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**CRH Finance Germany GmbH
Düsseldorf**

**Audit Report
Annual Financial Statements and Management Report
31 December 2014**

Ernst & Young GmbH
Auditors





Table of Contents

	Page
A. Audit assignment	1
B. Basic observations	1
I. Statement on assessment of the financial position by the legal representative	1
II. Irregularities	3
C. Object, type and scope of audit	4
D. Accounting observations	6
I. Correctness of accounting	6
1. Previous year's annual financial statements	6
2. Bookkeeping and further audited documents	7
3. Annual Financial Statements	7
4. Management Report	8
II. Overall presentation of the Annual Financial Statements	8
1. Fundamental bases for evaluation	8
2. Summary evaluation	8
F. [sic] Auditors' opinion	9



Appendices

1. Balance sheet
2. Profit and loss account
3. Cash flow statement
4. Statement of changes in equity
5. Notes
6. Management Report
7. Legal environment

Terms and conditions of engagement, liability and restrictions on use

General terms and conditions of engagement

Note: For technical accounting reasons, rounding differences compared with the mathematically exact values (money units, percentages etc.) may occur in tables and in references.



List of abbreviations

CRH	CRH plc, Dublin, Ireland
CRH Finance	CRH Finance Germany GmbH, Düsseldorf
CRH Deutschland	CRH Deutschland GmbH, Kruft



A. Audit assignment

By a resolution of the shareholders' meeting dated 26 January 2015, the Board of Management of CRH Finance Germany GmbH, Düsseldorf (hereinafter referred to in abbreviated form as the "Company" or "CRH Finance") has engaged us in respect of the audit of the Annual Financial Statements dated 31 December 2014, including the associated Accounting and Management Reports.

During our audit, we complied with the applicable regulations concerning impartiality.

Our general terms and conditions of engagement for auditors and auditing companies dated 1 January 2002, which are attached as notes, apply to this engagement, also in relation to third parties. We also refer to the liability provisions contained in Section 9 and the exclusion of liability in relation to third parties, as well as to the additional provisions of the attached notes "terms and conditions of engagement, liability and restrictions on use".

Our reporting is done in accordance with the generally accepted accounting principles used for audits of financial statements undertaken by the Institute of Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf) (IDW PS 450).

B. Basic observations

I. Statement on assessment of the financial position by the legal representative

We consider the representation and assessment of the financial position of the Company and its expected development, as provided by the Board of Management in the Annual Financial Statements and in the Management Report, to be accurate.



Business performance and position of the Company

The following aspects must be highlighted:

- ▶ Since 2013, CRH Finance has been integrated into the EMTN (Euro Medium Term Notes) programme of the group parent company CRH. In 2014, it placed, for the first time, a bond in the amount of €600 million, guaranteed by CRH, with various German stock exchanges for over-the-counter trading.
- ▶ Due to the bond issue, it does not make economic sense to make comparisons with the previous year.
- ▶ Significant expense items during the past financial year are the guarantee fees falling due within the framework of the guarantee agreement with CRH (€1,889,000), as well as accrued interest (€4,862,000). Due to the very low interest rate compared to long-term financial investments, the investment interest of €305,000 which was achieved was not able to cover costs incurred in 2014.
- ▶ As of the balance sheet date, the liquidity of CRH Finance amounted to €603,419,000 and includes the cash pool holding of €10,651,000, balances of €597,630,000 held at credit institutions, and short-term amounts owed to credit institutions of €4,862,000, resulting from the accrued interest.
- ▶ The equity-to-assets ratio was 2.0% for 2014 and 99.9% for the previous year.
- ▶ The annual short fall of €6,669,000 is offset by the profit-and-loss transfer agreement of the parent company CRH Deutschland.



Expected development of the Company

The representation of the expected development of the Company in the Management Report is based on assumptions where there is a margin for judgement. We consider this representation to be plausible. In this context, the following core statements must in particular be noted:

- ▶ Due to stronger investment on the part of the Group, as already announced, according to the Board of Management long-term investment options will result in 2015 which will lead to a positive reinvestment result over the seven-year term of the bond.
- ▶ Based on the implementation over time of the investments, the Board of Management expects a negative result from ordinary business activities during the rest of 2015.

II. Irregularities

When carrying out the annual audit, we became aware of the following fact described below, representing a breach of statutory regulations.

Contrary to the provisions of Section 264 Paragraph 1 Sentence 3 of the German Commercial Code (HGB), the annual financial statements were not issued during the first three months of the new financial year.

We have reminded the Board of Management of its obligations in respect of preparation of financial statements.



C. Object, type and scope of audit

Object of the audit

As part of our assignment we audited the bookkeeping, the annual financial statements – consisting of balance sheet, profit and loss account, cash flow statement, statement of changes in equity and notes – and the Management Report, in accordance with Section 317 of the German Commercial Code (HGB) for conformity with the applicable statutory regulations.

The evaluation criteria employed for our audit of the annual financial statements were the accounting regulations contained in Sections 242 to 256a and Sections 264 to 288 of the German Commercial Code (HGB), as well as the special regulations of the German Law on Limited Liability Companies (GmbH Gesetz). There are no additional accounting provisions in the Articles of Association. The audit criteria for the Management Report were the regulations contained in Section 289 of the German Commercial Code (HGB).

The Board of Management is responsible for the bookkeeping, the accounting-related internal control system, the annual financial statements, the Management Report, and the information provided to us and the submitted documents. We are responsible for evaluating the said documents and information as part of the audit, undertaken by us in accordance with professional standards.

Type and scope of the audit

We carried out our audit in accordance with the regulations contained in Sections 316 *et seq.* of the German Commercial Code (HGB), with due regard for the generally accepted German standards for the audit of financial statements as promulgated by the German Institute of Auditors (Institut der Wirtschaftsprüfer – IDW).

According to the above standards, the audit must be planned and carried out in such a way that it can be assessed with sufficient certainty whether the accounting, the annual financial statements and the Management Report are free from significant errors and breaches.

On this basis we carried out the audit of the annual financial statements, with the objective of identifying any such errors and breaches of the statutory regulations concerning accounting which would fundamentally affect the true and fair representation of the assets, financial position and earnings of the Company in accordance with Section 264 Paragraph 2 of the German Commercial Code (HGB).



The basis of our risk-oriented audit procedure is development of an audit strategy. This is based on the evaluation of the economic and legal environment of the Company, its objectives, strategies and business risks. It is also influenced by the size and complexity of the Company and the effectiveness of its accounting-related internal control system. We have taken the knowledge gained from this procedure into account for the selection and the scope of our analytical audit procedures (plausibility assessments) and of the case-by-case scrutiny of the inventory information, the approach, and identification and evaluation in the annual financial statements. In the company-specific audit programme we have set out the focal points of our audit, the type and scope of the audit procedures, as well as the progress over time of the audit and the contribution made by employees. During this process we observed the principles of materiality and risk orientation.

Taking into account the manageable size of the Company and the transparency of its process sequences, in the case under review we normally performed our checks on a case-by-case basis. We therefore made the following the focal points of our audit, in other words carried out the following specific audit procedures:

- ▶ Analysis of the process of preparing the annual financial statements.
- ▶ Audit of the approach to and recognition of the bond.
- ▶ Audit of the approach to, the evaluation and recognition of receivables and payables vis-à-vis affiliated companies.

In addition, we undertook the following standard audit procedures:

- ▶ We obtained bank confirmations from credit institutions.
- ▶ We compared receivables and payables vis-à-vis affiliated companies with recording on the books of the counterparts on the balance sheet date.
- ▶ By means of substantial individual audit procedures we are satisfied that the balance sheet items in the unaudited previous year's balance sheet were recorded and evaluated in such a way that no significant impact from them on representation of the net asset and financial position of the financial year to be audited has to be taken into account.



The objective of our audit procedures as part of auditing the Management Report was to establish whether the Management Report is consistent with the annual financial statements and provides a satisfactory picture of the Company's position, and also whether it adequately describes opportunities and risks related to future development. Within this framework a check was required of the completeness and – to the extent that this concerns forward-looking information – the plausibility of the information. We evaluated the information, taking into account the information we obtained during the audit.

All clarifications and proof requested by us has been provided. The Board of Management has confirmed the completeness of these clarifications and proof to us in writing, as well as the completeness of the bookkeeping, the annual financial statements and the Management Report.

D. Accounting observations

I. Correctness of accounting

1. Previous year's annual financial statements

The previous year's annual financial statements were adopted by the Shareholders' Meeting on 21 July 2014.

The previous year's annual financial statements were published (*Bundesanzeiger* of 4 December 2014).



2. Bookkeeping and further audited documents

The organisation of the bookkeeping, the accounting-related internal control system, the flow of data and record-keeping enable the full, accurate, prompt and orderly recording and booking of the business transactions.

The information obtained from further audited documents led to proper accounting treatment in the bookkeeping, the annual financial statements and the Management Report.

In our opinion, the bookkeeping complies with statutory regulations.

3. Annual Financial Statements

The Company is capital market-oriented as defined in Section 264d of the German Commercial Code (HGB) and is therefore defined as a large company. The annual financial statements and the balance sheet and evaluation methods used for this comply with statutory regulations.

Based on the previous year's unaudited balance sheet, these annual financial statements have been correctly drawn up based on the figures shown in the accounts and on the additionally audited documents.

The cash flow statement complies with generally accepted accounting principles and provides an accurate picture of payment flows during the financial year.

The statement of changes in equity complies with generally accepted accounting principles.

The information in the notes is complete and accurate.

The legal representative has lawfully restricted reporting concerning remuneration of corporate bodies, found in the Notes, by reference to Section 286 Paragraph 4 of the German Commercial Code (HGB).

The company has made use of the relief provided under Section 285 Number 17 of the German Commercial Code (HGB) and has waived the indication and breakdown of the total fee calculated by the auditor for the financial year.



4. Management Report

The Management Report is consistent with the annual financial statements and the knowledge we gained during the audit and, taken as a whole, provides a satisfactory picture of the Company's position. Our audit in accordance with Section 317 Paragraph 2 Sentence 2 of the German Commercial Code (HGB) has led to the conclusion that the main opportunities and risks related to future development are set out in a satisfactory manner. The information in accordance with Section 289 Paragraphs 2, 3 and 5 of the German Commercial Code (HGB) is complete and satisfactory.

II. Overall presentation of the Annual Financial Statements

1. Fundamental bases for evaluation

The fundamental bases for evaluation are explained in the Notes.

2. Summary evaluation

Following our audit assignment, and taking into account the outlined fundamental bases for evaluation and accounting principles, we have come to the conclusion that the annual financial statements, in compliance with generally accepted accounting principles, provide an accurate picture overall of the assets, financial position and earnings of the Company.



F. Auditors' Opinion

We have issued the following opinion in respect of the annual financial statements and the Management Report:

“We have checked the annual financial statements – consisting of the balance sheet, profit and loss account, cash flow statement, statement of changes in equity and notes, making use of the accounting records and the Management Report of CRH Finance Germany GmbH, Düsseldorf, for the financial year from 1 January 2014 to 31 December 2014. Accounting records and the preparation of the annual financial statements and Management Report, in accordance with the regulations under German commercial law, are the responsibility of the legal representatives of the company. It is our task to give an assessment of the annual financial statements on the basis of the audit carried out by us, making use of the accounting records and the Management Report.

We have carried out our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB), with due regard for the generally accepted German standards for the audit of financial statements as promulgated by the German Institute of Auditors (Institut der Wirtschaftsprüfer – IDW). According to the above standards, the audit must be planned and carried out in such a way that it can be assessed with sufficient certainty, with due regard for generally accepted accounting principles, whether there are errors and breaches that would have a significant impact on the representation of the assets, financial position and earnings found in the annual financial statements and in the Management Report. When determining the audit procedures, knowledge concerning the business activities and the economic and legal environment of the Company, as well as expectations concerning possible errors, are taken into account. As part of the audit, the effectiveness of the accounting-related internal control system and proof for the information found in the accounts, annual financial statements and Management Report are primarily evaluated by means of random samples. The audit covers an assessment of the balance sheet principles applied and the main estimations provided by the legal representatives, as well as an appraisal of the overall presentation of the annual financial statements and the Management Report. We are of the opinion that our audit provides a sufficiently secure basis for our evaluation.



Our audit has not led to any objections.

In our opinion, on the basis of the knowledge obtained during the audit, the annual financial statements are in line with the statutory regulations and, with due regard for generally accepted accounting principles, provide a true and fair view of the assets, financial position and earnings of the Company. The Management Report is consistent with the annual financial statements, provides an accurate representation of the overall position of the Company, and sufficiently sets out the opportunities and risks connected with future development.”

Cologne, 12 August 2015

Ernst & Young GmbH
Auditors

[Signature]

Forst, Auditor

[Signature]

Schaub, Auditor

[Seal] Ernst & Young GMBH
Auditors

CRH Finance Germany GmbH, Düsseldorf
Balance sheet dated 31 December 2014

Assets	€	€	31.12.2013 K €	Liabilities	€	€	31.12.2013 K €
A. Current assets				A. Equity			
I. Receivables and other assets				I. Subscribed capital	1,500,000.00		1,500
1. Receivables from affiliated companies	17,320,246.33		12,552	II. Capital reserve	11,109,027.53		11,109
2. Other assets	40,085.94		0		<u>12,609,027.53</u>		<u>12,609</u>
		17,360,322.27	<u>12,552</u>	B. Provisions			
II. Cash balance and credit balances at banks		597,630,344.81	60	Other provisions	42,609.81		0
B. Prepaid expenses of which debt discount €986,205.72 (previous year €0)		2,527,152.10	0	C. Liabilities			
				1. Bonds	600,000,000.00		0
				2. Amounts owed to banks	4,861,643.83		0
				3. Amounts owed to affiliated companies	4,548.01		3
		<u>617,517,829.18</u>	<u>12,612</u>		<u>604,866,191.84</u>		<u>3</u>
					<u>617,517,829.18</u>		<u>12,612</u>

CRH Finance Germany GmbH Düsseldorf
Profit and loss account for the financial year
1 January 2014 to 31 December 2014

	€	€	2013 K €
1. Other operating income	5,705.94		4
2. Other operating expenses	2,118,203.07		8
		-2,112,497.13	-4
3. Other interest and related income, of which €16.51 from affiliated companies (previous year €0)	305,010.52		0
4. Interest and similar expenses	4,861,643.83		2
		-4,556,633.31	-2
5. Profit from ordinary activities		-6,669,130.44	-6
6. Income from losses transferred		6,669,130.44	6
7. Annual surplus		0.00	0

CRH Finance Germany GmbH, Düsseldorf
Cash flow statement

	2014 K €	2013 K €
1. Cash flow from ongoing business activities		
Annual profit prior to absorption	-6,669	-6
Increase in provisions	43	0
Increase/decrease of the claims connected to deliveries and services, as well as of other assets	-2,562	12
Increase/decrease of the liabilities connected to deliveries and services, as well as of other liabilities	1	-402
Cash flow from ongoing business activities	-9,187	-396
2. Cash flow from financing activities		
Payments in from the issuing of bonds	600,000	0
Cash flow from connected to financing activities	600,000	0
3. Financial funds at the end of the period		
Change in the financial funds (interim sums 1-2)	590,813	-396
Financial funds at the start of the period	12,606	13,002
Financial funds at the end of the period	603,419	12,606
4. Composition of the financial funds		
Liquid assets	597,630	60
Cash pool inventory	10,651	12,546
Short-term liabilities in relation to credit institutions	-4,862	0
Financial funds at the end of the period	603,419	12,606

CRH Finance Germany GmbH, Düsseldorf
Statement of changes in equity

	Subscribed capital €	Capital reserves €	Generated equity €	Equity €
31.12.2012	1,500,000.00	11,109,027.53	0.00	12,609,027.53
Annual surplus	0.00	0.00	0.00	0.00
31.12.2013	1,500,000.00	11,109,027.53	0.00	12,609,027.53
Annual surplus	0.00	0.00	0.00	0.00
31.12.2014	1,500,000.00	11,109,027.53	0.00	12,609,027.53

**CRH Finance Germany GmbH Düsseldorf
Notes for 2014**

General Notes

These annual financial statements were issued in accordance with Section 242 *et seq.* and Section 264 *et seq.* of the German Commercial Code (HGB), as well as in accordance with the applicable regulations of the German Law concerning Limited Liability Companies (GmbH Gesetz). The regulations for large capital companies pursuant to Section 267 Paragraph 3 Sentence 2 of the German Commercial Code (HGB) in conjunction with Section 264d HGB apply.

The profit and loss account is broken down in accordance with the total cost method.

A controlling and profit distribution agreement exists with the shareholder CRH Deutschland GmbH, Kruft.

Due to the bond issue at a number of German stock exchanges in July 2014 with a total volume of € 600 million, comparisons with the previous year are not meaningful and have therefore not been made.

Accounting and evaluation methods

Receivables and other assets, as well as **the cash balance and credit balances at banks** are stated at their nominal value.

On the assets side, payments prior to the balance sheet date which show expense for a certain time after this day are shown as **prepaid expenses**.

The **other provisions** take into account all uncertain liabilities and threatened losses from pending business operations. These are stated in the amount of the necessary settlement amount in accordance with a reasonable commercial evaluation (i.e. including future costs and price increases).

Liabilities are stated at the settlement amount.

Deferred taxes are not included due to the tax group level of CRH Finance Germany GmbH.

Explanations concerning the balance sheet

Receivables and other assets

As in the previous year, all receivables and other assets have a residual term of up to one year.

Claims against the shareholder amount to €17,320,000 (previous year €12,552,000) and these are allocated to the cash pool with €10,651,000 (previous year €12,546,000) and to loss absorption on the part of CRH Deutschland GmbH of €6,669,000 (previous year €6,000).

Credit balances with credit institutions

Credit balances with banks exist in the amount of €597,630,000 (previous year €60,000) and at €597,569,000 are the result of placing the bond.

Accruals and deferrals

This includes a debt discount of €986,000 (previous year €0).

Equity

Due to the profit distribution agreement with CRH Deutschland GmbH, the equity of the Company remains unchanged from the previous year and amounts to €12,609,000.

Reserves

The other reserves concern outstanding accounts for various consultancy services.

Liabilities

The residual terms of the liabilities are set out individually in the schedule of liabilities.

In thousand €	Residual term of up to one year	Residual terms of one to five years	Residual term of over five years	Total 31.12.2014	Total 31.12.2013
Type of liability					
1. Bonds (previous year)	0 (0)	0 (0)	600,000 (0)	600,000	0
2. Liabilities vis-à-vis banks (previous year)	4,862 (0)	0 (0)	0 (0)	4,862	0
3. Liabilities vis-à-vis affiliated companies (previous year)	4 (3)	0 (0)	0 (0)	4	3

All liabilities are unsecured.

Within the framework of its duties as an intragroup financing company of the group parent company CRH plc, Dublin, Ireland, the Company placed a fixed interest rate bond, guaranteed by CRH plc, onto the market (ISIN XS1088129660, WKN A12T54). The total value of the bond amounts to €600 million, the smallest tradeable unit is €100,000. The bond has a term of seven years, pays interest at 1.75% and will be repaid on 16 July 2021. The bond is being offered over-the-counter, although not on the regulated market.

Liabilities vis-à-vis affiliated companies are fully attributable to the shareholder (previous year €3,000) and refer to Other Liabilities.

Contingent liabilities, off-balance sheet transactions and other financial obligations

The Company does not have any contingent liabilities, off-balance sheet transactions or other financial obligations which are significant for an evaluation of the financial position.

Business transactions with associated companies and persons

Business transactions with associated companies and persons which did not occur under normal market conditions were not present in the financial year under review.

Explanations concerning the profit and loss account

Other operational expenses

The other operational expenses amounted to €2,118,000 in total (previous year €8,000) and essentially relate to costs incurred in the context of the bond issue.

Financial result

Through short-term investment of received funds, **interest revenues** of €305,000 (previous year €0) were attained during the 2014 financial year. **Interest expenses** from the bond issue in 2014 amounted to €4,862,000 (previous year €0).

Other information

Employees

As in the previous year, the Company had no employees.

Auditing and consultancy fees (information pursuant to Section 285 Number 17 of the German Commercial Code – HGB)

Information concerning the fee for auditing of the annual financial statements is not being provided, as the Company is included in the consolidated group statement of CRH plc, Dublin, Ireland. A corresponding statement of the fees charged will be included therein in summarised form.

Members of the Board of Management

The managing directors during the reporting period are

Mr Dirk Küßner, businessman

Mr Edwin H.O.M. Bouwman, businessman (until 19 May 2014)

Mr Küßner is entitled to represent the Company alone and is, in accordance with the Commercial Register, exempted from the restrictions contained in Section 181 of the German Commercial Code (HGB).

Audit committee (statement pursuant to Section 324 of the German Commercial Code – HGB)

The essential company purpose of CRH Finance Germany GmbH is participation in the EMTN (Euro Medium Term Notes) Programme of the group's parent company CRH plc. The entire EMTN Programme is monitored accordingly by the audit committee of CRH plc.

Group relationships

The shareholder of CRH Finance Germany GmbH is CRH Deutschland GmbH, Kruft. The parent company of the largest group of consolidated entities is CRH plc, Dublin/Ireland. This company issues group annual financial statements and a management report in accordance with EC regulations, which can be obtained from it. These group annual financial statements are translated into German and are published by CRH Deutschland GmbH in the *Bundesanzeiger* (German Federal Gazette).

Düsseldorf, 7 August 2015

Dirk Kießner

**CRH Finance Germany GmbH Düsseldorf
Management Report for 2014**

A. Essential company information

1. CRH Finance Germany GmbH

CRH Finance Germany GmbH is an intragroup financing company of the Irish group of companies CRH, which is active worldwide and is one of the world's leading firms in the area of construction materials. CRH Finance Germany GmbH raises bonds, loans and other financing instruments, grants loans and purchases and maintains shareholdings.

The Company is headquartered in Düsseldorf.

2. Business development

In light of the commercial purpose of the Company, its position is highly dependent on the external financing and reinvestment options available within the group.

CRH Finance Germany GmbH has been integrated into the EMTN (Euro Medium Term Notes) Programme of the group parent company CRH plc, Dublin, Ireland, since 2013. In 2014, the Company successfully issued a bond in the amount of €600 million for over-the-counter trading on various German stock exchanges, on extremely favourable terms, for the first time. The bond was guaranteed by CRH plc. Due to a lack of reinvestment options, the funds were invested for the short term in 2014 as part of the group's cash pooling.

Due to the bond issue, comparisons with the previous year are not economically meaningful and therefore are not being made.

B. Economic report**1. Revenue position**

The results from ordinary business activities for the financial year 2014 show a loss in the amount of €6,669,000 (previous year -€6,000). The main cost positions are the surety fees incurred under the guarantee agreement with CRH plc in the amount of €1,889,000, as well as interest expenses in the amount of €4,862,000 (previous year €2,000). Due to the very low rate of interest when compared with long-term investments, the investment interest of €305,000 achieved was not able to cover costs incurred in 2014.

The annual shortfall of €6,669,000 is being transferred to the parent company CRH Deutschland GmbH by means of the existing profit transfer agreement and is being offset by it.

2. Asset position

CRH Finance Germany GmbH is recording receivables against the shareholder in the amount of €17,320,000, of which €10,651,000 is allocated to the cash pool and €6,669,000 to receivables forming part of profit transfer. Under prepaid expenses, the Company is activating a discount for €986,000, as well as additional accruals in connection with the bond issue.

Due to the profit transfer agreement, equity is constant in comparison to the previous year. However, the equity ratio has fallen from 99.9% to 2.0%.

External capital amounts to €604,909,000. Of this, €43,000 is allocated to other reserves for outstanding accounts, €600,000,000 is allocated to bonds, €4,862,000 to accrued interest, and €4,000 to other liabilities vis-à-vis the shareholder.

3. Financial position

Liquidity amounts to €603,419,000 as of the balance sheet date and is made up of credit balances with credit institutions (€597,630,000), cash pool holdings (€10,651,000) and short-term liabilities vis-à-vis credit institutions from the accrued interest (€4,862,000).

Liquidity was and is guaranteed at all times due to belonging to the cash pool of the CRH Group.

4. Management system

The management of the company is focused on covering all costs of the issued bond, including issuing costs, guarantee fees, interest and other charges for the entire term of the bond. In this context, the relationship of the overall costs of the bond to the overall returns on reinvestment over the term of the bond is used at each time of reinvestment in order to manage the Company.

5. Financial and non-financial performance indicators

The essential finance key figures of the last two years are set out in the following table:

		<u>2014</u>	<u>2013</u>
EBITDA ¹	Thousand €	-2,112	-4
Effective debt ²	Thousand €	-10,081	-12,609
Equity quota ³	%	2.0	99.9

- 1) Earnings before interest, tax and amortisations
- 2) External capital – short-term claims – liquid funds
- 3) Equity / total capital

For our internal management we consult key figures, such as the annual result calculated under commercial law (prior to profit distribution) and the cash flow from ongoing business activities, cash flow from investment activities and cash flow from financing operations.

C. Supplementary report

At the time of issuing of the Management Report, no noteworthy events were present which occurred after the end of the financial year and which would be of significance to the earnings and financial position.

No developments and risks which threaten the continued existence of the company or which could sustainably and significantly influence the asset, financial and earning position of the Company are currently known. Existing risks are taken into account through balance sheet provisions.

D. Outlook, opportunity and risk report

1. Outlook report for 2015

We consider the expected development of the Company to be positive.

Due to the planned strengthened investments of the group which have already been announced, 2015 will see long-term investment opportunities which will lead to a positive reinvestment result over the seven-year term of the bond. Due to time-related implementation, the Board of Management is expecting a negative result from ordinary business activities in 2015.

2. Opportunity report

Due to the planned strengthened acquisition activities of the group in the coming and subsequent years, there will be new investment opportunities for the Company within the group. In particular, these will be in regions in which the general interest level is higher compared to Germany. In addition, the Company will be able to benefit from a possible long-term general increase in interest rates during coming years.

3. Risk report

The risks of the Company lie essentially in the general development of the construction materials sector in the individual regions, which, in the case of poor development, will lead to less acquisition activity on the part of the group and therefore less reinvestment options, and will increase the general credit risk of future borrowers. Due to the granting of loans exclusively within the group and the good creditworthiness of the parent company, this risk can, however, be classified as minor. In addition, all losses will be settled by the shareholder.

In order to minimise the investment risks, the Company is making use of the expertise of the Group Treasury Department, which advises the Board of Management in reference to adequate interest rates and investment risks. In addition, the Company is incorporated into the risk management system of the group as an independent company and is obliged to comply with the existing work instructions and guidelines, in particular the Treasury Policy for Operations. Due to the granting of loans exclusively within the group, all information concerning the respective borrower is always available. This is checked by the Group Treasury Department prior to granting loans.

E. Internal control and risk management system in relation to the accounting process

The Company maintains an internal control system. SOX conformity is checked in our company, as our parent company CRH plc is a company listed on the American stock exchange. In addition, the group continues to maintain integrated systems for the early recognition of risks related to the accounting process, such as balance sheet guidelines, organisation and control of bookkeeping and the annual financial statements issuing process, approval limits, regular reporting, investment and liquidity plans and access entitlements to the IT system. Compliance with the internal control system is monitored, amongst others, by the Internal Audit Department. Control processes in respect of accounting exist for all transactions (the dual control principle).

Düsseldorf, 7 August 2015

Board of Management

Dirk Kießner

CRH Finance German GmbH, Düsseldorf**Legal environment**

1. Basics under commercial law

CRH Finance Germany GmbH (previously Greschalux GmbH and CRH Sechste Vermoögensverwaltung GmbH) is entered in the Commercial Register of Düsseldorf under Commercial Register No. 66176. A current commercial register extract dated 29 July 2015 with the last entry dated 17 November 2014 was available to us.

On 7 July 2011, the articles of association dated 22 August 2000 were reworded overall. They were last amended by means of a shareholders' resolution dated 25 June 2013.

Purpose of the Company

The purpose of the Company is its activities as a financing company in relation to the acquisition of bonds, loans and other financing instruments, the granting of loans and the acquisition and maintenance of shareholdings etc., provided that these activities do not require a permit.

The Company is also entitled to form and purchase similar or different companies in Germany or abroad and to maintain shareholdings in these, as well as to form agencies and subsidiaries.

The Company can bring businesses in which it has a shareholding under its unified management and/or restrict itself to administration of the shareholding(s), and conclude inter-company agreements of any kind. In addition, the Company is entitled to outsource its operations in full or in part to businesses in which it has a shareholding, or to transfer such operations to such businesses.

Financial year

The financial year is the calendar year.

Share capital

The share capital of the Company amounts to €1,500,000.00 and has been fully paid up. CRH Deutschland GmbH, Kruft, is the sole shareholder.

Board of Management and representation**Board of Management**

Dirk Küssner, Neuss, businessman

Edwin H.O.M. Bouwman, Bilthoven, Netherlands, businessman (until 19 May 2014)

Mr Küssner is entitled to represent the Company alone and is exempted from the restrictions of Section 181 of the German Commercial Code (HGB) in accordance with the Commercial Register.

Representation

Ms Anneruth Ernst has been appointed as a proxy.

Ms Ernst is entitled to represent the Company together with a managing director.

Shareholder resolutions

In the shareholders' meeting dated 19 May 2014, Mr Edwin H.O.M. Bouwman was dismissed from the Board of Management. The entry in the Commercial Register was made on 27 May 2014.

In the shareholders' meeting dated 21 July 2014, the annual financial statements of 31 December 2013 were approved and the Board of Management was discharged.

In the shareholders' meeting dated 10 November 2014, the controlling and profit distribution agreement concluded in the year 2000 was amended. The entry in the Commercial Register was made on 17 November 2014.

In the shareholders' meeting dated 26 January 2015, the auditing company Ernst & Young GmbH was appointed as auditor for the 2014 financial year.

2. Significant contracts

Controlling and profit distribution agreement with CRH Deutschland GmbH

In December 2000, a controlling and profit distribution agreement was concluded with CRH Deutschland GmbH as the controlling company. The agreement took effect on 1 January 2001.

According to the agreement, the Company is obliged to transfer all of its profits to CRH Deutschland GmbH. In addition, by analogy, in accordance with Section 302 of the German Stock Corporation Act (AktG), CRH Deutschland GmbH is to settle all annual shortfalls which arise during the contractual term, unless these are covered by the amounts being taken out of the reserves into which they have been inscribed during the contractual term. The contract was initially concluded for a term of five years. As the contract is extended for a year at a time unless terminated by one of the contracting partners at the latest one year before its expiry, the contract will currently remain in force until at least 31 December 2014.

The shareholders' meeting of CRH Germany GmbH approved the controlling and profit distribution agreement in December 2000.

At the shareholders' meeting of 10 November 2014, Section 2 of the controlling and profit distribution agreement was reworded. The amendment concerns the current legislation in relation to Section 302 of the German Stock Corporation Act (AktG). The entry was done on 17 November 2014.

Guarantee Fee Agreement

On 16 July 2014, the Company concluded a guarantee fee agreement with CRH plc, Dublin, Ireland. According to the agreement, CRH plc guarantees repayment of the bond on the maturity date of 16 July 2021. An annual "guarantee fee" of 0.68% per annum must be paid for this.



Cash pooling with CRH Deutschland GmbH

The Company is integrated into the cash pooling of CRH Deutschland GmbH.

3. Tax positions

CRH Finance Germany GmbH is registered with the Mayen Tax Office under Tax Number 29/678/01606.

The tax declarations up to and including 2013 were submitted to the Tax Office and have already been assessed. The tax notices of 2008 are still subject to subsequent inspection.

The last tax audit includes the years 2008 to 2011 and had not been completed by the end of our audit.

CRH Deutschland GmbH is a parent company of CRH Finance Germany GmbH under corporate, commercial and value-added tax laws.



Terms and conditions of engagement, liability and restrictions on use

The auditor summarises the results of its work in the audit report, in particular for each organ within the Company which is responsible for monitoring. The purpose of the audit report is to support the monitoring of the Company by the competent organ by means of documentation of significant audit findings. Therefore, regardless of any rights of receipt or of inspection by third parties prescribed by special statutory regulations, the audit report is addressed exclusively to organs of the Company for internal use within the company.

Our work is subject to our engagement confirmation letter for auditing of these accounts, to the specific terms and conditions of engagement for audits and audit-related activities of Ernst & Young GmbH Auditing Company (as of 1 July 2007), as well as the “general terms and conditions of engagement for auditors and auditing companies” in the version dated 1 January 2002 issued by the German Institute of Auditors (Institut der Wirtschaftsprüfer).

This audit report is only intended to form the basis of decisions of the organs and is not to be used for purposes other than the intended one. Therefore we cannot accept any responsibility, liability or other obligations in relation to third parties, unless we have concluded a written agreement to the contrary with the third party or such an exclusion of liability is ineffective.

We wish to expressly point out that we do not carry out any update of the audit report and/or the audit opinion in respect of events which occur or circumstances which arise after the issuing of the audit opinion, unless a statutory obligation is present in this respect.

Any person who becomes aware of the information contained in this audit report is responsible themselves for deciding whether and in what form the said information is considered useful and suitable for their purposes, and whether the information is to be extended, verified or updated by means of their own audit procedures.

General Terms and Conditions of Engagement for German Public Auditors and Auditing Firms Effective from 1 January 2002

1. Applicability

(1) These terms of engagement are applicable to contracts between German public auditors or auditing firms (hereinafter collectively referred to as the "Auditor") and their clients relating to audits, consultancy and other engagements, insofar as nothing to the contrary is agreed in writing or has mandatory application by virtue of statute.

(2) If, in an individual case, contractual relations have, exceptionally, also been constituted between the Auditor and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) The subject matter of the engagement is the performance of agreed services, not a particular economic outcome. The engagement shall be carried out in accordance with the principles of proper professional practice. The Auditor is entitled to use suitably qualified persons to execute the engagement.

(2) Other than in the case of operational audits, if regard is to be given to foreign law, express written agreement is required.

(3) The engagement does not extend to an examination of whether the requirements of tax law or special provisions such as, for example, provisions of the laws on price controls, restrictive practices and the regulation of business were observed unless this is the purpose of the engagement; the same applies in relation to determining whether subsidies, allowances or other benefits can be claimed. Execution of an engagement will only include auditing procedures aimed at detecting falsification of accounts and other irregularities if grounds for this arise during the carrying of the audit or if this has been expressly agreed in writing.

(4) If the legal position alters after the Auditor has issued his final professional statement, he is not obliged to inform the client of changes or of any resulting implications.

3. Client's duty to give information

(1) The client must ensure that the Auditor is provided with all documents necessary for the conduct of the engagement in good time without the Auditor having to make a special request and must ensure that all events and circumstances which could be of significance for the conduct of the engagement are brought to the Auditor's attention. This also applies in respect of documents, events and circumstances which only become known in the course of the Auditor's work.

(2) At the Auditor's request the client must confirm in a written declaration drafted by the Auditor that the documents provided and the information and declarations given are complete.

4. Safeguarding the Auditor's independence

The client warrants that it will refrain from doing anything which could endanger the independence of the Auditor's staff. This applies in particular to offers of employment and to offers to undertake engagements for their own account.

5. Reporting and verbal information

If the Auditor is required to present the results of his work in writing, only the written statement is authoritative. In relation to auditing engagements, insofar as nothing to the contrary is agreed, the Auditor's Report shall be made in writing. Verbal statements and information provided by employees of the Auditor outside the engagement awarded are never binding.

6. Protection of the Auditor's intellectual property

The client warrants that expert opinions, organisational charts, drafts, drawings, lists and calculations, in particular calculations of quantities and costs, prepared by the Auditor within the scope of his engagement will only be used for its own purposes.

7. Disclosure of the Auditor's professional statements

(1) Disclosure of professional statements made by the Auditor (reports, opinions etc.) to third parties requires the written consent of the Auditor insofar as authorisation to make disclosure to a particular third party does not already result from the terms of engagement. The Auditor is liable (within the scope of No. 9) towards third parties only if the requirements of sentence 1 are fulfilled.

(2) The use of the Auditor's professional statements for promotional purposes is not permitted; an infringement entitles the Auditor to terminate all engagements awarded by the client which have not yet been carried out without notice.

8. Correction of faults

(1) In the case of any faults, the client has a claim to subsequent performance by the Auditor. Only in the event of the failure of the subsequent performance can the client demand a reduction in the fee or rescission of the contract; if the engagement was awarded by a businessman within the scope of his trading activity, a legal entity under public law or a special fund under public law, the client can only demand the rescission of the contract if the performance provided is of no interest to it on account of the failure of the subsequent performance. To the extent that there are claims for damages beyond this, No. 9 is applicable.

(2) The client must assert its claim for the correction of faults in writing without delay. Claims in accordance with paragraph (1) above which are not based on an intentional act become time barred one year after commencement of the statutory limitation period.

(3) Obvious inaccuracies such as, for example, typing and arithmetic errors, and defects in form contained in an Auditor's professional statement (report, opinions and the like) can be corrected by the Auditor at any time, including vis-à-vis third parties. Inaccuracies which are capable of calling into question the conclusions contained in the Auditor's professional statement entitle the Auditor to withdraw the statement, including vis-à-vis third parties. In such cases the Auditor should hear the client's views first, if possible.

9. Liability

(1) *The limitation on liability contained in Article 323 (2) of the German Commercial Code [Handelsgesetzbuch: HGB] is applicable in respect of audits prescribed by law.*

(2) *Liability in the case of negligence; individual case of damage*

If (1) is not applicable and no regulation exists in an individual case, the liability of the Auditor for damages claims of any kind, with the exception of loss or damage resulting from death or injury to body or health, is limited pursuant to Article 54a (1) No. 2 of the Auditors' Regulations [*Wirtschaftsprüferordnung: WPO*] in respect of an individual case of loss or damage caused through negligence to €4 million; this also applies if liability should be established towards a person other than the client. There is also an individual case of loss or damage where there is a unitary loss resulting from a number of breaches of duty. The individual case of loss or damage encompasses all consequences of a breach of duty regardless of whether the losses occurred in one year or in a number of successive years. In this regard multiple acts or omissions based on the same or a similar source of error are deemed to be a unitary breach of duty if the matters concerned are legally or economically connected with each other. In this event the claim against the Auditor is limited to €5 million. The limit of five times the minimum sum insured does not apply in relation to mandatory audits prescribed by statute.

(3) *Preclusive periods*

A claim for damages can only be asserted within a preclusive period of one year after the person entitled to assert the claim has become aware of the loss or damage and of the event forming the basis of the claim, but at the latest, within five years of the occurrence of the event forming the basis of the claim. The claim expires if legal proceedings are not instituted within a time limit of six months following written refusal to pay compensation and the client was notified of this consequence.

This is without prejudice to the right to assert the defence that the claim is time barred. Sentences 1 to 3 also apply in relation to audits prescribed by statute with statutory limitations on liability.

10. Supplementary provisions in respect of audits

(1) A subsequent amendment or abridgement of the financial statements or management report examined by the Auditor and provided with an audit certificate requires the written permission of the Auditor, even if publication does not take place. If the Auditor has not issued an audit certificate, a reference to the audit carried out by the Auditor in the management report or in another place intended for the public is only permissible with the written consent of the Auditor, using the wording authorised by him.

(2) If the Auditor withdraws the audit certificate, it can no longer be used. If the client has already used the audit certificate, at the Auditor's request it must publicise the withdrawal of the audit certificate.

(3) The client has the right to receive five copies of the report. A separate charge will be made for additional copies.

11. Supplementary provisions in respect of assistance with tax matters

(1) The Auditor is entitled when advising on individual tax issues and also when it provides ongoing advice to assume that the facts given by the client, in particular numerical data, are accurate and complete; this applies also to bookkeeping engagements. He must, however, point out any inaccuracies ascertained by him to the client.

(2) Engagement to provide tax advice does not include the procedures required for compliance with deadlines unless the Auditor expressly undertook this task. In this case the client must provide the Auditor with all documents of material importance for compliance with deadlines, in particular tax assessment notices, in good time so that the Auditor has adequate preparation time available to him.

(3) In the absence of written agreement to the contrary, routine tax advice comprises the following activities falling within the period of the contract:

- a) preparation of the annual tax returns in respect of income tax, corporation tax and trade tax, as well as net worth tax returns, on the basis of the annual financial statements and other schedules and supporting documents required for taxation purposes to be produced by the client
- b) examination of tax assessments relating to the taxes specified in a)
- c) negotiations with the tax authorities in connection with the returns and assessments specified in a) and b)
- d) participation in tax audits and evaluation of the results of tax audits in relation to the taxes specified in a)
- e) participation in opposition and appeal procedures in relation to the taxes specified in a).

The Auditor shall take account of material, published court rulings and administrative interpretation in relation to the abovementioned activities.

(4) If the Auditor receives a fixed fee for routine tax advice, in the absence of written agreement to the contrary, the activities specified in (3) d) and e) above shall be charged separately.

(5) Particular individual questions relating to income tax, corporation tax, trade tax, valuation of economic units and net worth tax, as well as all questions relating to turnover tax, salary tax and other taxes and levies are handled on the basis of a separate instruction. This also applies in respect of

- a) work in relation to one-off tax matters, e.g. in the area of inheritance tax, capital transfer tax, property transfer tax;
- b) participation and representation in proceedings before the courts with fiscal and administrative jurisdiction and in criminal proceedings relating to fiscal matters;
- c) advisory and expert work provided in connection with transformations, mergers, capital increases or reductions, reorganisations, accessions and withdrawals of partners or shareholders, sale of businesses, liquidations and the like.

(6) If preparation of the turnover tax return is undertaken as an additional activity, this does not include verification of any special accounting requirements, nor the issue of whether all turnover tax reliefs and allowances which may be available have been claimed. No responsibility is assumed for the completeness of the documentation for claiming the input tax deduction.

12. Duty of confidentiality in relation to third parties; data protection

(1) The Auditor is obliged in accordance with the law to treat all facts which become known to him in connection with his activities on behalf of the client as confidential, irrespective of whether they relate to the client itself or its business connections, unless the client releases the Auditor from this duty of confidentiality.

(2) The Auditor may hand over reports, expert opinions and other written statements relating to the results of his activities to third parties only with the client's permission.

(3) The Auditor is authorised within the scope of the purpose specified by the client to process personal data entrusted to him or to have this processed by third parties.

13. Default in acceptance of performance and failure of client to cooperate

If the client defaults in accepting the services offered by the Auditor or fails to provide the cooperation incumbent upon it in accordance with No. 3 or otherwise, the Auditor is entitled to terminate the contract without notice. This is without prejudice to the Auditor's right to compensation for the additional expenditure incurred by him and for loss or damage caused by the default or failure to cooperate, even if the Auditor does not exercise his right of termination.

14. Remuneration

(1) In addition to his claim for professional fees or charges, the Auditor has a right to reimbursement of his outlays; the turnover tax is charged separately. The Auditor may request reasonable payments on account towards fees and reimbursement of outlays and may make delivery of the work he performs dependent upon full satisfaction of his claims. Where an engagement is awarded by multiple clients, they have joint and several liability.

(2) Set off against the Auditor's claims to remuneration and reimbursement of outlays is only permissible in the case of undisputed claims or finally determined, non-appealable claims.

15. Preservation and return of documents

(1) The Auditor will keep the documents handed over to him in connection with the execution of the engagement and those he has prepared himself, and also the correspondence undertaken in relation to the engagement, for a period of seven years.

(2) After satisfaction of his claims arising out of the engagement, at the client's request the Auditor shall return all documents that he obtained from or for the client for the purpose of the work carried out by him in connection with the engagement. This does not, however, apply in relation to the correspondence between the Auditor and his client, nor to papers which the client already has in the original or of which it has a copy. The Auditor can make and retain copies or photocopies of documents which he returns to the client.

16. Applicable law

German law has exclusive application in relation to the engagement, its execution and any claims arising thereunder.