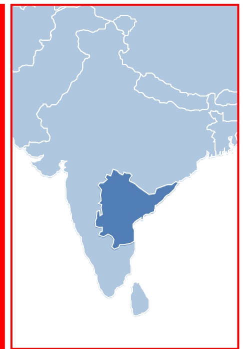
Spain: We entered the Spanish DIY market in May 2007 with the acquisition of Jelf BricoHouse in the Alicante/Valencia region. Market circumstances have been very challenging and results were below expectations.

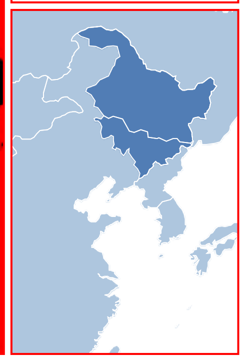
Outlook

Demand for our Products & Distribution activities is down across the main Eurozone countries. Housing starts are lower and while non-residential demand remains reasonable the trends are weakening. Infrastructure in eastern Europe and the RMI sector generally should prove more resilient. Concrete Products will benefit from significant restructuring in 2008 and new initiatives in 2009. Clay Products should improve with lower energy costs and the absence of restructuring charges. Building Products faces weaker demand in its non-residential segments. Distribution is likely to benefit from more resilient DIY demand but its builders merchants activities will decline.

Brakel Atmos developed the innovative movable Glastec façades as well as the glass roof structure of the 548-metre Kraanspoor building in Amsterdam harbour. This project received the Glas Award 2008 and the MIPIM Award.







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. The major markets are Ireland, Poland, Finland, Switzerland, Spain, Portugal and Ukraine, together with India and China in Asia and Turkey in the Mediterranean. In total, the Division employs approximately 14,500 people at over 550 locations.

Materials: Product end-use (EBITDA)

Residential · Non-residential · Infrastructure

35% 40% 25%

New · RMI

80% 20%

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 20 European countries with the Netherlands, Belgium, the UK, Germany, France and Switzerland being its major markets. Europe Products & Distribution seeks leadership positions in the markets and sectors in which it operates and employs almost 32,800 people at over 1,240 locations.

Products: Product end-use (EBITDA)

Residential · Non-residential · Infrastructure

45% 40% 15%

New · RMI

75% 25%

Distribution: Product end-use (EBITDA)

Residential · Non-residential · Infrastructure

75% 20% 5%

New · RMI

35% 65%

Activities

Materials		Market leadership positions
Cement *China, Finland, India (50%), Ireland, Lebanon (25%), Netherlands, Poland, Portugal (49%), Switzerland, Tunisia (49%), Turkey (50%), Ukraine*	16.5m tonnes*	No.1: Finland, Ireland No.2: Portugal, Switzerland No.3: Poland, Ukraine
Aggregates *Estonia, Finland, Ireland, Latvia, Netherlands, Poland, Portugal (49%), Slovakia, Spain, Switzerland, Ukraine*	76.2m tonnes*	No.1: Finland, Ireland
Asphalt *Ireland, Finland, Poland, Switzerland*	4.2m tonnes*	No.1: Ireland
Readymixed Concrete *Estonia, Finland, Ireland, Latvia, Netherlands, Poland, Portugal (49%), Russia, Spain, Switzerland, Tunisia (49%), Turkey (50%)*	12.9m cubic metres*	No.1: Finland, Ireland, Poland No.2: Portugal, Switzerland
Agricultural & Chemical Lime *Ireland, Poland*	1.4m tonnes*	No.1: Ireland No.2: Poland
Concrete Products *Estonia, Finland, Ireland, Poland, Portugal (49%), Spain, Tunisia (49%), Ukraine*	7.1m tonnes*	No.1: blocks and rooftiles, Ireland No.1: paving, Poland

Cement and readymixed concrete volumes 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 2.6m tonnes of cement and 0.6m cubic metres of readymixed concrete.

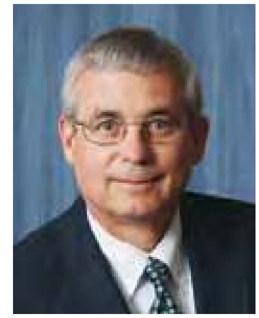
Products		Market leadership positions
Architectural Concrete *Benelux, Denmark, France, Germany, Italy, Slovakia, UK*	9.9m tonnes*	No.1 paving products: Benelux, France, Slovakia No.1 paving/landscape walling: Germany; No.1 architectural masonry: UK No.2 paving products: Denmark
Structural Concrete *Benelux, Denmark, France, Hungary, Poland, Romania, Switzerland, UK*	8.1m tonnes*	No.1 precast flooring: Benelux; No.1 precast architectural concrete: Denmark No.1 utility precast: France; No.1 concrete fencing and lintels: UK No.1 precast structural elements: Hungary, Switzerland
Clay Products *Benelux, Germany, Poland, UK*	2.5m tonnes*	No.1 facing bricks: UK No.2 facing bricks, pavers & blocks: Europe
Building Products		
Construction Accessories *Benelux, France, Germany, Ireland, Italy, Norway, Poland, Spain, Switzerland, Sweden, UK*	n/a	No.1: western Europe
Building Envelope Products *Benelux, France, Germany, Ireland, UK*	3.2m lineal metres* 1.1m square metres*	No.1 security fencing and perimeter protection: Europe No.1 (Joint) glass structures, plastic rooflights, natural ventilation and smoke exhaust systems: Europe
Insulation Products *Benelux, Denmark, Estonia, Finland, Germany, Ireland, Poland, Sweden, UK*	6.0m cubic metres*	No.1 EPS: Ireland, Netherlands, Poland, Nordic region No.1 (Joint) XPS: Germany (50%); No.1 XPE: Germany No.1 PUR/PIR: Netherlands

Distribution		Market leadership positions
Professional Builders Merchants *Austria, France, Germany, Netherlands, Switzerland*	471 branches	No.1: Austria, Netherlands, Switzerland Regional No.1 positions in France and Germany No.2: Ile-de-France
DIY Stores *Benelux, Germany (48%), Portugal (50%), Spain*	246 stores	Member of Gamma franchise, No.1: Netherlands; No.2: Belgium No.2 (Joint): Portugal; Member of Hagebau franchise, No.5: Germany

*CRH share of annualised production volumes.

Des Moines Asphalt & Paving has upgraded its hot-mix asphalt facilities in the Des Moines, Iowa, metropolitan area. Two 180-tonnes per hour batch plants were replaced with a single 450-tonnes per hour Astec relocatable drum plant. The facility boasts six 270-tonnes silos and two scales for high production and flexibility. The company has also been able to reduce production costs and nearly double recycled asphalt usage. The facility won the National Asphalt Pavement Association's Ecological Award in 2008 for community and environmental stewardship.

Operations Review: Americas



Mark Towe
Chief Executive Officer
The Americas

Results

Doug Black
Chief Executive Officer
Americas Materials

Americas Materials

€ million	% of Group	**2008**	2007	Change	Analysis of Change: Organic	Acquisitions 2007	Acquisitions 2008	Exchange translation
Sales Revenue	24	**5,007**	5,445	-438	-464	+332	+65	-371
Operating Profit	25	**462**	570	-108	-86	+9	+8	-39
Average Net Assets		**4,379**	4,169					
EBITDA Margin		**14.5%**	15.3%					
Operating Profit Margin		**9.2%**	10.5%					

Bill Sandbrook
Chief Executive Officer
Americas Products
& Distribution

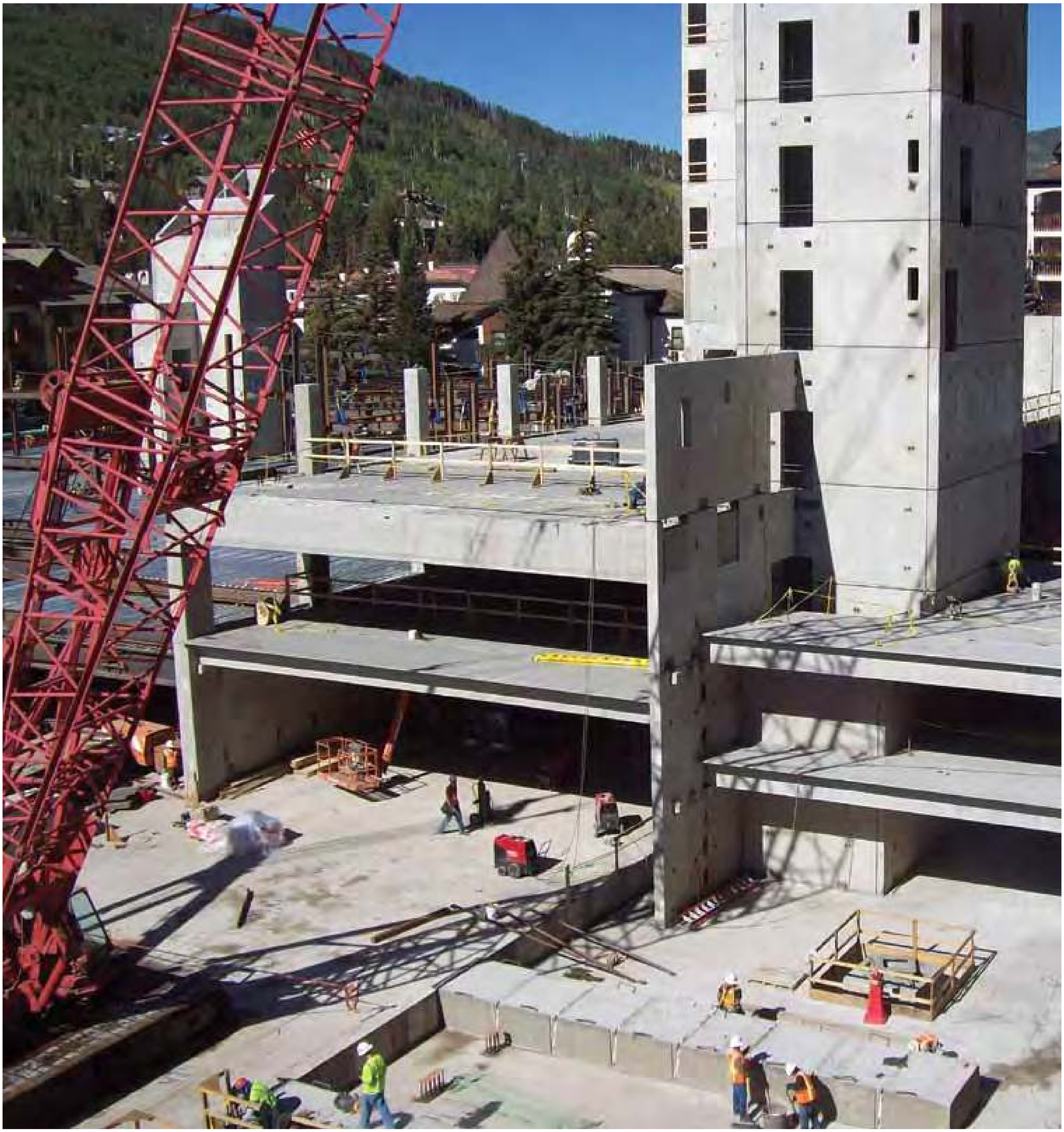
Americas Products

€ million	% of Group	**2008**	2007	Change	Analysis of Change: Organic	Acquisitions 2007	Acquisitions 2008	Exchange translation
Sales Revenue	15	**3,243**	3,510	-267	-291	+223	+39	-238
Operating Profit	13	**238**	340	-102	-94	+11	+4	-23
Average Net Assets		**2,043**	1,931					
EBITDA Margin		**11.4%**	13.3%					
Operating Profit Margin		**7.3%**	9.7%					

Americas Distribution

€ million	% of Group	**2008**	2007	Change	Analysis of Change: Organic	Acquisitions 2007	Acquisitions 2008	Exchange translation
Sales Revenue	7	**1,443**	1,323	+120	-59	+254	+15	-90
Operating Profit	5	**92**	70	+22	+9	+18	-	-5
Average Net Assets		**543**	484					
EBITDA Margin		**8.0%**	6.8%					
Operating Profit Margin		**6.4%**	5.3%					

B&B Excavating, part of the Americas Materials Rocky Mountain group, was selected to provide all of the concrete materials for the Club at Solaris in Vail, Colorado. This two-year project includes a total of 146 luxury residential units with amenities including restaurants, retail establishments, a health and fitness center, an open-air ice skating rink and a movie theatre. The project broke ground in February 2008 and is expected to open in early 2010. A total of 24,000 cubic metres of concrete will be used for the foundation, precast toppings, deck slabs, and all interior slabs and exterior flatwork.



Americas Materials

Overview

Americas Materials had a very challenging year with unprecedented increases in bitumen and energy costs and a sharp decline in market volumes across all major business lines. Through aggressive pricing, energy management and cost-cutting initiatives, the Division was able to limit the overall decline in US Dollar operating profit to 13% from 2007 record levels; a solid result.

Overall energy costs increased by 41% compared to 2007 despite lower volumes as prices surged during the construction season. The increase was mainly driven by bitumen, which experienced a 60% price increase from 2007 levels. The pricing of energy used at our asphalt plants consisting of fuel oil, recycled oil and natural gas increased by 45%. Diesel and gasoline prices jumped by 38% and 19% respectively from prior year.

In order to offset the substantial rise in energy costs, selling prices were increased across all our product lines with an 11% increase in aggregates pricing, a 28% increase in asphalt and a 4% increase in readymixed concrete.

With the significant increases in selling prices and relatively fixed public infrastructure spending, highway paving volumes declined in 2008. Softening commercial markets and continued declines in the less important residential market also negatively affected product volumes. Including acquisitions, aggregates volumes declined 16%, asphalt declined 10% and readymixed concrete dropped 7%. Heritage aggregates volumes showed a 17% drop with asphalt down 14% and readymixed concrete volumes down 21%.

Management implemented several energy and cost reduction initiatives in 2008 to limit the decline in profit. Our winter-fill strategy helped contain bitumen cost increases and we successfully increased our usage of recycled asphalt to lessen our bitumen requirements. Division-wide purchasing programmes helped reduce the unit cost of purchased materials and supplies, while continued operational best practice efforts helped reduce both labour and equipment cost while eliminating waste. Reductions in fixed overhead staffing and other fixed costs were progressively implemented in response to shrinking demand.

Acquisition activity in 2008 was reduced, compared to recent years, as we shifted our focus to cash conservation in response to the deteriorating economic conditions. A total of 19 bolt-ons and reserves acquisitions were completed over the course of the year at a total cost of US$150 million.

In 2008, we reorganised our operations geographically into East and West, each containing four divisions.

“A challenging year but strong pricing and cost reduction initiatives helped offset significantly higher energy costs limiting the decline in US Dollar operating profit to 13%.”

Doug Black

East

The East comprises the Northeast, Mid-Atlantic, Central and Southeast divisions. The Northeast division includes our companies in New England, New York, New Jersey and Connecticut. The Central division now includes Shelly Ohio and Michigan Paving while our Mid-Atlantic division includes companies in Pennsylvania, Delaware, Virginia, West Virginia, Kentucky, Tennessee and North Carolina. The Southeast division includes operations in Alabama, Georgia, South Carolina and Florida.

The Northeast division had a difficult year mainly due to significant declines in the New Jersey and Connecticut markets. In New Jersey, residential and commercial activity slowed dramatically, while state highway funds were diverted to upgrade deteriorating bridges in the region. In Connecticut, the economic downturn caused a significant fall-off in readymixed concrete volumes in a very competitive market. In New England, conditions were difficult due to increased liquid asphalt costs and subsequent declining volumes. Offsetting this somewhat, our Maine operations had a good year due to a relatively healthy highway construction backlog. In New York, a strong public infrastructure market helped offset the slowdown in commercial and residential markets. Despite unprecedented cost increases, our efficient New York operations yielded an overall increase in operating profit.

The newly-formed Mid-Atlantic division saw its operating profit decrease slightly due mainly to challenging markets in Pennsylvania and Delaware with reduced demand and higher energy costs. Solid performances in Virginia and West Virginia, however, helped offset this decline. Acquisitions in the year included a business with seven asphalt plants in Knoxville, Tennessee and an asphalt business in Virginia near the West Virginia border.

Our Central division companies in Ohio and Michigan experienced volume declines consistent with our overall declines in aggregates and asphalt. However, with sound pricing initiatives, good bitumen purchasing, and effective cost controls, the division was able to achieve a good advance in profit over 2007. A bolt-on asphalt business with two locations in Toledo, Ohio was added in 2008.

The Southeast division experienced a difficult year with severe market declines leading to a sharp fall-off in operating profit. Continued declines in the Florida residential and commercial markets negatively impacted the readymixed concrete operations acquired in late 2007. Additionally, significant state budget deficits in both Florida and Alabama adversely affected highway lettings, and consequently the volumes of asphalt and rail-transported aggregates in both states. We acquired a small asphalt producer in Florida during the year, enhancing our position in the Fort Myers market.

West

The West comprises the Southwest, Rocky Mountain/Midwest, Northwest and Staker Parson divisions. The Southwest division incorporates operations in Texas, Oklahoma, Arkansas, Mississippi, western Tennessee, Missouri and Kansas. The Rocky Mountain/Midwest division includes our Rocky Mountain group and our Iowa and Minnesota companies. The Northwest division contains our operations in Washington, Oregon and northern Idaho, and the Staker Parson division our businesses in southern Idaho, Utah and Arizona.

Our Southwest division was impacted by volume declines in aggregates and rapidly escalating variable costs associated with asphalt production. Proactive efforts to increase prices and reduce costs along with the successful integration of 2007 acquisitions resulted in an overall profit increase for this division. In September, we acquired three asphalt plants and a small leased gravel pit located in northeast Mississippi, offering good synergies with our existing operations in the region.

The Rocky Mountain/Midwest division moved profits ahead in 2008 due to strong demand and subsequent positive performance in western Colorado, Wyoming and South Dakota. Our Midwest companies experienced a tougher year with a slower economy and poor highway activity in Minnesota. However, the Des Moines metropolitan area performed well, along with rural Iowa, where readymixed concrete demand was driven by the construction of wind farms. The Rocky Mountain division acquired a number of small bolt-on aggregates and readymixed concrete businesses with operations in central and western Colorado which provide an excellent fit with our existing operations in the region.

In the Northwest, worsening economies in northern Idaho and Oregon had a severe impact on our volumes and although strong pricing somewhat softened the negative impact, profits fell sharply. Our central Washington market continued to perform well. A small aggregates producer was acquired bringing enhanced efficiency to our existing operations in Oregon.

Our Staker Parson operations saw a significant drop-off in volumes from the very strong levels of 2007, reflecting a weakening economy in both Utah and Idaho. The fall-off in residential construction in Utah pulled readymixed concrete and aggregates volumes down. Commercial business also softened with competition for jobs increasing as residential contractors entered the commercial market. Despite the profit decline, Staker Parson continued to be a strong contributor to performance in the West. An aggregates, asphalt and construction company was acquired and fully integrated into our Idaho operations. A number of small bolt-ons were also acquired.

Outlook

The recently-approved United States Federal economic stimulus package includes a strong infrastructure component favouring road and highway maintenance spending. We expect that this will contribute positively to Americas Materials infrastructure volumes in the second half of 2009, although residential and commercial volumes are expected to face further erosion.

Bitumen and energy costs, which saw unprecedented mid-year increases in 2008, have moderated over recent months, and therefore we expect to benefit from much more stable input cost levels through 2009. The Division continues to focus on cost and overhead savings, operational efficiencies and additional price improvements. These initiatives combined with a more stable input cost backdrop should partly offset the effect on Americas Materials US Dollar profits of likely further overall volume reductions.

Immediately after President Obama signed the American Recovery and Reinvestment Act (economic stimulus bill) on 17th February 2009, APAC-Kansas City was awarded the contract to begin work on a Missouri Department of Transportation project. This infra-structure project was widely reported in the media as the "First in Nation". The US$8.5 million bridge project will replace a decaying structure that was built during the Great Depression in the mid-1930s in Tuscumbia, Missouri.

The APAC-Kansas team from left to right are: Richard Zimmerman, Ronnie Carroll Jr., Scott Gammon, Jeremy Floyd, Douglas Caster, Lanny Miller, David Cockrum, Keith Miller, Troy Rogers and David Guillaume.

2008 Overview

Americas Products & Distribution faced another tough year with ongoing financial and credit market turmoil, further declines in new residential construction and a slowdown in non-residential markets. Against this backdrop, our Products businesses experienced a full-year US Dollar operating profit decline of 25%. In Distribution, trading performance exceeded expectations with effective management of pricing, sales and overhead delivering strongly. Regionally, our Products & Distribution operations in Texas, the Pacific Northwest and Canada performed relatively better; while the Florida, Georgia and Arizona operations were noticeably weaker than 2007. Significant cost reduction measures were implemented across our businesses which somewhat mitigated the impact of volume declines. Overall, the Division recorded a 4% increase in sales and a 14% decline in US Dollar operating profit. Given the harsh economic backdrop, we believe that this represents a creditable outcome and once again demonstrates the merits of the Division's broad sectoral exposure and product diversity.

"Our Products businesses had a very mixed year with strong performances from Glass and MMI more than offset by sharp declines in Precast and APG. Our Distribution business delivered a very good outturn in a difficult environment."

Bill Sandbrook

Architectural Products (APG)

APG, with 222 locations in 38 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 very difficult trading conditions in 2008 due to the ongoing deterioration in the residential construction sector, a second-half slowdown in its non-residential markets, weaker demand from the homecenter channel, and rising raw material, energy and fuel costs.

Reflecting these negative factors, our United States masonry, brick and dry-mix divisions experienced considerable profit declines, while our Canadian masonry and United States lawn and garden businesses held up relatively well. Management actions to reduce the bottom-line impact through extensive cost reductions and regional consolidation of plant networks somewhat offset the negative external factors. Overall, APG recorded an 8% decline in sales and a 59% decline in operating profit.

APG completed three small bolt-on acquisitions and one joint venture buyout in 2008 that separately support our core masonry, lawn and garden and packaged dry-mix businesses.

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 84 locations in 26 states and the province of Québec.

Drainage products and plastic box enclosures were particularly hard-hit in 2008, with the significant downturn in residential demand negatively impacting nationwide. Non-residential also slowed significantly as tight credit conditions and project completions negatively impacted full-year sales. Overall volumes were down approximately 9% with operating margins off significantly from a strong 2007. In spite of the harsh economic backdrop and an increasingly competitive market, good cost control and effective price management lessened the profit impact. With backlog down considerably, management's focus will be to continue internal improvement and cost reduction measures as we move into an even more challenging market environment.

Internal developments completed during 2008 included a major concrete pipe plant upgrade in Utah which significantly increased operational efficiencies and delivered production cost reductions. Precast completed two acquisitions in 2008 – a concrete pipe manufacturer, complementing our existing drainage products operations in southern Georgia and northern Florida, and a southern California manhole producer, enhancing our existing presence in that region.

Glass

The Glass group is the market-leading supplier of Building Envelope Solutions for commercial, institutional and multi-storey residential construction, including custom-engineered curtain wall, custom-fabricated architectural glass, high-performance windows, architectural skylights, and storefronts and doors. With 72 locations in 26 states and four Canadian provinces, the Glass group is the largest supplier of high-performance architectural glass and engineered aluminium glazing systems in North America.

Trading conditions in the architectural glass market weakened in 2008 as commercial construction activity declined. Despite raw material cost increases, higher input costs and a more competitive environment, margins were stable. Management's focus on customer service, cost control and product mix enabled the group to achieve an exceptional outcome. Sales and profits increased to record levels largely due to the outstanding performance of the Engineered Products group. Of note were the full-year contribution from the Vistawall acquisition completed in June 2007 and significantly improved results from Antamex, our Canadian-based supplier of high-performance curtain wall systems and engineering design services.

MMI

MMI, acquired in April 2006, has 17 manufacturing plants and 59 distribution centres across 29 states and a plant in Mexico. Although its fencing products are often used in residential applications, most of MMI's products are used in non-residential-oriented projects, particularly in conjunction with the use of concrete.

MMI's sales volumes generally declined because of reduced market activity. However, with benefits from rationalisation and cost reduction measures, profits improved markedly helped by an enhanced view of value pricing and price increases in advance of rapidly increasing steel costs.

In the welded wire reinforcement (WWR) division, sales prices for certain products decreased, adversely affecting margins. MMI's management team responded to the decline in sales volumes through overhead reductions and rationalisation of the distribution network in its fencing business, and through closure of a manufacturing plant in its WWR division. MMI also took action to enhance its leadership resources significantly during the year and recruited new senior level leadership for both the WWR and construction accessories operations.

During 2008, MMI completed the acquisition of a Florida-based provider of reinforcement products for concrete construction.

Distribution

Oldcastle Distribution, trading primarily as Allied Building Products ("Allied"), has 202 branches focussed on major metropolitan areas in 31 US and two Mexican states. It comprises two divisions which supply contractor groups specialising in Roofing/Siding and Interior Products (wallboard, steel studs and acoustical ceiling systems). Allied is one of the most successful building materials distributors in the United States and consistently outperforms its industry peers in financial terms.

Oldcastle Precast's Storm Capture™ system pictured below, at this future Hyatt Place Hotel in Sarasota, Florida, has been designed to capture and control water run-off.

Roofing/Siding is the group's traditional business and Allied is the number four distributor in this segment in the United States. Demand is largely influenced by residential and commercial replacement activity with the key products having an average life span of roughly 20 years. This repair, maintenance and improvement aspect provides a solid underpinning of baseline roofing demand.

The Interior Products division is focussed equally on the commercial and residential construction markets, mainly new construction in each case. With the November 2007 acquisition of Acoustical Materials Services, Inc. ("AMS") in the western United States and Baja California, Interior Products now accounts for more than 40% of annualised Distribution sales and Allied is the third-largest Interior Products distributor in the United States.

US petroleum-based roofing systems benefited from a surge in demand due to hailstorms in southern and central US cities and a spike in petroleum costs to create a positive pricing environment for Allied's roofing products. While the Interior Products markets were very challenging with significant wallboard price deflation, the inclusion of a very positive full-year trading contribution from AMS offset organic declines. Overall US Dollar operating profit was up 41% on 2007 and operating margins increased from 5.3% to 6.4%.

Acquisition activity for Americas Distribution was limited to the addition of one small roofing/siding business in Chicago.

South America

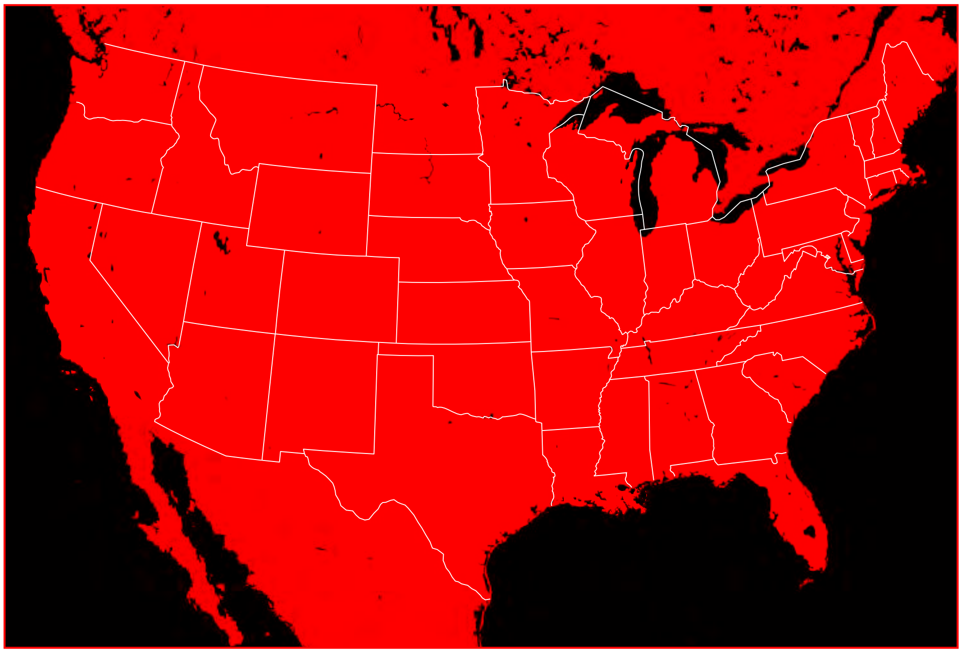
Our operations in Argentina and Chile performed well despite a deteriorating economic climate as the year progressed. In Argentina, operating profit from our ceramic tile and glass businesses was slightly down on 2007 levels.

Our Chilean glass business reported an improved outcome and benefited from the spring start-up of a new state-of-the-art laminating facility. Profits in our Santiago-based distributor of specialised building products, acquired in early 2008, were impacted by second-half currency devaluation of the Chilean Peso.

Outlook

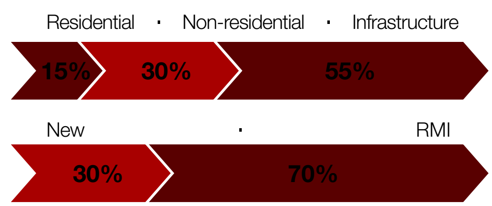
New United States residential demand is expected to decline further in 2009 as is residential repair, maintenance and improvement activity although to a lesser degree. Non-residential construction is expected to fall due to the weaker economy and tighter commercial credit standards. Against this backdrop, and despite significant operating improvements implemented in 2008 and the benefit of further targeted cost reduction measures, we anticipate a further decline in Americas Products & Distribution in 2009.

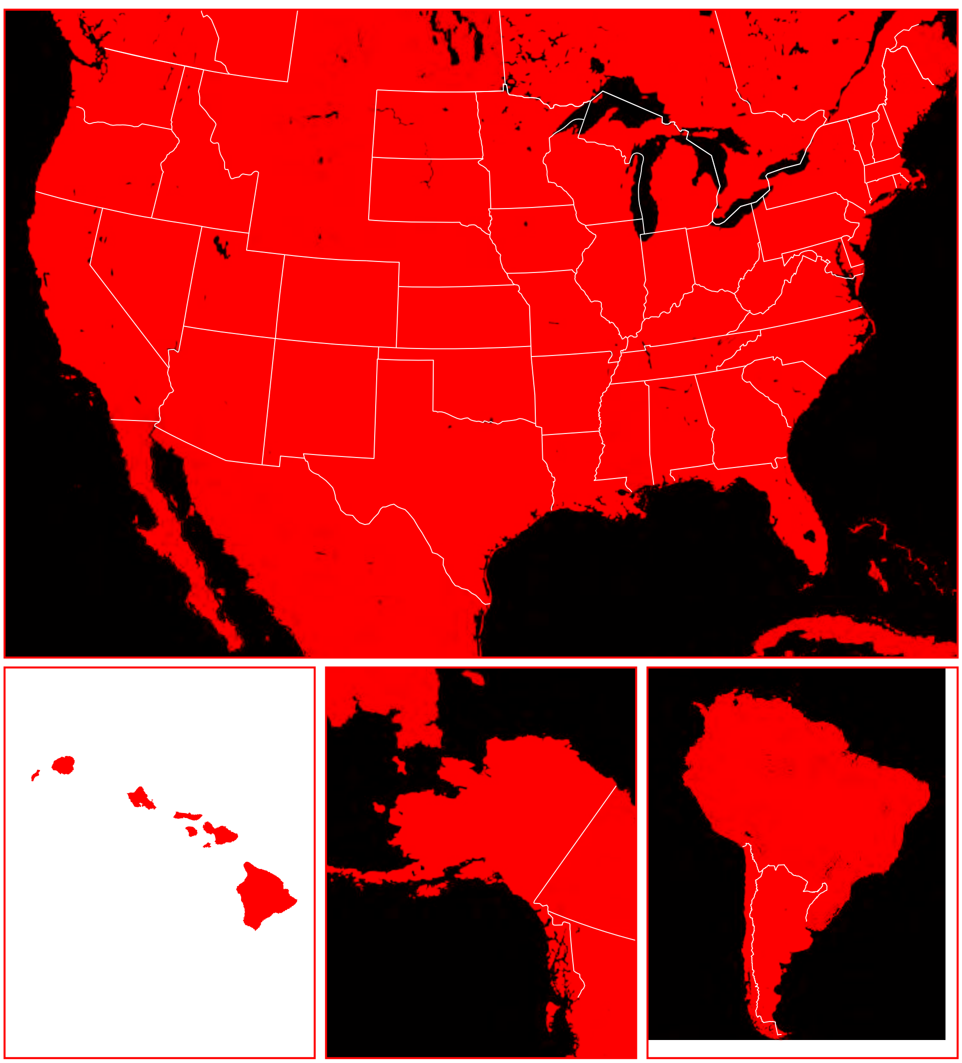
Allied Building Products Contractor Center in Wall Township, New Jersey.



The Americas Materials Division operates in 44 states in the United States through eight regional business units. CRH is the third-largest aggregates producer, the largest asphalt producer and a top-five readymixed concrete producer in the United States. It owns integrated aggregates and asphalt operations throughout 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. Americas Materials employs approximately 22,000 people at over 1,400 operating locations.

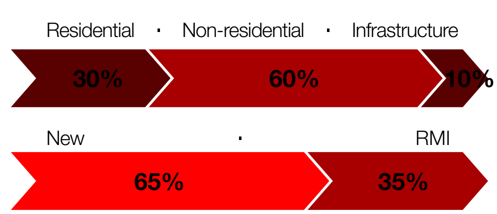
Materials: Product end-use (EBITDA)



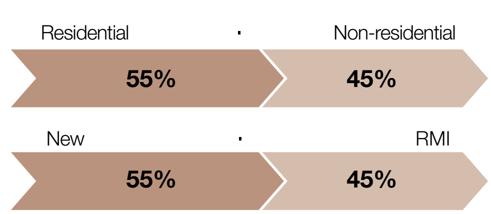


The Americas Products & Distribution Division operates primarily in the United States and has a significant presence in Canada. Its product groups – Architectural Products, Precast, Glass, MMI and Distribution – all have leading positions in national and regional markets. The Division is also a leading producer of clay tile products in Argentina and operates glass fabrication businesses in Argentina and Chile. Employees total approximately 24,200 at almost 600 locations.

Products: Product end-use (EBITDA)



Distribution: Product end-use (EBITDA)



Activities

Materials		Market leadership positions
Aggregates *United States*	149.7m tonnes*	No.3 national producer
Asphalt *United States*	45.4m tonnes*	No.1 national producer
Readymixed Concrete *United States*	8.0m cubic metres*	Top 5 United States

Products		Market leadership positions
Concrete Masonry, Patio Products, Pavers and Rooftiles *Canada, United States*	12.9m tonnes*	No.1 masonry, paving and patio in United States No.1 paving and patio in Canada
Prepackaged Concrete Mixes *United States*	1.6m tonnes*	No.2 in United States
Clay Bricks, Pavers and Tiles *Argentina, United States*	1.2m tonnes*	No.1 brick producer in northeast and midwest United States No.1 rooftiles in Argentina No.2 wall and floor tiles in Argentina
Precast Concrete Products *Canada, United States*	1.9m tonnes*	No.1 in United States
Glass Fabrication *Argentina, Canada, Chile, United States*	11.3m square metres* 29k tonnes aluminium	No.1 architectural glass fabrication in United States No.1 engineered aluminium glazing systems in United States
Construction Accessories *United States*	n/a	No.2 in United States
Welded Wire Reinforcement *United States*	n/a	No.1 in United States
Fencing Products *United States*	8.3m lineal metres*	No.2 fencing distributor and manufacturer in United States

Distribution		Market leadership positions
Roofing/Siding *United States*	139 branches	No.4 roofing/siding distributor in United States
Interior Products *Mexico, United States*	63 branches	No.3 interior products distributor in United States

*CRH share of annualised production volumes.

Finance Review

"Despite the severe impact on construction volumes as a result of the credit crisis, CRH was able to invest over €2 billion in acquisitions and capital expenditure and maintain a strong cash flow and balance sheet in 2008. Your company has implemented significant cost reductions and cash generation measures aimed at further strengthening existing financial flexibility."

Glenn Culpepper

Results

For 2008 reported sales were broadly in line with 2007, with declines in operating profit of 12% and in pre-tax profit of 14%. The key components of 2008 performance are analysed in Table 1.

Exchange Translation Effects

2008 saw a further decline in the value of the US Dollar with the average US$/euro rate of 1.4708 being 7% weaker versus the euro than in 2007 (1.3705). This combined with movements in average exchange rates for our other operating currencies resulted in an adverse translation impact of €50 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 65 of this Report.

Incremental Impact of 2007 Acquisitions

2007 acquisitions contributed incremental operating profit of €70 million on sales of €1,372 million, an effective incremental operating profit margin of approximately 5%.

In Europe, 2007 acquisitions generated an incremental €32 million in operating profit on sales of €563 million to give a margin of approximately 6%. This reflected primarily the full-year impact of the Gétaz Romang acquisition completed by the Distribution group in May 2007, and the buyout of the outstanding 55% of the Cementbouw business at end-August 2007, which is now reported as part of the Europe Materials segment.

In the Americas, 2007 acquisitions contributed an incremental €38 million in operating profit on sales of €809 million, with acquisitions across Products and Distribution operations accounting for the bulk of the total impact.

Incremental Impact of 2008 Acquisitions

The incremental impact from 2008 acquisitions amounted to €53 million in operating profit and €530 million in sales, an effective operating margin of 10%.

Acquisitions by our European operations contributed an incremental €41 million in operating profit and €411 million in sales, a margin of 10%. Materials acquisitions added €16 million in operating profit and €74 million in sales to the 2008 outcome, which included our 50% joint venture share in My Home Industries in India acquired in May 2008. The acquisition in April of Ancon, the UK construction accessories business, and Hungarian precast concrete producer Ferrobeton, were the major contributors to an incremental €16 million in operating profit on sales of €172 million from 2008 Products acquisitions. The contribution from 2008 acquisitions undertaken by Europe Distribution – €9 million in operating profit on sales of €165 million – reflects primarily the strengthening of our sanitary ware, heating and plumbing business with three acquisitions in Switzerland and Germany in mid-2008.

2008 acquisitions in the Americas contributed an incremental €12 million in operating profit on sales of €119 million, with acquisitions across Materials and Products operations accounting for most of the impact.

CRH's 2009 results are expected to reflect a modest incremental impact from 2008 acquisitions, which on a combined basis, have annualised sales of approximately €0.8 billion.

Ongoing Operations

2008 organic sales declined by €1,248 million, a reduction of approximately 6% compared with growth of just over 1% in 2007. Overall organic sales declined by 4% in Europe while the reduction was 8% in the Americas; this compared with 2007 which saw organic sales growth of approximately 8% in Europe and a decline of 5% in the Americas.

Table 1 Key Components of 2008 Performance

€ million	Revenue	Operating profit	Profit on disposals	Trading profit	Finance costs	Associates' PAT	Pre-tax profit
2007 as reported	**20,992**	**2,086**	**57**	**2,143**	**(303)**	**64**	**1,904**
Exchange effects	(759)	(67)	(1)	(68)	17	1	(50)
2007 at 2008 exchange rates	**20,233**	**2,019**	**56**	**2,075**	**(286)**	**65**	**1,854**
Incremental impact in 2008 of:							
– 2007 acquisitions	1,372	70	-	70	(67)	2	5
– 2008 acquisitions	530	53	-	53	(29)	2	26
Ongoing operations	(1,248)	(301)	13	(288)	39	(8)	(257)
2008 as reported	**20,887**	**1,841**	**69**	**1,910**	**(343)**	**61**	**1,628**
% change as reported	**-%**	**-12%**		**-11%**			**-14%**

Table 2 Operating Profit Margin Data

	Reported	
	2008	2007
Europe Materials	17.1%	16.1%
Europe Products	6.1%	8.5%
Europe Distribution	5.1%	6.2%
Americas Materials	9.2%	10.5%
Americas Products	7.3%	9.7%
Americas Distribution	6.4%	5.3%
Group	**8.8%**	**9.9%**

Underlying operating profit fell by €301 million compared with a growth of €164 million in organic operating profit in 2007.

Underlying operating profit for our European operations fell by €130 million on an underlying sales reduction of €434 million, reflecting the impact of weaker markets particularly in the second half of the year. Operating profit for our Materials businesses were flat for the year, with a positive first half offset by generally weaker trading patterns in the second half. Our Products business experienced increasingly difficult trading conditions, with a €27 million underlying operating profit decline in the first six months followed by further declines in the second half to result in an overall decline of €99 million for the year. In Distribution, weakening consumer confidence had an adverse impact in the second half with the overall decline in underlying profit amounting to €35 million.

Our operations in the Americas had a challenging year reporting a decline of €814 million in underlying sales and a decline of €171 million in like-for-like operating profit. The Materials Division continued to achieve success in recovering higher energy and other input costs, but with significant like-for-like volume declines, underlying operating profit fell by €86 million. Throughout the year, the negative developments in financial markets had a growing impact on previously resilient US non-residential demand, while residential activity continued to weaken with the Products businesses reporting falls of €291 million in sales and €94 million in operating profits from underlying operations. While our Distribution operations suffered from the decline in residential construction, effective pricing and sales and overhead management resulted in underlying operating profit being €9 million higher than 2007.

Operating Profit Margins

Overall operating profit margin for the Group fell by 1.1 percentage points to 8.8%, with all segments except Europe Materials and Americas Distribution experiencing margin declines. Table 2 above summarises the margins by business.

Profit on Disposal of Non-Current Assets, Finance Costs, Taxation, Earnings per Share, Dividend

Profit on disposal of non-current assets of €69 million was ahead of 2007 (€57 million) and we expect that disposal of surplus properties will be an ongoing feature of the Group's activities.

The substantial acquisition activity over the past two years, and particularly in 2007, resulted in an increase in net finance costs to €343 million (2007: €303 million); combined with lower profits, EBITDA/net interest cover for the year reduced to 7.8 times (2007: 9.4 times). This remains comfortably above the Group's covenant levels.

The tax charge at 22.5% of Group profit before tax decreased compared with 2007 (24.5%). The decline in the tax charge largely reflects lower taxable profits in a number of the Group's overseas jurisdictions where higher tax rates apply.

The increase in the share of profits applicable to minority interests mainly reflects the minority's share of profits on certain asset disposals during the year.

The impact on earnings per share of the lower 2008 pre-tax profits was somewhat offset by the buyback during 2008 of 18.2 million shares and by the lower effective Group tax rate. Basic earnings per share fell by 11% while cash earnings per share was down by 4%.

The total dividend of 69 cent for 2008 represents an increase of 1.5% compared with 2007 and brings dividend cover to 3.4 times (2007: 3.9 times and 2006: 4.3 times), just below our previously stated target of 3.5 times for the 2008 financial year.

Despite the 2008 declines, the Group has shown strong compound growth in sales, earnings before interest, tax, depreciation and amortisation (EBITDA), earnings per share, cash earnings per share and net dividend over a five-year and ten-year period. These 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 overleaf.

Interest cover measures remain very comfortable with 2008 EBITDA/net interest cover of 7.8 times well ahead of the 4.5 times minimum provided for in our banking covenants.

Year-end net debt of €6,091 million was €928 million higher than end-2007 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. Return on average capital employed and return on average equity both declined in 2008.

Cash Generation

While spending a total of over €2 billion on acquisitions, investments and capital projects, the strong cash generation characteristics of the Group, partly offset by share purchases of €0.4 billion and an adverse translation adjustment of €0.2 billion, limited the increase in net debt

Table 3 Compound Average Growth Rates

	5-year	10-year
Sales*	14%	15%
EBITDA*	12%	16%
Basic earnings per share*	14%	12%
Cash earnings per share*	12%	13%
Net dividend	20%	16%

**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.*

to €0.9 billion. Table 5 summarises CRH's cash flows for 2008 and 2007.

The increased charges for depreciation and amortisation mainly reflect the impact of acquisitions completed in 2007 and 2008.

The working capital outflow for the year of €62 million represents a good performance in managing receivables and payables in a challenging environment. The 2007 inflow of €227 million was aided by a significant liquidation of working capital at APAC associated with the scaling-back of its low-margin, major projects construction business.

Tax payments were lower than in 2007 for the reasons addressed above.

The increase in dividends paid reflects the 25% increase in the final 2007 dividend and the 2.5% increase in the interim 2008 dividend both of which were paid during the course of 2008.

Capital expenditure of approximately €1 billion represented 5.0% of Group revenue (2007: 4.9%) and amounted to 1.33 times depreciation of €781 million (2007: 1.39 times). Of the total capital expenditure, 58% was invested in Europe with 42% in the Americas. Our capital expenditures included approximately €0.25 billion and €0.1 billion of investment in major cement plants in 2008 and 2007 respectively.

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

Spend on acquisitions and investments in 2008 amounted to approximately €1 billion. This compared with the record €2.2 billion in 2007 and reflects a deliberate curtailment of development activity in the second half of 2008 as the economic environment deteriorated.

Share purchases reflect the repurchase of approximately 18.2 million shares under the share purchase programme which was announced in January 2008 and terminated in November 2008. Two million of these shares were used to satisfy the exercise of share options during the year and the proceeds from option holders are included in the net cost of share purchases. During 2007, the Group purchased 0.3 million existing shares in respect of commitments under the Performance Share Plan at a cost of €10 million; the remainder (€21 million) represented the net cost to the Group of share options exercised during the year.

The share issues caption in 2008 principally reflects the take-up of shares in lieu of dividends under the Company's scrip dividend scheme amounting to €22 million (2007: €68 million). Proceeds were augmented by issues under Group share option and share participation schemes of €6 million (2007: €36 million).

Exchange rate movements during 2008 increased the euro amount of net foreign currency debt by €240 million principally due to the 5% decrease in the euro exchange rate against the US Dollar from 1.4721 at end-2007 to 1.3917 at end-2008. The favourable translation adjustment in 2007 reflected a 12% increase in the euro versus the US Dollar from 1.3170 at end-2006 to 1.4721 at end-2007.

Year-end net debt of €6,091 million (2007: €5,163 million) includes €153 million (2007: €164 million) in respect of the Group's proportionate share of net debt in joint venture undertakings.

Employee Benefits

The assets and liabilities (excluding related deferred tax) of the defined

Table 4 Key Financial Performance Indicators

	2008	2007	2006
Interest cover			
– EBITDA basis (times)	7.8	9.4	9.7
– EBIT basis (times)	5.4	6.9	7.0
Effective tax rate (%)	22.5	24.5	23.6
Net debt as a percentage of total equity (%)	74.7	64.4	63.2
Net debt as a percentage of year-end market capitalisation (%)	64.1	39.6	26.2
Return on average capital employed (%)	12.9	16.1	15.4
Return on average equity (%)	15.6	19.0	18.4

EBITDA – earnings before finance costs, tax, depreciation, asset impairments and intangible asset amortisation; figure excludes profit on disposal of non-current assets
EBIT – earnings before finance costs and tax (trading profit); figure excludes profit on disposal of non-current assets

Table 5 Cash Flow

€ million	**2008**	**2007**
Inflows		
Profit before tax	1,628	1,904
Depreciation	781	739
Amortisation of intangibles	43	35
	2,452	**2,678**
Outflows		
Working capital	(62)	227
Tax paid	(322)	(388)
Dividends	(369)	(318)
Capital expenditure	(1,039)	(1,028)
Other	(89)	(81)
	(1,881)	**(1,588)**
Operating cash flow	**571**	**1,090**
Acquisitions and investments	(1,072)	(2,227)
Disposals	168	156
Share purchases	(383)	(31)
Share issues	28	104
Translation	(240)	237
Increase in net debt	**(928)**	**(671)**
Opening net debt	(5,163)	(4,492)
Closing net debt	**(6,091)**	**(5,163)**

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-2008, the net deficit on these schemes amounted to €414 million (2007: €95 million); after deducting the related deferred tax asset, the net liability amounted to €320 million (2007: €62 million). The net liability expressed as a percentage of market capitalisation increased from 0.5% at year-end 2007 to 3.4% at year-end 2008, reflecting the decline in CRH's share price, the impact of the Treasury Shares purchased during the year as well as the increase in the net pension liability.

Share Price and Share Repurchase Programme

The Company's Ordinary Shares traded in the range €13.80 to €27.17 during 2008. The year-end share price was €17.85 (2007: €23.85). Shareholders recorded a negative gross return of -22% (dividends and capital depreciation) during 2008 following returns of -23% in 2007, +29% in 2006, +28% in 2005 and +23% in 2004.

On 3rd January 2008, CRH announced a share repurchase programme limited to 5% of the 547 million Ordinary Shares then in issue. A total of approximately 18.2 million shares, equivalent to 3.3% of the Ordinary Shares in issue at year-end 2007, were purchased under the programme at an average price of €22.30 excluding associated costs. These shares are held as Treasury Shares. The programme was terminated in November 2008 in light of the stresses in financial markets and in order to maintain maximum financial flexibility for the Group.

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 2008, CRH's market capitalisation of €9.5 billion (2007: €13.1 billion) placed it among the top three 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 21 to the financial statements.

Financing activity
In April 2008, as part of its ongoing financing strategy, CRH raised Stg£250 million through the issuance of Sterling bonds with a seven-year term under the Euro Medium Term Note programme established in 2007. In July 2008, the Group raised US$650 million through a ten-year bond issue in the capital markets in the United States. In addition, the Group arranged €0.5 billion of new bank term finance and renewed and extended €1.7 billion of existing bank facilities. These actions, combined with the Group's traditional cash flow profile, leave CRH well-positioned in terms of debt facilities and maturity profile. CRH remains committed to maintaining an investment grade credit rating.

Interest rate and debt/liquidity management
At the end of 2008, 48% of the Group's net debt was at interest rates which were fixed for an average period of 6.7 years. The euro accounted for approximately 42% of net debt at the end of 2008 and 45% of the euro component of net debt was at fixed rates. The US Dollar accounted for approximately 48% of net debt at the end of 2008 and 59% of the US Dollar component of net debt was at fixed rates.

The Group finished the year in a strong financial position with 98% of the Group's gross debt drawn under committed term facilities, 88% 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 1.9 years.

At year-end 2008, 87% 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 41% and 28% respectively of the Group's net worth at end-2008.

2008 saw a negative €97 million currency translation effect on foreign currency net worth which is stated net of a €240 million unfavourable 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 2007, management concluded that the Company's internal control over financial reporting was effective. As required by US law, Ernst & Young audited the effectiveness of the Company's controls over financial reporting for 2007 and issued an unqualified opinion thereon.

Management's assessment and the auditors' report on the effectiveness of internal controls for the year ended 31st December 2008 will be included in the 2008 Annual Report on Form 20-F, which will be filed later in the year.

Board of Directors

Above – left to right

Board Committees

Acquisitions:
K. McGowan, *Chairman*
G.A. Culpepper
M. Lee
A. Manifold
T.V. Neill
D.N. O'Connor
W.I. O'Mahony

Audit:
J.M. de Jong, *Chairman*
U-H. Felcht
T.V. Neill
D.N. O'Connor
J.M.C. O'Connor

Finance:
K. McGowan, *Chairman*
G.A. Culpepper
U-H. Felcht
M. Lee
W.I. O'Mahony

Nomination:
K. McGowan, *Chairman*
W.P. Egan
N. Hartery
M. Lee
T.V. Neill

Remuneration:
T.V. Neill, *Chairman*
W.P. Egan
N. Hartery
K. McGowan

Senior Independent Director:
N. Hartery

W.P. Egan *

Bill Egan became a non-executive Director in January 2007. He is founder and General Partner of Alta Communications and Marion Equity Partners LLC, Massachusetts-based venture capital firms. 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. and the Irish venture capital company Delta Partners Limited. He also serves on the boards of several privately-held communications, cable and information technology companies. (Aged 63).

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 63).

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

Liam O'Mahony joined CRH in 1971. He held various senior management positions including Managing Director, Republic of Ireland and UK Group companies and Chief Executive of American operations. He joined the CRH Board in 1992 and became Group Chief Executive in January 2000, a position he held until the end of 2008. He is Chairman of Smurfit Kappa Group plc, a director of Project Management Limited and a member of The Irish Management Institute Council. (Aged 62).

M. Lee BE, FCA
Chief Executive

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, Finance Director and a CRH Board Director in November 2003 and became Group Chief Executive with effect from 1st January 2009. (Aged 55).

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 and the Dublin Inner City Partnership. She is a non-executive director of the Hugh Lane Gallery and a Patron of Caring for Carers Association of Ireland. She is a board member of the National Centre for Partnership and Performance and the Steering Group on Active Citizenship, a Council Member of the Dublin Chamber of Commerce and an Eisenhower Fellow. (Aged 61).

Members of the Board during a visit to Halfen's site at Langefeld, Germany in June 2008.

Insets – top to bottom

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 Boards of SGL Carbon AG, Jungbunzlauer Holding AG and Süd-Chemie Aktiengesellschaft. (Aged 61).

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, plc. (Aged 49).

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 and United Drug plc. (Aged 65).

N. Hartery * CEng, FIEI, MBA

Nicky Hartery became a non-executive Director in June 2004. He was, until October 2008, 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 57).

T.V. Neill * MA, MSc (Econ.)

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 63).

***** Non-executive

A. Manifold

Chief Operating Officer

Albert Manifold joined CRH in 1998. He has held a variety of senior positions in the Group, including Group Development Director, and was appointed Managing Director, Europe Materials in July 2007. He was appointed to his current position and a CRH Board Director with effect from 1st January 2009. (Aged 45).

G.A. Culpepper

Finance Director

Glenn Culpepper joined CRH in 1989. A United States citizen, he has held a variety of positions in the Group's United States operations and was appointed Chief Financial Officer of Oldcastle Materials in 1995. He was appointed to his current position and a CRH Board Director with effect from 1st January 2009. (Aged 52).

M.S. Towe

Chief Executive Officer, Oldcastle, Inc.

Mark Towe joined CRH in 1997. He was appointed President of Oldcastle Materials, Inc. in 2000 and became its Chief Executive Officer in 2006. He was appointed to his current position with effect from July 2008. A United States citizen, he has overall responsibility for the Group's materials, products and distribution businesses in the Americas. He was appointed a CRH Board Director with effect from 31st July 2008. (Aged 59).

Corporate Governance Report

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 2008) 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 as Directors of CRH.

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 four executive and nine non-executive Directors. Biographical details are set out on pages 42 and 43. 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 has been Chairman of the Group since 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 43), the Board considers that these do not interfere with the discharge of his duties to CRH.

Senior Independent Director
The Board has appointed Mr. Nicky Hartery as the Senior Independent Director. Mr. Hartery is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive or Finance 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 51 to 57.

Share ownership and dealing
Details of the shares held by Directors are set out on page 57. 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 Irish Stock Exchange and the UK Listing Authority.

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 nine full meetings of the Board during 2008. Details of Directors' attendance at those meetings are set out in the table on page 47. 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 2008, these visits were to Germany/Belgium and to Seattle/Spokane, Washington 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 2008 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 42. Attendance at meetings held in 2008 is set out in the table on page 47.

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 five 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 42 and 43, that the members of the Committee bring to it a wide range of experience and expertise.

The Committee met thirteen 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 and the interim management statements issued during the year;
- 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 and the Committee reviews the audit engagement letter;
- 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 74.

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.

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 2008, 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.

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 2008, 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. 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.

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 and interim management statements are issued during the year. 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 2008, 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, interim management 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, resolutions are voted on by means of an electronic voting system. The votes of shareholders present at the meeting are added to the proxy votes received in advance and the total number of votes for, against and withheld for each resolution are announced. 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

Attendance at Board and Board Committee meetings during the year ended 31st December 2008

	Board		Acquisitions		Audit		Finance		Nomination		Remuneration	
	A	B	A	B	A	B	A	B	A	B	A	B
W.P. Egan	9	8							4	4	5	5
U-H. Felcht	9	8			8	6	4	2	1	1	2	2
N. Hartery	9	9							4	4	5	5
T.W. Hill **	5	4										
J.M. de Jong	9	9			13	13						
D.M. Kennedy *	2	2					2	1	1	1	2	2
M. Lee	9	9	3	3			4	4	1	1		
K. McGowan	9	9	3	3			4	4	4	4	5	5
T.V. Neill	9	9	3	2	13	12			3	3	3	3
D.N. O'Connor	9	9	3	3	13	13						
J.M.C. O'Connor	9	9			13	13						
W.I. O'Mahony	9	9	3	3			4	4	4	4		
M.S. Towe ***	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.

** Retired 7th May 2008*

*** Resigned 25th June 2008*

**** Appointed 31st July 2008*

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 48 to 50), 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.

Directors' Report

The Directors submit their Report and Financial Statements for the year ended 31st December 2008.

Accounts and Dividends

Sales revenue for 2008 was similar to 2007 at €20.9 billion. Profit before tax amounted to €1,628 million, a decrease of €276 million (14%) on the previous year. After providing for tax, Group profit for the financial year amounted to €1,262 million (2007: €1,438 million). Basic earnings per share amounted to 233.1c compared with 262.7c in the previous year, a reduction of 11%.

An interim dividend of 20.5c (2007: 20.0c) per share was paid in October 2008. It is proposed to pay a final dividend of 48.5c per share on 11th May 2009 to shareholders registered at close of business on 13th March 2009. The total dividend of 69c compares with a dividend of 68c for 2007, an increase of 1.5%. 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 €415 million (2007: €317 million).

Some key financial performance indicators are set out in the Finance Review on pages 38 to 41. The financial statements for the year ended 31st December 2008 are set out in detail on pages 60 to 119.

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

Total acquisition spend was approximately €1 billion in 2008. First-half expenditure of over €0.7 billion included the purchase of a 45% stake in Indian cement manufacturer My Home Industries and 100% of UK construction accessories producer Ancon along with 35 other smaller acquisitions across the Group's operations. With the deteriorating economic environment, we deliberately curtailed our development activity with second-half spend of approximately €0.3 billion including the purchase of a 35% stake in French builders merchant Trialis together with 15 other transactions plus the acquisition of a further 5% stake in My Home Industries.

In 2008, the Group delivered a robust set of results in an extremely challenging business climate with operating profit for the year declining by 12% compared with CRH's record result in 2007. Operating profit in our Europe Divisions declined by €57 million to €1,049 million, a 5% decrease. In the Americas, operating profit decreased by €188 million to €792 million, down 19%; the weaker average US Dollar/euro exchange rate accounted for €67 million of this decrease, and in US Dollar terms operating profit declined 13%. Overall operating profit margin for the Group decreased to 8.8% (2007: 9.9%). Profit on disposal of non-current assets at €69 million was ahead of 2007 (€57 million). It is anticipated that a strong level of profit on disposals will be an ongoing feature of the Group's activities. Comprehensive reviews of the development and financial and operating performance of the Group during 2008 are set out in the Chief Executive's Review on pages 15 to 17, the separate Operations Reviews for each of the Divisions on pages 19 to 37 and the Finance Review on pages 38 to 41 (including Key Financial Performance Indicators on page 40). The treasury policy and objectives of the Group are set out in note 21 to the Financial Statements.

The Group is fully committed to operating ethically and responsibly in all aspects of our 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 2009

The outlook for 2009 is extremely challenging. January and February have seen the most severe winter for many years in Europe and North America and this will exacerbate the impact of already weak markets on the outcome for the first half of the year which in 2008 benefited from a relatively mild winter and a generally positive trading backdrop in Europe. The first half of 2009 is therefore expected to be sharply lower than 2008. However, lower energy costs, ongoing interest rate reductions and the recently-agreed infrastructure stimulus package in the United States should encourage activity as the year progresses. Consequently, given the weaker relative performance in the second half of 2008, the underperformance anticipated in the first half of 2009 is expected to moderate in the seasonally more important second half

Management's attention and efforts are resolutely focussed on commercial delivery and on ensuring that our businesses are strongly positioned, through additional cost reduction and cash generation measures, to deal with whatever trading circumstances may evolve. In addition, we continue to strengthen our financial flexibility in order to ensure that the Group is well-positioned to take advantage, in its traditional long-established disciplined manner, of a likely increased flow of development opportunities as the year progresses.

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.

- Current global economic conditions have negatively impacted and may continue to impact CRH's business, results of operations and financial condition.
- CRH may suffer from decreased customer demand as a consequence of reduced construction activity.
- CRH's business may be affected by the default of counterparties in respect of money owed to CRH.
- 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.
- 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, raise funds on acceptable terms, complete such 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.
- Economic, political and local business risks associated with international revenue and operations could adversely affect CRH's business.
- A write-down of goodwill could have a significant impact on the Group's income and equity.
- CRH does not have a controlling interest in certain of the businesses in which it has invested and in the future may invest in businesses in which there will not be a controlling interest. In addition, CRH is subject to restrictions due to minority interests in certain of its subsidiaries.
- Financial institution failures may cause CRH to incur increased expenses or make it more difficult either to utilise CRH's existing debt capacity or otherwise obtain financing for CRH's operations or financing activities.
- A downgrade of CRH's credit ratings may increase its costs of funding.
- CRH has incurred and will continue to incur debt, which could result in increased financing costs and could constrain CRH's business activities.
- 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.
- CRH is exposed to interest rate fluctuations.

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

Board of Directors

Mr. D.M. Kennedy retired from the Board on 7th May 2008. Mr. T.W. Hill resigned from the Board on 25th June 2008.

Mr. W.P. Egan, Mr. J.M. de Jong and Mr. M. Lee retire from the Board by rotation and, being eligible, offer themselves for re-election.

Mr. W.I. O'Mahony stepped down as Chief Executive on 31st December 2008. Under the Articles of Association, he would have automatically ceased to have been a Director on that date but the Board requested him to continue as a Director and he agreed to do so. Under the provisions of Article 109, he retires at the next Annual General Meeting and, being eligible, offers himself for re-election.

Mr. M.S. Towe was appointed to the Board with effect from 31st July 2008. Mr. G.A. Culpepper and Mr. A. Manifold were appointed to the Board with effect from 1st January 2009. In accordance with the provisions of Article 109, they retire and, being eligible, offer themselves for re-election.

Increase in Authorised Share Capital

As the Rights Issue announced on 3rd March 2009 will reduce the number of unissued Ordinary/Income Shares, a resolution to increase the aggregate of the authorised Ordinary share capital and Income share capital from €249,900,000 to €340,000,000 will be proposed at the Annual General Meeting. The increase in the authorised share capital is necessary to ensure there is sufficient share capital available to the Company to operate the approved Employee Share Schemes, the Scrip Dividend Scheme and to maintain the authorised but unissued share capital at a prudent level. The proposed percentage increase in the authorised Ordinary and Income share capital is 36.05%.

Authority to Allot Shares

The Directors require the authority of the shareholders to allot any unissued share capital of the Company. Accordingly, an authority for that purpose, valid for a period of five years, will be sought from shareholders at the Annual General Meeting. The total number of unissued shares which the Directors have authority to allot and the percentage which that number represents of that class of the share capital in issue is as at 3rd March 2009:

Ordinary/Income Shares	
186,497,622 (excluding Treasury Shares)	35.03%
5% Cumulative Preference Shares	
100,000	200%

and, following the allotment of shares in respect of the Rights Issue and subject to the passing of the resolution at the Annual General Meeting to increase the authorised share capital, will be as at 6th May 2009:

Ordinary/Income Shares	
228,131,929 (excluding Treasury Shares)	33%
5% Cumulative Preference Shares	
100,000	200%

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

Disapplication of Pre-emption Rights

A special resolution will be proposed at the Annual General Meeting to renew the Directors' authority to disapply statutory pre-emption rights in relation to allotments of shares for cash. In respect of allotments other than for rights issues to ordinary shareholders and Employees' Share Schemes, the authority is limited to Ordinary/Income Shares having a nominal value of €11,634,000, representing 5% approximately of the issued Ordinary/Income share capital (excluding Treasury Shares) as enlarged by the Rights Issue which will be completed in April 2009. This authority will expire on the earlier of the date of the Annual General Meeting in 2010 or 5th August 2010.

Purchase of Own 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. Under the programme, the termination of which was announced in November 2008, 18,204,355 Ordinary/Income Shares were purchased, equivalent to 3.3% of the Ordinary Shares in issue at 31st December 2007, at an average price of €22.30 per share. During 2008, 2,000,350 Treasury Shares were re-issued under the Group's Share Schemes. As at 3rd March 2009, 16,194,543 shares were held as Treasury Shares, equivalent to 3.04% of the Ordinary Shares in issue (excluding 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 2010 or 5th August 2010.

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. As at 3rd March 2009, options to subscribe for a total of 25,018,264 Ordinary/Income Shares are outstanding, representing 4.70% of the issued Ordinary/Income share capital (excluding Treasury Shares). If the authority to purchase Ordinary/Income Shares was used in full, the options would represent 5.22%.

The Directors do not have any current intention of exercising the power to purchase the Company's own shares and will only do so if they consider it to be in the best interests of the Company and its shareholders.

Authority to Offer Scrip Dividends

An ordinary resolution will be proposed at the Annual General Meeting to renew the Directors' authority to make scrip dividend offers. This authority will apply to dividends to be paid or declared during the five-year period to the date of the Annual General Meeting to be held in 2014.

Shareholder Rights Directive

In anticipation of some of the changes that will be introduced when the Shareholder Rights Directive is implemented into Irish law, your Board is proposing a special resolution at the Annual General Meeting. If adopted, the resolution will maintain the existing authority in the Articles of Association that permits the Company to convene an extraordinary general meeting on 14 clear days' notice where the purpose of the meeting is to consider an ordinary resolution.

Articles of Association

Resolutions 9 and 13 to be proposed at the Annual General Meeting seek shareholders' approval for certain changes to the Articles of Association.

Resolution 9 will amend Article 8B in relation to the price at which Treasury Shares can be re-issued under the Company's share participation schemes.

Paragraph (i) of resolution 13 will amend the Articles of Association to update the provisions regarding the appointment of proxies and corporate representatives. Paragraph (ii) removes unnecessary provisions dealing with the suspension of the registration of transfers. Paragraph (iii) re-numbers the Articles of Association and all cross-references therein to reflect the amendments provided for in paragraphs (i) and (ii).

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 2008), 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 44 to 47.

The Report on Directors' Remuneration is set out on pages 51 to 57.

Details of the Company's capital structure and of employee share schemes can be found in note 30 to the Financial Statements on pages 107 and 108. Details regarding the appointment and replacement of Directors can be found in the section on Corporate Governance.

Regulation 21 of SI 255/2006 EC (Takeover Directive) Regulations 2006

For the purpose of Regulation 21 of Statutory Instrument 255/2006 EC (Takeover Directive) Regulations 2006, the information on the Board of Directors on pages 42 and 43, Share Option Schemes, Savings-related Share Option Schemes and the Performance Share Plan in note 7, share capital in note 30 and the Report on Directors' Remuneration on pages 51 to 57 are deemed to be incorporated in this part of the Directors' Report.

The Company has certain banking facilities which may require repayment in the event that a change in control occurs with respect to the Company. In addition, the Company's Share Option Schemes and Performance Share Plan contain change of control provisions which can allow for the acceleration of the exercisability of share options and the vesting of share awards in the event that a change of control occurs with respect to the Company.

SI 277/2007 Transparency (Directive 2004/109/EC) Regulations 2007

For the purpose of Statutory Instrument 277/2007 Transparency (Directive 2004/109/EC) Regulations 2007, the report on Corporate Social Responsibility as published on the CRH website is deemed to be incorporated in this part of the Directors' Report, together with the following sections of the Annual Report: the Chairman's Statement on pages 12 and 13, the Operations Reviews on pages 19 to 37, the Finance Review on pages 38 to 41, the details of Earnings per Share on page 83, details of derivative financial instruments in note 24 and details of employees in note 6.

The Directors confirm that to the best of their knowledge, the Annual Report and the Financial Statements give a true and fair view of the assets, liabilities, financial position and the profit and loss of the Company and the undertakings included in the consolidation. It also includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that they face.

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 2008 are listed on pages 124 to 129.

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.

Substantial Holdings

As at 3rd March 2009, the Company had received notification of the following interests in its Ordinary share capital:

Name	Holding	%
Bank of Ireland Asset Management Limited	21,272,914	3.99
FMR LLC and Fidelity International Limited and their direct subsidiaries	21,614,685	4.06
UBS AG	26,380,604	4.95

Bank of Ireland Asset Management Limited has stated that these shares are not beneficially owned by them.

Annual General Meeting

Your attention is drawn to the Notice of Meeting set out on pages 134 to 136.

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 2009, to 1,301,303 Ordinary Shares, representing approximately 0.24% of the issued Ordinary share capital of your Company.

On behalf of the Board,
K. McGowan, M. Lee,
Directors
3rd March 2009

Report on Directors' Remuneration

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 42.

Remuneration Policy

CRH is an international group of companies, with activities in 35 countries. CRH's 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 performance share and share option plans. It is policy to grant participation in these plans 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 7,300 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 relocation costs, 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 former Chief Executive, Mr. Liam O'Mahony, had a special long-term incentive plan incorporating targets set for the four-year period 2005-2008. The plan incorporated 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 actual earnings under this plan and the manner in which the earnings have been provided for are set out in note 2 to the table of Directors' remuneration on page 52. A similar plan has been established for Mr. Myles Lee who succeeded Mr. O'Mahony as Chief Executive in January 2009.

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 55.

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

Mr. Lee is, and Mr. O'Mahony was, a participant 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 was 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* decided that Mr. Lee and Mr. O'Mahony 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. Both chose to opt for the alternative arrangement which involved capping their pensions in line with the provisions of the Finance Act 2006 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 2008 are detailed in note (ii) on page 53.

US executive Directors participate in defined contribution retirement plans in respect of basic salary; and in addition participate in unfunded defined contribution Supplemental Executive Retirement Plans (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 the Board's policy that non-executive Directors do not receive pensions. A defined benefit scheme was in operation prior to 1991 in which one non-executive Director participated until his retirement during 2008.

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 in the table across. Details of individual remuneration and pension benefits for the year ended 31st December 2008 are given on page 53. Directors' share options and shareholdings are shown on pages 55 to 57.

Directors' Remuneration

Notes		2008 €000	2007 €000
	Executive Directors		
	Basic salary	**2,807**	2,975
	Performance-related incentive plan		
	– cash element	**905**	2,414
	– deferred shares element	**-**	785
	Retirement benefits expense	**497**	399
	Benefits	**369**	96
1		**4,578**	6,669
2	Provision for Chief Executive long-term incentive plan	**456**	536
	Total executive Directors' remuneration	**5,034**	7,205
	Average number of executive Directors	**3.00**	3.50
	Non-executive Directors		
	Fees	**568**	571
	Other remuneration	**679**	644
1	Total non-executive Directors' remuneration	**1,247**	1,215
	Average number of non-executive Directors	**8.35**	8.78
3	Severance	**2,160**	-
4	Payments to former Directors	**66**	98
	Total Directors' remuneration	**8,507**	8,518

Notes to Directors' remuneration

1 See analysis of 2008 remuneration by individual on page 53.

2 As set out on page 51, former Chief Executive Mr. Liam O'Mahony had 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, amounting to a potential €2,074,000. The actual earnings under this plan amount to €1,950,000, payment of which will be made in 2009. Annual provisions of 40% of basic salary have been made in respect of this plan for the years 2005 through 2007 amounting in total to €1,494,000. Accordingly the balance of €456,000 has been provided in 2008 and is reflected in total 2008 Directors' remuneration. As stated on page 51, a similar plan has been established for Mr. Myles Lee who succeeded Mr. O'Mahony as Chief Executive in January 2009.

3 Severance payment to Mr. T.W. Hill who resigned as an executive on 31st July 2008 after 28 years' service.

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

Individual remuneration for the year ended 31st December 2008

		Basic salary and fees	Incentive Plan Cash element (i)	Incentive Plan Deferred shares (i)	Retirement benefits expense (ii)	Other remuneration (iii)	Benefits (iv)	Total 2008	Total 2007
		€000	€000	€000	€000	€000	€000	€000	€000
Executive Directors									
D.W. Doyle	(v)	-	-	-	-	-	-	-	736
T.W. Hill	(vi)	391	352	-	94	-	19	856	1,674
M. Lee		640	120	-	329	-	25	1,114	1,465
W.I. O'Mahony	(vii)	1,450	270	-	-	-	26	1,746	2,794
M.S. Towe	(viii)	326	163	-	74	-	299	862	-
		2,807	905	-	497	-	369	4,578	6,669
Non-executive Directors									
W.P. Egan		68	-	-	-	52	-	120	115
U-H. Felcht	(ix)	68	-	-	-	37	-	105	43
N. Hartery		68	-	-	-	38	-	106	85
J.M. de Jong		68	-	-	-	71	-	139	121
D.M. Kennedy		24	-	-	-	23	-	47	127
K. McGowan	(x)	68	-	-	-	382	-	450	315
P.J. Molloy	(x)	-	-	-	-	-	-	-	154
T.V. Neill		68	-	-	-	32	-	100	85
D.N. O'Connor		68	-	-	-	22	-	90	85
J.M.C. O'Connor		68	-	-	-	22	-	90	85
		568	-	-	-	679	-	1,247	1,215

(i) **Performance-related Incentive Plan** Under the executive Directors' incentive plan for 2008, a bonus is payable for meeting clearly defined and stretch profit targets and strategic goals. The structure of the 2008 incentive plan is set out on page 51. For 2008 the bonus is payable entirely in cash.

(ii) **Retirement benefits expense** The Finance Act 2006 effectively 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 executive Directors who are members of Irish pension schemes 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. Mr. Lee and Mr. O'Mahony chose to opt for the alternative arrangement which involves capping their pensions in line with the provisions of the Finance Act 2006 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 2008 the compensation allowances amount to €328,847 for Mr. Lee and €587,240 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** *Non-executive Directors:* Includes remuneration for Chairman and Board Committee work.

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

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

(vi) Mr. T.W. Hill resigned from the Board on 25th June 2008. He resigned as an executive on 31st July 2008 after 28 years' service and a severance payment in this regard amounting to €2,160,000 is included in the summary of remuneration on page 52.

(vii) 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 €125,000 in 2008 (2007: €104,167). Mr. O'Mahony retired as CRH Chief Executive on 31st December 2008 but remains on the CRH Board in a non-executive capacity.

(viii) Mr. M.S. Towe became a Director on 31st July 2008.

(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.

Pension entitlements – defined benefit

	Increase in accrued personal pension during 2008 (i) €000	Transfer value of increase in dependants' pension (i) €000	Total accrued personal pension at year-end (ii) €000
Executive Directors			
M. Lee	**-**	**63**	**284**
W.I. O'Mahony	**-**	**-**	**853**

(i) As noted on page 52, the pensions of Mr. Lee and Mr. O'Mahony have been capped in line with the provisions of the Finance Act 2006. Mr. O'Mahony's pension arrangements were fully funded as at end-2004 and no further personal pension benefit accrues, other than indexation of his accrued pension. As a result no Greenbury pension charge arises in respect of Mr. O'Mahony. In the case of Mr. Lee, where dependants' pensions continue to accrue, there is a Greenbury transfer value which has been calculated on the basis of actuarial advice. This does not represent a sum paid out or due, but is the amount that the pension scheme would transfer to another pension scheme in relation to benefits accrued in 2008 in the event of Mr. Lee leaving service.

(ii) The accrued pension shown in respect of Mr. Lee is that which would be payable annually from normal retirement date. The accrued pension shown in respect of Mr. O'Mahony was the amount payable on his retirement on 31st December 2008 and he elected to take a transfer value in lieu of this benefit to an approved pension arrangement. The transfer value was calculated on the Society of Actuaries transfer value basis and certified by the Scheme Actuary and payment was made on 31st December 2008.

Pension entitlements – defined contribution

The accumulated liability related to the unfunded Supplemental Executive Retirement Plans for Mr. T.W. Hill and Mr. M.S. Towe is as follows:

		As at 31st December 2007 €000	2008 contribution €000	2008 notional interest €000	2008 payments €000	Translation adjustment €000	As at 31st December 2008 €000
Executive Directors							
T.W. Hill	(iii)	**914**	**78**	**59**	**(78)**	**56**	**1,029**
M.S. Towe	(iv)	**603**	**59**	**14**	**-**	**76**	**752**

(iii) Following his resignation as an executive the accumulated liability above in respect of Mr. Hill was discharged in February 2009.

(iv) The disclosures in relation to Mr. Towe cover the period from 31st July 2008 when he became a Director. 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%, has been credited to Mr. Towe's account.

Deferred Shares (v)

		Number at 31st December 2007	Awards of deferred shares during 2008 (vi)	New shares allotted under the scrip dividend scheme during 2008	Released during 2008 (vii)	Number at 31st December 2008	Release date
Executive Directors							
T.W. Hill	(vii)	8,759	-	140	8,899	-	n/a
		-	6,596	105	6,701	-	n/a
		8,759	**6,596**	**245**	**15,600**	**-**	
M. Lee		5,938	-	95	-	6,033	March 2010
		-	7,524	120	-	7,644	March 2011
		5,938	**7,524**	**215**	**-**	**13,677**	
W.I. O'Mahony		13,656	-	217	-	13,873	March 2009
		-	16,802	268	-	17,070	March 2009
		13,656	**16,802**	**485**	**-**	**30,943**	

(v) 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.

(vi) The shares awarded during 2008 related to the deferred portion of 2007 bonuses and were included in total remuneration reported for 2007. These shares were purchased by the Trustees of the CRH plc Employee Benefit Trust on 5th March 2008 at €24.79 per Ordinary Share.

(vii) Mr. T.W. Hill's awards were released to him on his resignation as an executive on 31st July 2008.

Directors' awards under the Performance Share Plan (i)

		31st December 2007	Granted in 2008	Lapsed in 2008 (ii)	31st December 2008	Performance period	Release date	Market price in euro on award (iii)
T.W. Hill	(ii)	30,000	-	30,000	-			
		25,000	-	25,000	-			
		-	30,000	30,000	-			
		55,000	**30,000**	**85,000**	**-**			
M. Lee		20,000	-	-	20,000	01/01/06 - 31/12/08	March 2009	24.82
		18,000	-	-	18,000	01/01/07 - 31/12/09	March 2010	33.55
		-	25,000	-	25,000	01/01/08 - 31/12/10	March 2011	23.45
		38,000	**25,000**	**-**	**63,000**			
W.I. O'Mahony		**60,000**	**-**	**-**	**60,000**	01/01/06 - 31/12/08	March 2009	24.82
M.S. Towe	(iv)	22,500	-	-	22,500	01/01/06 - 31/12/08	March 2009	24.82
		17,000	-	-	17,000	01/01/07 - 31/12/09	March 2010	33.55
		21,000	-	-	21,000	01/01/08 - 31/12/10	March 2011	23.45
		60,500	**-**	**-**	**60,500**			

(i) **Performance Share Plan** 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 scheduled for release in March 2009, 2010 and 2011 will be allocated to the extent that the relative TSR performance conditions are achieved. The structure of the Performance Share Plan is set out on page 51.

(ii) Mr. T.W. Hill's Performance Share Plan awards lapsed following his resignation as an executive on 31st July 2008.

(iii) 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 shares were purchased in respect of the 2008 award. No dividends are payable on these shares until such time as they are released to plan participants.

(iv) Mr. M.S. Towe became a Director on 31st July 2008. The opening balances above relate to the position at date of appointment.

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:

	31st December 2007*	Granted in 2008	Lapsed in 2008**	Exercised in 2008	31st December 2008		Weighted average option price at 31st December 2008 €	Options exercised during 2008: Weighted average exercise price €	Options exercised during 2008: Weighted average market price at date of exercise €
T.W. Hill	82,335	-	-	-	82,335	(b)	18.01		
	190,000	30,000	30,000	-	190,000	(c)	26.77		
	195,000	-	-	50,000	145,000	(d)	18.39	13.26	20.36
M. Lee	13,228	-	-	10,000	3,228	(b)	17.26	17.26	24.64
	175,000	40,000	-	-	215,000	(c)	22.44		
	125,000	-	-	-	125,000	(d)	16.48		
	-	1,580	-	-	1,580	(e)	20.40		
W.I. O'Mahony	175,648	-	-	27,445	148,203	(a)	16.59	12.64	24.64
	186,626	-	-	54,890	131,736	(b)	15.74	12.64	24.64
	520,000	-	-	-	520,000	(c)	20.30		
	250,000	-	-	-	250,000	(d)	18.84		
M.S. Towe	54,890	-	-	-	54,890	(a)	18.01		
	54,890	-	-	-	54,890	(b)	18.01		
	220,000	-	-	-	220,000	(c)	22.47		
	140,000	-	-	-	140,000	(d)	16.42		
	2,382,617	**71,580**	**30,000**	**142,335**	**2,281,862**				

* Mr. M.S. Towe became a Director on 31st July 2008. The opening balances above relate to the position at date of appointment.

** Mr. T.W. Hill resigned from the Board on 25th June 2008.

Options by Price

€	31st December 2007*	Granted in 2008	Lapsed in 2008**	Exercised in 2008	31st December 2008		Earliest exercise date	Expiry date
12.6416	27,445	-	-	27,445	-	(a)		
12.6416	54,890	-	-	54,890	-	(b)		
14.6563	38,423	-	-	-	38,423	(a)	March 2009	April 2009
14.6563	76,846	-	-	-	76,846	(b)	March 2009	April 2009
17.2615	109,780	-	-	-	109,780	(a)	March 2009	April 2010
17.2615	68,118	-	-	10,000	58,118	(b)	March 2009	April 2010
18.0084	54,890	-	-	-	54,890	(a)	March 2009	April 2010
18.0084	137,225	-	-	-	137,225	(b)	March 2009	April 2010
18.28	150,000	-	-	-	150,000	(c)	March 2009	April 2011
18.28	260,000	-	-	-	260,000	(d)	March 2009	April 2011
19.68	125,000	-	-	-	125,000	(c)	March 2009	April 2012
19.68	200,000	-	-	-	200,000	(d)	March 2009	April 2012
13.15	100,000	-	-	-	100,000	(c)	March 2009	April 2013
13.15	40,000	-	-	-	40,000	(d)	March 2009	April 2013
13.26	25,000	-	-	-	25,000	(c)	March 2009	April 2013
13.26	95,000	-	-	50,000	45,000	(d)	March 2009	April 2013
16.71	60,000	-	-	-	60,000	(c)	March 2009	April 2014
16.71	35,000	-	-	-	35,000	(d)		April 2014
16.73	60,000	-	-	-	60,000	(c)	March 2009	April 2014
16.73	80,000	-	-	-	80,000	(d)		April 2014
20.79	50,000	-	-	-	50,000	(c)	March 2009	April 2015
20.91	60,000	-	-	-	60,000	(c)	March 2009	April 2015
29.00	110,000	-	-	-	110,000	(c)		April 2016
24.83	200,000	-	-	-	200,000	(c)		June 2016
32.70	30,000	-	-	-	30,000	(c)		April 2017
33.12	102,500	-	-	-	102,500	(c)		April 2017
23.87	32,500	70,000	30,000	-	72,500	(c)		April 2018
20.40	-	1,580	-	-	1,580	(e)	July 2013	December 2013
	2,382,617	**71,580**	**30,000**	**142,335**	**2,281,862**			

The market price of the Company's shares at 31st December 2008 was €17.85 and the range during 2008 was €13.80 to €27.17.

* Mr. M.S. Towe became a Director on 31st July 2008. The opening balances above relate to the position at date of appointment.

** Mr. T.W. Hill resigned from the Board on 25th June 2008.

(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 and other manufacturing 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 2008

The interests of the Directors and the Secretary in the shares of the Company as at 31st December 2008, which are beneficial unless otherwise indicated, are shown below. The Directors and the Secretary have no beneficial interests in any of the Group's subsidiary, joint venture or associated undertakings.

Ordinary Shares	31st December 2008	31st December 2007
Directors		
W.P. Egan	**15,000**	15,000
- Non-beneficial	**12,000**	12,000
U-H. Felcht	**1,000**	1,000
N. Hartery	**1,000**	1,000
J.M. de Jong	**10,190**	10,031
M. Lee	**258,246** **	240,218 **
K. McGowan	**16,167**	10,039
T.V. Neill	**69,881**	69,881
D.N. O'Connor	**11,478**	11,376
J.M.C. O'Connor	**2,131**	2,131
W.I. O'Mahony	**827,821** **	744,935 **
M.S. Towe	**18,857**	18,785 *
Secretary		
A. Malone	**39,899**	36,820
	1,283,670	1,173,216

There were no transactions in the above Directors' and Secretary's interests between 31st December 2008 and 3rd March 2009.

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

	31st December 2008	31st December 2007
W.P. Egan	**10,000**	10,000
- Non-beneficial	**12,000**	12,000
M.S. Towe	**3,397**	3,325 *

* Holding as at date of appointment.

** Excludes awards of Deferred Shares, details of which are shown on page 54.

Mr. G.A. Culpepper and Mr. A. Manifold became Directors on 1st January 2009 and their holdings at that date are set out below. There were no transactions in the interests of Mr. Culpepper and Mr. Manifold between 1st January and 3rd March 2009.

	1st January 2009
G. A. Culpepper	**19,170** ***
A. Manifold	**5,742**

*** Of this holding, 179 shares are held in the form of ADRs.

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 116 to 119), 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 2008 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 37 (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 2008 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 2008 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
Chartered Accountants and
Registered Auditors
Dublin
3rd March 2009

Group Income Statement

Notes	for the financial year ended 31st December 2008	2008 €m	2007 €m
1	**Revenue**	**20,887**	20,992
	Cost of sales	**(14,738)**	(14,715)
	Gross profit	**6,149**	6,277
3	Operating costs	**(4,308)**	(4,191)
1, 4, 5	**Group operating profit**	**1,841**	2,086
1,16	Profit on disposal of non-current assets	**69**	57
1	**Profit before finance costs**	**1,910**	2,143
8	Finance costs	**(503)**	(473)
8	Finance revenue	**160**	170
9	Group share of associates' profit after tax	**61**	64
	Profit before tax	**1,628**	1,904
10	Income tax expense	**(366)**	(466)
	Group profit for the financial year	**1,262**	1,438
	Profit attributable to:		
	Equity holders of the Company	**1,248**	1,430
32	Minority interest	**14**	8
	Group profit for the financial year	**1,262**	1,438
12	**Basic earnings per Ordinary Share**	**233.1c**	262.7c
12	**Diluted earnings per Ordinary Share**	**231.8c**	260.4c

Group Statement of Recognised Income and Expense

Notes	for the financial year ended 31st December 2008	2008 €m	2007 €m
	Items of income and expense recognised directly within equity		
31	Currency translation effects	**(97)**	(410)
28	Actuarial (loss)/gain on Group defined benefit pension obligations	**(348)**	159
31	(Losses)/gains relating to cash flow hedges	**(28)**	8
10	Tax on items recognised directly within equity	**58**	(74)
	Net expense recognised directly within equity	**(415)**	(317)
	Group profit for the financial year	**1,262**	1,438
	Total recognised income and expense for the financial year	**847**	1,121
	Attributable to:		
	Equity holders of the Company	**834**	1,116
	Minority interest	**13**	5
	Total recognised income and expense for the financial year	**847**	1,121

K. McGowan, M. Lee, Directors

Group Balance Sheet

as at 31st December 2008

Notes		2008 €m	2007 €m
	ASSETS		
	Non-current assets		
13	Property, plant and equipment	**8,888**	8,226
14	Intangible assets	**4,108**	3,692
15	Investments accounted for using the equity method	**743**	574
15	Other financial assets	**127**	78
24	Derivative financial instruments	**416**	124
27	Deferred income tax assets	**333**	336
	Total non-current assets	**14,615**	13,030
	Current assets		
17	Inventories	**2,473**	2,226
18	Trade and other receivables	**3,096**	3,199
24	Derivative financial instruments	**10**	9
22	Liquid investments	**128**	318
22	Cash and cash equivalents	**799**	1,006
	Total current assets	**6,506**	6,758
	Total assets	**21,121**	19,788
	EQUITY		
	Capital and reserves attributable to the Company's equity holders		
30	Equity share capital	**186**	186
30	Preference share capital	**1**	1
31	Share premium account	**2,448**	2,420
31	Treasury Shares and own shares	**(378)**	(19)
31	Other reserves	**87**	70
31	Foreign currency translation reserve	**(644)**	(547)
31	Retained income	**6,387**	5,843
		8,087	7,954
32	Minority interest	**70**	66
	Total equity	**8,157**	8,020
	LIABILITIES		
	Non-current liabilities		
23	Interest-bearing loans and borrowings	**6,277**	5,928
24	Derivative financial instruments	**84**	52
27	Deferred income tax liabilities	**1,461**	1,312
19	Trade and other payables	**137**	141
28	Retirement benefit obligations	**414**	95
26	Provisions for liabilities	**253**	248
29	Capital grants	**14**	11
	Total non-current liabilities	**8,640**	7,787
	Current liabilities		
19	Trade and other payables	**2,919**	2,956
	Current income tax liabilities	**186**	244
23	Interest-bearing loans and borrowings	**1,021**	570
24	Derivative financial instruments	**62**	70
26	Provisions for liabilities	**136**	141
	Total current liabilities	**4,324**	3,981
	Total liabilities	**12,964**	11,768
	Total equity and liabilities	**21,121**	19,788

K. McGowan, M. Lee, Directors

Group Cash Flow Statement

Notes	for the financial year ended 31st December 2008	2008 €m	2007 €m
	Cash flows from operating activities		
	Profit before tax	**1,628**	1,904
	Finance costs (net)	**343**	303
	Group share of associates' profit after tax	**(61)**	(64)
	Profit on disposal of non-current assets	**(69)**	(57)
	Group operating profit	**1,841**	2,086
13	Depreciation charge (including asset impairments)	**781**	739
7	Share-based payments	**24**	23
14	Amortisation of intangible assets	**43**	35
29	Amortisation of capital grants	**(3)**	(3)
	Other non-cash movements	**(15)**	(2)
26	Net movement on provisions	**(28)**	(49)
20	(Increase)/decrease in working capital	**(57)**	261
	Cash generated from operations	**2,586**	3,090
	Interest paid (including finance leases)	**(371)**	(352)
	Irish corporation tax paid	**(18)**	(18)
	Overseas corporation tax paid	**(304)**	(370)
	Net cash inflow from operating activities	**1,893**	2,350
	Cash flows from investing activities		
	Inflows		
16	Proceeds from disposal of non-current assets	**168**	156
	Interest received	**51**	64
29	Capital grants received	**4**	3
	Dividends received from associates	**42**	30
		265	253
	Outflows		
13	Purchase of property, plant and equipment	**(1,039)**	(1,028)
34	Acquisition of subsidiaries and joint ventures	**(777)**	(1,858)
15	Investments in and advances to associates	**(156)**	-
15	Advances to joint ventures and purchase of trade investments	**(50)**	(40)
20	Deferred and contingent acquisition consideration paid	**(34)**	(107)
		(2,056)	(3,033)
	Net cash outflow from investing activities	**(1,791)**	(2,780)
	Cash flows from financing activities		
	Inflows		
	Proceeds from issue of shares	**6**	36
25	Decrease in liquid investments	**175**	29
	Increase in interest-bearing loans and borrowings	**1,379**	1,481
	Increase in finance lease liabilities	**3**	2
		1,563	1,548
	Outflows		
31	Ordinary Shares purchased (Treasury Shares and own shares), net	**(383)**	(31)
	Repayment of interest-bearing loans and borrowings	**(1,008)**	(753)
	Repayment of finance lease liabilities	**(16)**	(27)
25	Net cash movement in derivative financial instruments	**(100)**	(113)
11	Dividends paid to equity holders of the Company	**(347)**	(250)
11	Dividends paid to minority interests	**(5)**	(5)
		(1,859)	(1,179)
	Net cash (outflow)/inflow from financing activities	**(296)**	369
	Decrease in cash and cash equivalents	**(194)**	(61)
	Reconciliation of opening to closing cash and cash equivalents		
25	Cash and cash equivalents at 1st January	**1,006**	1,102
25	Translation adjustment	**(13)**	(35)
	Decrease in cash and cash equivalents	**(194)**	(61)
25	**Cash and cash equivalents at 31st December**	**799**	1,006

A reconcilliation of cash and cash equivalents to net debt is presented in note 25 to the financial statements.

K. McGowan, M. Lee, Directors

Accounting Policies

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, retirement benefit obligations and certain financial assets and liabilities including derivative financial instruments.

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 and goodwill impairment.

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 interpretations during the financial year: IFRIC Interpretation 11 *Group and Treasury Share Transactions* and IFRIC Interpretation 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The application of IFRIC Interpretation 11 did not have any impact on the Group financial statements. Whilst defined benefit pension schemes are operated by certain of the subsidiaries and joint ventures in the Group, IFRIC Interpretation 14 will only be of relevance, under current circumstances, where surpluses emerge and those surpluses are of a sufficient magnitude to warrant application of the surplus cap.

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 and Obligations Arising on Liquidation* (effective date: CRH financial year beginning 1st January 2009);

– Amendments to IFRS 1 and IAS 27 *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (effective date: CRH financial year beginning 1st January 2009);

– Amendment to IAS 39 *Eligible Hedged Items* (effective date: CRH financial year beginning 1st January 2010);

– IFRIC Interpretation 13 *Customer Loyalty Programmes* (effective date: CRH financial year beginning 1st January 2009); and

– IFRIC Interpretation 15 *Agreements for the Construction of Real Estate* (effective date: CRH financial year beginning 1st January 2009).

The standards and interpretations addressed above will be applied for the purposes of the Group financial statements with effect from the dates listed. The application, at the appropriate times, 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 Obligations Arising on Liquidation*, the Amendments to IFRS 1 and IAS 27 *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* and the Amendment to IAS 39 *Eligible Hedged Items* are not envisaged to have any (or material, where relevant) impact on the Group financial statements. IFRIC Interpretations 13 and 15 are not applicable in the context of the Group's activities.

Whilst the application of IFRS 8 may 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. 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 that an acquisition occurs and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Parent 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 Group 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 are 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 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.

Minority interests

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the Group Income Statement and within equity in the Group Balance Sheet, distinguished from Parent Company shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of net assets acquired is recognised in goodwill.

Transactions eliminated on consolidation

Intra-group balances and transactions, income and expenses, and any unrealised gains or losses 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 generally 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 recognised immediately 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 Parent 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 =	**2008**	2007	**2008**	2007
US Dollar	**1.4708**	1.3705	**1.3917**	1.4721
Pound Sterling	**0.7963**	0.6843	**0.9525**	0.7334
Polish Zloty	**3.5121**	3.7837	**4.1535**	3.5935
Ukrainian Hryvnya	**7.7046**	6.8982	**10.8410**	7.3588
Swiss Franc	**1.5874**	1.6427	**1.4850**	1.6547
Canadian Dollar	**1.5594**	1.4678	**1.6998**	1.4449
Argentine Peso	**4.6443**	4.2718	**4.7924**	4.5948
Israeli Shekel	**5.2556**	5.6270	**5.3163**	5.6201

Retirement benefit obligations

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. Actuarial gains and losses are recognised immediately in the Statement of Recognised Income and Expense.

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; and stated net of any asset limit adjustments arising) 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 51.

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 and those options lapse in consequence.

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; where the amount of any tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, the current or deferred tax associated with the excess is recognised directly in equity.

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 and is expensed in the Group Income Statement over the vesting period. The Performance Share Plan contains inter alia a Total Shareholder Return-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 re items of property, plant and equipment
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, if relevant) arising on business combination activity 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 and liabilities (and contingent liabilities, if relevant) 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 and liabilities (and contingent liabilities, if relevant) in a business combination and relates to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised.

Goodwill 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. The carrying amount of goodwill in respect of associates is included in investments in associates (i.e. within financial assets) under the equity method in the Group Balance Sheet; such goodwill is not subject to annual impairment testing in accordance with IAS 28.

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 and liabilities (and contingent liabilities, if relevant) acquired exceeds the cost of a business combination, the identification and measurement of the related assets and liabilities and contingent liabilities are revisited and the cost is reassessed with any remaining balance being 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.

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.

Other financial assets

All investments are initially recognised at the fair value of the consideration given plus any directly attributable transaction costs. 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. Unquoted equity investments are recorded at historical cost and are included within financial assets in the Group Balance Sheet given that it is impracticable to determine fair value in accordance with IAS 39. Where non-derivative financial assets meet the definition of "loans and receivables" under IAS 39 *Financial Instruments: Recognition and Measurement*, such balances are, following initial recognition, recorded at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired as well as through the amortisation process.

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, provisions 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 "held-for-trading" or "loans and receivables" in accordance with IAS 39. Where relevant, the fair value of liquid investments is determined by reference to the traded value of actively traded instruments.

Derivative financial instruments and hedging practices

The Group employs derivative financial instruments (principally interest rate and currency swaps and forward foreign exchange contracts) to manage interest rate and foreign currency risks and to realise the desired currency profile of borrowings.

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 hedging instrument 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" in accordance with IAS 39 and changes in fair values are reported in operating costs 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 interest and currency rates at that date and the creditworthiness of the swap counterparties. The fair value of forward exchange contracts is calculated by reference to 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).

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 an unrecognised firm commitment that could affect profit or loss) 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, or a highly probable forecast transaction that could affect profit or loss).

Where the conditions for hedge accounting are satisfied and the hedging instrument concerned is classified as a fair value hedge, 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 asset or liability or a highly probable forecast transaction that could affect profit or loss, 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.

Net investment hedges

Where foreign currency borrowings provide a hedge against a net investment in a foreign operation (i.e. where these borrowings are equal to or less than the net assets of the foreign operation), and the hedge is deemed to be effective, foreign exchange differences are taken directly to a foreign currency translation reserve (being a separate component of equity). The ineffective portion of any gain or loss on the hedging instrument is recognised immediately in the Group Income Statement. 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 the fair value of the consideration received net of directly 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 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 (unless capitalised as part of the cost of property, plant and equipment).

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 only when it is virtually certain that the reimbursement will arise. Provisions arising on business combination activity are 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 relevant 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, share-based payments and actuarial gains and losses on defined benefit pension schemes), the related income tax is charged or credited to equity. In all other circumstances, income tax is recognised in the Group Income Statement.

Government 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 Group Income Statement over the expected useful life of the relevant asset through equal annual instalments.

Share capital

Treasury Shares

Own equity instruments (i.e. Ordinary Shares) acquired by the Parent Company are deducted from equity and presented on the face of the Group Balance Sheet. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's Ordinary Shares.

Own shares

Ordinary Shares purchased by the Parent 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 consolidated financial statements in the period in which they are declared by the Parent 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. To the extent that excess emission rights are disposed of during a financial period, the profit or loss materialising thereon is recognised immediately within operating costs in the Group Income Statement.

Notes on Financial Statements

1. Segment Information

Analysis by class of business and by geography

The Group is organised into four Divisions, Europe Materials (including activities in China, India and Turkey) and Europe Products & Distribution; Americas Materials (in the United States) and Americas Products & Distribution (in the United States, Canada, Argentina, Chile and Mexico). These activities comprise six reporting segments across the following businesses:

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	
	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m
Segment revenue								
Europe	3,696	3,651	3,686	3,628	3,812	3,435	11,194	10,714
Americas	5,007	5,445	3,243	3,510	1,443	1,323	9,693	10,278
	8,703	9,096	6,929	7,138	5,255	4,758	20,887	20,992

Segment revenue includes €3,593 million (2007: €3,706 million) in respect of revenue applicable to construction contracts. Revenue derived through the supply of services is not material to the Group.

	Materials 2008 €m	Materials 2007 €m	Products 2008 €m	Products 2007 €m	Distribution 2008 €m	Distribution 2007 €m	Total Group 2008 €m	Total Group 2007 €m
Group operating profit before depreciation and amortisation (EBITDA)								
Europe	806	746	392	461	258	261	1,456	1,468
Americas	724	834	369	468	116	90	1,209	1,392
	1,530	1,580	761	929	374	351	2,665	2,860
Depreciation charge (including asset impairments)								
Europe	174	159	156	145	59	46	389	350
Americas	260	263	117	112	15	14	392	389
	434	422	273	257	74	60	781	739
Amortisation of intangible assets								
Europe	1	1	12	8	5	3	18	12
Americas	2	1	14	16	9	6	25	23
	3	2	26	24	14	9	43	35
Group operating profit (EBIT)								
Europe	631	586	224	308	194	212	1,049	1,106
Americas	462	570	238	340	92	70	792	980
	1,093	1,156	462	648	286	282	1,841	2,086
Profit on disposal of non-current assets								
Europe	16	29	15	11	15	3	46	43
Americas	20	11	2	2	1	1	23	14
	36	40	17	13	16	4	69	57
Segment result (profit before finance costs)								
Europe	647	615	239	319	209	215	1,095	1,149
Americas	482	581	240	342	93	71	815	994
	1,129	1,196	479	661	302	286	1,910	2,143
Finance costs (net)							(343)	(303)
Group share of associates' profit after tax (note 9)							61	64
Profit before tax							1,628	1,904
Income tax expense							(366)	(466)
Group profit for the financial year							1,262	1,438

1. Segment Information *continued*

Group Balance Sheet	Continuing operations - year ended 31st December							
	Materials		Products		Distribution		Total Group	
	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m
Segment assets								
Europe	**4,319**	3,815	**3,191**	3,295	**2,174**	1,939	**9,684**	9,049
Americas	**5,481**	5,030	**2,662**	2,561	**738**	703	**8,881**	8,294
	9,800	8,845	**5,853**	5,856	**2,912**	2,642	**18,565**	17,343
Reconciliation to total assets as reported in the Group Balance Sheet								
Investments accounted for using the equity method							**743**	574
Other financial assets							**127**	78
Derivative financial instruments (current and non-current)							**426**	133
Deferred income tax assets							**333**	336
Liquid investments							**128**	318
Cash and cash equivalents							**799**	1,006
Total assets as reported in the Group Balance Sheet							**21,121**	19,788
Segment liabilities								
Europe	**966**	823	**759**	777	**465**	405	**2,190**	2,005
Americas	**896**	858	**569**	567	**204**	151	**1,669**	1,576
	1,862	1,681	**1,328**	1,344	**669**	556	**3,859**	3,581
Reconciliation to total liabilities as reported in the Group Balance Sheet								
Interest-bearing loans and borrowings (current and non-current)							**7,298**	6,498
Derivative financial instruments (current and non-current)							**146**	122
Income tax liabilities (current and deferred)							**1,647**	1,556
Capital grants							**14**	11
Total liabilities as reported in the Group Balance Sheet							**12,964**	11,768

1. Segment Information *continued*

Geographical analysis

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

Group Income Statement

	Continuing operations - year ended 31st December											
	Ireland		Benelux		Poland		Rest of Europe		Americas		Total Group	
	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m
Segment revenue	**1,116**	1,402	**3,070**	2,918	**849**	710	**6,150**	5,672	**9,702**	10,290	**20,887**	20,992
Group EBITDA	**160**	207	**354**	354	**262**	218	**680**	687	**1,209**	1,394	**2,665**	2,860
Depreciation charge (including asset impairments)	**49**	48	**93**	82	**42**	37	**205**	183	**392**	389	**781**	739
Amortisation of intangible assets	**1**	-	**4**	2	**-**	-	**13**	10	**25**	23	**43**	35
Group operating profit	**110**	159	**257**	270	**220**	181	**462**	494	**792**	982	**1,841**	2,086
Profit on disposal of non-current assets	**12**	26	**18**	7	**-**	-	**16**	9	**23**	15	**69**	57
Segment result (profit before finance costs)	**122**	185	**275**	277	**220**	181	**478**	503	**815**	997	**1,910**	2,143
Group Balance Sheet												
Segment assets	**1,016**	959	**2,266**	2,468	**700**	636	**5,714**	4,981	**8,869**	8,299	**18,565**	17,343
Segment liabilities	**426**	282	**474**	487	**128**	113	**1,157**	1,122	**1,674**	1,577	**3,859**	3,581

Other segment information - capital expenditure

	Continuing operations - year ended 31st December							
	Materials		Products		Distribution		Total Group	
	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m
By business segment								
Europe	**429**	291	**106**	153	**70**	72	**605**	516
Americas	**304**	334	**121**	159	**9**	19	**434**	512
	733	625	**227**	312	**79**	91	**1,039**	1,028
Geographical analysis								
Ireland							**172**	119
Benelux							**59**	88
Poland							**116**	53
Rest of Europe							**258**	256
Americas							**434**	512
							1,039	1,028

2. Proportionate Consolidation of Joint Ventures

Impact on Group Income Statement	Year ended 31st December	
	2008 €m	2007 €m
Group share of:		
Revenue	**1,172**	1,076
Cost of sales	**(806)**	(734)
Gross profit	**366**	342
Operating costs	**(229)**	(229)
Operating profit	**137**	113
Profit on disposal of non-current assets	**1**	-
Profit before finance costs	**138**	113
Finance costs (net)	**(13)**	(14)
Profit before tax	**125**	99
Income tax expense	**(26)**	(25)
Group profit for the financial year	**99**	74
Depreciation	**50**	43

Impact on Group Balance Sheet	As at 31st December	
	2008 €m	2007 €m
Group share of:		
Non-current assets	**1,333**	1,002
Current assets	**423**	380
Total assets	**1,756**	1,382
Total equity	**1,143**	835
Non-current liabilities	**333**	265
Current liabilities	**280**	282
Total liabilities	**613**	547
Total equity and liabilities	**1,756**	1,382
Net debt included above	**(153)**	(164)

Impact on Group Cash Flow Statement	Year ended 31st December	
	2008 €m	2007 €m
Group share of:		
Net cash inflow from operating activities	**103**	106
Net cash outflow from investing activities (i)	**(330)**	(224)
Net cash inflow from financing activities (i)	**241**	145
Net increase in cash and cash equivalents	**14**	27
Cash and cash equivalents at 1st January	**77**	51
Translation adjustment	**(1)**	(1)
Cash and cash equivalents at 31st December	**90**	77
Reconciliation of cash and cash equivalents to net debt		
Cash and cash equivalents as above	**90**	77
Liquid investments	**-**	1
Derivative financial instruments (current and non-current)	**1**	-
Interest-bearing loans and borrowings (current and non-current)	**(244)**	(242)
Net debt at 31st December	**(153)**	(164)

(i) Figures include €256 million (2007: €165 million) which is eliminated at consolidation.

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

A listing of the principal joint ventures is contained elsewhere herein.

3. Operating Costs

	2008 €m	2007 €m
Selling and distribution costs	**2,753**	2,675
Administrative expenses	**1,486**	1,474
Other operating expenses	**82**	58
Other operating income	**(13)**	(16)
Total	**4,308**	4,191

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

	2008 €m	2007 €m
Other operating expenses		
Share-based payment expense (note 7)	**24**	23
Amortisation of intangible assets (note 14)	**43**	35
Impairment losses on property, plant and equipment (note 13)	**14**	-
Mark-to-market of undesignated derivative financial instruments (held-for-trading)	**1**	-
Total	**82**	58
Other operating income		
Excess of fair value of identifiable net assets over consideration paid (note 34)	**(6)**	(4)
Mark-to-market of undesignated derivative financial instruments (held-for-trading)	**(2)**	(5)
Income from financial assets	**(2)**	(4)
Capital grants released (note 29)	**(3)**	(3)
Total	**(13)**	(16)

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):

	2008 €m	2007 €m
Depreciation (including asset impairments)		
- included in cost of sales (i)	**563**	559
- included in operating costs (i)	**218**	180
Total	**781**	739
Foreign exchange gains and losses (net)		
- included in cost of sales	**-**	1
- included in operating costs	**(6)**	-
Total	**(6)**	1
Operating lease rentals		
- hire of plant and machinery	**104**	109
- land and buildings	**145**	120
- other operating leases	**36**	39
Total	**285**	268
Auditors' remuneration (included in administrative expenses)		
Audit fees, including Sarbanes-Oxley attestation	**14**	16
Non-audit services (ii)	**3**	1

(i) Prior year disclosures have been amended to conform to current year presentation.

(ii) In addition to the due diligence fees expensed in the Group Income Statement and included in the non-audit services caption above, further due diligence fees of €0.6 million (2007: €1.7 million) paid to the auditors have been included in the fair value of purchase consideration of business combinations for the respective periods; these amounts are reflected in the totals presented in note 34.

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 51 to 57 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 2008	Materials	Products	Distribution	Total Group
Europe	**14,560**	**21,265**	**11,499**	**47,324**
Americas	**22,028**	**20,227**	**3,993**	**46,248**
Total	**36,588**	**41,492**	**15,492**	**93,572**
Year ended 31st December 2007				
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

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

	2008 €m	2007 €m
Wages and salaries	**3,077**	3,018
Social welfare costs	**377**	377
Other employment-related costs	**401**	355
Share-based payment expense (note 7)	**24**	23
Total pension costs (note 28)	**176**	194
Total	**4,055**	3,967
Total charge analysed between:		
Cost of sales (i)	**2,061**	2,047
Operating costs (i)	**2,009**	1,935
Finance costs (net) - applicable to defined benefit pension schemes (note 8)	**(15)**	(15)
Total	**4,055**	3,967

(i) Prior year disclosures have been amended to conform to current year presentation.

7. Share-based Payments

	2008 €m	2007 €m
Share option expense	**17**	18
Performance Share Plan expense	**7**	5
	24	23

€1 million (2007: €2 million) of the total expense reported in the Group Income Statement relates to the Directors.

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 the share option schemes are set out in the Report on Directors' Remuneration on pages 51 to 57.

The Group's employee share options are equity-settled share-based payments as defined in IFRS 2 *Share-based Payment*. 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 reflected in administrative expenses in the Group Income Statement of €17 million (2007: €18 million) relates to options granted in April 2003 and in the subsequent periods. The expense has been arrived at through applying a trinomial valuation technique; this is a lattice option-pricing model in accordance with IFRS 2.

7. Share-based Payments *continued*

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 2008 and 31st December 2007 together with the weighted average exercise price of the share options is as follows:

	Weighted average exercise price	Number of options 2008	Weighted average exercise price	Number of options 2007
Share options				
Outstanding at beginning of year	**€20.38 / Stg£16.06**	**23,304,553**	€18.33 / Stg£13.85	23,785,368
Granted (a)	**€23.87 / Stg£19.06**	**2,912,000**	€32.90 / Stg£22.43	2,807,900
Exercised	**€15.89 / Stg£13.06**	**(1,558,866)**	€15.54 / Stg£10.99	(2,810,420)
Lapsed	**€22.89 / Stg£18.22**	**(632,441)**	€19.83 / Stg£17.91	(478,295)
Outstanding at end of year	**€21.03 / Stg£16.46**	**24,025,246**	€20.38 / Stg£16.06	23,304,553
Exercisable at end of year	**€17.53 / Stg£12.48**	**14,118,956**	€16.73 / Stg£11.26	8,652,124

(a) Pursuant to the 2000 share option schemes, employees were granted options over 2,912,000 (2007: 2,807,900) of the Company's Ordinary Shares on 14th April 2008. 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.

Analysis of share options - outstanding at end of year		**31st December 2008**		31st December 2007	
	Exercise prices	**Number of options**	**Actual remaining life**	Number of options	Actual remaining life
Options by exercise price					
€ options	**€12.64**	**-**	**-**	354,221	0.3
	€14.57	**161,328**	**0.3**	268,364	1.3
	€14.66	**372,399**	**0.3**	494,307	1.3
	€17.26	**1,423,633**	**1.3**	1,559,918	2.3
	€18.01	**1,314,912**	**1.3**	1,505,809	2.3
	€18.28	**2,089,428**	**2.3**	2,248,403	3.3
	€19.68	**2,484,445**	**3.3**	2,669,495	4.3
	€13.15	**1,478,043**	**4.3**	1,555,943	5.3
	€13.26	**1,220,480**	**4.3**	1,382,980	5.3
	€16.71	**1,856,221**	**5.3**	1,983,221	6.3
	€16.73	**1,495,800**	**5.3**	1,564,300	6.3
	€20.79	**1,139,551**	**6.3**	1,235,640	7.3
	€20.91	**1,015,000**	**6.3**	1,073,000	7.3
	€24.83	**200,000**	**7.5**	200,000	8.5
	€29.00	**2,206,001**	**7.3**	2,301,070	8.3
	€32.70	**1,387,790**	**8.3**	1,442,090	9.3
	€33.12	**1,290,000**	**8.3**	1,317,500	9.3
	€23.87	**2,743,011**	**9.3**	-	-
Stg£ options	**Stg£10.99**	**12,750**	**1.3**	13,945	2.3
	Stg£11.16	**8,100**	**2.3**	8,897	3.3
	Stg£12.04	**15,024**	**3.3**	17,580	4.3
	Stg£9.06	**3,658**	**4.3**	3,717	5.3
	Stg£11.13	**6,769**	**5.3**	6,769	6.3
	Stg£14.37	**30,560**	**6.3**	37,010	7.3
	Stg£19.99	**30,542**	**7.3**	31,623	8.3
	Stg£22.43	**28,101**	**8.3**	28,751	9.3
	Stg£19.06	**11,700**	**9.3**	-	-
Total outstanding as at 31st December		**24,025,246**		23,304,553	

7. Share-based Payments *continued*

Analysis of share options - exercisable at end of year

	Exercise prices	31st December 2008 Number of options	31st December 2008 Actual remaining life	31st December 2007 Number of options	31st December 2007 Actual remaining life
Options by exercise price					
€ options	€12.64	-	-	354,221	0.3
	€14.57	161,328	0.3	268,364	1.3
	€14.66	372,399	0.3	494,307	1.3
	€17.26	1,423,633	1.3	1,559,918	2.3
	€18.01	1,314,912	1.3	1,505,809	2.3
	€18.28	2,089,428	2.3	939,903	3.3
	€19.68	2,484,445	3.3	922,895	4.3
	€13.15	1,478,043	4.3	587,443	5.3
	€13.26	1,220,480	4.3	504,480	5.3
	€16.71	738,076	5.3	812,076	6.3
	€16.73	604,800	5.3	651,800	6.3
	€20.79	1,139,551	6.3	-	-
	€20.91	1,015,000	6.3	-	-
Stg£ options	Stg£10.99	12,750	1.3	13,945	2.3
	Stg£11.16	8,100	2.3	8,897	3.3
	Stg£12.04	15,024	3.3	17,580	4.3
	Stg£9.06	3,658	4.3	3,717	5.3
	Stg£11.13	6,769	5.3	6,769	6.3
	Stg£14.37	30,560	6.3	-	-
Total exercisable as at 31st December		**14,118,956**		8,652,124	

The weighted average fair values assigned to options granted in 2008 and 2007 under the 2000 Share Option Scheme, which were computed in accordance with the trinomial valuation methodology, were as follows:

	Denominated in € 3-year	Denominated in Stg£* 3-year
Granted during 2008 (amounts in €)	**4.46**	**4.46**
Granted during 2007 (amounts in €)	6.65	6.60

** € equivalents at the date of grant*

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

	2008 3-year	2007 3-year
Weighted average exercise price (amounts in €)	**23.87**	32.90
Risk-free interest rate (%)	**3.61**	4.08
Expected dividend payments over the expected life (€ cent)	**401.26**	503.05
Expected volatility (%)	**21.7**	21.3
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 scheme 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 2008 or 2007.

7. Share-based Payments *continued*

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

	Weighted average exercise price	Number of options 2008	Weighted average exercise price	Number of options 2007
Savings-related share options				
Outstanding at beginning of year	**€18.37 / Stg£12.53**	**1,259,082**	€15.85 / Stg£10.97	1,263,622
Granted (a)	**€20.40 / Stg£16.07**	**520,741**	€26.89 / Stg£18.61	265,300
Exercised	**€11.07 / Stg£8.34**	**(487,350)**	€14.95 / Stg£9.83	(211,702)
Lapsed	**€22.67 / Stg£15.88**	**(259,402)**	€20.56 / Stg£14.00	(58,138)
Outstanding at end of year	**€21.20 / Stg£15.51**	**1,033,071**	€18.37 / Stg£12.53	1,259,082
Exercisable at end of year	**€11.87 / Stg£10.69**	**20,086**	€15.20 / Stg£9.94	3,313

(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 520,741 of the Company's Ordinary Shares on 16th May 2008 (302,405) and 3rd April 2008 (218,336) respectively (2007: 122,039 share options on 11th April 2007 and 143,261 share options on 5th April 2007). This figure comprises options over 248,572 (2007: 144,138) shares and 272,169 (2007: 121,162) 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.

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

	Exercise prices	31st December 2008 Number of options	31st December 2008 Weighted average remaining contractual life (years)	31st December 2007 Number of options	31st December 2007 Weighted average remaining contractual life (years)
Options by exercise price					
€ options	**€16.09**	**-**	**-**	725	0.1
	€10.63	**15,525**	**0.1**	198,186	0.9
	€14.45	**21,663**	**0.9**	26,793	1.8
	€17.99	**22,046**	**1.6**	46,576	2.0
	€23.16	**95,048**	**1.9**	131,749	2.9
	€26.89	**72,337**	**3.0**	120,321	4.0
	€20.40	**270,015**	**4.3**	-	-
Stg£ options	**Stg£10.08**	**-**	**-**	1,149	0.1
	Stg£7.18	**457**	**0.1**	232,289	0.9
	Stg£9.66	**55,883**	**0.9**	59,356	1.9
	Stg£12.38	**39,217**	**1.9**	114,047	1.7
	Stg£15.68	**154,785**	**1.7**	191,425	2.7
	Stg£18.61	**104,469**	**2.7**	136,466	3.6
	Stg£16.07	**181,626**	**3.8**	-	-
Total outstanding as at 31st December		**1,033,071**		1,259,082	

As at 31st December 2008, 20,086 (2007: 3,313) options were exercisable under the savings-related share option schemes.

7. Share-based Payments *continued*

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 2008 (amounts in €)	**5.85**	**6.41**	**5.98**	**6.56**
Granted during 2007 (amounts in €)	7.09	8.55	7.23	8.71

** € equivalents at the date of grant*

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

	2008		2007	
	3-year	5-year	3-year	5-year
Weighted average exercise price (amounts in €)	**20.72**	**20.57**	27.20	27.10
Risk-free interest rate (%)	**3.95/3.58**	**4.00/3.69**	4.08	4.10
Expected dividend payments over the expected life (€ cent)	**219.73**	**401.26**	246.06	503.05
Expected volatility (%)	**21.6/21.8**	**20.9/21.7**	17.3	21.3
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 2008 or 2007.

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 (which are termed "own shares" in these consolidated financial statements) are set out in the Report on Directors' Remuneration on pages 51 to 57.

Shares awarded under the Group's Performance Share Plan are equity-settled share-based payments as defined in IFRS 2 *Share-based Payment*. The expense of €7 million (2007: €5 million) reflected in administrative expenses in the Group Income Statement has been arrived at through applying a Monte Carlo simulation technique to model the combination of market-based and non-market-based performance conditions in the Plan.

			Number of Shares			
	Share price at date of award	Period to earliest release date	Initial award	Cumulative lapses to date	Net outstanding	Fair value
Granted in 2006						
Performance Share Plan	€24.82	3 years	627,750	48,500	579,250	€12.11
Granted in 2007						
Performance Share Plan	€33.29	3 years	594,750	31,500	563,250	€17.14
Granted in 2008						
Performance Share Plan	€23.45	3 years	741,000	34,500	706,500	€10.27

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:

	2008	2007
Risk-free interest rate (%)	**3.49**	4.07
Expected volatility (%)	**21.8**	20.0

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

8. Finance Costs and Finance Revenue

	2008 €m	2007 €m
Finance costs		
Interest payable on bank loans and overdrafts repayable wholly within five years:		
- by instalments	**11**	17
- not by instalments	**275**	230
Interest payable under finance leases and hire purchase contracts	**2**	2
Interest payable on other borrowings	**123**	137
Total interest payable	**411**	386
Unwinding of discount element of provisions for liabilities (note 26)	**16**	17
Unwinding of discount applicable to deferred and contingent acquisition consideration	**5**	5
Income on interest rate and currency swaps	**(34)**	(31)
Mark-to-market of designated fair value hedges and related debt and ineffectiveness of net investment hedges:		
- interest rate swaps (i)	**(283)**	(90)
- currency swaps and forward contracts	**3**	2
- hedged fixed rate debt (i)	**287**	92
Interest cost on defined benefit pension scheme liabilities	**98**	92
Total finance costs	**503**	473
Finance revenue		
Interest receivable on loans to joint ventures and associates	**(4)**	(4)
Interest receivable on liquid investments	**(8)**	(18)
Interest receivable on cash and cash equivalents	**(35)**	(41)
	(47)	(63)
Expected return on defined benefit pension scheme assets	**(113)**	(107)
Total finance revenue	**(160)**	(170)
Finance costs (net)	**343**	303

(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:

	2008 €m	2007 €m
Group share of:		
Revenue	**1,006**	806
Profit before finance costs	**86**	91
Finance costs (net)	**(3)**	(1)
Profit before tax	**83**	90
Income tax expense	**(22)**	(26)
Profit after tax (i)	**61**	64

(i) The Group's share of associates' profit after tax comprises €45 million (2007: €52 million) in Europe Materials, €5 million (2007: €2 million) in Europe Products, €11 million (2007: €10 million) in Europe Distribution, and €nil million (2007: €nil million) in both Americas Materials and Americas Products.

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

10. Income Tax Expense

	2008 €m	2007 €m
Current tax		
Republic of Ireland		
Corporation tax at 12.5% (2007: 12.5%)	**21**	17
Less: manufacturing relief	**(3)**	(4)
	18	13
Overseas tax	**239**	398
Tax on disposal of non-current assets	**20**	15
Total current tax	**277**	426
Deferred tax		
Origination and reversal of temporary differences:		
Defined benefit pension obligations	**5**	8
Share-based payments	**2**	(4)
Derivative financial instruments	**(1)**	(1)
Other items	**83**	37
Total deferred tax	**89**	40
Income tax expense	**366**	466

Reconciliation of applicable tax rate to effective tax rate

	2008	2007
Profit before tax (€m)	**1,628**	1,904
Tax charge expressed as a percentage of profit before tax (effective tax rate):		
- current tax expense only	**17.0%**	22.4%
- total income tax expense (current and deferred)	**22.5%**	24.5%

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)**	(0.2)
Higher tax rates on overseas earnings	**10.5**	12.0
Other items (comprising items not chargeable to tax/expenses not deductible for tax)	**(0.3)**	0.2
Total effective tax rate	**22.5**	24.5

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

	€m	€m
Current tax		
Share option exercises	**2**	13
Deferred tax		
Defined benefit pension obligations	**67**	(46)
Share-based payments	**(15)**	(39)
Cash flow hedges	**4**	(2)
Total	**58**	(74)

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 (significant influence only), 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 (with materiality defined in the context of the year-end 2008 financial statements).

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 30, 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:

	2008 €m	2007 €m
Dividends to shareholders		
Preference		
5% Cumulative Preference Shares €3,175 (2007: €3,175)	**-**	-
7% 'A' Cumulative Preference Shares €77,521 (2007: €77,521)	**-**	-
Equity		
Final - paid 48.00c per Ordinary Share in May 2008 (38.50c paid in May 2007)	**260**	209
Interim - paid 20.50c per Ordinary Share (2007: 20.00c)	**109**	109
Total	**369**	318
Dividends proposed (memorandum disclosure)		
Equity		
Final 2008 - proposed 48.50c per Ordinary Share (2007: 48.00c)	**258**	260
Reconciliation to Cash Flow Statement		
Dividends to shareholders	**369**	318
Less: issue of shares in lieu of dividends (i)	**(22)**	(68)
Dividends paid to equity holders of the Company	**347**	250
Dividends paid by subsidiaries to minority interests (note 32)	**5**	5
Total dividends paid	**352**	255

(i) In accordance with the scrip dividend scheme, shares to the value of €22 million (2007: €68 million) were issued in lieu of dividends.

12. Earnings per Ordinary Share

	2008 €m	2007 €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	**1,262**	1,438
Profit attributable to minority interest	**(14)**	(8)
Profit attributable to equity holders of the Company	**1,248**	1,430
Preference dividends	**-**	-
Profit attributable to ordinary equity holders of the Company	**1,248**	1,430
Amortisation of intangible assets	**43**	35
Profit attributable to ordinary equity holders of the Company excluding amortisation of intangible assets	**1,291**	1,465
Depreciation charge (including asset impairments)	**781**	739
Numerator for "cash" earnings per Ordinary Share (i)	**2,072**	2,204
Denominator computations		
Denominator for basic earnings per Ordinary Share		
Weighted average number of Ordinary Shares (millions) outstanding for the year (ii)	**535.5**	544.3
Effect of dilutive potential Ordinary Shares (employee share options) (millions) (ii) and (iii)	**3.0**	4.8
Denominator for diluted earnings per Ordinary Share	**538.5**	549.1
Basic earnings per Ordinary Share		
- including amortisation of intangible assets	**233.1c**	262.7c
- excluding amortisation of intangible assets	**241.1c**	269.2c
Diluted earnings per Ordinary Share		
- including amortisation of intangible assets	**231.8c**	260.4c
- excluding amortisation of intangible assets	**239.7c**	266.8c
"Cash" earnings per Ordinary Share (i)	**386.9c**	404.9c

(i) "Cash" earnings per Ordinary Share, which is computed through adding amortisation of intangible assets, depreciation and asset impairments 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.

(ii) *Basic and diluted earnings per Ordinary Share*: The weighted average number of Ordinary Shares included in the computation of basic and diluted earnings per Ordinary Shares has been adjusted to exclude shares awarded under the Performance Share Plan and Ordinary Shares re-purchased and held by the Company (CRH plc) as Treasury Shares given that these shares do not rank for dividend. The number of Ordinary Shares so held at the balance sheet date is detailed in Note 31.

(iii) The issue of certain Ordinary Shares in respect of employee share options is contingent upon the 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 9,906,290 at 31st December 2008 and 14,652,429 at 31st December 2007) 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. Although vesting of shares awarded under the Performance Share Plan is also contingent upon satisfaction of specified performance conditions, and such shares would therefore fulfil the definition of "contingently issuable" under IAS 33, the related shares have already been excluded from the computation of diluted earnings per Ordinary Share as discussed above.

13. Property, Plant and Equipment

	Land and buildings €m	Plant and machinery €m	Transport €m	Assets in course of construction €m	Total €m
At 31st December 2008					
Cost/deemed cost	**5,434**	**6,952**	**847**	**620**	**13,853**
Accumulated depreciation (and impairment charges)	**(1,113)**	**(3,385)**	**(467)**	**-**	**(4,965)**
Net carrying amount	**4,321**	**3,567**	**380**	**620**	**8,888**
At 1st January 2008, net of accumulated depreciation	**4,030**	**3,416**	**378**	**402**	**8,226**
Translation adjustment	**61**	**8**	**13**	**(26)**	**56**
Reclassifications of assets in course of construction	**58**	**128**	**(4)**	**(182)**	**-**
Additions at cost	**141**	**413**	**71**	**414**	**1,039**
Arising on acquisition (note 34)	**218**	**179**	**20**	**12**	**429**
Disposals at net carrying amount	**(41)**	**(33)**	**(7)**	**-**	**(81)**
Depreciation charge for year	**(140)**	**(536)**	**(91)**	**-**	**(767)**
Impairment charge for year	**(6)**	**(8)**	**-**	**-**	**(14)**
At 31st December 2008, net of accumulated depreciation (and impairment charges)	**4,321**	**3,567**	**380**	**620**	**8,888**

The equivalent disclosure for the prior year is as follows:

	Land and buildings €m	Plant and machinery €m	Transport €m	Assets in course of construction €m	Total €m
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
At 1st January 2007, 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 34)	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 2007, net of accumulated depreciation	4,030	3,416	378	402	8,226
At 1st January 2007					
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 €1,780 million at the balance sheet date (2007: €1,690 million).

Borrowing costs capitalised during the financial year amounted to €13 million (2007: €3 million). The average capitalisation rate employed was 5.5% (2007: 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:

	2008 €m	2007 €m
At deemed cost as at 31st December 1980	**55**	55
At cost post 31st December 1980	**5,379**	4,908
Total	**5,434**	4,963

13. Property, Plant and Equipment *continued*

Assets held under finance leases

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

	2008 €m	2007 €m
Cost	91	101
Accumulated depreciation	(43)	(38)
Net carrying amount	48	63
Depreciation charge for year	8	11
Future purchase commitments for property, plant and equipment		
Contracted for but not provided in the financial statements	433	612
Authorised by the Directors but not contracted for	133	466

14. Intangible Assets

		Other intangible assets			
	Goodwill €m	Marketing-related €m	Customer-related (i) €m	Contract-based €m	Total €m
At 31st December 2008					
Cost	3,934	36	278	22	4,270
Accumulated impairment charges and amortisation	(50)	(14)	(93)	(5)	(162)
Net carrying amount	3,884	22	185	17	4,108
At 1st January 2008, net of accumulated impairment charges and amortisation	3,482	18	175	17	3,692
Translation adjustment	37	-	4	1	42
Arising on acquisition (note 34)	366	9	42	1	418
Disposals	(1)	-	-	-	(1)
Amortisation charge for year (ii)	-	(5)	(36)	(2)	(43)
At 31st December 2008, net of accumulated impairment charges and amortisation	3,884	22	185	17	4,108

The equivalent disclosure for the prior year is as follows:

	Goodwill €m	Marketing-related €m	Customer-related (i) €m	Contract-based €m	Total €m
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
At 1st January 2007, net of accumulated impairment charges and amortisation	2,841	17	97	11	2,966
Translation adjustment	(166)	(1)	(10)	(1)	(178)
Arising on acquisition (note 34)	807	6	117	9	939
Amortisation charge for year (ii)	-	(4)	(29)	(2)	(35)
At 31st December 2007, net of accumulated impairment charges and amortisation	3,482	18	175	17	3,692
At 1st January 2007					
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) The customer-related intangible assets relate predominantly to non-contractual customer relationships.

(ii) 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.

Due to the asset-intensive nature of operations in the Materials business segments (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 these segments. 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 intangible assets are recognised, where appropriate, on such combination activity.

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 2008 (2007: nil).

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 27 (2007: 24) cash-generating units have been identified and these are analysed below between the six business segments in the Group; with the exception of the two Materials segments, which are analysed on a regional basis, the analysis is by product group. All businesses within the various cash-generating units exhibit similar and/or consistent profit margin and asset intensity characteristics.

	Cash-generating units		Goodwill	
	2008	2007	2008 €m	2007 €m
Europe Materials	10	7	747	627
Europe Products	4	5	708	636
Europe Distribution	1	1	558	492
Americas Materials	6	5	992	906
Americas Products	5	5	603	564
Americas Distribution	1	1	276	257
Total cash-generating units	27	24	3,884	3,482

Impairment testing methodology and results
The recoverable amount of each of the 27 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 "base case" scenario). 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 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 computation assumes zero growth in real cash flows beyond the evaluation period. The recoverable amount (i.e. value-in-use) 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 8.1% to 13.4% (2007: 7.4% to 10.7%). The average before-tax discount rate is in line with the Group's estimated before-tax weighted average cost of capital as at the date of impairment testing.

Key assumptions factored into the cash flow forecasts include management's estimates of future profitability, replacement capital expenditure requirements, trade working capital investment needs and tax considerations inter alia. The duration of the discounted cash flow model and the discount rate applied to the cash flows are significant factors in determining the fair value of the cash-generating units and have been arrived at taking account of the Group's strong financial position, its established history of earnings and cash flow generation across business cycles, 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 27 (2007: 24) cash-generating units accounts for between 10% and 20% of the total carrying amount of €3,884 million in two instances 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 each of these two cash-generating units (Europe Distribution and APAC within Americas Materials) are as follows:

	Europe Distribution		APAC	
	2008	2007	2008	2007
Carrying amount of goodwill allocated to the cash-generating unit	€492m	€342m	€412m	€332m
Carrying amount of indefinite-lived intangible assets allocated to the cash-generating unit	Nil	Nil	Nil	Nil
Basis on which the recoverable amount of the cash-generating unit has been assessed	Value-in-use	Value-in-use	Value-in-use	Value-in-use
Discount rate applied to the cash flow projections (real before-tax)	10.2%	9.3%	8.7%	8.1%
Excess of value-in-use over carrying amount	€938m	€593m	€192m	€112m

14. Intangible Assets *continued*

The key assumptions used for the value-in-use computations for these cash-generating units 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 these businesses.

The cash flows for the two cash-generating units 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 (with inflation being less than the compound annual growth rate).

Given the magnitude of the excess of value-in-use over carrying amount in both instances, and the reasonableness of the key assumptions employed, no further disclosures relating to sensitivity of the value-in-use computations for these CGUs were considered to be warranted.

Key sources of estimation uncertainty

Expected future cash flows are inherently uncertain and are therefore liable to material change over time. The key assumptions employed in arriving at the estimates of future cash flows factored into impairment testing are discussed above; chief amongst these items are projected EBITDA (i.e. operating profit before depreciation and amortisation of intangible assets) margins, net cash flows, profit before tax and the discount rates used.

Sensitivity analysis has been conducted on the "base case" estimates of the aforementioned items in respect of three of the 27 CGUs falling for testing; these three CGUs had aggregate goodwill of €240 million at the date of testing.

The following table identifies the amounts by which each of these assumptions may either decline or increase to arrive at a zero excess of the present value of future cash flows over the book value of net assets in the three CGUs selected for sensitivity analysis testing; each of these changes is assumed to take effect over the 30-year life of the associated cash flows (including the 20-year annuity-based terminal value referred to above):

Reduction in EBITDA margin	0.8 to 1.5 percentage points
Reduction in profit before tax	11.7% to 19.3%
Reduction in net cash flow	10.4% to 13.4%
Increase in before-tax discount rate	1.4 to 1.6 percentage points

15. Financial Assets

	Investments accounted for using the equity method (i.e. associates)				
	Share of net assets €m	Goodwill €m	Loans €m	Total €m	Other (i) €m
At 1st January 2008	**465**	**105**	**4**	**574**	**78**
Translation adjustment	**2**	**1**	**-**	**3**	**5**
Arising on acquisition (note 34)	**1**	**-**	**-**	**1**	**2**
Investments and advances	**54**	**102**	**-**	**156**	**50**
Disposals	**(8)**	**-**	**(1)**	**(9)**	**(8)**
Retained profit less dividends paid	**18**	**-**	**-**	**18**	**-**
At 31st December 2008	**532**	**208**	**3**	**743**	**127**

The equivalent disclosure for the prior year is as follows:

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

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

	2008 €m	2007 €m
Non-current assets	**792**	617
Current assets	**469**	378
Non-current liabilities	**(248)**	(225)
Current liabilities	**(270)**	(196)
Net assets	**743**	574

The segmental analysis of the carrying value of the Group's investment in associates is as follows:

	2008	2007
Europe Materials	**499**	491
Europe Products	**8**	12
Europe Distribution	**226**	61
Americas Products	**1**	1
Americas Materials	**9**	9
	743	574

The Group holds a 21.66% stake (2007: 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 €40 million (2007: €70 million).

A listing of the principal associates is contained elsewhere herein.

(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 amortised cost). The balance as at 31st December 2008 comprises €15 million in respect of trade and quoted investments and €112 million in respect of loans to joint ventures (2007: €15 million and €63 million respectively).

16. Disposal of Non-current Assets

	2008 €m	2007 €m
Non-current assets disposed of at net carrying amount:		
- property, plant and equipment (note 13)	**81**	74
- intangible assets (note 14)	**1**	-
- financial assets (note 15)	**17**	25
Total	**99**	99
Profit on disposal of non-current assets	**69**	57
Proceeds from disposal of non-current assets - Group Cash Flow Statement	**168**	156

17. Inventories

	2008 €m	2007 €m
Raw materials	**749**	617
Work-in-progress (i)	**110**	116
Finished goods	**1,614**	1,493
Total inventories at the lower of cost and net realisable value	**2,473**	2,226

(i) Work-in-progress includes €nil million (2007: €15 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 €17 million in the 2008 financial year (2007: €20 million).

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

18. Trade and Other Receivables

	2008 €m	2007 €m
All current		
Trade receivables	**1,939**	2,166
Amounts receivable in respect of construction contracts (i)	**458**	480
Total trade receivables, net	**2,397**	2,646
Other receivables (ii)	**486**	386
Amounts receivable from associates	**-**	1
Prepayments and accrued income	**213**	166
Total	**3,096**	3,199

(i) Unbilled revenue at the balance sheet date in respect of construction contracts amounted to €119 million (2007: €131 million).

(ii) Retentions held by customers in respect of construction contracts at the balance sheet date amounted to €94 million (2007: €97 million).

Trade receivables and amounts receivable in respect of construction contract activity are in general receivable within 90 days of the balance sheet date. The figures disclosed above are stated net of provisions for impairment. The movements in the provision for impairment of receivables during the financial year were as follows:

	€m	€m
At 1st January	**158**	129
Translation adjustment	**1**	(6)
Arising on acquisition	**3**	30
Provided during year	**60**	45
Written-off during year	**(51)**	(32)
Recovered during year	**(10)**	(8)
At 31st December	**161**	158

18. Trade and Other Receivables *continued*

The aged analysis of gross trade receivables and amounts receivable in respect of construction contracts at the balance sheet date was as follows:

	2008 €m	2007 €m
Neither past due nor impaired	**2,148**	2,350
Past due but not impaired:		
Less than 60 days	**71**	80
60 days or greater but less than 120 days	**65**	70
Greater than 120 days	**40**	45
Past due and impaired (partial or full provision)	**234**	259
Total	**2,558**	2,804

A general discussion of the terms and conditions applicable to related party receivables is provided in note 35 to the financial statements.

19. Trade and Other Payables

	2008 €m	2007 €m
Current		
Trade payables	**1,440**	1,475
Irish employment-related taxes	**3**	5
Other employment-related taxes	**78**	70
Value added tax	**92**	93
Deferred and contingent acquisition consideration	**44**	49
Other payables (i)	**495**	441
Accruals and deferred income	**731**	801
Amounts payable to associates	**36**	22
Subtotal - current	**2,919**	2,956
Non-current		
Other payables	**36**	33
Deferred and contingent acquisition consideration (stated at net present cost) due as follows:		
- between one and two years	**33**	42
- between two and five years	**36**	36
- after five years	**32**	30
Subtotal - non-current	**137**	141
Total	**3,056**	3,097

(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 €190 million at the balance sheet date (2007: €216 million).

20. Movement in Working Capital

	Inventories €m	Trade and other receivables €m	Trade and other payables €m	Total €m
At 1st January 2008	**2,226**	**3,199**	**(3,097)**	**2,328**
Translation adjustment	**8**	**26**	**(15)**	**19**
Arising on acquisition (note 34)	**66**	**126**	**(89)**	**103**
Deferred and contingent acquisition consideration:				
- arising on acquisitions during the year (note 34)	**-**	**-**	**(12)**	**(12)**
- paid during the year	**-**	**-**	**34**	**34**
Interest accruals	**-**	**(4)**	**(12)**	**(16)**
Increase/(decrease) in working capital	**173**	**(251)**	**135**	**57**
At 31st December 2008	**2,473**	**3,096**	**(3,056)**	**2,513**

The equivalent disclosure for the prior year is as follows:

	Inventories €m	Trade and other receivables €m	Trade and other payables €m	Total €m
At 1st January 2007	2,036	3,172	(2,948)	2,260
Translation adjustment	(110)	(149)	160	(99)
Arising on acquisition (note 34)	263	411	(313)	361
Deferred and contingent acquisition consideration:				
- arising on acquisitions during the year (note 34)	-	-	(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 2007	2,226	3,199	(3,097)	2,328

21. Capital and Financial Risk Management

Capital management

Overall summary

The primary objectives of CRH's capital management strategy are to ensure that the Group maintains a strong credit rating to support its business and to create shareholder value by managing the debt and equity balance and the cost of capital.

The Board periodically reviews the capital structure of the Group, including 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. In order to maintain or adjust the capital structure, the Group may issue new shares, dispose of assets, amend investment plans, alter dividend policy or return capital to shareholders. 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 year ended 31st December 2008 amounted to 3.4 times (2007: 3.9 times). In addition, as part of the Board's capital management strategy, a share buyback programme was initiated in January 2008; details of the number of shares re-purchased on foot of this programme together with subsequent re-issues are provided in note 31. This programme was terminated in November 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:

	2008 €m	2007 €m
Capital and reserves attributable to the Company's equity holders	**8,087**	7,954
Net debt (note 25)	**6,091**	5,163
Capital and net debt	**14,178**	13,117

21. Capital and Financial Risk Management *continued*

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 Group's corporate treasury function provides services to the business units, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group. The Group Treasurer reports to the Finance Director and the activities of Group Treasury are subject to regular internal audit. Systems are in place to monitor and control the Group's liquidity risks. The Group's net debt position forms part of the monthly documentation presented to the Board of Directors.

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 the Group's corporate 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. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures of issued floating rate debt.

The majority of these swaps are designated under IAS 39 to hedge underlying debt obligations and qualify for hedge accounting; undesignated financial instruments are termed "not designated as hedges" in the analysis of derivative financial instruments presented in note 24 below. The following table demonstrates the impact on profit before tax of a range of possible changes in the interest rates applicable to net floating rate borrowings, with all other variables held constant:

Percentage change in cost of borrowings		+/- 1%	+/- 0.5%
Impact on profit before tax	**2008**	**-/+ €32m**	**-/+ €16m**
	2007	-/+ €28m	-/+ €14m

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 and are shown in note 4 above.

Given the Group's presence in 35 countries worldwide, the principal foreign exchange risk arises from fluctuations in the euro value of the Group's net investment in a wide basket of currencies other than the euro; such changes are reported separately within the Statement of Recognised Income and Expense. A currency profile of the Group's net debt and net worth is presented in note 25. 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.

The following table demonstrates the sensitivity of profit before tax and equity to selected movements in the relevant €/US$ exchange rate (with all other variables held constant); the US Dollar has been selected as the appropriate currency for this analysis given the materiality of the Group's activities in the United States:

Percentage change in relevant €/US$ exchange rate		+/- 5%	+/-2.5%
Impact on profit before tax	**2008**	**-/+ €29m**	**-/+ €15m**
	2007	-/+ €37m	-/+ €19m
Impact on equity	**2008**	**-/+ €160m**	**-/+ €82m**
	2007	-/+ €164m	-/+ €84m

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 (see note 22). 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 with the total bad debt provision at the balance sheet date amounting to circa 6.3% of gross trade receivables (2007: 5.6%). 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; receivables balances are in general unsecured and non-interest-bearing. The trade receivables balances disclosed in note 18 comprise a large number of customers spread across the Group's activities and geographies with balances classified as neither past due nor impaired representing 84% of the total receivables balance at the balance sheet date (2007: 84%); amounts receivable from related parties (notes 18 and 35) are immaterial. Factoring and credit guarantee arrangements are employed in certain of the Group's operations where deemed relevant by operational management.

21. Capital and Financial Risk Management *continued*

Liquidity risk

The principal liquidity risks faced by the Group stem from the maturation of debt obligations and derivative transactions. The Group's corporate treasury function ensures that sufficient resources are available to meet such liabilities as they fall due through a combination of liquid investments, cash and cash equivalents, cash flows and undrawn committed bank facilities. Flexibility in funding sources is achieved through a variety of means including (i) maintaining cash and cash equivalents and liquid resources only with a diversity of highly-rated counterparties; (ii) limiting the maturity of such balances; (iii) borrowing the bulk of the Group's debt requirements under committed bank lines or other term financing; and (iv) having surplus committed lines of credit.

The undrawn committed facilities available to the Group as at the balance sheet date are quantified in note 23; these facilities span a wide number of highly-rated financial institutions thus minimising any potential exposure arising from concentrations in borrowing sources. The repayment schedule (analysed by maturity date) applicable to the Group's outstanding interest-bearing loans and borrowings as at the balance sheet date is also presented in note 23.

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

	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	Total €m
31st December 2008							
Financial liabilities - cash outflows							
Trade and other payables	**2,919**	**72**	**14**	**14**	**15**	**41**	**3,075**
Finance leases	**6**	**4**	**2**	**1**	**1**	**5**	**19**
Interest-bearing loans and borrowings	**1,016**	**1,303**	**783**	**1,043**	**571**	**2,129**	**6,845**
Interest payments on finance leases	**1**	**1**	**1**	**-**	**-**	**2**	**5**
Interest payments on interest-bearing loans and borrowings	**377**	**323**	**268**	**195**	**169**	**649**	**1,981**
Cross-currency swaps - gross cash outflows	**1,394**	**42**	**42**	**41**	**428**	**351**	**2,298**
Other derivative financial instruments	**14**	**4**	**2**	**1**	**-**	**-**	**21**
Gross projected cash outflows	**5,727**	**1,749**	**1,112**	**1,295**	**1,184**	**3,177**	**14,244**
Derivative financial instruments - cash inflows							
Interest rate swaps - net cash inflows	**(60)**	**(60)**	**(57)**	**(37)**	**(30)**	**(108)**	**(352)**
Cross-currency swaps - gross cash inflows	**(1,342)**	**(34)**	**(34)**	**(33)**	**(438)**	**(291)**	**(2,172)**
Other derivative financial instruments	**(3)**	**-**	**(1)**	**-**	**-**	**-**	**(4)**
Gross cash inflows	**(1,405)**	**(94)**	**(92)**	**(70)**	**(468)**	**(399)**	**(2,528)**

The equivalent disclosure for the prior year is as follows:

	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	Total €m
31st December 2007							
Financial liabilities - cash outflows							
Trade and other payables	2,956	78	14	14	15	39	3,116
Finance leases	14	5	4	1	1	5	30
Interest-bearing loans and borrowings	556	2,230	243	706	837	1,773	6,345
Interest payments on finance leases	2	1	1	1	-	1	6
Interest payments on interest-bearing loans and borrowings	350	282	217	189	124	512	1,674
Interest rate swaps - net cash outflows	3	3	3	3	2	3	17
Cross-currency swaps - gross cash outflows	1,135	370	18	18	18	405	1,964
Other derivative financial instruments	3	-	-	-	-	-	3
Gross projected cash outflows	5,019	2,969	500	932	997	2,738	13,155
Derivative financial instruments - cash inflows							
Interest rate swaps - net cash inflows	(13)	(12)	(11)	(11)	(6)	(14)	(67)
Cross-currency swaps - gross cash inflows	(1,070)	(330)	(20)	(20)	(21)	(397)	(1,858)
Other derivative financial instruments	(7)	(2)	-	-	-	-	(9)
Gross cash inflows	(1,090)	(344)	(31)	(31)	(27)	(411)	(1,934)

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 €19 million unfavourable as at the balance sheet date (2007: €7 million favourable).

22. 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 and Measurement* in the table below. The credit risk attaching to these items is documented in note 21.

	2008 €m	2007 €m
Held-for-trading (fair value through profit or loss)	**127**	316
Loans and receivables	**1**	2
Total	**128**	318

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:

	2008 €m	2007 €m
Cash at bank and in hand	**483**	592
Investments (short-term deposits)	**316**	414
Included in Group Balance Sheet and Group Cash Flow Statement	**799**	1,006

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.

Liquid investments and cash and cash equivalents balances are spread across a wide number of highly-rated financial institutions with no material concentrations in credit or liquidity risk.

23. Interest-bearing Loans and Borrowings

	2008 €m	2007 €m
Bank loans and overdrafts:		
- unsecured	**2,250**	2,487
- secured *	**28**	63
Other term loans:		
- unsecured	**4,754**	3,664
- secured *	**22**	42
Group share of joint ventures' interest-bearing loans and borrowings (non-current and current)	**244**	242
Interest-bearing loans and borrowings (non-current and current)	**7,298**	6,498
Included in current liabilities in the Group Balance Sheet:		
- loans repayable within one year	**(872)**	(386)
- bank overdrafts	**(149)**	(184)
Current interest-bearing loans and borrowings	**(1,021)**	(570)
Non-current interest-bearing loans and borrowings	**6,277**	5,928

** Secured on specific items of property, plant and equipment; these figures include finance leases*

	2008 €m	2007 €m
Repayment schedule		
Within one year	**1,021**	570
Between one and two years	**1,309**	2,235
Between two and three years	**811**	247
Between three and four years	**1,148**	721
Between four and five years	**631**	892
After five years	**2,378**	1,833
	7,298	6,498
Categorisation by manner of repayment		
Loans fully repayable within five years:		
- not by instalments	**4,747**	4,432
- by instalments	**145**	191
Subtotal	**4,892**	4,623
Loans fully repayable in more than five years:		
- not by instalments	**2,364**	1,797
- by instalments **	**42**	78
Subtotal	**2,406**	1,875
Interest-bearing loans and borrowings (non-current and current)	**7,298**	6,498

*** €14 million (2007: €36 million) falls due for repayment after five years*

23. Interest-bearing Loans and Borrowings *continued*

Borrowing facilities

The Group manages its borrowing ability by entering into committed borrowing agreements. Revolving committed bank facilities are generally available to the Group for periods of up to five years from the date of inception. The undrawn committed facilities available as at 31st December 2008 and 31st December 2007, in respect of which all conditions precedent had been met, mature as follows:

	2008 €m	2007 €m
Within one year	**589**	195
Between one and two years	**519**	1,282
Between two and three years	**160**	51
Between three and four years	**196**	-
Between four and five years	**53**	71
After five years	**49**	-
	1,566	1,599

Included in the figures above is an amount of €304 million in respect of the Group's share of facilities available to joint ventures (2007: €248 million).

Guarantees

The Company has given letters of guarantee to secure obligations of subsidiary undertakings as follows: €7,051 million in respect of loans, bank advances, derivative obligations and future lease obligations (2007: €6,205 million), €7 million in respect of deferred and contingent acquisition consideration (2007: €6 million), €419 million in respect of letters of credit (2007: €284 million) and €43 million in respect of other obligations (2007: €50 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 2008 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 terminate facilities and demand early repayment of any sums thereunder thus altering the maturity profile of the Group's debt and the Group's liquidity.

24. Derivative Financial Instruments

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

	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
31st December 2008							
Assets							
Fair value hedges	**301**	**-**	**-**	**26**	**100**	**57**	**118**
Cash flow hedges	**2**	**2**	**-**	**-**	**-**	**-**	**-**
Net investment hedges	**7**	**7**	**-**	**-**	**-**	**-**	**-**
Not designated as hedges (held-for-trading)	**116**	**1**	**-**	**1**	**-**	**-**	**114**
	426	**10**	**-**	**27**	**100**	**57**	**232**

Analysed as:	
Non-current assets	**416**
Current assets	**10**
Total	**426**

	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
Liabilities							
Fair value hedges	**(40)**	**(26)**	**-**	**-**	**-**	**(14)**	**-**
Cash flow hedges	**(81)**	**(13)**	**(4)**	**(3)**	**(1)**	**-**	**(60)**
Net investment hedges	**(23)**	**(23)**	**-**	**-**	**-**	**-**	**-**
Not designated as hedges (held-for-trading)	**(2)**	**-**	**-**	**-**	**-**	**-**	**(2)**
	(146)	**(62)**	**(4)**	**(3)**	**(1)**	**(14)**	**(62)**

Analysed as:	
Non-current liabilities	**(84)**
Current liabilities	**(62)**
Total	**(146)**
Net asset arising on derivative financial instruments	**280**

The equivalent disclosure for the prior year is as follows:

	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
31st December 2007							
Assets							
Fair value hedges	122	-	-	-	14	54	54
Cash flow hedges	9	7	2	-	-	-	-
Not designated as hedges (held-for-trading)	2	2	-	-	-	-	-
	133	9	2	-	14	54	54

Analysed as:	
Non-current assets	124
Current assets	9
Total	133

	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
Liabilities							
Fair value hedges	(67)	(25)	(42)	-	-	-	-
Cash flow hedges	(1)	(1)	-	-	-	-	-
Net investment hedges	(50)	(40)	-	-	-	-	(10)
Not designated as hedges (held-for-trading)	(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

24. Derivative Financial Instruments *continued*

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 marked-to-market at each reporting date with any movement in the fair values of the hedged item and the hedging instrument being reflected in the Group Income Statement.

Cash flow hedges consist of forward foreign exchange and commodity contracts and interest rate and currency 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 over the period to maturity. To the extent that the hedging instrument satisfies effectiveness testing, any movements in the fair values of the hedged item and the hedging instrument are reflected in equity. Ineffectiveness is reflected in the Group Income Statement.

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

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

	2008 €m	2007 €m
Fair value hedges	**284**	91
Fair value of the hedged item	**(287)**	(92)
Net investment hedges - ineffectiveness	**2**	1

25. 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 2008							
Cash and cash equivalents (note 22)	**1,006**	**(262)**	**68**	**-**	**(13)**	**799**	***799***
Liquid investments (note 22)	**318**	**(175)**	**-**	**-**	**(15)**	**128**	***128***
Interest-bearing loans and borrowings (note 23)	**(6,498)**	**(358)**	**(55)**	**(287)**	**(100)**	**(7,298)**	***(6,324)***
Derivative financial instruments (net) (note 24)	**11**	**100**	**-**	**281**	**(112)**	**280**	***280***
Group net debt (including share of non-recourse debt in joint ventures)	**(5,163)**	**(695)**	**13**	**(6)**	**(240)**	**(6,091)**	***(5,117)***
Group net debt excluding proportionately consolidated joint ventures	**(4,999)**	**(678)**	**(19)**	**(6)**	**(236)**	**(5,938)**	***(4,964)***
The equivalent disclosure for the prior year is as follows:							
31st December 2007							
Cash and cash equivalents (note 22)	1,102	(144)	83	-	(35)	1,006	*1,006*
Liquid investments (note 22)	370	(29)	-	-	(23)	318	*318*
Interest-bearing loans and borrowings (note 23)	(5,958)	(703)	(222)	(92)	477	(6,498)	*(6,363)*
Derivative financial instruments (net) (note 24)	(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)*

(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 with these values quoted on liquid markets. 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.

25. Analysis of Net Debt *continued*

Currency profile

The 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 2008 is as follows:

	euro €m	US Dollar €m	Pound Sterling €m	Swiss Franc €m	Other (ii) €m	Total €m
Cash and cash equivalents - floating rate	**331**	**174**	**22**	**66**	**206**	**799**
Liquid investments - floating rate	**42**	**43**	**43**	**-**	**-**	**128**
Interest-bearing loans and borrowings - fixed rate	**(34)**	**(4,271)**	**(263)**	**(4)**	**(3)**	**(4,575)**
Interest-bearing loans and borrowings - floating rate	**(1,536)**	**(413)**	**(406)**	**(247)**	**(121)**	**(2,723)**
Net (debt)/cash by major currency excluding derivative financial instruments	**(1,197)**	**(4,467)**	**(604)**	**(185)**	**82**	**(6,371)**
Derivative financial instruments (including mark-to-market)	**(1,349)**	**1,543**	**542**	**(300)**	**(156)**	**280**
Net debt by major currency including derivative financial instruments	**(2,546)**	**(2,924)**	**(62)**	**(485)**	**(74)**	**(6,091)**
Non-debt assets and liabilities analysed as follows:						
Non-current assets	**4,662**	**6,512**	**470**	**790**	**1,765**	**14,199**
Current assets	**2,023**	**2,337**	**234**	**395**	**580**	**5,569**
Non-current liabilities	**(629)**	**(1,204)**	**(145)**	**(135)**	**(166)**	**(2,279)**
Current liabilities	**(1,200)**	**(1,365)**	**(181)**	**(196)**	**(299)**	**(3,241)**
Minority interest	**(27)**	**(6)**	**-**	**(8)**	**(29)**	**(70)**
Capital and reserves attributable to the Company's equity holders	**2,283**	**3,350**	**316**	**361**	**1,777**	**8,087**

The equivalent disclosure for the prior year is as follows:

	euro €m	US Dollar €m	Pound Sterling €m	Swiss Franc €m	Other (ii) €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

25. Analysis of Net Debt *continued*

Interest profile and analysis of gross debt and effective interest rates

31st December 2008

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 2008 are as follows:

	euro €m	US Dollar €m	Pound Sterling €m	Swiss Franc €m	Other (ii) €m	Total €m
Interest-bearing loans and borrowings - fixed rate as above (iii)	**(34)**	**(4,271)**	**(263)**	**(4)**	**(3)**	**(4,575)**
Impact of derivative financial instruments on fixed rate debt	**(1,124)**	**2,553**	**263**	**-**	**(22)**	**1,670**
Net fixed rate interest-bearing loans and borrowings	**(1,158)**	**(1,718)**	**-**	**(4)**	**(25)**	**(2,905)**
Weighted average fixed interest rates	***5.5%***	***6.3%***	**-**	***4.2%***	***6.6%***	***5.9%***
Weighted average fixed periods - years	***4.1***	***8.5***	**-**	***1.5***	***1.7***	***6.7***
Gross debt by major currency - analysis of effective interest rates						
- interest rates excluding derivative financial instruments	***6.6%***	***6.5%***	***5.6%***	***2.9%***	***6.2%***	***6.3%***
- gross debt excluding derivative financial instruments	**(1,570)**	**(4,684)**	**(669)**	**(251)**	**(124)**	**(7,298)**
- interest rates including derivative financial instruments	***5.8%***	***6.1%***	***3.7%***	***2.0%***	***5.8%***	***5.6%***
- gross debt including derivative financial instruments	**(2,919)**	**(3,141)**	**(127)**	**(551)**	**(280)**	**(7,018)**

The equivalent disclosure for the prior year is as follows:

31st December 2007

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 (ii) €m	Total €m
Interest-bearing loans and borrowings - fixed rate as above (iii)	(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)

(ii) The principal currencies included in this category are the Canadian Dollar, the Polish Zloty, the Argentine Peso, the Ukrainian Hryvnya, the Israeli Shekel, the Turkish Lira, the Chinese Renminbi and the Indian Rupee.

(iii) Of the Group's gross fixed rate debt at 31st December 2008, €2,892 million (2007: €2,176 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 reflected in the Group Income Statement. The balance of gross fixed rate debt of €1,683 million (2007: €1,355 million) are financial liabilities measured at amortised cost in accordance with IAS 39.

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 Group 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.

26. Provisions for Liabilities

	At 1st January €m	Translation adjustment €m	Arising on acquisition €m	Provided during year €m	Utilised during year €m	Reversed unused €m	Discount unwinding (note 8) €m	At 31st December €m
Net present cost								
31st December 2008								
Insurance (i)	**209**	**7**	**1**	**66**	**(79)**	**-**	**10**	**214**
Guarantees and warranties (ii)	**23**	**-**	**-**	**7**	**(5)**	**(4)**	**1**	**22**
Rationalisation and redundancy (iii)	**13**	**-**	**-**	**23**	**(17)**	**(1)**	**1**	**19**
Environment and remediation (iv)	**64**	**3**	**1**	**9**	**(11)**	**(1)**	**2**	**67**
Other	**80**	**(2)**	**2**	**15**	**(22)**	**(8)**	**2**	**67**
Total	**389**	**8**	**4**	**120**	**(134)**	**(14)**	**16**	**389**
Analysed as:								
Non-current liabilities	**248**							**253**
Current liabilities	**141**							**136**
Total	**389**							**389**

The equivalent disclosure for the prior year is as follows:

	At 1st January €m	Translation adjustment €m	Arising on acquisition €m	Provided during year €m	Utilised during year €m	Reversed unused €m	Discount unwinding (note 8) €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

(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 through the application of historical claims triangles. Where actuarial valuation is either inappropriate or impractical, other external assessments are made. The claims triangles applied in valuation indicate that these provisions have an average life of three years (2007: three years).

(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; the average life of these provisions was four years at the balance sheet date (2007: three years).

(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.

27. 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:

	2008 €m	2007 €m
Deferred income tax assets (deductible temporary differences)		
Deficits on Group defined benefit pension obligations (note 28)	94	38
Revaluation of derivative financial instruments to fair value	13	1
Share-based payments	4	21
Other deductible temporary differences (i)	222	276
Total	333	336

(i) These items relate principally to deferred tax assets arising on provisions for liabilities.

Deferred income tax assets have been recognised in respect of all deductible temporary differences.

	2008 €m	2007 €m
Deferred income tax liabilities (taxable temporary differences)		
Taxable temporary differences principally attributable to accelerated tax depreciation and fair value adjustments arising on acquisition	1,441	1,280
Surpluses on Group defined benefit pension obligations (note 28)	-	5
Revaluation of derivative financial instruments to fair value	1	2
Rolled-over capital gains	19	25
Total	1,461	1,312
Movement in net deferred income tax liability		
At 1st January	976	812
Translation adjustment	17	(67)
Net charge for the year (note 10)	89	40
Arising on acquisition (note 34)	81	104
Movement in deferred tax asset on Group defined benefit pension obligations	(67)	46
Movement in deferred tax asset on share-based payments	15	39
Movement in deferred tax liability on cash flow hedges	(4)	2
Reclassification	21	-
At 31st December	1,128	976

28. 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, €43 million (2007: €49 million) was included in other payables in respect of defined contribution pension liabilities and €1 million (2007: nil) was included in other receivables in respect of defined contribution pension prepayments.

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, Switzerland and the United States and four 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.

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.

28. Retirement Benefit Obligations *continued*

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 and 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 April 2005 to December 2008.

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 2008 and 31st December 2007 are as follows:

	Eurozone		Britain and Northern Ireland		Switzerland		United States	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	%	%	**%**	%	**%**	%	**%**	%
Rate of increase in:								
- salaries	**3.80**	4.25	**3.50**	4.00	**2.25**	2.25	**3.50**	4.50
- pensions in payment	**1.80**	2.25	**2.75-3.25**	3.25	**0.50**	1.00	**-**	-
Inflation	**1.80**	2.25	**2.75**	3.00	**1.50**	1.50	**2.00**	2.50
Discount rate	**5.80**	5.50	**6.25**	5.75	**3.50**	3.50	**6.25**	6.25
Medical cost trend rate	**5.25**	5.25	**n/a**	n/a	**n/a**	n/a	**10.00**	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 represented 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 2008 and 31st December 2007, determined in conjunction with the Group's actuaries and analysed by class of investment, are as follows:

Equities	**9.00**	8.00	**9.00**	8.00	**7.50**	6.50	**9.00**	8.00
Bonds	**4.25**	4.50	**4.75**	4.50	**3.25**	3.25	**6.00**	6.00
Property	**7.00**	7.00	**7.00**	7.00	**4.50**	4.50	**7.00**	7.00
Other	**2.50**	4.00	**2.50**	5.50	**2.50**	2.50	**2.50**	4.25

(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:

	2008 €m	2007 €m
Total defined contribution pension expense	**141**	147
Defined benefit		
Pension schemes (funded and unfunded)	**35**	46
Post-retirement healthcare schemes (unfunded)	**-**	-
Long-term service commitments (unfunded)	**-**	1
Total defined benefit expense	**35**	47
Total expense in Group Income Statement	**176**	194

28. Retirement Benefit Obligations *continued*

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	
	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m
Charged in arriving at Group operating profit										
Current service cost	18	19	11	19	16	16	6	6	51	60
Past service cost: benefit enhancements	(2)	1	1	-	2	1	-	-	1	2
Curtailment gain	-	-	(2)	-	-	-	-	-	(2)	-
Subtotal	16	20	10	19	18	17	6	6	50	62
Included in finance revenue and finance costs respectively										
Expected return on scheme assets	(52)	(50)	(30)	(31)	(21)	(16)	(10)	(10)	(113)	(107)
Interest cost on scheme liabilities	45	38	27	32	16	12	10	10	98	92
Subtotal	(7)	(12)	(3)	1	(5)	(4)	-	-	(15)	(15)
Net charge to Group Income Statement	9	8	7	20	13	13	6	6	35	47
Actual return on pension scheme assets	(200)	2	(82)	32	(48)	3	(34)	9	(364)	46

No reimbursement rights have been recognised as assets in accordance with IAS 19 *Employee Benefits*.

(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 2008 and 31st December 2007 is analysed as follows:

	Eurozone		Britain and Northern Ireland		Switzerland		United States		Total Group	
	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m
Equities	258	455	169	290	94	128	58	89	579	962
Bonds	214	214	114	162	216	187	50	48	594	611
Property	49	81	12	18	99	83	-	-	160	182
Other	10	17	5	8	59	60	7	6	81	91
Bid value of assets	531	767	300	478	468	458	115	143	1,414	1,846
Actuarial value of liabilities (present value)	(759)	(793)	(372)	(526)	(500)	(439)	(197)	(173)	(1,828)	(1,931)
Asset limit adjustment	-	-	-	-	-	(10)	-	-	-	(10)
Recoverable (deficit)/surplus in schemes	(228)	(26)	(72)	(48)	(32)	9	(82)	(30)	(414)	(95)
Related deferred income tax asset/(liability)	35	9	20	13	7	(2)	32	13	94	33
Net pension (liability)/asset	(193)	(17)	(52)	(35)	(25)	7	(50)	(17)	(320)	(62)

Analysis of liabilities - funded and unfunded

Funded										
Defined benefit pension schemes	(715)	(751)	(372)	(526)	(495)	(434)	(186)	(162)	(1,768)	(1,873)
Unfunded										
Defined benefit pension schemes	(29)	(26)	-	-	-	-	(4)	(4)	(33)	(30)
Total - defined benefit pension schemes	(744)	(777)	(372)	(526)	(495)	(434)	(190)	(166)	(1,801)	(1,903)
Post-retirement healthcare obligations (unfunded)	(8)	(8)	-	-	-	-	(7)	(7)	(15)	(15)
Long-term service commitments (unfunded)	(7)	(8)	-	-	(5)	(5)	-	-	(12)	(13)
Actuarial value of liabilities (present value)	(759)	(793)	(372)	(526)	(500)	(439)	(197)	(173)	(1,828)	(1,931)

28. Retirement Benefit Obligations *continued*

The assumption made in relation to discount rates is a material source of estimation uncertainty as defined in IAS 1 *Presentation of Financial Statements*. The impact of a reduction of 25 basis points in the discount rates applied would be as follows with a corresponding increase in discount rates being inversely proportional:

	Eurozone		Britain and Northern Ireland		Switzerland		United States		Total Group	
	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m
Revised discount rate	5.55	5.25	6.00	5.50	3.25	3.25	6.00	6.00	n/a	n/a
Revised liabilities figure	(789)	(824)	(392)	(554)	(519)	(456)	(204)	(179)	(1,904)	(2,013)
Split of asset values	%	%	%	%	%	%	%	%	%	%
Equities	48.6	59.3	56.3	60.7	20.1	27.9	50.4	62.2	41.0	52.1
Bonds	40.3	27.9	38.0	33.9	46.2	40.8	43.5	33.6	42.0	33.1
Property	9.2	10.6	4.0	3.8	21.1	18.2	-	-	11.3	9.9
Other	1.9	2.2	1.7	1.6	12.6	13.1	6.1	4.2	5.7	4.9
Total	100	100	100	100	100	100	100	100	100	100

The asset values above include €3 million in respect of investment in Ordinary Shares of the Company (CRH plc) as at 31st December 2008 (2007: €7 million).

Analysis of amount included in the Statement of Recognised Income and Expense (SORIE)

	Eurozone 2008	Eurozone 2007	BNI 2008	BNI 2007	Switzerland 2008	Switzerland 2007	United States 2008	United States 2007	Total Group 2008	Total Group 2007
Actual return less expected return on scheme assets	(252)	(48)	(112)	1	(69)	(13)	(44)	(1)	(477)	(61)
Experience (loss)/gain arising on scheme liabilities (present value)	(11)	(13)	(3)	-	1	(9)	(2)	(3)	(15)	(25)
Assumptions gain/(loss) arising on scheme liabilities (present value)	59	63	61	126	17	54	(3)	12	134	255
Asset limit adjustment	-	-	-	-	10	(10)	-	-	10	(10)
Actuarial (loss)/gain recognised in SORIE	(204)	2	(54)	127	(41)	22	(49)	8	(348)	159

Actuarial gains and losses and percentages of scheme assets and liabilities

	Eurozone 2008	Eurozone 2007	BNI 2008	BNI 2007	Switzerland 2008	Switzerland 2007	United States 2008	United States 2007	Total Group 2008	Total Group 2007
Actual return less expected return on scheme assets	(252)	(48)	(112)	1	(69)	(13)	(44)	(1)	(477)	(61)
% of scheme assets	(47.5%)	(6.3%)	(37.3%)	0.2%	(14.7%)	(2.8%)	(38.3%)	(0.7%)	(33.7%)	(3.3%)
Experience (loss)/gain arising on scheme liabilities (present value)	(11)	(13)	(3)	-	1	(9)	(2)	(3)	(15)	(25)
% of scheme liabilities (present value)	1.4%	1.6%	0.8%	-	(0.2%)	2.1%	1.0%	1.7%	0.8%	1.3%
Actuarial (loss)/gain recognised in SORIE	(204)	2	(54)	127	(41)	22	(49)	8	(348)	159
% of scheme liabilities (present value)	26.9%	(0.3%)	14.5%	(24.1%)	8.2%	(5.0%)	24.9%	(4.6%)	19.0%	(8.2%)

The cumulative actuarial loss recognised in the SORIE, following transition to IFRS on 1st January 2004, is as follows:

	2008 €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
Recognised in 2008 financial year	(348)
Cumulative actuarial loss recognised in SORIE	(239)

28. Retirement Benefit Obligations *continued*

	Eurozone		Britain and Northern Ireland		Switzerland		United States		Total Group	
	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m	2008 €m	2007 €m
Reconciliation of scheme assets (bid value)										
At 1st January	767	784	478	480	458	332	143	143	1,846	1,739
Movement in year										
Translation adjustment	-	-	(97)	(43)	51	(9)	6	(15)	(40)	(67)
Arising on acquisition (note 34)	-	2	-	-	10	131	-	-	10	133
Employer contributions paid	17	15	20	21	15	12	7	14	59	62
Contributions paid by plan participants	5	4	4	5	10	8	-	-	19	17
Benefit payments	(58)	(40)	(23)	(17)	(28)	(19)	(7)	(8)	(116)	(84)
Actual return on scheme assets	(200)	2	(82)	32	(48)	3	(34)	9	(364)	46
Bid value of assets	531	767	300	478	468	458	115	143	1,414	1,846
Asset limit adjustment	-	-	-	-	-	(10)	-	-	-	(10)
At 31st December	531	767	300	478	468	448	115	143	1,414	1,836
Reconciliation of actuarial value of liabilities										
At 1st January	(793)	(818)	(526)	(662)	(439)	(328)	(173)	(193)	(1,931)	(2,001)
Movement in year										
Translation adjustment	-	-	114	49	(51)	11	(10)	19	53	79
Arising on acquisition (note 34)	(6)	(3)	-	-	(12)	(149)	-	-	(18)	(152)
Current service cost	(18)	(19)	(11)	(19)	(16)	(16)	(6)	(6)	(51)	(60)
Contributions paid by plan participants	(5)	(4)	(4)	(5)	(10)	(8)	-	-	(19)	(17)
Benefit payments	58	40	23	17	28	19	7	8	116	84
Past service cost: benefit enhancements	2	(1)	(1)	-	(2)	(1)	-	-	(1)	(2)
Interest cost on scheme liabilities	(45)	(38)	(27)	(32)	(16)	(12)	(10)	(10)	(98)	(92)
Actuarial (loss)/gain arising on:										
- experience variations	(11)	(13)	(3)	-	1	(9)	(2)	(3)	(15)	(25)
- changes in assumptions	59	63	61	126	17	54	(3)	12	134	255
Curtailment gain	-	-	2	-	-	-	-	-	2	-
At 31st December	(759)	(793)	(372)	(526)	(500)	(439)	(197)	(173)	(1,828)	(1,931)

Anticipated employer contributions payable in the 2009 financial year (expressed using average exchange rates for 2008) amount to €55 million in aggregate.

History of scheme assets, liabilities and actuarial gains and losses

	2008 €m	2007 €m	2006 €m	2005 €m	2004 €m
Bid value of assets	1,414	1,846	1,739	1,771	1,465
Actuarial value of liabilities (present value)	(1,828)	(1,931)	(2,001)	(2,221)	(1,815)
Asset limit adjustment	-	(10)	-	-	-
Recoverable deficit	(414)	(95)	(262)	(450)	(350)
Actual return less expected return on scheme assets	(477)	(61)	45	177	17
% of scheme assets	(33.7%)	(3.3%)	2.6%	10.0%	1.2%
Experience (loss)/gain arising on scheme liabilities (present value)	(15)	(25)	(6)	42	(7)
% of scheme liabilities (present value)	0.8%	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 (with materiality defined in the context of the year-end 2008 financial statements).

29. Capital Grants

	2008 €m	2007 €m
At 1st January	11	10
Translation adjustment	-	1
Arising on acquisition (note 34)	2	-
Received	4	3
	17	14
Released to Group Income Statement	(3)	(3)
At 31st December	14	11

There are no unfulfilled conditions or other contingencies attaching to capital grants received.

30. Share Capital - Equity and Preference

	Equity		Preference	
	Ordinary Shares of €0.32 each	Income Shares of €0.02 each (i)	5% Cumulative Preference Shares of €1.27 each (ii)	7% 'A' Cumulative Preference Shares of €1.27 each (iii)
	€m	€m	€m	€m
Authorised				
At 1st January and 31st December 2008	235	15	-	1
Number of Shares ('000s)	735,000	735,000	150	872
Allotted, called-up and fully paid				
At 1st January 2008	175	11	-	1
Share options and share participation schemes (iv)	-	-	-	-
Shares issued in lieu of dividends (v)	-	-	-	-
At 31st December 2008	175	11	-	1

The movement in the number of shares (expressed in '000s) during the financial year was as follows:

At 1st January 2008	547,208	547,208	50	872
Share options and share participation schemes (iv)	401	401	-	-
Shares issued in lieu of dividends (v)	893	893	-	-
At 31st December 2008	548,502	548,502	50	872

The corresponding disclosure in respect of the year ended 31st December 2007 is as follows:

Authorised				
At 1st January and 31st December 2007	235	15	-	1
Number of Shares ('000s)	735,000	735,000	150	872
Allotted, called-up and fully paid				
At 1st January 2007	173	11	-	1
Share options and share participation schemes (iv)	2	-	-	-
Shares issued in lieu of dividends (v)	-	-	-	-
At 31st December 2007	175	11	-	1

The movement in the number of shares (expressed in '000s) during the financial year was as follows:

At 1st January 2007	542,790	542,790	50	872
Share options and share participation schemes (iv)	2,148	2,148	-	-
Shares issued in lieu of dividends (v)	2,270	2,270	-	-
At 31st December 2007	547,208	547,208	50	872

30. Share Capital - Equity and Preference *continued*

(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 or unless the business of the meeting includes certain matters, which are specified in the Articles of Association. Dividends on the 7% 'A' Cumulative Preference Shares are payable half-yearly on 5th April and 5th October in each year.

(iv) **Share schemes**

Share option 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 to the financial statements and in the Report on Directors' Remuneration on pages 51 to 57. Under these schemes, options over a total of 2,046,216 Ordinary Shares were exercised during the financial year (2007: 3,022,122). Of this total, 19,380 (2007: 1,795,766) were satisfied by the issue of new shares for total proceeds of €0.3 million (2007: €27 million); 1,944,501 (2007: nil) by the re-issue of Treasury Shares and 82,335 (2007: 1,226,356) by the purchase of Ordinary Shares on the market by the Employee Benefit Trust.

Share participation schemes
At 31st December 2008, 6,466,707 (2007: 6,028,916) Ordinary Shares had been appropriated to participation schemes. In the financial year ended 31st December 2008, the appropriation of 55,849 shares was satisfied by the re-issue of Treasury Shares and the appropriation of 381,942 shares was satisfied by the issue of new shares. In the prior financial year, the appropriation was satisfied by the issue of 352,547 new shares. 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 2008, 893,242 (2007: 1,922,128) Ordinary Shares were issued to the holders of Ordinary Shares who elected to receive additional Ordinary Shares at a price of €24.15 (2007: €29.92) per share, instead of part or all of the cash element of their 2007 and 2006 final dividends. The 2008 interim dividend was paid wholly in cash. In November 2007, 347,752 Ordinary Shares were issued to the holders of Ordinary Shares who elected to receive additional Ordinary Shares at a price of €31.01 per share, instead of part or all of the cash element of their 2007 interim dividend.

31. Reserves

	2008				
	Share premium account €m	Treasury Shares/ own shares €m	Other reserves €m	Foreign currency translation reserve €m	Retained income €m
At 1st January	**2,420**	**(19)**	**70**	**(547)**	**5,843**
Currency translation effects	**-**	**-**	**-**	**(97)**	**-**
Premium on shares issued	**28**	**-**	**-**	**-**	**-**
Share option expense (note 7)					
- share option schemes	**-**	**-**	**17**	**-**	**-**
- Performance Share Plan	**-**	**7**	**-**	**-**	**-**
Shares acquired by CRH plc (Treasury Shares) (i)	**-**	**(411)**	**-**	**-**	**-**
Treasury Shares re-issued in satisfaction of share option exercises	**-**	**48**	**-**	**-**	**(48)**
Shares acquired by Employee Benefit Trust (own shares) (ii)	**-**	**(3)**	**-**	**-**	**-**
Share option exercises (note 30 (iv))	**-**	**-**	**-**	**-**	**31**
Dividends (including shares issued in lieu of dividends) (note 11)	**-**	**-**	**-**	**-**	**(369)**
Actuarial loss on Group defined benefit pension obligations (note 28)	**-**	**-**	**-**	**-**	**(348)**
Movement in deferred tax asset on Group defined benefit pension obligations	**-**	**-**	**-**	**-**	**67**
Current tax impact of share option exercises	**-**	**-**	**-**	**-**	**2**
Movement in deferred tax asset on share-based payments	**-**	**-**	**-**	**-**	**(15)**
Losses relating to cash flow hedges	**-**	**-**	**-**	**-**	**(28)**
Movement in net deferred tax asset on cash flow hedges	**-**	**-**	**-**	**-**	**4**
Group profit for the financial year attributable to equity holders of the Company	**-**	**-**	**-**	**-**	**1,248**
At 31st December	**2,448**	**(378)**	**87**	**(644)**	**6,387**

The corresponding dislosure in respect of the year ended 31st December 2007 is as follows:

	2007				
	Share premium account €m	Treasury Shares/ own shares €m	Other reserves €m	Foreign currency translation reserve €m	Retained income €m
At 1st January	2,318	(14)	52	(137)	4,659
Currency translation effects	-	-	-	(410)	-
Premium on shares issued	102	-	-	-	-
Share option expense (note 7)					
- share option schemes	-	-	18	-	-
- Performance Share Plan	-	5	-	-	-
Shares acquired by Employee Benefit Trust (own shares) (ii)	-	(10)	-	-	(41)
Share option exercises (note 30 (iv))	-	-	-	-	20
Dividends (including shares issued in lieu of dividends) (note 11)	-	-	-	-	(318)
Actuarial gain on Group defined benefit pension obligations (note 28)	-	-	-	-	159
Movement in deferred tax asset on Group defined benefit pension obligations	-	-	-	-	(46)
Current tax impact of share option exercises	-	-	-	-	13
Movement in deferred tax asset on share-based payments	-	-	-	-	(39)
Gains relating to cash flow hedges	-	-	-	-	8
Movement in net deferred tax liability on cash flow hedges	-	-	-	-	(2)
Group profit for the financial year attributable to equity holders of the Company	-	-	-	-	1,430
At 31st December	2,420	(19)	70	(547)	5,843

31. Reserves *continued*

(i) As at the balance sheet date, the total number of Treasury Shares held was 16,204,005 (2007: nil), reflecting purchases during the financial year ended 31st December 2008 of 18,204,355 shares (at an average price of €22.30 excluding associated costs) and shares re-issued totalling 2,000,350 (at an average price of €23.94) (see note 30 (iv) above). The nominal value of these shares as at 31st December 2008 was €6 million (2007: nil).

(ii) In accordance with the terms of the Performance Share Plan (see note 7), which was approved by shareholders at the 2006 Annual General Meeting, Ordinary Shares have been purchased by the Employee Benefit Trust on behalf of CRH plc. There was no movement on these shares during the financial year. The number of these shares held as at the balance sheet date was as follows:

	Ordinary Shares	
	2008	2007
At 1st January	**937,750**	627,750
Shares acquired by Employee Benefit Trust under Performance Share Plan	**-**	310,000
At 31st December	**937,750**	937,750

The nominal value of own shares, on which dividends have been waived by the Trustees of the Performance Share Plan, amounted to €0.3 million at 31st December 2008 (2007: €0.3 million).

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.

Reconciliation of shares issued to proceeds shown in Group Cash Flow Statement

	2008 €m	2007 €m
Shares issued at nominal amount (note 30):		
- share options and share participation schemes	**-**	2
Premium on shares issued	**28**	102
Total value of shares issued	**28**	104
Shares issued in lieu of dividends (note 11)	**(22)**	(68)
Proceeds from issue of shares - Group Cash Flow Statement	**6**	36

32. Minority Interest

	2008 €m	2007 €m
At 1st January	**66**	41
Translation adjustment	**-**	(3)
Profit after tax (less attributable to associates)	**13**	8
Dividends paid by subsidiaries to minority interests	**(5)**	(5)
Arising on acquisition (note 34)	**(4)**	25
At 31st December	**70**	66

33. Commitments under Operating and Finance Leases

Operating leases

Future minimum rentals payable under non-cancellable operating leases at 31st December are as follows:

	2008 €m	2007 €m
Within one year	**240**	230
After one year but not more than five years	**548**	498
More than five years	**396**	320
	1,184	1,048

Finance leases

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2008		2007	
	Minimum payments €m	Present value of payments €m	Minimum payments €m	Present value of payments €m
Within one year	**8**	**6**	16	14
After one year but not more than five years	**10**	**8**	14	11
More than five years	**5**	**5**	6	5
Total minimum lease payments	**23**		36	
Less: amounts allocated to future finance costs	**(4)**		(6)	
Present value of minimum lease payments	**19**	**19**	30	30

34. Acquisition of Subsidiaries and Joint Ventures

The principal business combinations completed during the year ended 31st December 2008 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

India: My Home Industries (45% acquired 22nd May, additional 5% acquired 22nd August); the Netherlands: Drentse Beton Centrale (30th September); Poland: Osielec quarry (4th January); Spain: Moron quarry (4th March); Switzerland: Belser (9th July); Turkey: 50% of readymixed concrete assets of Basaran RMC (15th January); Ukraine: BudUkrmaterial (15th August); United Kingdom: C4 Industries (30th January).

Europe Products

Belgium: Hela (29th January); China: Goldway Beijing & Sinasia (22nd January); Germany: Hammerl (26th February); Hungary: Ferrobeton (3rd April); Ireland: Concrete Stairs Systems (24th January); the Netherlands: Jonker Beton (15th April); Sweden: Distanssystem (12th May); United Kingdom: SWS (20th March) and Ancon (30th April).

Europe Distribution

France: Cleau (1st August); Germany: Paulsen (1st July); the Netherlands: Imabo Nieuwegein (20th May), Hagens Bouwmaterialen (28th May) and Hasco (1st August); Switzerland: Reco-Regusci (5th May) and Stürm (20th June).

Americas Materials

Colorado: Valco (22nd January), Varra Companies (7th July) and Casey Concrete (1st August); Florida: Ace Asphalt (15th July); Idaho: American Paving (16th May); Iowa: Bedrock Ready Mix (13th June); Massachusetts: Kroboth Companies (14th January); Mississippi: Bonds (15th September); Nebraska: Mallard Sand & Gravel (30th January); New York: New Windsor Equipment Rentals and Service (13th June); North Carolina: Western Materials (16th June); Ohio: HP Streicher (18th January); Oregon: Dalton Rock (15th September); Tennessee: Renfro Construction Company (14th February) and Highland Sand Company (4th April); Utah: Dixie Redi-Mix (7th March), Holdaway Pit (15th April) and JR Ready Mix (21st November); Virginia: Floyd Asphalt Paving Company (2nd January).

Americas Products

North America – California: Underground Precast Solutions (20th August); Florida: Pilot Steel Assets (28th April) and Gem Seal (21st July); Georgia: Southern Drainage Products & Supply (14th April); Iowa: Waupaca Northwoods (12th November, also Missouri, Wisconsin); Kentucky: remaining 50% of Landmark (1st February); Nevada: Tri-Delta (14th April); South America – Chile: 81% of Comercial Duomo (26th February).

Americas Distribution

North America – Illinois: Tri-State Roofing & Siding Wholesale (3rd March, also Wisconsin).

34. Acquisition of Subsidiaries and Joint Ventures *continued*

	2008 €m	2007 €m
Identifiable net assets acquired (excluding net debt assumed)		
Assets		
Non-current assets		
Property, plant and equipment	**429**	999
Intangible assets: - goodwill	**366**	807
- excess of fair value of identifiable net assets over consideration paid	**(6)**	(4)
- other intangible assets	**52**	132
Investments in associates	**1**	(2)
Other financial assets (i)	**2**	(42)
Deferred income tax assets	**1**	18
Total non-current assets	**845**	1,908
Current assets		
Inventories	**66**	263
Trade and other receivables	**126**	411
Total current assets	**192**	674
Equity		
Minority interest	**4**	(25)
Total equity	**4**	(25)
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	**(82)**	(122)
Retirement benefit obligations	**(8)**	(19)
Provisions for liabilities (stated at net present cost)	**-**	(3)
Capital grants	**(2)**	-
Total non-current liabilities	**(92)**	(144)
Current liabilities		
Trade and other payables	**(89)**	(313)
Current income tax liabilities	**(12)**	(6)
Provisions for liabilities (stated at net present cost)	**(4)**	17
Total current liabilities	**(105)**	(302)
Total consideration (enterprise value)	**844**	2,111
Consideration satisfied by		
Cash payments	**837**	1,922
Professional fees incurred on business combinations	**8**	19
Cash and cash equivalents acquired on acquisition	**(68)**	(83)
Net cash outflow	**777**	1,858
Net debt (other than cash and cash equivalents) assumed on acquisition:		
- non-current interest-bearing loans and borrowings and finance leases	**9**	22
- current interest-bearing loans and borrowings and finance leases	**46**	200
Deferred and contingent acquisition consideration (stated at net present cost)	**12**	31
Total consideration (enterprise value)	**844**	2,111

(i) The amount arising on acquisition in 2007 includes the derecognition of €44 million of loans to Cementbouw B.V., a former joint venture, following the purchase of the remaining 55% stake during the year.

34. 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 adjustment €m	Accounting policy alignments €m	Adjustments to provisional fair values €m	Fair value €m
Non-current assets (excluding goodwill)	212	266	2	5	485
Current assets	193	-	(3)	2	192
Non-current liabilities	(23)	(68)	-	(1)	(92)
Current liabilities	(96)	(4)	3	(8)	(105)
Minority interest	4	-	-	-	4
Identifiable net assets acquired (excluding goodwill and net debt assumed)	290	194	2	(2)	484
Goodwill arising on acquisition	543	(194)	(2)	13	360
Total consideration (enterprise value)	833	-	-	11	844

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 2008 to the fair values of business combinations completed during 2007, where those fair values were not readily or practicably determinable as at 31st December 2007, were as follows:

	Initial fair value assigned €m	Adjustments to provisional fair values €m	Revised fair value €m
Non-current assets (excluding goodwill)	804	5	809
Current assets	540	2	542
Non-current liabilities	(52)	(1)	(53)
Current liabilities	(233)	(8)	(241)
Minority interest	(22)	-	(22)
Identifiable net assets acquired (excluding goodwill and net debt assumed)	1,037	(2)	1,035
Goodwill arising on acquisition	697	13	710
Total consideration (enterprise value)	1,734	11	1,745

34. 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:

	2008 €m	2007 €m
Revenue	**530**	1,215
Cost of sales	**(392)**	(881)
Gross profit	**138**	334
Operating costs	**(85)**	(233)
Group operating profit	**53**	101
Profit on disposal of non-current assets	**-**	-
Profit before finance costs	**53**	101
Finance costs (net)	**(26)**	(42)
Profit before tax	**27**	59
Income tax expense	**(8)**	(18)
Group profit for the financial year	**19**	41

The revenue and profit of the Group for the financial period 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 2008			
	2008 acquisitions €m	CRH Group excluding 2008 acquisitions €m	Pro-forma consolidated Group €m	Pro-forma 2007 €m
Revenue	**817**	**20,357**	**21,174**	22,563
Group profit for the financial year	**28**	**1,243**	**1,271**	1,482

A number of business combinations have been completed subsequent to the balance sheet date. None of these combinations is individually material to the Group (with materiality defined in the context of the year-end 2008 financial statements) 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.

35. 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 63 to 69. The Group's principal subsidiaries, joint ventures and associates are disclosed on pages 124 to 129.

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 (either in full or to the extent of the Group's interest) in accordance with IAS 27 *Consolidated and Separate Financial Statements* and IAS 31 *Interests in Joint Ventures*. The amounts in respect of joint ventures are immaterial in the context of the year-end 2008 financial statements. Loans extended by the Group to joint ventures and associates (see note 15) are included in financial assets (whilst the Group's share of the corresponding loans payable by joint ventures is 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 2008 amounted to €17 million (2007: €19 million) and €584 million (2007: €497 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 51 to 57, the Directors, other than the non-executive Directors, serve as executive officers of the Company. Full disclosure in relation to the 2008 and 2007 compensation entitlements of the Board of Directors is provided in the Report on Directors' Remuneration.

36. Post Balance Sheet Event

On 3rd March 2009, the Group announced a fully underwritten Rights Issue to raise approximately €1.238 billion (net of expenses). The Rights Issue will involve the issue of 152,087,952 New Ordinary Shares (representing 28.57% of the existing issued share capital of the Company and 22.22% of the issued share capital of the Company including the New Ordinary Shares) at €8.40 per share, on the basis of 2 New Ordinary Shares for every 7 Existing Ordinary Shares.

37. Board Approval

The Board of Directors approved and authorised for issue the financial statements on pages 60 to 115 in respect of the year ended 31st December 2008 on 3rd March 2009.

Company Balance Sheet

as at 31st December 2008

Notes		2008 €m	2007 €m
	Non-current assets		
2	Financial assets	**460**	311
	Current assets		
3	Debtors	**5,683**	4,768
	Cash at bank and in hand	**149**	98
		5,832	4,866
	Creditors (amounts falling due within one year)		
4	Trade and other creditors	**1,636**	1,669
	Corporation tax liability	**2**	-
	Bank loans and overdrafts	**1**	2
		1,639	1,671
	Total assets less liabilities	**4,653**	3,506
	Capital and reserves		
6	Called-up share capital	**186**	186
6	Preference share capital	**1**	1
6	Share premium	**2,452**	2,424
7	Treasury Shares and own shares	**(378)**	(19)
7	Revaluation reserve	**42**	42
7	Other reserves	**827**	60
7	Profit and loss account	**1,523**	812
	Shareholders' funds	**4,653**	3,506

K. McGowan, M. Lee, Directors

Notes to the Company Balance Sheet

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 expense

Operating income and expense arises from the Company's principal activities as a holding company for the Group and is 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 page 65 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.

Treasury Shares and own shares

Treasury Shares
Own equity instruments (i.e. Ordinary Shares) acquired by the Company are deducted from equity and presented on the face of the Company Balance Sheet. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's Ordinary Shares.

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 Company Balance Sheet.

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:

	Shares (i) €m	Other €m	Total €m
At 1st January 2008 at cost/valuation	**251**	**60**	**311**
Additions	**126**	**-**	**126**
Capital contribution in respect of employee share options expense	**-**	**16**	**16**
Capital contribution in respect of Performance Share Plan expense	**-**	**7**	**7**
At 31st December 2008 at cost/valuation	**377**	**83**	**460**

The equivalent disclosure for the prior year is as follows:

At 1st January 2007 at cost/valuation	1,030	44	1,074
Disposals	(779)	-	(779)
Capital contribution in respect of employee share options	-	11	11
Capital contribution in respect of Performance Share Plan expense	-	5	5
At 31st December 2007 at cost/valuation	251	60	311

(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:

	2008 €m	2007 €m
At valuation 31st December 1980	**47**	47
At cost post 31st December 1980	**330**	204
Total	**377**	251

3. Debtors

	2008 €m	2007 €m
Amounts owed by subsidiary undertakings	**5,683**	4,768

4. Trade and Other Creditors

	2008 €m	2007 €m
Amounts falling due within one year		
Amounts owed to subsidiary undertakings	**1,636**	1,669

5. Dividends Proposed (Memorandum Disclosure)

Details in respect of dividends proposed of €258 million (2007: €260 million) are presented in the dividends note (note 11) on page 82 of the notes to the Group's IFRS financial statements.

6. Called-up Share Capital

Details in respect of called-up share capital, Treasury Shares and own shares are presented in the share capital note (note 30) and in the reserves note (note 31) on pages 107 to 110 respectively of the notes to the Group's IFRS financial statements.

7. Movement in Shareholders' Funds

	2008				
	Share premium account €m	Treasury Shares/ own shares €m	Revaluation reserve €m	Other reserves €m	Profit and loss account €m
At 1st January	**2,424**	**(19)**	**42**	**60**	**812**
Currency translation effects	**-**	**-**	**-**	**-**	**4**
Premium on shares issued	**28**	**-**	**-**	**-**	**-**
Profit after tax before dividends	**-**	**-**	**-**	**750**	**1,093**
Shares acquired by CRH plc (Treasury Shares)	**-**	**(411)**	**-**	**-**	**-**
Treasury Shares re-issued in satisfaction of share option exercises	**-**	**48**	**-**	**-**	**(48)**
Shares acquired by Employee Benefit Trust (own shares)	**-**	**(3)**	**-**	**-**	**-**
Share option exercises	**-**	**-**	**-**	**-**	**31**
Employee share options	**-**	**7**	**-**	**17**	**-**
Dividends (including shares issued in lieu of dividends)	**-**	**-**	**-**	**-**	**(369)**
At 31st December	**2,452**	**(378)**	**42**	**827**	**1,523**

	2007				
	Share premium account €m	Own shares €m	Revaluation reserve €m	Other reserves €m	Profit and loss account €m
At 1st January	2,322	(14)	42	557	314
Currency translation effects	-	-	-	-	(2)
Premium on shares issued	102	-	-	-	-
Transfer to profit and loss account from other reserves	-	-	-	(515)	515
Profit before tax and dividends	-	-	-	-	24
Shares acquired by Employee Benefit Trust (own shares)	-	(10)	-	-	(41)
Share option exercises	-	-	-	-	20
Employee share options	-	5	-	18	-
Dividends received from subsidiaries	-	-	-	-	300
Dividends (including shares issued in lieu of dividends)	-	-	-	-	(318)
At 31st December	2,424	(19)	42	60	812

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 Company financial statements amounted to €1,474 million (2007: €6 million).

8. Share-based Payments

The total expense of €24 million (2007: €23 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 2008 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 116 to 119 in respect of the year ended 31st December 2008 on 3rd March 2009.

Shareholder Information

Dividend payments

An interim dividend of 20.5c was paid in respect of Ordinary Shares on 31st October 2008.

A final dividend of 48.5c, if approved, will be paid in respect of Ordinary Shares on 11th May 2009. 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 Capita 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 Capita 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.

As the above arrangements can be inflexible for institutional shareholders, where shares are held in CREST dividends are automatically paid in euro unless a currency election is made, irrespective of the address on the Share Register. CREST members should use the facility in CREST to make currency elections. Such elections must be made in respect of entire holdings as partial elections are not permissible.

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 system. Shareholders have the choice of holding their shares in electronic form or in the form of share certificates.

Share price data

		2008 €	2007 €
Share price at 31st December		**17.85**	23.85
Market capitalisation		**9.5bn**	13.1bn
Share price movement during the year:	- high	**27.17**	38.20
	- low	**13.80**	21.92

Shareholdings as at 31st December 2008

Ownership of Ordinary Shares

Geographic location *	Number of shares held '000	% of total
Ireland	53,668	10
United Kingdom	66,724	12
United States	205,400	38
Europe/Other	133,091	24
Retail	73,415	13
Treasury Shares	16,204	3
	548,502	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	18,197	62.04	6,677	1.22
1,001 - 10,000	9,546	32.55	27,676	5.04
10,001 - 100,000	1,272	4.34	33,512	6.11
100,001 - 1,000,000	247	0.84	73,862	13.47
Over 1,000,000	67	0.23	406,775	74.16
	29,329	100	548,502	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 2009	3rd March 2009
Ex-dividend date	11th March 2009
Record date for dividend	13th March 2009
Latest date for receipt of scrip forms	24th April 2009
Interim Management Statement	6th May 2009
Annual General Meeting	6th May 2009
Dividend payment date and first day of dealing in scrip dividend shares	11th May 2009
Trading update statement	7th July 2009
Announcement of interim results for 2009	25th August 2009
Interim Management Statement	10th November 2009

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, interim management 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.

Electronic communications

Following the introduction of the 2007 Transparency Regulations, and in order to adopt a more environmentally-friendly and cost-effective approach, the Company provides the Annual Report to shareholders electronically via the CRH website, www.crh.com, and only sends a printed copy to those shareholders who specifically request a copy. Shareholders who choose to do so can receive other shareholder communications, for example, notices of General Meetings and shareholder circulars, electronically. However, shareholders will continue to receive printed proxy forms, dividend documentation and, if the Company deems it appropriate, other documentation by post. Shareholders can alter the method by which they receive communications by contacting Capita Registrars.

Electronic proxy voting

Shareholders may lodge a proxy form for the 2009 Annual General Meeting electronically. Shareholders who wish to submit proxies via the internet may do so by accessing CRH's, or Capita Registrars', website as described below. Shareholders must register for this service on-line before proxy forms can be lodged electronically.

CREST members wishing to appoint a proxy via CREST should refer to the CREST Manual and the notes to the Notice of the Annual General Meeting.

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 Capita 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 Capita Registrars.

American Depositary Receipts

The ADR programme is administered by the Bank of New York Mellon and enquiries regarding ADRs should be addressed to:

BNY Mellon Shareowner Services
P.O. Box 358516
Pittsburgh
PA 15252-8516
Telephone: Toll Free Number (United States residents): 1 888 269 2377
International: +1 201 680 6825
E-mail: shrrelations@bnymellon.com
Website: http://www.bnymellon.com/shareowner

Management

Senior Group Staff

Myles Lee
Chief Executive Officer

Albert Manifold
Chief Operating Officer

Glenn Culpepper
Finance Director

Angela Malone
Company Secretary

Colm Bannon
Group Technical Advisor

Maeve Carton
Head of Group Finance

Jack Golden
Group HR Director

Rossa McCann
Group Treasurer

Éimear O'Flynn
Head of Investor Relations

Pat O'Shea
Group Taxation Director

Philip Wheatley
Group Development Manager

Europe

Materials

Henry Morris
Managing Director

Alan Connolly
Finance Director

Eamon Geraghty
Technical Director

John Corbett
Human Resources Director

John McKeon
Procurement Director

John Madden
Cement Operations Manager

Ireland/Benelux

Donal Dempsey
Regional Director
Ireland and Benelux

Seamus Lynch
Managing Director
Irish Cement

Pat McCleary
Managing Director
Premier Periclase

Larry Byrne
Managing Director
Clogrennane Lime

Frank Byrne
Managing Director
Roadstone-Wood Group

Jim Farrell
Managing Director
Roadstone Dublin

Tom Healy
General Manager
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

Kalervo Matikainen
Managing Director
Finnsementti

Lauri Kivekäs
Managing Director
Rudus

Owen Rowley
Country Manager
Poland

Andrzej Ptak
President
Grupa Ożarów

Mariusz Bogacz
Concrete Products Director
Poland

Brian Walsh
Aggregates & Blacktop Director
Poland & Slovakia

Michal Jankowski
President
ZPW Trzuskawica

Michael O'Sullivan
Country Director
Ukraine

Switzerland

Urs Sandmeier
Country Manager
Switzerland

Paul Zosso
Managing Director
Jura Aggregates & Readymix

Spain

Sebastia Alegre
Managing Director
CRH Spain

Portugal

Jim Mintern
Country Manager
Portugal

Asia

Ken McKnight
Regional Director
Middle East & Asia

Tony Macken
Country Manager
India

Frank Heisterkamp
Country Manager
Turkey & 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

Alain Kirchmeyer
Managing Director
Architectural Products France

Hans-Josef Münch
Managing Director
EHL

Clay Products

Wayne Sheppard
Product Group Director & Managing Director
Ibstock Brick

Geoff Bull
Finance/Development Director

Jan van Ommen
Managing Director
Clay Mainland-Europe

Fred van Dijk
Managing Director
Kooy

Joanna Stelmasiak
Managing Director
CRH Klinkier

Shaun Gray
Managing Director
Forticrete

Richard Lee
Managing Director
Supreme

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

Harrie Klerks
Finance 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

Distribution

Erik Bax
Managing Director

Peter Erkamp
Finance Director

René Doors
Director of Operations

Erik de Groot
Organisational Development Director

Harry Bosshardt
Managing Director
Builders Merchants Central Europe

Peter Stravers
Managing Director
Builders Merchants Benelux

Philippe Denécé
Managing Director
Builders Merchants France

Emiel Hopmans
Managing Director
DIY Europe

The Americas

Mark S. Towe
Chief Executive Officer

Michael O'Driscoll
Chief Financial Officer

Don Eshleman
Executive Vice President

Gary Hickman
Senior Vice President Tax & Risk Management

North America

Materials

Doug Black
Chief Executive Officer

John Keating
President & Chief Operating Officer, East

John Parson
President & Chief Operating Officer, West

Randy Lake
President Performance Group

Charles Brown
Chief Financial Officer

Pascal Convers
Senior Vice President Development

Northeast

Chris Madden
President
Northeast Division

Christian Zimmerman
President
Pike Group

Ciaran Brennan
President
Tilcon Connecticut

John Cooney
President
New York Region

George Thompson
President
Tilcon New Jersey

Central

John Powers
President
Central Division

Doug Rauh
President
Shelly

Dan Stover
President
Michigan Paving & Materials

Mid-Atlantic

Dan Cooperrider
President
Mid-Atlantic Division

Mark Snyder
President
MidA

Willie Crane
President
AMG – North

Kevin Bragg
President
AMG – South

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
APAC Florida

Staker Parson

Scott Parson
President
Staker Parson Division

Northwest

Jeff Schaffer
President
Northwest Division

Rocky Mountain & Midwest

Shane Evans
President
Rocky Mountain & Midwest Division

Jim Gauger
President
Midwest

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

Products & Distribution

William J. Sandbrook
Chief Executive Officer

Architectural Products

Keith Haas
Chief Executive Officer

Paul Valentine
President
Masonry & Hardscapes

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

Tim Ortman
President
APG South

Marcia Gibson
President
APG Midwest

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 Division

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
Architectural Glass

Tom Harris
President
Engineered Products – United States

Mary Carol Witry
President
Engineered Products – Canada

MMI

Celeste Mastin
Chief Executive Officer

Bob Tenczar
Chief Financial Officer

David Clark
President
Merchants Metals

Edward Klavin
President
Meadow Burke

Elizabeth Potts
President
Ivy Steel

Distribution

Michael Lynch
Chairman

Robert Feury, Jr.
Chief Executive Officer

Ron Pilla
President
Interior Products

Donald Toth
President
Exterior Products

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 Fernández
Business Development Manager

Bernardo Alamos
Managing Director
Vidrios Dell Orto & South American Glass Group

Gustavo Arona
Operations Manager
Superglass

Federico Ferro
Managing Director
Cormela

Jaime Bustamante
Managing Director
Comercial Duomo

Principal Subsidiary Undertakings as at 31st December 2008

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
Rudus Oy	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 B.V.	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
Spain		
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	98.89	Cement
Europe Products & Distribution		
Austria		
Distribution		
Quester Baustoffhandel GmbH	100	Builders merchants
Belgium		
Concrete Products		
Douterloigne N.V.	100	Concrete floor elements, pavers and blocks
Ergon N.V.	100	Precast concrete structural elements
Klaps N.V.	100	Concrete paving, sewerage and water treatment
Marlux Klaps N.V.	100	Decorative concrete paving
MBI Beton B.V.	100	Architectural products
Oeterbeton N.V.	100	Precast concrete
Olivier Betonfabriek N.V.	100	Architectural products
Prefaco N.V.	100	Precast concrete structural elements
Remacle S.A.	100	Precast concrete products
Schelfhout N.V.	100	Precast concrete wall elements
Clay Products		
J. De Saegher Steenhandel en Bouwspecialiteiten N.V.	100	Clay brick factors
Building Products		
Plakabeton N.V.	100	Construction accessories
Portal S.A.	100	Glass roof structures
Distribution		
Van Neerbos Bouwmarkten N.V.	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
Manchester Brick and Precast Limited	100	Brick-clad precast components
Building Products		
Airvent Systems (Services) Limited	100	Smoke ventilation systems and services
Ancon Limited	100	Construction accessories
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 Insulation (UK) 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
Czech Republic		
Building Products		
DIS Tech s.r.o.	100	Construction accessories
Halfen-Deha s.r.o.	100	Construction accessories
Denmark		
Concrete Products		
Betonelement A/S	100	Precast concrete structural elements
Betongruppen RBR A/S	100	Paving manufacturer
Dalton Betonelementer A/S	100	Structural products
Expan A/S	100	Structural products
Building Products		
ThermiSol Denmark A/S	100	EPS insulation
Estonia		
Building Products		
ThermiSol OU	100	EPS insulation
Finland		
Building Products		
ThermiSol Oy	100	EPS insulation

Incorporated and operating in	% held	Products and services
France		
Concrete Products		
Béton Moulé Industriel S.A.	99.95	Precast concrete products
Chapron Leroy S.A.S.	100	Utility products
Cinor S.A.S.	100	Structural products
Stradal S.A.S.	100	Landscape, utility and infrastructural concrete products
Building Products		
Ste Heda S.A.	100	Security fencing
Heras Clôture S.A.R.L.*	100	Temporary fencing
Laubeuf S.A.S.	100	Glass roof structures
Plakabeton France S.A.	100	Construction accessories
Distribution		
CRH Ile de France Distribution S.A.S.	100	Builders merchants
Germany		
Concrete Products		
EHL AG	100	Concrete paving and landscape walling products
Rhebau Rheinische Beton und Bauindustrie GmbH & Co. KG	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
EcoTherm GmbH	100	PUR/PIR insulation
Gefinex Gesellschaft für Innovative Extrusionprodukte GmbH	100	XPE insulation
Greschalux GmbH	100	Domelights and ventilation systems
Hammerl GmbH & Co. KG	100	Construction accessories
Halfen GmbH	100	Metal construction accessories
Heras SKS GmbH	100	Security fencing
Jet Brakel Aero GmbH	100	Rooflights, glass roof structures and ventilation systems
JET-Tageslicht & 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 Deutschland GmbH	100	EPS insulation
Distribution		
Paulsen & Bräuninger GmbH	100	Sanitary ware, heating and plumbing
Hungary		
Concrete Products		
Ferrobeton Zrt	100	Precast concrete structural elements

Principal Subsidiary Undertakings *continued*

Incorporated and operating in	*% held*	*Products and services*
Europe Products & Distribution continued		
Ireland		
Concrete Products		
Concrete Stair Systems Limited	100	Precast concrete products
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
Netherlands		
Concrete Products		
Alvon Bouwsystemen B.V.	100	Precast concrete structural elements
Calduran Kalkzandsteen B.V.	100	Sand-lime bricks and building elements
Dycore B.V.	100	Concrete flooring elements
Jonker Beton B.V.	100	Concrete paving products
Heembeton B.V.	100	Precast concrete structural elements
Struyk Verwo Groep B.V.	100	Concrete paving products
Clay Products		
Kleiwarenfabriek Buggenum B.V.	100	Clay brick manufacturer
Kleiwarenfabriek De Bylandt B.V.	100	Clay paver manufacturer
Kleiwarenfabriek De Waalwaard B.V.	100	Clay brick manufacturer
Kleiwarenfabriek Façade Beek B.V.	100	Clay brick manufacturer
Kleiwarenfabriek Joosten Kessel B.V.	100	Clay brick manufacturer
Kleiwarenfabriek Joosten Wessem B.V.	100	Clay brick manufacturer
Kooy Bilthoven B.V.	100	Clay brick factors
Steenfabriek Nuth B.V.	100	Clay brick manufacturer
Building Products		
Arfman Hekwerk B.V.*	100	Producer and installer of fauna and railway fencing solutions
Aluminium Verkoop Zuid B.V.	100	Roller shutter and awning systems
BIK Bouwprodukten B.V.	100	Domelights and continuous rooflights
Brakel/Atmos B.V.	100	Glass roof structures, continuous rooflights and ventilation systems
EcoTherm B.V.	100	PUR/PIR insulation
Heras Nederland B.V.	100	Security fencing and perimeter protection

Incorporated and operating in	*% held*	*Products and services*
Netherlands *continued*		
Mavotrans B.V.	100	Construction accessories
Unidek Group B.V.	100	EPS insulation
Unipol Holland B.V.	100	EPS granulates
Vaculux B.V.	100	Domelights
Distribution		
CRH Bouwmaten B.V.	100	Cash & Carry building materials
CRH Bouwmaterialenhandel B.V.	100	Builders merchants
CRH Roofing Materials B.V.	100	Roofing materials merchant
N.V.B. Ubbens Bouwstoffen B.V.	100	Builders merchants
Stoel van Klaveren Bouwstoffen B.V.	100	Builders merchants
Syntec B.V.	100	Ironmongery merchants
Van Neerbos Bouwmarkten B.V.	100	DIY stores
Van Neerbos Bouwmaterialen B.V.	100	Builders merchants
Norway		
Building Products		
Halfen-Frimeda AS	100	Construction accessories
Poland		
Concrete Products		
Ergon Poland Sp. z o.o.	100	Structural products
Prefabrykaty Sp. z o.o.*	100	Precast concrete 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.	80.62	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 Products		
Elpreco SA	100	Architectural products
Slovakia		
Concrete Products		
Premac Spol. s.r.o.	100	Concrete paving and floor elements

Incorporated and operating in	*% held*	*Products and services*
Spain		
Building Products		
Plakabeton S.L.U.	100	Construction accessories
Distribution		
JELF BricoHouse S.L.	60	Builders merchants
Sweden		
Building Products		
ThermiSol AB	100	EPS insulation
TUVAN-stängsel AB	100	Security fencing
Switzerland		
Concrete Products		
Element AG	100	Prefabricated structural concrete elements
Building Products		
U.C. Aschwanden Holding AG *	100	Construction accessories
Distribution		
BR Bauhandel AG (trading as BauBedarf, Richner, Sanmat and Sabez)	100	Builders merchants and sanitary ware and ceramic tiles
CRH Gétaz Holding AG (trading as Gétaz Romang and Miauton)	100	Builders merchants
Regusci S.A. (trading as Regusci and Reco)	100	Builders merchants

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 Distrubutors, Inc.	100	Aggregates 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 Materials, Inc.	100	Holding company
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

Principal Subsidiary Undertakings *continued*

Americas Products & Distribution

Argentina

Incorporated and operating in	% held	Products and services
CRH Sudamericana S.A.	100	Holding company
Canteras Cerro Negro S.A.	99.98	Clay rooftiles, wall tiles and floor tiles
Cormela S.A.	100	Clay blocks
Superglass S.A.	100	Fabricated and tempered glass products

Canada

Architectural Products Group

Incorporated and operating in	% held	Products and services
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

Glass Group

Incorporated and operating in	% held	Products and services
Oldcastle Glass Engineered Products Canada, Inc.	100	Architectural-rated operable windows and curtain wall
Xemax International, Inc. (trading as Antamex International)	100	Architectural curtain wall

Chile

Incorporated and operating in	% held	Products and services
Vidrios Dell Orto, S.A.	99.9	Fabricated and tempered glass products
Comercial Duomo Limitada	81	Wholesaler and retailer of specialised building products

United States

Incorporated and operating in	% held	Products and services
CRH America, Inc.	100	Holding company
Oldcastle, Inc.	100	Holding company
Oldcastle Building Products, Inc.	100	Holding company

Architectural Products Group

Incorporated and operating in	% held	Products and services
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 (trading as Bend Industries)	100	Specialty masonry, hardscape and patio products
Oldcastle Architectural, Inc.	100	Holding company
Oldcastle APG Midwest, Inc. (trading as 4D Schusters and Miller Material Co.),	100	Specialty masonry, hardscape and patio products
Oldcastle APG Northeast, Inc. (trading as Anchor Concrete Products, Arthur Whitcomb, Betco Supreme, Domine Builders Supply, Foster-Southeastern, Trenwyth Industries)	100	Specialty masonry, hardscape and patio products
Oldcastle APG South, Inc. (trading as Adams Products, Georgia Masonry Supply)	100	Specialty masonry, hardscape and patio products
Oldcastle APG Texas, Inc. (trading as Custom-Crete, Custom Stone Supply, 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, Sierra Building Products, Superlite 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

Distribution Group

Incorporated and operating in	% held	Products and services
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 Holdings, Inc.	100	Distribution of drywall, acoustical ceiling systems, metal studs and commercial door solutions
Arzee Acquisition Corp. (trading as Arzee Supply)	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

Incorporated and operating in	% held	Products and services
Antamex (US), Inc.	100	Architectural curtain walls
Oldcastle Glass, Inc.	100	Custom-fabricated architectural glass
Oldcastle Glass Engineered Products, Inc.	100	Engineered aluminium glazing systems and integrated building envelope solutions

Construction Accessories, Fencing and WWR

Incorporated and operating in	% held	Products and services
Merchants Metals Holding Company	100	Holding company
MMI Products, Inc. (trading as Merchants Metals, Meadow Burke and ADC Manufacturing)	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, LLC	100	PC strand

Precast Group

Incorporated and operating in	% held	Products and services
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 as at 31st December 2008

Incorporated and operating in	*% held*	*Products and services*
Europe Materials		
India		
My Home Industries Limited *	50	Cement
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		
Building Products		
Jackon Insulation N.V.	49	XPS insulation
Germany		
Building Products		
Jackon Insulation GmbH *	49.20	XPS insulation
Distribution		
Bauking AG *	47.82	Builders merchants, DIY stores
France		
Distribution		
Doras S.A. *	57.85	Builders merchants
Ireland		
Building Products		
Williaam Cox Ireland Limited	50	Glass construction, continuous rooflights and ventilation systems
Netherlands		
Distribution		
Bouwmaterialenhandel de Schelde B.V.	50	DIY stores
Portugal		
Distribution		
Modelo Distribuição de Materials de Construção S.A. *	50	Cash & Carry building materials
Americas Materials		
United States		
American Cement Company, LLC *	50	Cement
Bizzack Construction LLC *	50	Construction
Boxley Aggregates of West Virginia, LLC *	50	Aggregates
Cadillac Asphalt, LLC *	50	Asphalt

Principal Associated Undertakings as at 31st December 2008

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		
Distibution		
Groupe SAMSE S.A. *	21.66	Builders merchants and DIY stores
Melin Trialis S.A.S. *	34.81	Builders merchants
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 subsidiary, joint venture and associated undertakings will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in the Republic of 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		2,520	3,354	4,234	5,211	6,734	8,870	10,444	10,794	11,080	12,820
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
Taxation on profit on ordinary activities		(42)	(58)	(76)	(100)	(152)	(194)	(217)	(227)	(218)	(247)
Taxation on exceptional items		-	-	-	-	(26)	-	-	-	-	-
Profit on ordinary activies after taxation		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)		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)		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)	(e)	62.0	74.4	88.9	111.2	161.2	204.1	213.7	219.8	223.4	256.4
Dividend cover (times)	(f)	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) 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.

(f) Excluding exceptional net gains in 1999.

Group Financial Summary

(Figures prepared in accordance with IFRS)		Restated 2004 €m	2005 €m	2006 €m	2007 €m	**2008 €m**
Revenue		12,755	14,449	18,737	20,992	**20,887**
Group operating profit		1,220	1,392	1,767	2,086	**1,841**
Profit on disposal of non-current assets		11	20	40	57	**69**
Profit before finance costs		1,231	1,412	1,807	2,143	**1,910**
Finance costs		(264)	(297)	(407)	(473)	**(503)**
Finance revenue		118	138	155	170	**160**
Group share of associates' profit after tax		19	26	47	64	**61**
Profit before tax		1,104	1,279	1,602	1,904	**1,628**
Income tax expense		(232)	(273)	(378)	(466)	**(366)**
Group profit for the financial year		872	1,006	1,224	1,438	**1,262**
Employment of capital						
Non-current and current assets						
Property, plant and equipment		5,831	6,824	7,480	8,226	**8,888**
Intangible assets		1,774	2,252	2,966	3,692	**4,108**
Investments in associates/other financial assets		292	635	651	652	**870**
Net working capital	(g)	1,540	1,944	2,420	2,469	**2,650**
Other liabilities - current and non-current	(h)	(1,035)	(1,243)	(1,099)	(869)	**(1,126)**
Total		8,402	10,412	12,418	14,170	**15,390**
Capital and reserves excluding preference share capital		4,944	6,194	7,062	7,953	**8,086**
Preference share capital		1	1	1	1	**1**
Minority interest		34	39	41	66	**70**
Capital grants		13	12	10	11	**14**
Net deferred income tax liability		652	718	812	976	**1,128**
Net debt	(i)	2,758	3,448	4,492	5,163	**6,091**
Total		8,402	10,412	12,418	14,170	**15,390**
Purchase of property, plant and equipment		551	652	832	1,028	**1,039**
Acquisitions and investments		1,019	1,298	2,311	2,227	**1,072**
Total		1,570	1,950	3,143	3,255	**2,111**
Depreciation of property, plant and equipment (including asset impairments)		516	556	664	739	**781**
Amortisation of intangible assets		4	9	25	35	**43**
Earnings per share after amortisation of intangible assets (cent)		163.6	186.7	224.3	262.7	**233.1**
Earnings per share before amortisation of intangible assets (cent)		164.3	188.5	229.0	269.2	**241.1**
Dividend per share (cent)		33.00	39.00	52.00	68.00	**69.00**
Cash earnings per share (cent)	(j)	261.8	292.5	352.1	404.9	**386.9**
Dividend cover (times)	(k)	4.96	4.79	4.31	3.86	**3.38**

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 instrument liabilities less the sum of liquid investments, cash and cash equivalents and current and non-current derivative financial instrument 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 including asset impairments, where applicable, 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.

Index

Notice of Meeting

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, 6th May 2009 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 2008.
2. To declare a dividend on the Ordinary Shares.
3. To re-elect the following Directors:
   Mr. W.P. Egan
   Mr. J.M. de Jong
   Mr. M. Lee
   in accordance with Article 103
   Mr. G.A. Culpepper
   Mr. A. Manifold
   Mr. W.I. O'Mahony
   Mr. M.S. Towe
   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 an Ordinary Resolution:

   That the Ordinary share capital of the Company be increased to €320,000,000 by the creation of 265,000,000 Ordinary Shares of €0.32 each and the Income share capital of the Company be increased to €20,000,000 by the creation of 265,000,000 Income Shares of €0.02 each, such new shares to rank pari passu in all respects with the existing Ordinary and Income Shares respectively.
6. To consider and, if thought fit, to pass as an Ordinary Resolution:

   That, in accordance with the powers, provisions and limitations of Article 11(d) of the Articles of Association of the Company, the Directors be and they are hereby authorised to allot relevant securities up to an aggregate nominal value of €77,691,855. This authority shall expire on the fifth anniversary of the date of the passing of this Resolution.
7. 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 €11,634,000. This authority shall expire at the close of business on the earlier of the date of the Annual General Meeting in 2010 or 5th August 2010.
8. 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 2010 or 5th August 2010.
9. To consider and, if thought fit, to pass as a Special Resolution:

   That Article 8B of the Articles of Association of the Company be and is hereby amended by the deletion of paragraphs 8B(b)(i) and 8B(d) and the insertion of the following in their place:

   "(i) in the case of an Employee Share Scheme (as defined in paragraph (d) below), an amount equal to the price as provided for in such Employee Share Scheme, or"

   "(d) "Employee Share Scheme" means any scheme or plan which involves the appropriation or issue of Ordinary Shares or the issue of options to acquire Ordinary Shares in the Company and which has been approved by the Company's shareholders in general meeting."
10. 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 2010 or 5th August 2010.
11. To consider and, if thought fit, to pass as an Ordinary Resolution:

    That the Directors be and they are hereby authorised, pursuant to Article 135(b) of the Articles of Association of the Company, to exercise the powers contained in the said Article so that the Directors may offer to the holders of Ordinary Shares in the capital of the Company the right to elect to receive an allotment of additional Ordinary Shares credited as fully paid instead of cash in respect of all or part of any dividend or dividends falling to be declared or paid during the period commencing on the date of adoption of this Resolution and expiring on the date of the Annual General Meeting to be held in 2014 or such part of such dividend or dividends as the Directors may determine.
12. To consider and, if thought fit, to pass as a Special Resolution:

    That it is hereby resolved that, with effect from the implementation into Irish Law of Directive 2007/36/EC of the European Parliament and of the Council of 11th July 2007 on the exercise of certain rights of shareholders and listed companies, the provision in Article 61(a) allowing for the convening of Extraordinary General Meetings by at least 14 clear days' notice (where such meetings are not convened for the passing of a Special Resolution) shall continue to be effective.
13. To consider and, if thought fit, to pass as a Special Resolution:

    That the Articles of Association of the Company be and are hereby amended by:-

    (i) the deletion of Articles 78 to 83 and the insertion in their place of the following new Articles 78 to 85:

    "78. Every member entitled to attend and vote at a general meeting may appoint a proxy or proxies to attend, speak and vote on his behalf provided that, where a shareholder appoints more than one proxy in relation to a general meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by him.

    79. A proxy shall have the right to exercise all or any of the rights of his appointor, or (where more than one proxy is appointed) all or any of the rights attached to the shares in respect of which he is appointed as the proxy to attend, and to speak and vote, at a general meeting of the Company. Unless his appointment provides otherwise, a proxy may vote or abstain at his discretion on any resolution put to the vote.

    80. The appointment of a proxy shall be in writing in any usual form or in any other form which the Directors may approve and shall be executed by or on behalf of the appointor. The signature on such appointment need not be witnessed. A body corporate may execute a form of proxy under its Common Seal or under the hand of a duly authorised officer thereof or in such other manner as the Directors may approve. A proxy need not be a member. The appointment of a proxy in electronic form shall only be effective in such manner as the Directors may approve.

    81. Where the appointment of a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of that power or authority or any other proof or confirmation of that power or authority acceptable to the Directors is to be received by the Company:-

(i) in physical form, it shall be deposited at the Office or at such other place or places (if any) as is specified for that purpose in, or by way of note to, the notice convening the meeting,

(ii) in electronic form, it may be so received where an address has been specified by the Company for the purpose of receiving electronic communications:-

(a) in the notice convening the meeting; or

(b) in any appointment of proxy sent out by the Company in relation to the meeting; or

(c) in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting;

provided that it is so received by the Company not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and, in default, the appointment of the proxy shall not be treated as valid PROVIDED THAT:

(a) in the case of a meeting which is adjourned to, or a poll which is to be taken on, a date which is less than seven days after the date of the meeting which was adjourned or at which the poll was demanded, it shall be sufficient if the appointment of the proxy and any other authority and certification thereof as aforesaid is so received by the Company at the commencement of the adjourned meeting or the taking of the poll; and

(b) an appointment of a proxy relating to more than one meeting (including any adjournment thereof) having once been so received for the purposes of any meeting shall not require to be delivered, deposited or received again for the purposes of any subsequent meeting to which it relates.

82. Receipt by the Company of an appointment of a proxy in respect of a meeting shall not preclude a member from attending and voting at the meeting or at any adjournment thereof. However, if he votes in person on a resolution, then as regards that resolution his appointment of a proxy will not be valid.

83. A vote given or poll demanded in accordance with the terms of an appointment of a proxy or a resolution authorising a representative to act on behalf of a body corporate shall be valid notwithstanding the previous death, insanity or winding up of the principal or revocation of the proxy or of the authority under which the proxy or authority was executed or the transfer of the share in respect of which the proxy or authority is given, provided that no intimation in writing of such death, insanity, winding up, revocation, or transfer as aforesaid is received by the Company at the Office, at least forty-eight hours before the commencement of the meeting or adjourned meeting at which the proxy is used or at which the representative acts PROVIDED HOWEVER that where such intimation is given in electronic form it shall have been received by the Company at least twenty-four hours (or such lesser time as the Directors may specify) before the commencement of the meeting.

84. The Directors may send, at the expense of the Company, by post, electronic mail or otherwise, to the members forms for the appointment of a proxy (with or without reply-paid envelopes for their return) for use at any general meeting or at any class meeting, either in blank or nominating any one or more of the Directors or any other persons in the alternative. The proxy form may make provision for three-way voting on all resolutions intended to be proposed, other than resolutions which are merely procedural. If, for the purpose of any meeting, invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the expense of the Company, such invitations shall be issued to all (and not to some only) of the members entitled to be sent a notice of the meeting and to vote thereat by proxy, but the accidental omission to issue such invitations to, or the non-receipt of such invitations by, any member shall not invalidate the proceedings at any such meeting.

BODIES CORPORATE ACTING BY REPRESENTATIVES AT MEETINGS

85. Any body corporate which is a member of the Company may, by resolution of its directors or other governing body, authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or of any class of members of the Company, and any person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual member of the Company. Where a member appoints more than one representative in relation to a general meeting, each representative must be appointed to exercise the rights attached to a different share or shares held by the member.";

(ii) the deletion of the existing Article 34; and

(iii) the renumbering of the Articles of Association and all cross references therein to reflect the amendments provided for in (i) and (ii) above.

Resolutions 1 to 4, 6 to 8 and 10 are Ordinary Business of the meeting. All other resolutions are Special Business.

For the Board, A. Malone, Secretary,
42 Fitzwilliam Square, Dublin 2.
1st April 2009

See notes overleaf

Notes

(1) The final dividend, if approved, will be paid on the Ordinary Shares on 11th May 2009.

(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) To be valid, proxy forms must be received by the Company's Registrar, Capita Registrars, either electronically or to P.O. Box 7117, Dublin 2 (if delivered by post) or to Unit 5, Manor Street Business Park, Manor Street, Dublin 7 (if delivered by hand), not later than 11.00 a.m. on Monday, 4th May 2009.

(4) 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.

(5) 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, 4th May 2009. 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.

(6) 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, 4th May 2009 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.

This report is printed on paper manufactured to the highest environmental standards. The wood pulp comes from forests that are being continuously replanted.

Designed and produced by Lunt McIntyre.
Printed by The Printed Image

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