Statement of Compliance

The Consolidated Financial Statements of CRH plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board (IASB). IFRS as adopted by the European Union differ in certain respects from IFRS as issued by the IASB. However, the Consolidated Financial Statements for the financial years presented would be no different had IFRS as issued by the IASB been applied. References to IFRS hereafter should be construed as references to IFRS as adopted by the European Union.

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

Basis of Preparation

The Consolidated Financial Statements, which are presented in euro millions, have been prepared under the historical cost convention as modified by the measurement at fair value of share-based payments, retirement benefit obligations and certain financial assets and liabilities including derivative financial instruments.

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

Certain prior year disclosures have been amended to conform to current year presentation.

In accordance with Section 148(8) of the Companies Act, 1963 and Section 71 (A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual profit and loss account to the Annual General Meeting and from filing it with the Registrar of Companies.

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

(i) IFRS and IFRIC interpretations adopted during the financial year

The Group has adopted the following new and revised IFRS in respect of the 2012 year-end:

– IAS 12 *Income Taxes (amendment)*

– IFRS 7 *Financial Instruments: Disclosures (amendment)*

The application of the above standards and interpretations did not result in material changes in the Group's Consolidated Financial Statements.

(ii) IFRS and IFRIC interpretations being adopted in 2013

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these Consolidated Financial Statements as they are not yet effective for the Group. The Group will adopt these standards from 1 January 2013.

– IFRS 10 *Consolidated Financial Statements**

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the Consolidated Financial Statements of the Group. Based on the preliminary analyses performed, IFRS 10 is not expected to have a material impact on the currently held investments of the Group.

– IFRS 11 *Joint Arrangements**, IAS 28 *Investments in Associates and Joint Ventures*

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*. The Group currently uses proportionate consolidation to account for its joint ventures. The Group has performed an assessment of IFRS 11 and has concluded that our principal joint arrangements are joint ventures as defined under IFRS 11.

With the application of the new standard, the Group's investments in joint ventures will be accounted for using the equity method of accounting. The change to equity accounting will have no impact on the Group's profit after tax, but will impact each line item in the Consolidated Income Statement. The impact of IFRS 11 on the current period (which will be the comparative period as of 31 December 2013) will be to increase the Group's share of equity-accounted investments (which currently only include the results of our associate investments) by €28 million, decrease revenue by €575 million and operating profit by €40 million, and reduce finance costs and income tax expense by €2 million and €10 million respectively.

The Group's Consolidated Balance Sheet will also be impacted on a line by line basis. The Group's investments accounted for using the equity method will increase by €587 million. The Group's non-current assets will decrease by €71 million and non-current liabilities will decrease by €165 million. The impact on current assets and current liabilities will be a reduction of €191 million and €97 million respectively.

– IFRS 12 *Disclosure of Interests in Other Entities**

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. IFRS 12 has no impact on the Group's financial performance.

– IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

IFRIC 20 provides guidance on the accounting treatment for stripping costs incurred during the production phase of a surface mine used to extract mineral resources. The Group currently expenses all stripping costs as incurred. Under IFRIC 20 the Group is required to capitalise (as a non-current asset) any current period stripping costs that provide economic benefits beyond the current period. This would result in a reduction in operating expenses which would be offset by an increased depletion charge. IFRIC 20 will not have a material impact on the Group's financial position or performance.

– IAS 19 *Employee Benefits (revised)*

The application of the revised standard will result in a number of amendments to the Group's current accounting for retirement benefit obligations, including a change to the calculation of the net interest expense in the Consolidated Income Statement, adjustments to the current service cost for risk sharing between employer and employees and the adoption of generational-based mortality tables across all schemes.

The most significant change is in how net interest expense will be calculated. Currently the Group's Consolidated Income Statement includes a credit for the expected return on assets and an interest expense in respect of the pension liability. Under the revised standard the Group will no longer take a credit for the expected return on assets and the net interest expense will be calculated by multiplying the year-end discount rate by the year-end net pension liability. Under this method the 2013 interest expense will be approximately €21 million (2012: increase in interest expense recorded of approximately €18 million). The other amendments to IAS 19 are anticipated to have a less significant impact on the Group and primarily affect the Group's Swiss retirement benefit obligations. Additional disclosure requirements relating to the sensitivity of the defined benefit obligation to changes in each significant actuarial assumptions will also be required.

– IAS 1 *Presentation of Financial Statements - amendments*

The amendments to IAS 1 changes the grouping of items presented in Other Comprehensive Income. The amendments affect presentation only and have no impact on the Group's financial performance.

– IFRS 7 *Financial Instruments: Disclosures - amendments*

* *CRH prepares its Consolidated Financial Statements in compliance with IFRS as issued by the EU and prepares its form 20-F in compliance with IFRS as issued by the IASB. IFRS 10, 11 and 12 have an effective date of 1 January 2014 for IFRS as issued by the EU. The IASB has an effective date for these standards of 1 January 2013. To ensure consistency between the 2013 Annual Report and form 20-F, CRH will early adopt IFRS 10, 11 and 12 in 2013.*