CRH plc Interim Report 2005

The International Building Materials Group

2005 INTERIM RESULTS
Six months ended 30th June 2005

	2005 euro m	2004 euro m	% change
• **Sales**	**6,329**	5,608	**+13%**
• **Operating profit** *	**445**	370	**+20%**
• **Profit before tax**	**383**	319	**+20%**
	euro cent	**euro cent**	
• **Earnings per share**	**56.0**	47.8	**+17%**
• **Cash earnings per share**	**105.4**	95.0	**+11%**
• **Dividend**	**11.25**	9.6	**+17%**

** Operating profit before profit on disposal of fixed assets.*

- Total operating profit for our Europe operations, including acquisition contributions, grew by 2% to euro 277 million.
- In Europe Materials, operating profit improved 12% to euro 141 million reflecting a full first half share of profit from Secil (acquired June 2004) in Portugal.
- Europe Products was impacted by generally subdued trading and severe March weather. Operating profit fell 10% to euro 86 million, principally due to a sharp decline in results from Insulation activities.
- Operating profit of euro 50 million from Europe Distribution was 2% ahead of 2004 against a background of subdued Dutch retail demand and poor weather early in the year.
- Total operating profit for the Americas operations increased by 68% to euro 168 million.
- Americas Materials exceeded expectations with good volume and price improvements delivering a significant reduction in the traditional first half trading loss from euro 32 million in 2004 to euro 4 million.
- With continuing strong US residential construction and ongoing recovery in non-residential construction, Americas Products delivered a 26% increase in operating profit to euro 144 million.
- Americas Distribution performed particularly strongly reporting a 58% increase in operating profit to euro 28 million.
- Currency translation effects had a euro 2 million adverse impact at profit before tax level.
- The interim dividend has been increased by 17%. This follows a 17% increase in the full year 2004 dividend making 2005 the 22nd consecutive year of dividend increase.
- Total first half development spend amounted to euro 231 million.

Liam O'Mahony, Chief Executive, said today:

"CRH has had a strong first half profit outcome with good organic growth from the Americas significantly outweighing a decline in Europe, and a satisfactory incremental contribution from 2004 and 2005 acquisitions.

The Group will continue to benefit in the second half from strong markets in its American operations and from a sustained focus on input cost recovery and operational performance. Although this will be offset to some extent by the recent surge in energy costs we nevertheless expect to make further progress in the more important second half of the year."

Announced Tuesday, 30th August 2005

Contact at Dublin 404 1000 (+353 1 404 1000)

Liam O'Mahony **Chief Executive**
Myles Lee **Finance Director**
Maeve Carton **Group Controller**

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INTERIM STATEMENT

HIGHLIGHTS

The results highlights for the first six months of 2005, reported under International Financial Reporting Standards, are set out below.

- Sales: euro 6,329 million, up 13%
- Operating profit*: euro 445 million, up 20%
- Profit before tax: euro 383 million, up 20%
- Basic earnings per share: 56.0c, up 17%
- Cash earnings per share: 105.4c, up 11%

** Operating profit before profit on disposal of fixed assets.*

Our American operations have performed very strongly through the first half of 2005 and this, combined with incremental contributions from 2004 and 2005 acquisitions, has resulted in a strong increase in Group sales, profits and earnings, despite the impact of generally subdued markets and adverse early weather on our European businesses.

The average first half US Dollar exchange rate was 5% weaker versus the euro than in the corresponding period in 2004. This had an adverse impact of euro 2 million on profit before tax reflecting the traditionally low US profitability in the first half of the year.

Profit on disposal of fixed assets amounted to euro 10.0 million (2004: euro 6.0 million).

Note 5 on page 14 analyses the key components of first half 2005 performance.

DIVIDENDS

The Board has decided to pay an interim dividend of 11.25c per share, an increase of 17% on the 2004 interim dividend of 9.60c. This follows an increase of 17% in the full year 2004 dividend. The Interim dividend will be paid on 4th November 2005 to shareholders registered at the close of business on 9th September 2005.

A scrip dividend alternative is being offered to shareholders.

SEGMENT REVIEW

EUROPE - MATERIALS

				Analysis of change			
euro million	**2005**	**2004**	**Total change**	**Exchange**	**Acquisitions 2004**	**Acquisitions 2005**	**Organic**
Sales	**1,216**	**1,022**	+194	+14	+106	+3	+71
% change			*+19%*	*+1%*	*+11%*	*-*	*+7%*
Operating profit*	**141**	**126**	+15	+2	+17	-	-4
% change			*+12%*	*+2%*	*+13%*		*-3%*
Margin	**11.6%**	**12.3%**					

** Operating profit is before profit on disposal of fixed assets.*

In Ireland, growth in residential construction and continuing recovery in commercial and industrial construction resulted in good overall volume increases. However, phased price increases were not sufficient to fully recover higher first half input costs and overall profit on the island was slightly below 2004 levels.

Our activities in Finland and the Baltic states recovered well from a poor first quarter to leave first half cement and concrete volumes in line with 2004 levels and profit largely unchanged.

Polish construction activity was particularly strong in the first half of last year due to accelerated demand ahead of the 1st May 2004 increase in VAT on construction products which coincided with EU entry. In the first half of this year, our Polish operations were affected by late winter weather and, with cement volumes 17% lower than in 2004, profit declined. Sales volumes and profits in our Ukrainian cement operation were in line with 2004 levels.

In Switzerland, the final phase of concreting works on the major Loetschberg tunnel project resulted in further good volume increases for our cement operations. However, demand for concrete products and aggregates was impacted by poor early weather and overall profit was lower in a competitive marketplace.

In Iberia, our Spanish operations enjoyed very busy first half trading conditions and with improvements in volumes and prices reported higher profit. Secil, the Portuguese cement, concrete products and aggregates producer, in which CRH acquired a 49% stake in June 2004, had a positive start to the year and accounted for almost all of the incremental impact of 2004 acquisitions shown in the table above.

Overall, operating profit improved reflecting a full first half share of profit from Secil.

EUROPE - PRODUCTS

				Analysis of change				
euro million	**2005**	**2004**	**Total change**	**Exchange**	**Acquisitions 2004**	**Acquisitions 2005**	**Re-org. costs**	**Organic**
Sales	**1,189**	**1,090**	+99	+1	+86	+14	-	-2
% change			*+9%*	*-*	*+8%*	*+1%*		*-*
Operating profit*	**86**	**96**	-10	-	+8	-	-3	-15
% change			*-10%*		*+8%*		*-3%*	*-15%*
Margin	**7.2%**	**8.8%**						

** Operating profit is before profit on disposal of fixed assets and includes re-organisation costs of euro 4 million (2004: euro 1 million).*

Our Products operations continued to experience generally subdued trading in the first half of 2005 and were not helped by severe March weather. Insulation activities faced continuing tough conditions and were responsible for the bulk of the first half organic profit decline.

In *Concrete Products,* overall results increased largely due to incremental contributions from 2004 acquisitions. Our architectural operations (pavers, tiles, sand-lime brick and blocks) in the Benelux, Germany and Britain were impacted by weather and weak demand. Structural operations (floor & wall elements, beams, vaults and drainage products) were less severely affected, helped by some improvement in Dutch housing activity and good underlying demand in Belgium and Denmark.

In *Clay Products*, brick volumes in Britain were below 2004 levels; however, further price improvements were achieved offsetting the impact of sharp energy cost increases and resulting in a modest improvement in profit. Although clay operations in Mainland Europe benefited from better pricing and productivity, profits were flat in continuing difficult markets.

Our *Insulation* businesses experienced a very tough first half due to continuing volatility in energy-related input costs and also incurred costs associated with re-organisation of activities to deal with the challenging environment. Results were significantly lower than in 2004.

In *Building Products,* the overall outcome was similar to 2004. Daylight & Ventilation faced disappointing sales in Germany and the Netherlands resulting in lower profit. Our Fencing & Security business reported similar results to 2004, while Construction Accessories enjoyed an improvement in profitability partly helped by some acquisition contributions.

EUROPE – DISTRIBUTION

				Analysis of change				
euro million	2005	2004	Total Change	Exchange	Acquisitions 2004	Acquisitions 2005	Re-org. costs	Organic
Sales	**1,016**	**895**	+121	+4	+121	-		-4
% change			*+13%*	-	*+13%*			-
Operating profit*	**50**	**48**	+2	-	+1	-	+1	-
% change			*+2%*		*+1%*		*+1%*	
Margin	**4.9%**	**5.4%**						

** Operating profit is before profit on disposal of fixed assets. Operating profit relating to 2004 acquisitions is after euro 3 million of integration costs. Operating profit includes re-organisation costs related to ongoing operations of nil (2004: euro 1 million).*

First half operating profit in Europe Distribution was just ahead of 2004.

DIY: Despite subdued Dutch retail demand which resulted in little change in overall sales, our DIY homecentre business in the Benelux delivered good cost control and continued to drive benefits from the October 2003 Cementbouw acquisition resulting in a similar overall outcome. Our Max▪Mat joint venture in Portugal reported further sales and profit progress.

Builders Merchants: Poor weather in March affected trading in our Dutch and French businesses to leave underlying sales and profits slightly below 2004 levels. Incremental contributions from 2004 acquisitions – Doras joint venture in France and NCD Builders Merchants in Holland – were satisfactory, although NCD results were impacted by once-off post-acquisition costs associated with its integration into our existing merchanting activities. Profits in our Swiss general and specialist merchants continued to improve.

AMERICAS – MATERIALS

				Analysis of change			
euro million	2005	2004	Total Change	Exchange	Acquisitions 2004	Acquisitions 2005	Organic
Sales	**1,065**	**947**	+118	-43	+30	+14	+117
% change			*+13%*	*-4%*	*+3%*	*+1%*	*+13%*
Operating loss*	**(4)**	**(32)**	+28	+2	+3	+1	+22
% change			*+87%*	*+6%*	*+9%*	*+3%*	*+69%*
Margin	**-0.4%**	**-3.3%**					

** Operating loss is before profit on disposal of fixed assets.*

First half activity in the Americas Materials Division exceeded expectations with good volume improvements. As anticipated, energy input costs were sharply higher; nevertheless, focussed pricing initiatives and efficiency savings resulted in improved margins and a significant reduction in the traditional first half US Dollar operating loss.

The average US Dollar income statement translation rate for the first half of 2005 was US$1.2847 to the euro versus US$1.2273 in the first half of 2004. This movement gives rise to an adverse translation impact on sales and a favourable impact at operating level due to the seasonal loss.

While operations in *New England* delivered improved results, the advance was less marked than in other regions due to subdued highway markets in Connecticut. Our *New York/New Jersey* business had a good first half with strong demand in New Jersey and improved trading in our Upstate New York operations. Despite continuing weakness in Michigan, the *Central* region also reported a good improvement helped by firmer demand in Ohio and West Virginia. In the *West,* demand was strong resulting in a significant advance in profitability across our operations.

Excluding the impact of recent acquisitions, our heritage companies saw volume increases of approximately 7% in aggregates, 3% in asphalt and 3% in readymixed concrete although, as always, there were regional variations.

AMERICAS – PRODUCTS

				Analysis of change			
			Total		**Acquisitions**		
euro million	**2005**	**2004**	**change**	**Exchange**	**2004**	**2005**	**Organic**
Sales	**1,337**	**1,208**	+129	-47	+45	+17	+114
% change			*+11%*	*-4%*	*+4%*	*+1%*	*+10%*
Operating profit*	**144**	**114**	+30	-5	+1	+2	+32
% change			*+26%*	*-5%*	*+1%*	*+2%*	*+28%*
Margin	**10.7%**	**9.4%**					

** Operating profit is before profit on disposal of fixed assets.*

With continuing strong US residential construction and on-going recovery in non-residential activity, our Americas Products businesses delivered a substantial first half operating profit advance and a significant margin improvement.

Our *Precast* operations continued to progress with strong demand particularly in western and southern states. Improved pricing and overhead cost savings resulted in further good margin improvement. *Architectural Products* saw good demand for construction, retail and hardscape products and further gains from its brick operations, where better volumes and prices more than compensated for higher energy costs. In an increasingly competitive market, the *Glass Group* benefited from a strong first half sales advance with a shift in product mix towards higher value insulated and fabricated items. Our South American clay operations coped well with higher energy costs to limit the decline in profitability.

AMERICAS – DISTRIBUTION

				Analysis of change			
			Total		Acquisitions		
euro million	**2005**	**2004**	**change**	**Exchange**	**2004**	**2005**	**Organic**
Sales	**506**	**446**	+60	-20	+6	+9	+65
% change			*+13%*	*-4%*	*+1%*	*+2%*	*+14%*
Operating profit*	**28**	**18**	+10	-1	+1	+1	+9
% change			*+58%*	*-8%*	*+8%*	*+8%*	*+50%*
Margin	**5.6%**	**4.0%**					

** Operating profit is before profit on disposal of fixed assets.*

The Distribution Group performed particularly strongly through the first half of the year continuing to build on the progress of recent years. Markets in Florida were buoyant reflecting both significant maintenance and repair work in the aftermath of the devastating hurricanes experienced during 2004 and substantial new-build activity. Demand in the Western states was generally strong with the Midwest region being the main exception to a favourable trading backdrop. Acquisitions completed in 2004 and in early 2005 contributed positively to the overall outcome.

FINANCE AND TAXATION

The higher first half interest charge in 2005 principally reflects the impact of 2004 and 2005 acquisitions.

As in prior years, the interim taxation charge is an estimate based on the current expected full year tax rate.

Exchange rate movements between year-end 2004 and 30th June 2005, mainly the weakening of the euro from US$1.3621 to US$1.2092, increased the euro amount of foreign currency net debt by euro 144 million while shareholders' funds were increased by euro 338 million.

Net debt at 30th June amounted to euro 3,268 million (June 2004: euro 3,493 million), which included euro 254 million (June 2004: euro 258 million) in respect of the Group's share of net debt in joint venture undertakings.

A strong balance sheet and robust cash generation characteristics continue to underpin the Group's financial capacity to avail of attractive acquisition opportunities as they arise in our various geographic, product and sectoral markets.

DEVELOPMENT

Development expenditure in the first half of 2005 amounted to euro 231 million. Although this pace of spend was lower than in recent years, we continue to work actively on opportunities for acquisitions across all our operations and remain committed to completing transactions at prices that will contribute to long-term value creation for our shareholders.

Since the end of June the Group has spent a further euro 190 million on acquisitions. This total includes the purchase of the French concrete products producer, Stradal, the acquisition of which was completed on August 16th.

Outlook

In Europe Materials, demand in the Irish market remains strong while recent months have seen improved trading in Poland. In Switzerland, second half cement demand is likely to be lower as the major tunnel project winds down. Trading patterns in other markets are expected to show little change and overall the Division expects to deliver an improvement in underlying second half operating profit.

The short term economic outlook for Europe Products remains generally subdued in our core countries. As a result it is unlikely that the profit decline experienced in the first half of the year can be offset in the second half and full year operating profit is expected to be lower than in 2004.

In Europe Distribution, weak Dutch consumer spending patterns continue to constrain our DIY activities. However, our builders merchanting operations are proving more robust and we expect to deliver continuing operating profit progress in the second half of the year.

Our Americas Materials operations are performing well and have good backlogs in hand for the remaining months of the year. While recent higher energy costs are absorbing more of the benefits of achieved price improvements than in the first half, we currently expect some overall margin increase and higher full year profit in US$ terms.

Although the pace of advance for Americas Products has moderated slightly over the summer months the demand backdrop remains broadly positive with continuing strong housing demand and ongoing recovery in our non-residential markets. We expect a good second half out-turn from these operations and a full year profit advance.

Americas Distribution faces tough comparatives for the second half due to significant 2004 post-hurricane demand in Florida and gains arising from steep price increases for many of the products handled by this business. However, with a generally favourable trading backdrop we expect higher second half 2005 US$ operating profit.

A continuation of the current US dollar/euro exchange rate of US$ 1.23 would result in a full year average rate of US$ 1.2550 (2004: US$ 1.2439) and a minimal full year translation impact compared with 2004.

CRH has had a strong first half profit outcome with good organic growth from the Americas significantly outweighing a decline in Europe, and a satisfactory incremental contribution from 2004 and 2005 acquisitions.

The Group will continue to benefit in the second half from strong markets in its American operations and from a sustained focus on input cost recovery and operational performance. Although this will be offset to some extent by the recent surge in energy costs we nevertheless expect to make further progress in the more important second half of the year.

* * * *

This interim results announcement contains certain forward-looking statements as defined under US legislation. By their nature, such statements involve uncertainty; as a consequence, actual results and developments may differ from those expressed in or implied by such statements depending on a variety of factors including the specific factors identified in this interim results announcement and other factors discussed in our Annual Report on Form 20-F filed with the SEC.

GROUP INCOME STATEMENT

	Six months ended 30th June 2005 Unaudited euro m	Six months ended 30th June 2004 Unaudited euro m	Year ended 31st December 2004 Audited euro m
Revenue	**6,329.3**	5,607.9	12,754.5
Cost of sales	**(4,397.4)**	(3,913.3)	(8,717.4)
Gross profit	**1,931.9**	1,694.6	4,037.1
Operating costs	**(1,487.1)**	(1,324.4)	(2,816.9)
Group operating profit	**444.8**	370.2	1,220.2
Profit on disposal of fixed assets	**10.0**	6.0	10.8
Profit before finance costs	**454.8**	376.2	1,231.0
Finance costs (net)	**(77.8)**	(64.1)	(146.4)
Group share of associates' profit after tax	**6.3**	7.3	19.4
Profit before tax	**383.3**	319.4	1,104.0
Income tax expense (estimated at interim)	**(81.0)**	(63.5)	(232.2)
Group profit for the financial period	**302.3**	255.9	871.8
Profit attributable to:			
Equity holders of the Company	**298.7**	252.4	866.1
Minority interest	**3.6**	3.5	5.7
Group profit for the financial period	**302.3**	255.9	871.8
Earnings per share for the period			
Basic	**56.0c**	47.8c	163.6c
Diluted	**55.7c**	47.4c	162.7c
Cash earnings per share for the period	**105.4c**	95.0c	261.8c
Dividend per share	**11.25c**	9.6c	33.0c

GROUP BALANCE SHEET

ASSETS	**As at 30th June 2005 Unaudited euro m**	As at 30th June 2004 Unaudited euro m	As at 31st December 2004 Audited euro m
Non-current assets			
Property, plant and equipment	**6,336.8**	5,987.9	5,830.6
Intangible assets	**1,935.4**	1,836.5	1,774.1
Investments in associates	**210.3**	180.6	178.8
Derivative financial instruments	**254.4**	159.1	173.2
Other financial assets	**102.7**	93.4	113.2
Deferred income tax assets	**425.1**	340.8	335.3
Total non-current assets	**9,264.7**	8,598.3	8,405.2
Current assets			
Inventories	**1,616.2**	1,405.7	1,308.9
Trade and other receivables	**2,594.4**	2,327.1	1,973.1
Derivative financial instruments	**6.5**	25.0	1.1
Liquid investments	**445.2**	318.1	311.7
Cash and cash equivalents	**799.5**	679.7	1,072.0
Total current assets	**5,461.8**	4,755.6	4,666.8
Total assets	**14,726.5**	**13,353.9**	**13,072.0**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Equity share capital	**181.8**	180.1	181.0
Non-equity share capital	**1.2**	1.2	1.2
Share premium account	**2,184.4**	2,114.8	2,149.3
Other reserves	**30.0**	17.9	23.5
Foreign currency translation reserve	**157.9**	107.5	(179.9)
Retained income	**2,830.2**	2,292.7	2,770.1
	5,385.5	4,714.2	4,945.2
Minority interest	**28.8**	38.6	34.2
Total equity	**5,414.3**	**4,752.8**	**4,979.4**
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	**4,063.1**	3,738.2	3,802.4
Derivative financial instruments	**3.4**	155.8	51.9
Deferred income tax liabilities	**1,075.3**	1,010.5	987.4
Trade and other payables	**134.2**	113.1	122.0
Retirement benefit obligations	**524.3**	253.9	349.7
Provisions for liabilities and charges	**228.5**	188.4	182.3
Capital grants	**11.9**	13.8	12.4
Total non-current liabilities	**6,040.7**	5,473.7	5,508.1
Current liabilities			
Trade and other payables	**2,149.9**	1,942.2	1,742.1
Current income tax liabilities	**319.3**	288.2	284.5
Interest-bearing loans and borrowings	**584.0**	748.9	251.4
Derivative financial instruments	**123.6**	32.2	210.4
Provisions for liabilities and charges	**94.7**	115.9	96.1
Total current liabilities	**3,271.5**	3,127.4	2,584.5
Total liabilities	**9,312.2**	**8,601.1**	**8,092.6**
Total equity and liabilities	**14,726.5**	**13,353.9**	**13,072.0**

GROUP CASH FLOW STATEMENT

	Six months ended 30th June 2005 Unaudited euro m	Six months ended 30th June 2004 Unaudited euro m	Year ended 31st December 2004 Unaudited euro m
Cash flows from operating activities			
Group operating profit	**444.8**	370.2	1,220.2
Depreciation charge	**260.1**	247.8	515.9
Share-based payments expense	**6.5**	4.1	9.7
Amortisation of intangible assets	**3.3**	1.5	4.1
Increase in working capital	**(357.6)**	(307.8)	(119.4)
Amortisation of capital grants	**(1.4)**	(1.0)	(2.2)
Cash generated from operations	**355.7**	314.8	1,628.3
Interest paid	**(85.2)**	(76.5)	(160.3)
Income taxes paid:			
- Irish corporation tax	**(1.6)**	(8.6)	(17.1)
- Overseas corporation tax	**(57.4)**	(75.7)	(188.3)
Net cash inflow from operating activities	**211.5**	154.0	1,262.6
Cash flows from investing activities			
Inflows			
Proceeds from disposal of fixed assets	**44.8**	59.2	101.8
Interest received	**14.3**	12.7	22.6
Capital grants received	**0.9**	-	0.1
Dividends received from associates	**8.5**	2.9	8.5
	68.5	74.8	133.0
Outflows			
Purchase of property, plant and equipment	**(346.8)**	(262.5)	(550.7)
Acquisition of subsidiaries and joint ventures	**(168.0)**	(660.7)	(850.9)
Investments in and advances to associates	**(5.5)**	(4.8)	(5.8)
Deferred acquisition consideration paid	**(31.4)**	(29.2)	(57.3)
	(551.7)	(957.2)	(1,464.7)
Net cash outflow from investing activities	**(483.2)**	(882.4)	(1,331.7)
Cash flows from financing activities			
Inflows			
Proceeds from issue of shares	**19.2**	5.5	36.6
Increase in interest-bearing loans and borrowings	**223.6**	322.1	261.4
Increase in finance lease liabilities	**2.4**	56.2	56.2
Net movement in derivative financial instruments	**(25.4)**	71.7	(30.4)
	219.8	455.5	323.8
Outflows			
Expenses paid in respect of share issues	**(0.1)**	(0.1)	(0.3)
Repayment of interest-bearing loans and borrowings	**(25.2)**	(10.3)	(31.9)
Increase in liquid investments	**(113.1)**	(16.2)	(25.2)
Repayment of finance lease liabilities	**(1.4)**	(6.9)	(24.4)
Dividends paid to equity holders of the Company	**(108.2)**	(73.4)	(119.6)
Dividends paid to minority interests	**(4.1)**	(1.4)	(2.1)
	(252.1)	(108.3)	(203.5)
Net cash (outflow)/inflow from financing activities	**(32.3)**	347.2	120.3
Change in cash and cash equivalents	**(304.0)**	(381.2)	51.2
Translation adjustment	**31.5**	20.0	(20.1)
Cash and cash equivalents at beginning of period	**1,072.0**	1,040.9	1,040.9
Cash and cash equivalents at end of period	**799.5**	679.7	1,072.0

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Six months ended 30th June 2005 Unaudited euro m	Six months ended 30th June 2004 Unaudited euro m	Year ended 31st December 2004 Audited euro m
Items of income/(expense) recognised directly within equity:			
Currency translation effects	**337.8**	107.5	(179.9)
Group defined benefit pension schemes:			
- Actuarial loss	**(151.2)**	(5.9)	(119.2)
- Deferred tax asset	**36.4**	2.7	31.3
Gains/(losses) relating to cash flow hedges	**1.2**	0.4	(0.3)
Net income/(expense) recognised directly within equity	**224.2**	104.7	(268.1)
Group profit for the financial period	**302.3**	255.9	871.8
Total recognised income and expense for the period	**526.5**	360.6	603.7
Equity holders of the Company	**520.2**	355.7	599.8
Minority interest	**6.3**	4.9	3.9
Total recognised income and expense for the period	**526.5**	360.6	603.7

GROUP STATEMENT OF CHANGES IN EQUITY

	Six months ended 30th June 2005 Unaudited euro m	Six months ended 30th June 2004 Unaudited euro m	Year ended 31st December 2004 Unaudited euro m
At beginning of period	**4,979.4**	4,447.0	4,447.0
Issue of shares:			
- Share options and participation schemes	**19.2**	5.5	36.6
- Issued in lieu of dividends	**16.8**	31.7	36.4
- Expenses in respect of share issues	**(0.1)**	(0.1)	(0.3)
Adjustment re share options expense	**6.5**	4.1	9.7
Dividends paid	**(125.0)**	(105.1)	(156.0)
Movement in minority interest	**(5.4)**	12.6	8.0
Items of income/(expense) recognised directly within equity:			
Currency translation effects	**337.8**	107.5	(179.9)
Group defined benefit schemes	**(114.8)**	(3.2)	(87.9)
Gains/(losses) relating to cash flow hedges	**1.2**	0.4	(0.3)
Profit for the period attributable to equity holders	**298.7**	252.4	866.1
At end of period	**5,414.3**	4,752.8	4,979.4

1 International Financial Reporting Standards

Basis of preparation

The financial information presented in this Interim Report has been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRS). The transition date for implementation of IFRS by the Group was 1st January 2004. The financial statements for the six months ended 30th June 2004 and for the year ended 31st December 2004, which were prepared in accordance with accounting practice generally accepted in the Republic of Ireland, have been restated under IFRS with effect from the transition date.

Full details of the accounting policies adopted by the Group on implementation of IFRS, and of the impact on the reported results and balance sheet of the Group of the transition to IFRS, were published on 31st May 2005 and are available on the Group's website www.crh.com.

Approved IFRS

The Group's accounting policies under IFRS are based on the Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board (IASB) and on International Accounting Standards (IAS) and Standing Interpretations Committee Interpretations approved by the predecessor International Accounting Standards Committee that have been subsequently authorised by the IASB and remain in effect.

The majority of the IASs/IFRSs have been approved by the European Commission. However, a number of IASs/IFRSs remain to be approved at the date of publication of this document, and failure to approve these outstanding standards in time for 2005 financial reporting could lead to changes in the basis of accounting or in the basis of presentation of certain financial information from that adopted for the purposes of this Interim Report.

Furthermore, the financial information provided in this document is subject to the issuance by the International Accounting Standards Board of additional Interpretations prior to the end of 2005 which may have retrospective impact and thus require to be applied in the 2005 financial statements and the related 2004 comparatives. As a result, it is possible that further changes may be required to the full year 2004 financial information contained in this document prior to its inclusion as comparative data in the published 2005 year-end consolidated financial statements under IFRS.

The financial instruments accounting policy applied in preparing this financial information takes full account of the revised version of IAS 39 approved by the European Commission under which the fair valuation of financial liabilities is prohibited. In addition, the European Commission has yet to approve the *Amendment to IAS 19 Actuarial Gains and Losses, Group Plans and Disclosures* enabling the recognition of actuarial gains and losses in the Statement of Recognised Income and Expense in the same manner as FRS 17 under Irish GAAP. CRH has elected to adopt this Amendment prior to its effective date in relation to accounting for actuarial gains and losses arising on the Group’s defined benefit pension schemes and similar arrangements after 1st January 2004.

2 Translation of Foreign Currencies

These financial statements are presented in euro. Results and cash flows of subsidiary, joint venture and associated undertakings based in non-euro countries have been translated into euro at average exchange rates for the period, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. Adjustments arising on translation of the results of non-euro subsidiary, joint venture and associated undertakings at average rates, and on restatement of the opening net assets at closing rates, are dealt with in a separate translation reserve within equity, net of differences on related currency borrowings. All other translation differences are taken to the income statement. Rates used for translation of results and balance sheets into euro were as follows:

	Average			**Period ended**		
	Six months ended		Year ended			
	30th June		31st December	**30th June**		31st December
euro 1 =	**2005**	2004	2004	**2005**	2004	2004
US Dollar	**1.2847**	1.2273	1.2439	**1.2092**	1.2155	1.3621
Pound Sterling	**0.6859**	0.6735	0.6787	**0.6742**	0.6708	0.7051
Polish Zloty	**4.0796**	4.7324	4.5268	**4.0388**	4.5236	4.0845
Swiss Franc	**1.5462**	1.5531	1.5438	**1.5499**	1.5242	1.5429
Argentine Peso	**3.7388**	3.5641	3.6572	**3.4934**	3.5979	4.0488

3 Analysis of Revenue and Operating Profit by Business

	Six months ended 30th June - Unaudited				31st December 2004	
	2005		2004			
	euro m	**%**	euro m	%	euro m	%
Revenue						
Europe Materials	**1,215.7**	**19.2**	1,021.8	18.2	2,306.8	18.1
Europe Products	**1,188.9**	**18.8**	1,090.0	19.4	2,245.0	17.6
Europe Distribution	**1,016.0**	**16.1**	895.4	16.0	1,904.1	14.9
Americas Materials	**1,065.3**	**16.8**	946.8	16.9	2,823.2	22.1
Americas Products	**1,337.1**	**21.1**	1,207.6	21.5	2,461.6	19.3
Americas Distribution	**506.3**	**8.0**	446.3	8.0	1,013.8	8.0
	6,329.3	**100**	5,607.9	100	12,754.5	100
Operating profit						
Europe Materials	**141.3**	**31.7**	125.9	34.0	320.2	26.2
Europe Products	**85.9**	**19.3**	95.8	25.9	190.7	15.6
Europe Distribution	**49.6**	**11.1**	48.4	13.1	121.4	9.9
Americas Materials	**(4.1)**	**(0.8)**	(31.5)	(8.5)	273.9	22.5
Americas Products	**143.6**	**32.3**	113.6	30.7	250.7	20.6
Americas Distribution	**28.5**	**6.4**	18.0	4.8	63.3	5.2
	444.8	**100**	370.2	100	1,220.2	100
Profit on disposal of fixed assets						
Europe Materials	**4.7**		1.2		0.2	
Europe Products	**0.6**		0.4		0.8	
Europe Distribution	**(0.6)**		0.1		(2.2)	
Americas Materials	**4.7**		3.3		5.7	
Americas Products	**0.2**		0.9		4.8	
Americas Distribution	**0.4**		0.1		1.5	
	10.0		6.0		10.8	

4 Geographical Analysis of Revenue and Operating Profit

	Six months ended 30th June – Unaudited				Year ended 31st December 2004	
	2005		2004			
	euro m	**%**	euro m	%	euro m	%
Revenue						
Ireland*	**561.3**	**8.9**	507.7	9.0	1,056.2	8.3
Benelux	**1,191.9**	**18.8**	1,057.7	18.9	2,166.8	17.0
Rest of Europe	**1,661.8**	**26.3**	1,433.9	25.6	3,221.8	25.2
Americas	**2,914.3**	**46.0**	2,608.6	46.5	6,309.7	49.5
	6,329.3	**100**	5,607.9	100	12,754.5	100
Operating profit						
Ireland*	**70.5**	**15.9**	72.8	19.7	142.7	11.7
Benelux	**89.7**	**20.1**	88.4	23.9	195.1	16.0
Rest of Europe	**116.4**	**26.2**	108.3	29.2	293.4	24.0
Americas	**168.2**	**37.8**	100.7	27.2	589.0	48.3
	444.8	**100**	370.2	100	1,220.2	100
Profit on disposal of fixed assets						
Ireland*	**3.3**		0.5		0.6	
Benelux	**0.1**		0.6		0.6	
Rest of Europe	**1.3**		0.6		(2.4)	
Americas	**5.3**		4.3		12.0	
	10.0		6.0		10.8	

** Total island of Ireland*

5 Key Components of First Half 2005 Performance

euro million	**Revenue**	**Operating profit**	**Profit on disposals**	**Trading profit**	**Finance costs**	**Assoc. PAT**	**Pre-tax profit**
H1 2004 as reported	**5,608**	**370**	**6**	**376**	**(64)**	**7**	**319**
Exchange effects	(91)	(2)	-	(2)	-	-	(2)
2004 at H1 2005 rates	**5,517**	**368**	**6**	**374**	**(64)**	**7**	**317**
Incremental impact in 2005 of:							
- 2004 acquisitions	394	31	-	31	(11)	-	20
- 2005 acquisitions	57	4	-	4	(3)	-	1
Organic	361	42	4	46	-	(1)	45
H1 2005 as reported	**6,329**	**445**	**10**	**455**	**(78)**	**6**	**383**
% change v. 2004:							
As reported	+13%	+20 %		+21%			+20%
At constant 2005 rates	**+15%**	**+21%**		**+22%**			**+21%**

6 Proportionate Consolidation of Joint Ventures

	Six months ended 30th June		Year ended 31st December
	2005	2004	2004
	Unaudited	Unaudited	Audited
	euro m	euro m	euro m
Group share of:			
Revenue	**277.5**	134.9	474.4
Cost of sales	**(174.2)**	(76.8)	(301.9)
Gross profit	**103.3**	58.1	172.5
Operating costs	**(68.2)**	(43.4)	(110.1)
Group operating profit	**35.1**	14.7	62.4
Profit on disposal of fixed assets	**0.1**	0.5	1.5
Profit before finance costs	**35.2**	15.2	63.9
Finance costs (net)	**(6.6)**	(4.3)	(11.7)
Profit before tax	**28.6**	10.9	52.2

7 Earnings per Share

The computation of basic, diluted and cash earnings per share is set out below:

	Six months ended 30th June		Year ended 31st December
	2005	2004	2004
	Unaudited	Unaudited	
	euro m	euro m	euro m
Numerator for basic and diluted earnings per share			
Profit attributable to equity holders of the Company	**298.7**	252.4	866.1
Preference dividends paid	**-**	-	(0.1)
Profit attributable to Ordinary equity holders	**298.7**	252.4	866.0
Amortisation of intangibles	**3.3**	1.5	4.1
Depreciation charge	**260.1**	247.8	515.9
Numerator for cash earnings per share	**562.1**	501.7	1,386.0
Denominator for basic earnings per share	**Number of shares**	Number of shares	Number of shares
Weighted average number of shares (millions) in issue	**533.4**	528.3	529.5
Effect of dilutive potential shares (share options)	**2.9**	3.8	2.9
Denominator for diluted earnings per share	**536.3**	532.1	532.4
Earnings per share	**euro cent**	euro cent	euro cent
- basic	**56.0c**	47.8c	163.6c
- diluted	**55.7c**	47.4c	162.7c
Cash earnings per share *(i)*	**105.4c**	95.0c	261.8c

(i) Cash earnings per share, a non-GAAP financial measure, is presented here for information as management believes it is a useful financial indicator of a company's ability to generate cash from operations.

8 Net Debt and Finance Costs

Net Debt	As at 30th June **2005** **Unaudited** **euro m**	 2004 Unaudited euro m	As at 31st December 2004 Audited euro m
Non-current assets			
Derivative financial instruments	**254.4**	159.1	173.2
Current assets			
Derivative financial instruments	**6.5**	25.0	1.1
Liquid investments	**445.2**	318.1	311.7
Cash and cash equivalents	**799.5**	679.7	1,072.0
Non-current liabilities			
Interest-bearing loans and borrowings	**(4,063.1)**	(3,738.2)	(3,802.4)
Derivative financial instruments	**(3.4)**	(155.8)	(51.9)
Current liabilities			
Interest-bearing loans and borrowings	**(584.0)**	(748.9)	(251.4)
Derivative financial instruments	**(123.6)**	(32.2)	(210.4)
Total net debt	**(3,268.5)**	(3,493.2)	(2,758.1)
Including Group share of joint ventures' net debt	***(253.7)***	*(258.3)*	*(257.0)*
Finance Costs			
Net Group finance costs on interest-bearing cash and cash equivalents, loans and borrowings	**74.4**	67.2	147.4
Net pensions financing credit	**(2.8)**	(4.2)	(8.5)
Net charge to unwind discount on provisions	**7.0**	5.2	11.3
Net credit re change in fair value of derivatives	**(0.8)**	(4.1)	(3.8)
Total net finance costs	**77.8**	64.1	146.4
Including Group share of joint ventures' costs	***6.6***	*4.3*	*11.7*

9 Summarised Cash Flow

The table below summarises the Group's cash flows for the six months ended 30th June 2005 and 30th June 2004 and for the full year ended 31st December 2004.

Inflows	Six months ended 30th June - Unaudited **2005** **euro m**	 2004 euro m	Year ended 31st December 2004 Unaudited euro m
Profit before tax	**383**	319	1,104
Depreciation	**260**	248	516
Amortisation of intangibles	**3**	2	4
Disposals	**45**	59	102
Share issues (net of expenses)	**36**	37	73
Other	**(1)**	23	16
	726	688	1,815
Outflows			
Working capital movement	**350**	308	111
Capital expenditure	**347**	263	551
Acquisitions and investments	**207**	802	1,029
Dividends	**129**	106	158
Tax paid	**59**	84	205
	1,092	1,563	2,054
Net outflow	**(366)**	(875)	(239)
Translation adjustment	**(144)**	(63)	36
Increase in net debt	**(510)**	(938)	(203)

10 Other

		Six months ended 30th June - Unaudited		Year ended 31st December 2004
		2005	2004	Unaudited
EBITDA interest cover (times)	- six months to 30th June	**9.4**	10.1	-
	- rolling 12 months	**11.8**	-	12.3
EBIT interest cover (times)	- six months to 30th June	**5.9**	6.0	-
	- rolling 12 months	**8.4**	-	8.7

EBITDA = earnings before interest, tax, depreciation and amortisation, excluding share of joint ventures
EBIT = earnings before interest and tax, excluding share of joint ventures

Average shares in issue	**533.4m**	528.3m	529.5m
Net dividend per share (euro cent)	**11.25c**	9.6c	33.0c
Dividend cover (Earnings per share/Dividend per share)	**4.98x**	4.98x	4.96x
Depreciation charge (euro m)	**260.1**	247.8	515.9
Amortisation of intangibles (euro m)	**3.3**	1.5	4.1
Share option expense charged in operating profit (euro m)	**6.5**	4.1	9.7
Market capitalisation at period-end (euro m)	**11,674.6**	9,070.6	10,492.2
Total equity at period-end (euro m)	**5,414.3**	4,752.8	4,979.4
Net debt (euro m)	**3,268.5**	3,493.2	2,758.1
Net debt as a percentage of total equity	**60%**	73%	55%
Net debt as a percentage of market capitalisation	**28%**	39%	26%

11 Statutory Accounts

The financial information presented in this Interim Report does not represent full statutory accounts. Full statutory accounts for the year ended 31st December 2004, prepared in accordance with Irish GAAP and containing an unqualified audit report, have been delivered to the Registrar of Companies.

12 Board Approval

This Interim Report was approved by the Board of Directors of CRH plc on 29th August 2005.

13 Distribution of Interim Report

This Interim Report is available on the Group's website (www.crh.com). A printed copy will be posted to shareholders on Thursday, 1st September 2005 and will be available to the public from that date at the Company's registered office. Details of the Scrip Dividend Offer in respect of the Interim 2005 dividend will be posted to shareholders on Thursday, 22nd September 2005.