


**CRH FUNDING B.V.**

**REPORT OF THE DIRECTOR  
AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31 DECEMBER 2017**

Registered with the Chamber of Commerce In The Netherlands under number: 57502536

 **MAZARS**  
CVo 26/4/2018

MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.

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**1 DIRECTOR'S REPORT**

**1.1 General**

The principal business activities of CRH Funding B.V. ("the Company") consist of the supply or to procure the supply of finance to affiliated companies, as well as to draw or to procure the drawing of funding. The Company is a wholly owned subsidiary of CRH Nederland B.V., registered in Rijswijk ZH, The Netherlands and has its business office at Einsteinlaan 26, Rijswijk ZH, The Netherlands. The ultimate parent company is CRH plc, registered in 42 Fitzwilliam Square, Dublin 2, Ireland. CRH Funding B.V. is included in the consolidated financial statements of CRH plc. These latter financial statements can be obtained in the registered office of CRH plc in Ireland. The Company has been incorporated March 19th, 2013.

**1.2 2017 Results**

The Company participates as an "Issuer" in the CRH Euro Medium Term Note Program ("EMTN Program") guaranteed by a corporate guarantee by CRH plc. During 2015 the Company issued a note of € 600 million. The result for the year is a profit of approximately EUR 360.000. This profit is mainly driven by the interest income earned on intercompany deposits, reduced by the interest expenses on the bond loan and guarantee fees.

**1.3 Outlook for 2018 and beyond**

The Company may issue notes under the EMTN Program. The Company may also enter into syndicate loan facilities guaranteed by CRH plc. The Company may lend or make equity contributions to other members of the CRH plc group of companies (the "CRH Group").

**1.4 Statement of Director's Responsibilities**

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent, and
- Comply with Title 9 of book 2 Dutch Civil Code, and
- Comply with applicable International Financial Reporting Standards as adopted by the European Union ("EU-IFRS"), 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 Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements of the Company are prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**1.5 Personnel**

During the financial period the company had no personnel employed (no personnel employed in 2016).

**1.6 Risk management**

The Board of Directors refers to note "Capital and Financial Risk Management" as included in the financial statements for a report on Company's risk management.

To the best of the CRH Funding B.V. Board of Director's knowledge the financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss for the financial period and the Director's report gives a true and fair view of the situation at the balance sheet date and the development of the business during the financial period of the Company.

Amsterdam, 26 April 2018

On behalf of the Directors

E.H.O.M. Bouwman

EDWIN BOUWMAN

CRH Nederland B.V.

Director

E.H.O.M. Bouwman

Director

C.C.B. Roberts

CHRIS ROBERTS


CRH Nederland B.V.

Director

C.C.B. Roberts

Director

FINANCIAL STATEMENTS

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**2 FINANCIAL STATEMENTS**

**2.1 Income Statement**

for the financial year ended 31 December 2017

	Notes	2017	2016
		€'000	€'000
Interest income		16.366	16.513
Interest expenses		(15.860)	(15.865)
<b>Net Interest Income (expense)</b>		<b>506</b>	<b>648</b>
Operating costs	2.8.1	(26)	(40)
<b>Operating result</b>		<b>(26)</b>	<b>(40)</b>
<b>Result before tax</b>		<b>480</b>	<b>608</b>
Income tax expense	2.8.4	(120)	(152)
<b>Result for the financial year</b>		<b>360</b>	<b>456</b>

**2.2 Statement of Comprehensive Income**

for the financial year ended 31 December 2017

	2017	2016
	€'000	€'000
<b>Result for the financial year</b>	<b>360</b>	<b>456</b>
Other comprehensive Income for the year		
<b>Total comprehensive income for the financial year</b>	<b>360</b>	<b>456</b>
Attributable to:		
Equity holders of the Company	360	456

\*The accompanying notes form an integral part of the financial statements.

**2.3 Statement of Cash flows**

for the financial year ended 31 December 2017		Notes	2017	2016
			€'000	€'000
<b>Cash flows from operating activities</b>				
Result before tax			480	456
Net movement on working capital			(17.157)	(4.668)
Corporation tax received/(paid)	2.9		152	7
Interest received on interest bearing loans	2.9		16.645	16.188
<b>Net cash flows from operating activities</b>			<b>120</b>	<b>11.983</b>
<b>Cash flows from investing activities</b>				
Granted interest bearing loans	2.8.5		(2.000)	(12.000)
<b>Net cash flows from investing activities</b>			<b>(2.000)</b>	<b>(12.000)</b>
<b>Cash flows from financing activities</b>				
Share premium	2.8.8		-	-
Received borrowings			12.496	-
Received capital contribution			-	-
Received/paid derivatives			-	-
<b>Net cash flows from financing activities</b>			<b>12.496</b>	<b>-</b>
<b>Movement in cash and cash equivalents</b>			<b>9.616</b>	<b>(17)</b>
<b>Reconciliation of opening to closing cash and cash equivalents</b>				
Cash and cash equivalents at the beginning of the year			-	17
Movement in cash and cash equivalents			9.616	(17)
<b>Cash and cash equivalents at the end of the year</b>	2.8.7		<b>9.616</b>	<b>-</b>

\* The accompanying notes form an integral part of the financial statements.

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## 2.4 Financial Position

for the financial period ended 31 December 2017

		2017	2016
	Notes	€'000	€'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Interest-bearing loans to related parties	2.8.5	597.000	606.496
<b>Total non-current assets</b>		<b>597.000</b>	<b>606.496</b>
<b>Current assets</b>			
Current receivables from related parties	2.8.6	1.069	1.348
Cash and cash equivalents	2.8.7	9.516	-
<b>Total current assets</b>		<b>10.685</b>	<b>1.348</b>
<b>TOTAL ASSETS</b>		<b>607.685</b>	<b>607.844</b>
<b>EQUITY</b>			
Equity share capital	2.8.8	10	10
Share premium	2.8.8	70	70
Retained income		430	(26)
Result for the year		360	456
<b>Shareholders' equity</b>		<b>870</b>	<b>510</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	2.8.9	595.696	595.696
Derivative financial instruments	2.8.8	-	-
Deferred tax liability		-	-
<b>Total non-current liabilities</b>		<b>595.696</b>	<b>595.696</b>
<b>Current liabilities</b>			
Interest on interest-bearing loans and borrowings	2.8.10	10.971	11.460
Other payables	2.8.11	148	178
<b>Total current liabilities</b>		<b>11.119</b>	<b>11.638</b>
<b>Total liabilities</b>		<b>606.815</b>	<b>607.334</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>607.685</b>	<b>607.844</b>

\*The accompanying notes form an integral part of the financial statements.



**2.5 Statement of Changes in Equity**

for the financial period ended 31 December 2017

	Share capital €'000	Share premium €'000	Retained income €'000	Result for the year €'000	Total €'000
Balance at 31 December 2015	10	70	(12)	(14)	54
Appropriation result prior year	-	-	(14)	14	-
Result for the financial year	-	-	-	456	456
Balance at 31 December 2016	10	70	(26)	456	510
Contribution / (Repayment)	-	-	-	-	-
Appropriation result prior year	-	-	456	(456)	-
Result for the financial year	-	-	-	360	360
Balance at 31 December 2017	10	70	430	360	870

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## NOTES TO THE FINANCIAL STATEMENTS

## 2.6 General

The principal business activities of CRH Funding B.V. ("the Company") consists of the supply or to procure the supply of finance to affiliated companies, as well as to draw or to procure the drawing of funding. The Company is a wholly owned subsidiary of CRH Nederland B.V., registered in Rijswijk ZH, The Netherlands and has its business office at Einsteinlaan 26, Rijswijk ZH, The Netherlands. The ultimate parent company is CRH plc, registered in 42 Fitzwilliam Square, Dublin 2, Ireland. CRH Funding B.V. is included in the consolidated financial statements of CRH plc. These latter financial statements can be obtained in the registered office of CRH plc in Ireland.

## 2.7 Accounting Policies

*Statement of compliance*

The financial statements of the Company have been prepared in accordance with Title 9 of book 2 of the Dutch Civil Code and International Financial Reporting Standards (IFRS) as adopted by the European Union (in accordance with Article 362 clause 8, Title 9 of Book 2 of the Dutch Civil Code), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB). The financial statements were authorized for issue by the Board of Directors on \_\_\_\_ April 2018.

*Going concern*

These financial statements have been prepared on a going concern basis as the intent of the parent company is to provide financial support. All loans and borrowings are guaranteed by CRH plc and therefore the company also has access to sufficient liquidity.

*Basis of preparation*

The Financial Statements, which are presented in euro thousands, have been prepared under the historical cost convention as modified by the measurement at fair value of certain financial assets and liabilities including derivative financial instruments.

*Recognition and derecognition*

An asset is recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognized in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability. If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet.

*Fair value measurements*

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.



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

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

	EU effective date periods beginning on or after
IAS 7 Disclosure Initiative - Amendments to IAS 7	1 January 2017
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12	1 January 2017


Standards, amendments and interpretations in issue but not yet effective:

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

	EU effective date periods beginning on or after
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2	1 January 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	1 January 2018
Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 16 Leases	1 January 2019
Annual Improvements to IFRS (2014 - 2016) (Issued on 8 December 2016)	Expected to be effective after 1 January 2018
Amendments to IFRS 9: Prepayment Features with Negative Compensation (Issued on 12 October 2017)	Expected to be effective after 1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments (Issued on 7 June 2017)	Expected to be effective after 1 January 2019

- IFRS 15 Revenue from Contracts with Customers will replace IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations. The new standard is applicable from 1 January 2018 and has been endorsed by the EU. IFRS 15 provides a new five step model to be applied to revenue arising from contracts with customers. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue and may impact the timing and amount of revenue recognized from contracts with customers.  
IFRS 15 is not applicable for the Company, as there are no Revenues from Contracts with Customers.
- IFRS 9 Financial Instruments reflects the final phase of the IASB's work on the replacement of IAS 39 Financial Instruments: Recognition and Measurement and applies to the classification and measurement of financial assets and liabilities as defined in IAS 39, impairment, and the application of hedge accounting. IFRS 9 is effective from 1 January 2018 and has been endorsed by the EU. The new standard will be adopted by the CRH Group on the effective date of 1 January 2018. The Company doesn't apply hedge accounting.  
The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39 Financial Instruments: Recognition and Measurement. Overall, the Company expects no material impact on the Financial Statements. This assessment is based on internally available information and may be subject to change arising from further reasonable and supportable information being made available to the Company in 2018 when the Company adopts the new standard.  
The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the first year of adoption of the new standard.

There are no other IFRS or IFRIC interpretations that are effective subsequent to the financial period-end that would have a material impact on the Company.

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**Key Accounting Policies which Involve Estimates, Assumptions and Judgments**

The preparation of the Financial Statements in accordance with IFRS requires management to make certain estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses at the end of the reporting period. Management believes that the estimates, assumptions and judgments upon which it relies are reasonable based on the information available to it at the time that those estimates, assumptions and judgments are made. In some cases, the accounting treatment of a particular transaction is specifically dictated by IFRS and does not require management's judgment in its application.

Management considers that their use of estimates, assumptions and judgments in the application of the Company's accounting policies are inter-related and therefore discuss them together below. The critical accounting policies which involve significant estimates or assumptions or judgments, the actual outcome of which could have a material impact on the Company's results and financial position outlined below are as follows:

**Taxation - current and deferred**

Current tax represents the expected tax payable (or recoverable) on the taxable profit for the period using tax rates enacted for the period. Any interest or penalties arising are included within current tax. Where items are accounted for outside of the income statement, the related income tax is recognized either in other comprehensive income or directly in equity as appropriate.

Deferred tax is recognized using the liability method on temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. No provision has been made for temporary differences as the Company is not 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.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets and liabilities are not subject to discounting.

Deferred tax assets are recognized in respect of all deductible temporary differences, 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 the temporary differences can be utilized. 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 utilized.

The Company's income tax is based on reported results and expected statutory tax rates, which reflect various allowances and reliefs and tax planning opportunities available to the Company in the tax jurisdiction in which it operates. The determination of the Company's provision for income tax requires certain judgments and estimates in relation to matters where the ultimate tax outcome may not be certain. The recognition or non-recognition of deferred tax assets as appropriate also requires judgment as it involves an assessment of the future recoverability of those assets. In addition, the Company is subject to tax audits which can involve complex issues that could require extended periods for resolution. Although management believes that the estimates included in the Financial Statements and its tax return positions are reasonable, no assurance can be given that the final outcome of these matters will not be different than that which is reflected in the Company's historical income tax provisions and accruals. Any such differences could have a material impact on the income tax provision and profit for the period in which such a determination is made.

**Financial assets (Interest-bearing loans to related parties)**

Interest-bearing loans to related parties, which are classified as loans and receivables, are initially recognized at the fair value of the consideration given plus any directly attributable transaction costs. Where equity investments are actively traded in organized 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 Financial Position given that it is impracticable to determine fair value in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Where non-derivative financial assets meet the definition of "loans and receivables" under IAS 39, such balances are, following initial recognition, recorded at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in the Income Statement when the loans and receivables are derecognized or impaired as well as through the amortization process.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**Impairment**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses identified after carrying out an impairment test are recognized as an expense. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognized.

**Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**Other receivables**

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

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances held for the purpose 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. Bank overdrafts are included within current interest-bearing loans and borrowings in the Statement of Financial Position. Where the overdrafts are repayable on demand and form an integral part of cash management, they are netted against cash and cash equivalents for the purposes of the Statement of Cash Flows.



**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. As the maturity of these investments is greater than three months, these investments are treated as financial assets and are categorized as either "held-for-trading" or "loans and receivables". Where relevant, the fair value of liquid investments is determined by reference to the traded value of actively traded instruments.

**Interest-bearing loans and borrowings**

Interest-bearing loans and borrowings are classified as financial liabilities measured at amortized cost. 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 amortized cost employing the effective interest methodology. Fixed rate term loans are measured at amortized cost adjusted for changes in value attributable to the hedged risks arising from changes in underlying market interest rates. The computation of amortized cost includes any issue costs and any discount or premium materializing on settlement. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Gains and losses are recognized in the Income Statement through amortization on the basis of the maturity of the loans and borrowings.

**Foreign currency translation**

The Financial Statements are presented in euro, which is the functional and presentation currency of the Company. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the rate of exchange ruling at the balance sheet date. All currency translation differences are taken to the Income Statement.

The foreign exchange reference rates according to the European Central Bank (ECB) are used for the translation of results, cash flows and balance sheets into euro.

**Recognition of income and expenses**

Interest income and expense are determined on the basis of interest earned and charged over the relating periods, according to the accrual method of accounting. Other revenues and expenses are recorded in the period to which they relate.

**Statement of cash flows**

The cash flows from operating activities are prepared using the indirect method. Interest paid and received is presented as part of operating cash flows.

**2.8 Notes on the Income Statement and Financial Position**

**2.8.1 Operating Costs and auditor's remuneration**


	2017	2016
	€'000	€'000
Audit fees Mazars (no other services are provided by Mazars)	(26)	(39)
Other	-	(1)
<b>Total operating costs</b>	<b>(26)</b>	<b>(40)</b>

**2.8.2 Personnel**

During the financial period and previous year, the company had no personnel employed. In the income statement, no costs have been taken up in regards to wages, salaries and pensions.

**2.8.3 Director's remuneration**

CRH Nederland B.V. is the only board member of the company. CRH Nederland B.V. does not receive any (deferred) compensation or benefit for its board membership.

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**2.8.4 Income tax**

By resolution dated April 19, 2013 the Company is, effectively as from March 19, 2013, member of a Dutch fiscal unity for Corporate Income Tax headed by CRH International B.V.; the standard conditions stipulate that each of the companies is liable for the Income Tax payable by all companies belonging to the fiscal unity.

A tax gain for the year of € 120.000 (previous year: € 152.000 gain) is recognized in the Income statement.

	2017	2016
	€'000	€'000
Current tax expense	(120)	(152)
Deferred tax expense (reversal of temporary differences)	-	-
Tax expense for the year	<u>(120)</u>	<u>(152)</u>
Reconciliation of applicable tax rate to effective tax rate:		
Result (loss) before tax	480	608
Corporate Income tax expressed as a % of result before tax (effective tax rate):		
- current income tax only	25,0%	25,0%
- deferred tax	0,0%	0,0%
- total income tax (current and deferred)	25,0%	25,0%
The following table reconciles the applicable Dutch statutory tax rate to the effective tax rate (current and deferred)		
Dutch corporation tax rate	25,0%	25,0%
Other items (items not chargeable to tax/expenses not deductible for tax)	0,0%	0,0%
Total effective tax rate	<b>25,0%</b>	<b>25,0%</b>

**2.8.5 Interest-bearing loans to related parties**

**Non-current assets**

	2017	2016
	€'000	€'000
Loans to related parties	597.000	606.496
	<u>597.000</u>	<u>606.496</u>

The following loans are provided to CRH Nederland B.V.:

- € 165.000.000 loan at 2,75% (effective 2,78%) interest per annum; repayment ultimately on the 3rd of December 2020; no repayments have occurred in 2017; no securities are provided.
- € 35.004.246 loan at 2,00% (effective 2,02%) interest per annum; repayment ultimately on the 3rd of December 2020; in 2017 an amount of € 12.495.755 have been repaid on the loan and an additional loan of € 3.000.000 is issued against the same conditions;

The following loans are provided to CRH Europe Investments B.V.:

- € 15.856.965 loan at 2,75% (effective 2,78%) interest per annum; repayment ultimately on the 3rd of December 2020; no repayments have occurred in 2017; no securities are provided
- € 381.138.791 loan at 2,75% (effective 2,78%) interest per annum; repayment ultimately on the 3rd of December 2020; no repayments have occurred in 2017; no securities are provided

**2.8.6 Current receivables from related parties**

**Current assets**

	2017	2016
	€'000	€'000
(for further details see also paragraph 2.9)		
Interest to related parties	1.299	1.579
Costs to be paid to related parties	(230)	(230)
	<u>1.069</u>	<u>1.349</u>

## CRH FUNDING B.V.

### 2.8.7 Cash and Cash Equivalents

The fair values of cash and cash equivalents are based on their carrying amounts, which constitute a reasonable approximation of fair value.

### 2.8.8 Shareholder's Equity

#### Share capital

With reference to Article 4 and the clauses included at the end of the deed of incorporation of the Company, it was stated that the authorised share capital of the Company consists of 10 shares of € 1.000,00 each. The issued shares comprise 10 shares, which has been fully paid.

#### Share premium

The share premium amounts to EUR 70.000,00. In April 2015 the shareholder CRH Nederland B.V. made a share premium contribution of EUR 20.000,00. In September 2015 the shareholder CRH Nederland B.V. made a share premium contribution of EUR 50.000,00.

### 2.8.9 Interest – bearing loans and borrowings

Non-current liabilities	2017	2016
	€'000	€'000
Bonds and private placements (including non-current upfront fees)	595.696	595.696
	<u>595.696</u>	<u>595.696</u>

Upfront fees are expensed in the Income Statement through amortization on the basis of the maturity of the loans and borrowings.

#### Bonds and private placements:

The bond and private placement of € 600 million is a Euro bond at an annual coupon rate of 1.875% (effective 2.007%) and has its final maturity in 2024.

### 2.8.10 Current liabilities; interest – bearing loans and borrowings

Current liabilities	2017	2016
	€'000	€'000
Interest on bonds and private placements	10.971	11.460
	<u>10.971</u>	<u>11.460</u>

#### Current and non-current liabilities

	€'000
At 1 January 2016	-
Received	595.157
Imputed paid issuing expenses	749
Interest to be paid	11.250
At 31 December 2016	<u>607.156</u>
Imputed paid issuing expenses	715
Interest paid	(12.420)
Interest to be paid	11.216
At 31 December 2017	<u>606.667</u>

#### Maturity profile of undrawn committed guarantees

	2017	2016
	€'000	€'000
Undrawn committed facilities:		
Within one year	-	-
Between one and two years	-	-
Between two and three years	2.837.200	-
Between three and four years	-	2.837.200
Between four and five years	-	-
After five years	-	-
Total	<u>2.837.200</u>	<u>2.837.200</u>

**Facilities:**

The lending banks have received letters of guarantee from CRH plc to secure obligations in respect of the committed facilities. In December 2013, July and September 2014 the Company, along with other CRH plc group companies entered into three Multicurrency revolving facility agreements. These committed facilities, guaranteed by CRH plc remained undrawn by the Company at 31 December 2017.

In addition to the above amount, in June 2015 the Company decided, along with other CRH plc group companies, to participate into two Multicurrency Revolving Credit Facility agreements and one uncommitted overdraft credit facility guaranteed by CRH plc.

**Lender covenants:**

The committed facilities require CRH plc to maintain certain financial covenants. Non-compliance with financial covenants would give the relevant lenders the right to terminate these facilities and demand early repayment of any sums drawn thereunder thus altering the maturity profile of the Company's undrawn committed facilities. Calculations for financial covenants are completed for twelve-month periods half-yearly on 30 June and 31 December. CRH plc was in full compliance with its financial covenants throughout each of the periods presented. CRH plc is not aware of any stated events of default as defined in the agreements.

**2.8.11 Current liabilities - Other payables**

**Other payables**

	2017	2016
	€'000	€'000
At 1 January	178	4
Received	-	-
Paid	(153)	(21)
Accrued	123	195
At 31 December	148	178

**2.8.12 Capital and Financial Risk Management**

**Capital management**

The company considers net equity as capital. The company's policy is to maintain its capital as minimum capital. The Company is not subjected to externally imposed capital requirements.

**Overall summary / risk appetite**

The primary objective of the Company's capital management strategy is to ensure that the Company maintains an effective financial standing to be able to perform its principal business activities by organising CRH plc corporate guarantees around the debt balance and the Company only provides funding to related parties.

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

	2017	2016
	€'000	€'000
Capital and reserves attributable to the Company's equity holders	870	510
Capital	870	510

**Financial risk management objectives and policies**

The Company uses financial instruments: interest-bearing loans and borrowings, cash and cash equivalents are used to perform its principal business activities. The Company does not trade in financial instruments nor does it enter into any leveraged derivative transactions.

The corporate treasury function of CRH Group provides services to the Company, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company. In this respect risk management is being performed by CRH plc.

The main risks attaching to the Company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

**Interest rate risk**

The Company's exposure to market risk for changes in interest rates stems from its long-term debt obligations. Net interest rate risk is managed by using fixed rates for loans and borrowings.

**Credit/counterparty risk**

Third-party (non CRH Group) credit risk is managed by the CRH plc corporate treasury function 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 A3/A or higher from Moody's/Standard & Poor's ratings agencies. The credit risk associated with interest bearing loans to related parties is considered to be limited since the related parties are all ultimately part of the CRH Group and therefore no provisions have been included at balance sheet date. The maximum exposure to credit risk at the reporting date was as follows:

	2017	2016
	€'000	€'000
Interest bearing loans to related parties	598.069	607.844
Total credit risk	598.069	607.844



*Liquidity risk*

The undrawn committed facilities available to the Company as at the balance sheet date are quantified in note "Interest – bearing loans and borrowings"; these facilities are available from highly-rated financial institutions thus minimizing any potential exposure arising from concentrations in borrowing sources. Liquidity risk is deemed to be not significant.

The following are the contractual (undiscounted) maturities of financial assets and liabilities, including estimated interest payments:

	Carrying amount	2018	2019	> 2020	Total cash flows
		Within 1 year	Between 1 and 2 years	After 2 years	
At 31 December 2017	€'000	€'000	€'000	€'000	€'000
Interest bearing loans to related parties	597.000	16.366	16.366	663.828	696.560
Current assets	1.069	1.069	-	-	1.069
<b>Total received</b>	<b>598.069</b>	<b>17.435</b>	<b>16.366</b>	<b>663.828</b>	<b>697.629</b>
Interest bearing loans and borrowings	(595.696)	-	(11.216)	(641.495)	(652.711)
Current liabilities	(10.971)	(12.400)	-	-	(12.400)
Other payables	(148)	(148)	-	-	(148)
<b>Total paid</b>	<b>(606.815)</b>	<b>(12.548)</b>	<b>(11.216)</b>	<b>(641.495)</b>	<b>(665.259)</b>
<b>Nett movement cash</b>		<b>4.887</b>	<b>5.150</b>	<b>22.333</b>	<b>32.370</b>

*Foreign currency risk*

Foreign currency risk is deemed to be insignificant, as all activities of the company are in Euro's.

**2.8.13 Financial instruments**

The financial instruments of the Company may be summarized as follows:

	<u>2017</u>	<u>2016</u>
	€'000	€'000
<i>Financial assets (loans and receivables):</i>		
Non-current interest bearing loans to related parties *	597.000	606.496
Current interest bearing loans to related parties *	1.069	1.348
<i>Financial liabilities (Financial liabilities at amortised cost):</i>		
Non-current interest-bearing loans and borrowings **	(595.696)	(595.696)
Current interest-bearing loans and borrowings **	(10.971)	(11.460)
<b>Total financial instruments</b>	<u>(8.598)</u>	<u>688</u>

\* ) The fair value of the interest-bearing loans to related parties are based on the market values for notes issued and, as such, is estimated at 105,98% (level 2).

\*\* ) The fair value of the interest-bearing loans and borrowings are based on the market values for notes issued and, as such, is estimated at 105,98% (level 1).

It is deemed that the carrying amounts of all other financial assets and liabilities measured at amortised cost are reasonable approximations of their fair values.

**2.9 Related parties**

The Company has a related party relationship with its parent company and the companies owned by the parent companies (Group companies). The transactions with related parties have been negotiated on an arm's-length basis.

List of related parties:

<u>Company</u>	<u>Nature of the transactions</u>	<u>Reference</u>
CRH Nederland B.V.	CRH Funding B.V. provides loan to CRH Nederland B.V.	2.8.5 / 2.8.6
CRH Europe Investments B.V.	CRH Funding B.V. provides loan to CRH Europe Investments B.V.	2.8.5 / 2.8.6
CRH plc	CRH plc guarantees CRH Funding B.V. payment obligations under the Notes issued by CRH Funding B.V.	(€ 3,9 million; 2016 € 3,9 million) income statement, part of interest expenses
CRH International B.V.	CRH Funding B.V. participates in a fiscal unity with CRH International B.V.	2.8.4

**Current and non-current assets to related parties**

	Loans to related parties	Interest to related parties	Income tax receivable on / (payable) to related parties	Costs to be paid to related parties	Total
	2017	2017	2017	2017	2017
	€'000	€'000	€'000	€'000	€'000
At 1 January 2017	606.496	1.578	(152)	(230)	607.692
Paid	3.000		152	-	3.152
Accrued	-	16.366	(120)	-	16.246
Received	(12.496)	(16.645)	-	-	(29.141)
At 31 December 2017	597.000	1.299	(120)	(230)	597.949

**2.10 Segmental reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the entity's operating decision maker and for which discrete financial information is available. The Company's Director has been identified as the chief operating decision maker for the purpose of segmental reporting. The Company has determined that it operates in one segment, providing loans to related parties from funding from issued bonds. The determination is based on the reports reviewed by the Director in assessing performance, allocating resources and making strategic decisions. Providing loans to related parties from funding from issued bonds is provided in the Netherlands and the bonds are issued in the Republic of Ireland. 100 percent of the Company's financing revenue in the period to 31 December 2017 consists of interest income from related parties.

**2.11 Contingent liabilities**

The company is a member of the fiscal unity for income tax purposes of CRH International B.V. in the Netherlands. The standard conditions prescribe that all companies of the fiscal unity are liable for the corporate income tax payable.

**2.12 Subsequent events**

Management is not aware of other events that took place after balance sheet date that could have a material effect on the financial position of the Company.

OTHER INFORMATION

**3 OTHER INFORMATION**

**3.1 Independent Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

To: general meeting of shareholders of CRH Funding B.V.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2017 INCLUDED IN THE ANNUAL REPORT

#### **OUR OPINION**

We have audited the financial statements 2017 of CRH Funding B.V. In our opinion the accompanying financial statements give a true and fair view of the financial position of CRH Funding B.V. as at 31 December 2017, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the Statement of Financial Position as at 31 December 2017;
- the following statements for 2017: Income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

#### **BASIS FOR OUR OPINION**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of CRH Funding B.V. in accordance with the "EU Regulation on specific requirements regarding statutory audit of public-interest entities", the "Audit firms supervision act" (Wta), "Dutch Independence Standard regarding assurance engagements (ViO)" and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Dutch Code of Ethics (VGBA)".

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **MATERIALITY**

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 6.1 million. The materiality is based on 1% of total assets given the company's main activity is intra-group lending. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

### **OUR KEY AUDIT MATTER**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed with management of the company. We described the key audit matter and included a summary of the audit procedures we performed on this matter.

Due to the nature of the company's business we recognise that key audit matters may be long-standing and therefore may not change significantly from one year to the next. As compared to prior year there have been no changes in key audit matters.

The key audit matter is addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on this matter.

#### ***Valuation of the loan receivable***

The principal activity of the Company is to raise funds through the issue of bonds on the Irish Stock Exchange. The proceeds of bonds issued, are on-lent to CRH Nederland B.V. and CRH Europe Investments B.V. The bonds issued are guaranteed by CRH Plc., as disclosed in the financial statements.

We consider the valuation of the loans receivable, as disclosed in note 2.8.5 to the financial statements, for a total amount of approximately EUR 597 million as a key audit matter. This is due to the size of the loans receivable and given that a potential impairment may have a material effect on the financial statements.

The director of the company did not identify any impairment triggers regarding the loans issued to CRH Nederland B.V. and CRH Europe Investments B.V.

Loans receivable are initially recognized at fair value, including directly attributable transactions costs. After initial recognition, the loans receivable are carried at amortised cost using the effective interest method, less impairment losses. We have performed detailed audit work addressing the existence and valuation of the loans issued to CRH Nederland B.V. and CRH Europe Investments B.V. by verifying loans receivable with loan agreements, obtaining year-end confirmations for the loans outstanding and reconciled recorded amounts with these confirmations. We have recalculated the effective interest applied and amortised cost at year-end and reconciled these to recorded amounts. We have also assessed whether there were any impairment triggers, including an assessment of the financial position of the borrowers, CRH Nederland B.V. and CRH Europe Investments B.V., and their payment history.

### **REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the director's report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code;

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### ***ENGAGEMENT***

We were engaged as auditor of CRH Funding B.V. as of the audit for the year 2014 and have operated as statutory auditor ever since that year.

### ***NO PROHIBITED NON-AUDIT SERVICES***

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

## **DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS**

### ***RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS***

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.



## **OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 26 April 2018


**MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.**



J.C. van Oudenbeek MSc RA

**3.2 Appropriation of Result**

According to Article 23 Section 1 of the company's articles of association, the annual meeting of shareholders determines the appropriation of the company's result for the period. The directors of CRH Funding B.V. propose that the result for the financial period 2017 to be added to retained earnings.

 **MAZARS**  
200 26/4/2018

MAZARS PAARDEKOOPEL HOFFMAN ACCOUNTANTS N.V.

Initialed for identification purposes only

