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NORTHSTONE (NI) LIMITED

ACCOUNTS

YEAR ENDED 31st DECEMBER 2007



Registered in Northern Ireland
No. NI 4078

NORTHSTONE (NI) LIMITED
ACCOUNTS
YEAR ENDED 31 DECEMBER 2007

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REPORT OF THE DIRECTORS

The Directors present their Report and Accounts for the year ended 31st December 2007.

RESULTS AND DIVIDENDS

Results for the year are set out in detail on page 8. Profits for the financial year are £12,816,588. Dividends paid amounting to £2,150,656. Dividends received were £569,609.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company is engaged in building and civil engineering activities and in the production, manufacture and supply of building materials.

The company's key financial and other performance indicators during the year were as follows:-

	2007	2006	Change
	£'000	£'000	£'000
Group Turnover	268,770	225,193	+19.4%
Total operating profit	15,258	11,088	+37.6%
Profit after tax	12,799	8,714	+46.9%
Shareholders' Funds	80,625	62,493	+29.0%
Current assets as % of current liabilities	148%	156%	-1.0%
Average number of employees	1039	944	+10.1%

An increase in capital infrastructure work, and a buoyant housing sector during the first part of 2007, have resulted in increased turnover and profits compared with 2006, this despite the substantial downturn in housing during the last quarter and the low level of roads maintenance activity throughout the year. As in last year, high energy and bitumen costs proved difficult to recover.

Concrete products remained very competitive in a slowing market. However, the Company's investment in new production facilities during the year should leave this part of its business well placed for the future. At the end of the third quarter, the Company acquired the aggregates and concrete block businesses of T O'Connell & Sons, which have proved an excellent fit with its existing resources.

The rapid slow down in the housing sector continued after the year-end, and is likely to prevent a repeat during 2008 of 2007's peak operating profit. However, the good sectoral spread within the overall business softens the impact of a downturn in one area, and the quality of the Company's development land bank leaves it well placed when the housing market recovers.

After the year-end, the Company acquired the issued share capital of C4 Industries Limited, a company manufacturing plastic preformed access chambers in England.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility is embedded in all of Northstone's operations. Excellence in environmental, health and safety and social performance is a daily priority of line management. The Board of Directors is committed to a set of core CSR principles, namely: -

- Legal conformance – adherence to every aspect of legislation in the various jurisdictions in which the Company operates.
- Corporate Governance – achieving the highest standards of corporate governance and ethical business conduct.
- Economic – making a profit in order to continue to operate, to employ people and to create attractive and healthy environments in which people can live and work.
- Environment – assessing and managing the environmental impacts of the Company's operations. It also involves continually seeking to develop our environmental stewardship towards best industry practice.

- Health & Safety – striving to manage our activities in a safe manner and to protect the health of employees, contractors and others who may be affected by them.

The Board continually reviews its performance against the core CSR principles by setting objectives and targets together with establishing relevant and appropriate monitoring arrangements.

ENVIRONMENTAL

Our environmental policy, applied across all of the Northstone divisions, is to: -

- Comply, as a minimum, with all applicable environmental legislation and to continually improve our environmental stewardship towards industry best practice;
- Ensure that our employees and contractors respect their environmental responsibilities;
- Optimise our use of energy and resources through efficiency gains and recycling;
- Proactively address the challenges and opportunities of Climate Change;
- Promote environmentally-driven product innovation and new business opportunities;
- Be good neighbours in the many communities in which we operate.

Achieving our environmental policy objectives at all our locations is a management imperative. Day to day responsibility for ensuring the Company's environmental policy is effectively implemented lies with a team of designated Environmental Liaison Officers (ELOs). Each division has its own ELO whose responsibility is to implement the company's environmental policy and procedures and report to the Board on a continuous basis.

SOCIAL AND COMMUNITY

Our commitment to social and community issues is applied across all of our divisions. This means that we will: -

- Seek to encourage social inclusion in the communities in which the Company undertakes activities and to operate in an ethical manner with all of its stakeholders;
- Comply at a minimum with all applicable legislation and ensure that our social stewardship moves towards industry best practice;
- Manage our business in a fair and equitable manner, meeting our social responsibilities both as a direct and indirect employer;
- Afford equality of opportunity;
- Ensure that we deal responsibly with our suppliers and customers in accordance with our Code of Business Conduct and proper business practice;
- Provide suitable and sufficient training to all employees and relevant sub-contractors, where appropriate, in all aspects of their responsibilities to the Company.

Implementing our social policy is the day to day responsibility of our line managers who are supported by our Human Resources team.

We continue to be proactive in seeking to become involved in local community issues in all areas in which we operate.

HEALTH AND SAFETY

Our Health and Safety policy applies to all Northstone divisions without exception. It requires: -

- Compliance, as a minimum, with all applicable legislation and continuous improvement in our health and safety stewardship towards industry best practice;
- Ensuring that all employees and contractors respect the Company's health and safety imperatives;
- Ensuring that the Company provides a healthy and safe workplace for all employees, contractors, customers and visitors at our locations;
- Ensuring that our employees and contractors understand their obligations to work in a safe manner as mandated by law and industry best practice.

Implementing our Health & Safety policy is the responsibility of designated divisional Health & Safety directors who report to the Board on a continuous basis. Our overriding objective is the achievement of industry best practice and subsequent reduction in accident frequency and severity rates within the business.

EMPLOYEE INVOLVEMENT

Information concerning employees and their remuneration is given in the notes to the financial statements.

During the year the Company has maintained the practice of advising employees about current activities and progress by various methods including in-house publications. Special attention is given to training, health and safety and the employment of disabled persons.

The Company is an equal opportunity employer and seeks to encourage applications from both men and women of all ethnic, cultural and religious backgrounds by advertising vacancies as widely as possible both within and outside the organisation. It is also recognised that people with disabilities can be fully effective employees and make a valuable contribution to the Company.

Industry standard compliant training arrangements and facilities are available to all employees to promote and facilitate career enhancement and personal effectiveness. Promotion and personal development are based solely on merit. Commitment to health and safety continues at all levels.

Consultation with employees on matters affecting the interests of staff and the general efficiency of the company take place in various ways including employee representation on its parent's transnational information and consultation forum, CRH Euroforum. This offers an opportunity for sharing ideas and raising issues of common interest with management and other employee groups.

Employees with the relevant qualifying service can participate in an approved share option scheme.

FUTURE DEVELOPMENTS

The directors aim to continuously upgrade the company's production facilities and to continue seeking opportunities to acquire new businesses within its existing area of expertise.

PRINCIPAL RISKS AND RISK MANAGEMENT

The Company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which management face are detailed as follows:

Business performance risk

Business performance risk is the risk that the Company may not perform as expected either due to internal factors or due to competitive pressures in the markets in which they operate. In addition, this risk is managed through a number of measures: ensuring the appropriate management team is in place; budget and business planning; monthly reporting and variance analysis; financial controls; key performance indicators; and regular forecasting.

Financial risk management and business control

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency risk, credit risk, liquidity risk, interest rate risk and market price risk. The Company has in place a risk management programme that seeks to mitigate the adverse effects on the Company's financial performance of such risks.

Strong financial and business controls are in place to ensure the integrity and reliability of financial and other information on which the Company relies for day-to-day operations, external reporting and for longer term planning.

The Company operates a number of divisions (within the UK and Ireland) which are managed through the recruitment of a local management team in each area which are further supported and controlled by the directors of Northstone (NI) Limited.

The Company exercises financial and business control through a combination of qualified and experienced financial teams, performance analysis, budgeting and cash flow forecasting and clearly defined approval limits. The external auditors provide advice on specific accounting and tax issues as they arise.

Management development

Long-term growth of the business depends on the Company's ability to retain and attract personnel of high quality. This risk is managed through development plans that are regularly reviewed and updated. These are accompanied by specific policies in areas such as training, management development and performance management.

Health and safety risk

The Company is committed to ensuring a safe working environment. These risks are managed by the Company through the strong promotion of a health and safety culture and well defined health and safety policies.

FIXED ASSETS

Details of fixed asset movement are set out in Note 13 to the accounts.

DIRECTORS

The Directors who served during the year were Messrs. D.Dempsey, D.Doyle, H Morris, A Manifold, M.Lowry, W.M.McNabb, H.A.G. McQuillan, A.M.O'Loughlen, W.N.Quinn, R.A.Reilly and E Sweeney.

A.M O'Loughlen retired as a director on 31st January 2007. Mr. Henry Morris was appointed a director of the company on 31st January 2007. D. Doyle retired as director on the 30th June 2007 and Mr A. Manifold was appointed a director of the company on 30th June 2007.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the Company made charitable donations amounting to £24,340 (2006: £14,024). No political contributions were paid by the Company during the year.

CREDIT PAYMENT AND PRACTICE

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31st December 2007 the Company had an average of 55 days purchases outstanding in trade creditors.

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of the information.

AUDITORS

In accordance with Article 393 of the Companies (Northern Ireland) Order 1986, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors of the Company.

BY ORDER OF THE BOARD


SECRETARY

DATE: 9th April 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to: -

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (NI) Order 1986. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHSTONE (NI) LIMITED

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP
Registered auditor
Belfast

Ernst & Young LLP
11 April 2008

NORTHSTONE (NI) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 2007**

	NOTE	2007 £	2006 £
TURNOVER	2 & 3	268,769,813	225,192,944
Cost of sales		(218,747,782)	(181,845,640)
GROSS PROFIT		<u>50,022,031</u>	<u>43,347,304</u>
Distribution costs		(12,297,562)	(10,091,891)
Administration costs		(22,552,327)	(22,235,849)
Other operating income		85,779	68,652
OPERATING PROFIT	4	<u>15,257,921</u>	<u>11,088,216</u>
Profit on disposal of fixed assets		282,258	85,709
Profit on sale of associate company		30,277	0
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		<u>15,570,456</u>	<u>11,173,925</u>
Other interest receivable and similar income	5	4,725,689	3,071,966
Interest payable and similar charges	1 (xi) & 6	(27,189)	(4,055)
Other finance income / (charges)	1(vii) & 7	<u>3,000</u>	<u>(132,000)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		20,271,956	14,109,836
Tax (charge) on profit on ordinary activities	1(viii) & 11	<u>(7,473,370)</u>	<u>(5,395,637)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	26	12,798,586	8,714,199
Translation adjustment	1 (vi)	18,002	(4,012)
PROFIT FOR THE FINANCIAL YEAR	26	<u><u>12,816,588</u></u>	<u><u>8,710,187</u></u>

NORTHSTONE (NI) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2007 £	2006 £
Profit for the financial year		12,798,586	8,714,199
Actuarial gain / (loss)	25	9,277,000	4,305,000
Tax on actuarial gain/ (loss)	11(b)	(2,783,100)	(1,291,500)
Currency translation differences on foreign currency net investments		18,002	(4,012)
Total recognised gains and losses relating to the year		<u>19,310,488</u>	<u>11,723,687</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

As there are no material differences between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis a note of the historical cost profit for the period is not presented.

NORTHSTONE (NI) LIMITED

BALANCE SHEET AS AT 31st DECEMBER 2007

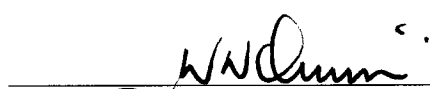
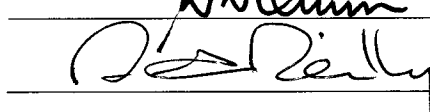
	NOTE	2007 £	2006 £
FIXED ASSETS			
Intangible assets			
Goodwill	1 (xiii) & 12	4,526,332	75,833
Tangible assets	1 (iii) & 13		
Land and buildings - freehold		5,674,984	4,757,597
Land and buildings - leasehold		239,609	262,064
Plant, equipment, fixture & transport		20,334,298	14,840,651
		<u>26,248,891</u>	<u>19,860,312</u>
INVESTMENT	1 (x) & 14		
Investment in Associated Undertakings		192,490	196,490
Investment in Subsidiary Undertakings		12,033,854	11,698,623
		<u>12,226,344</u>	<u>11,895,113</u>
CURRENT ASSETS			
Stocks	1 (iv) & 15		
Raw materials		2,765,644	2,352,831
Work in progress and land development		31,491,111	18,052,175
Finished goods and goods for resale		1,632,303	1,545,254
		<u>35,889,058</u>	<u>21,950,260</u>
Debtors			
Trade debtors		14,634,650	8,530,414
Other debtors	1 (v) & 19	13,931,714	14,848,817
Prepayments and accrued income		798,430	1,744,972
Amounts owed by Group Undertakings		78,473,079	80,349,968
		<u>107,837,873</u>	<u>105,474,171</u>
Cash at bank and in hand		348,782	4,386,457
Total current assets		<u>144,075,713</u>	<u>131,810,888</u>

NORTHSTONE (NI) LIMITED

BALANCE SHEET AT AS 31st DECEMBER 2007 (continued)

	NOTE	2007 £	2006 £
CREDITORS - Amounts falling due within one year			
Bank loan and overdraft	16	654,076	2,662,501
Trade creditors	17	38,801,761	39,024,861
Amounts owed to Group Undertakings	18	14,923,972	13,056,033
Other creditors	20	37,444,203	24,807,446
Accruals and deferred income	17	5,636,900	5,168,834
		<u>97,460,912</u>	<u>84,719,675</u>
NET CURRENT ASSETS		<u>46,614,801</u>	<u>47,091,213</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		89,616,368	78,922,471
CREDITORS - Amounts falling due after more than one year.			
Amount owed to Group Undertakings	18	0	983,343
Provision for liabilities and charges	21	4,345,565	3,556,638
Preference share capital	1(xv) & 22	238,541	238,541
		<u>4,584,106</u>	<u>4,778,522</u>
Net assets excluding retirement benefits		<u>85,032,262</u>	<u>74,143,949</u>
Retirement Benefit	25	4,407,100	11,650,700
NET ASSETS		<u>80,625,162</u>	<u>62,493,249</u>
CAPITAL AND RESERVES			
EQUITY SHAREHOLDERS' FUNDS			
Ordinary share capital	22	870,675	870,675
CRH contribution reserve		1,298,637	896,165
Profit and loss account	26	78,455,850	60,726,409
TOTAL SHAREHOLDERS FUNDS		<u>80,625,162</u>	<u>62,493,249</u>

APPROVED BY BOARD OF DIRECTORS

	DIRECTOR	DATE: 9 th April 2008
	DIRECTOR	DATE: 9 th April 2008

1. ACCOUNTING POLICIES

(i) Accounting Convention

The accounts are prepared under the historical cost convention modified to incorporate the revaluation of certain assets and in accordance with applicable accounting standards. The true and fair override provision of the Companies (Northern Ireland) Order 1986 have been invoked in relation to the acquisition by the company of an interest in land, as explained in note 14.

(ii) Share based payment

In preparing the financial statements the Company has adopted FRS20 "Share-based Payments".

CRH plc, the parent company of Northstone (NI) Limited, operates share option schemes, which were approved by shareholders in May 2000 and saving-related share option schemes, also approved by shareholders in May 2000. The general terms and conditions applicable to the share options granted by CRH plc under these schemes are set out in the Report on Directors' Remuneration in the published financial statements filed with the Registrar of Companies.

The CRH plc employee share options are equity-based payments as defined in FRS 20. This standard require that a recognised valuation methodology be employed to determine the fair value of share options granted and stipulates that this methodology should be consistent with methodologies used for the pricing of financial instruments. The expense charged to the Profit and Loss Account has been arrived at through applying the trinomial model, which is a lattice option-pricing model.

(iii) Depreciation

The cost or valuation of fixed assets is depreciated by equal instalments over the expected useful life of the assets as follows: -

Freehold Land	Rates ranging from Nil% to 4% per annum straight line
Freehold Buildings	Rates ranging from Nil% to 2.5% per annum straight line
Leasehold Property	Rates ranging from 5% to 6% per annum straight line
Plant Machinery & Equipment	Rates ranging from 5% to 25% per annum straight line
Mineral Reserves	Tonnes extracted in the period compared with estimated tonnage originally available in the deposit.
Transport	Rates ranging from 15% to 25% per annum straight line

(iv) Stocks

These are valued at the lower of cost and net realisable value.

(v) Long Term Contracts

Turnover represents the value of work done during the year on each contract and, where appropriate, this value includes attributable overheads and profit. Attributable profit taken represents that part of the total profit estimated to arise on each contract, after allowing for any remedial and maintenance costs and recoverable increases in cost, which fairly relates to the proportion of work performed at the year end. On the same basis, where losses have been determined they have been fully provided. Long-term contract balances comprise, on a contract by contract basis, the excess of recorded turnover over cash received.

(vi) Foreign Currency

Accounts of foreign associated undertakings and loans held in foreign currency are translated at the rate of exchange ruling at the Balance Sheet date. All foreign associated undertakings are registered in the Republic of Ireland.

(vii) Retirement Benefit

The Group operates a number of pension schemes in the United Kingdom and the Republic of Ireland. The major schemes are of the defined benefit type and are funded by the payment of contributions to separately administered trust funds.

For defined benefit schemes the amounts charged to operating profit are the current service costs. They are included as part of staff costs. The interest cost and the expected return on assets are shown under other finance charge as net amount. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

For defined contribution schemes the amounts charged to the profit and loss account are the contribution payable in the year.

(viii) Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses.
- Provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over or eliminated by capital losses.
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

(ix) Finance Leases - Lessor Arrangements

Assets leased to third parties are included in the Balance Sheet as Debtors and are stated at the amount of the net investment in the lease being the total of the minimum lease payments less gross earnings allocated to future periods. Gross earnings are allocated to accounting periods so as to approximate a periodic rate of return based on amounts invested in the lease.

(x) Investments

Investments in subsidiary Undertakings are initially stated at cost in the balance sheet of the company, and are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

(xi) Leasing Assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised and depreciated over their useful lives. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

(xii) Government Capital Grants

Government capital grants are treated as deferred credits and released to the profit and loss account over the life of the assets to which they relate.

(xiii) Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

(xiv) Cash Flow Statement

The company is exempt from providing a statement of cash flow, as its results are included in the cash flow presented by its ultimate parent undertaking.

(xv) Non-Cumulative Preference Shares

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be favourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares, or is a derivative that will be settled only by the company exchanging a fixed amount of cash or other assets for a fixed number of the company's own equity instrument.

When shares are issued, any component that creates a financial liability of the company or group is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating the liability component are charge as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

The Company's non-cumulative preference shares have been accounted for as debt.

2. TURNOVER

Turnover for non-contracting companies is the amount derived from the provision of goods and service falling due within the group's ordinary activities, all of which are continuing, after deduction of trade discounts and value added tax, including sales to group undertakings. For contracting companies, turnover represents the value of goods and services supplied and works constructed during the year, excluding value added tax.

3. ANALYSIS OF TURNOVER BETWEEN ACTIVITIES AND MARKETS

The turnover by principal category of activity:-

	2007 £	2006 £
Manufacture of concrete products	39,328,468	38,679,743
Building, private development, contract management and civil engineering	184,270,598	146,154,000
Road construction and quarrying	45,170,747	40,351,351
Commercial and domestic property management	0	7,850
	<u>268,769,813</u>	<u>225,192,944</u>

No analysis of profit by activity or net assets by segment is shown, as, in the opinion of the directors, the disclosure of such information would be seriously prejudicial to the interests of the Group.

	2007 £	2006 £
OPERATIONS		
United Kingdom	231,105,579	217,520,215
Republic of Ireland	37,664,234	7,672,729
	<u>268,769,813</u>	<u>225,192,944</u>

4. OPERATING PROFIT

	2007 £	2006 £
Operating profit is arrived at after charging:		
Depreciation:		
- Freehold land and buildings	232,527	198,626
- Leasehold land and buildings	22,455	18,964
- Owned plant, equipment, fixture and transport	2,503,518	2,247,623
Goodwill amortisation	9,999	10,000
Hire of plant and machinery	5,072,693	4,246,168
Auditors' remuneration - audit services	51,567	41,361
Auditors' remuneration - non audit services	25,944	19,050
Rental payments under operating leases	297,311	264,505
And after crediting:		
Rental Income	56,317	42,569
Rental Income from assets held for leasing	29,462	26,083
Profit on disposal of tangible fixed assets	282,258	85,709

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £	2006 £
Bank deposits	12,578	1,008
Other loans	228,156	150,636
Group undertaking loans	4,484,955	2,920,322
	<u>4,725,689</u>	<u>3,071,966</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Bank loans and overdrafts	18,622	4,055
Other loans	0	0
Group undertaking loans	8,567	0
	<u>27,189</u>	<u>4,055</u>

7. OTHER FINANCE CHARGE

	2007 £	2006 £
Expected return on pension plan assets	3,163,000	2,842,000
Interest on retirement benefits liabilities	(3,160,000)	(2,974,000)
	<u>3,000</u>	<u>(132,000)</u>

8. OPERATING LEASES

	2007 £	2006 £
Operating lease rental charged before arriving at operating profit		
Vehicles	245,493	224,529
Others	51,818	39,976
	<u>297,311</u>	<u>264,505</u>
	Commercial Vehicles	Others
Commitments under operating leases which expire	£	£
- within one year	335,543	37,695
- after one year but within five years	849,453	68,197
- after five years	0	0
	<u>1,184,996</u>	<u>105,892</u>

9. EMOLUMENTS OF DIRECTORS

	2007 £	2006 £
Emoluments	<u>821,181</u>	<u>780,172</u>
Company contributions paid to Defined Benefit Pension Scheme	<u>236,231</u>	<u>200,453</u>
	2007 No	2006 No
Members - Defined Benefit Pension Scheme	<u>6</u>	<u>6</u>
The amount in respect of the highest paid director are as follows:	2007 £	2006 £
Emoluments	<u>198,182</u>	<u>187,936</u>
Company contributions paid to Defined Benefit Pension Scheme	<u>56,777</u>	<u>50,100</u>

10. STAFF NUMBERS AND EMOLUMENTS

	2007	2006
The average number of persons employed by the Company during the year, including directors, was as follows:		
Administrative staff	483	442
Other staff	<u>556</u>	<u>502</u>
Total	<u>1,039</u>	<u>944</u>

	2007 £	2006 £
The costs incurred in respect of these employees were:-		
Wages and salaries	29,750,414	25,767,881
Social Security costs	2,625,323	2,347,034
Other pension costs	<u>3,446,333</u>	<u>3,140,826</u>
Total	<u>35,822,070</u>	<u>31,255,741</u>

Included in wages and salaries is a total expense of share-based payments of £402,472 (2006: £358,558).

11. TAXATION

	2007 £	2006 £
(a) Analysis of tax charge in the year		
UK Current Tax:		
UK corporation tax (charge) on profits of the year	(6,937,936)	(5,198,693)
Adjustments in respect of previous periods	<u>61,913</u>	<u>(56,456)</u>
Total current tax (charge)	<u>(6,876,023)</u>	<u>(5,255,149)</u>
UK Deferred Tax:		
Origination and reversal of timing difference	(276,047)	10,712
Retirement benefits	<u>(321,300)</u>	<u>(151,200)</u>
Total deferred tax (liability) / asset	<u>(597,347)</u>	<u>(140,488)</u>
Tax (charge) on profit on ordinary activities	<u>(7,473,370)</u>	<u>(5,395,637)</u>
(b) Statement of total recognised gains & losses		
Deferred tax on actuarial gain/(loss) on retirement benefits	(2,783,100)	(1,291,500)

11. TAXATION (continued)

(c) Factors affecting tax charge for the period:

The tax assessed for the period is higher than the standard rate of UK corporation tax of 30%.
The differences are explained below.

	2007 £	2006 £
Profit on ordinary activities before tax	<u>20,271,956</u>	<u>14,109,836</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	<u>(6,081,587)</u>	<u>(4,232,951)</u>
Effects of:		
Disallowed expenses and non-taxable income	(60,642)	(60,855)
Non-qualifying depreciation / amortisation	(3,000)	(3,000)
Decelerated / (Accelerated) capital allowances	604,556	458,150
Short term timing differences	(398,975)	(420,316)
Timing differences on Retirement Benefits	321,300	151,200
Capital contribution	(120,741)	(107,567)
Group relief charged at higher rate	(1,198,847)	(983,354)
Adjustment in respect of previous periods	61,913	(56,456)
Current tax (charge) for the period	<u>(6,876,023)</u>	<u>(5,255,149)</u>

(d) Factors affecting taxation in future years.

The company is not a close company for taxation purposes.

12. INTANGIBLE FIXED ASSETS

	Goodwill
<u>Cost:</u>	£
Arising on acquisition – Ballymena Construction Company	150,000
Arising on acquisition – T O'Connell & Sons Limited	<u>4,460,498</u>
	<u>4,610,498</u>
<u>Amortisation</u>	
1 January 2007	74,167
Provided during the year	<u>9,999</u>
At 31 December 2007	<u>84,166</u>
<u>Net Book Value:</u>	
At 31 December 2007	<u>4,526,332</u>
At 31 December 2006	<u>75,833</u>

Goodwill is being written off in equal annual instalments over its estimated economic life of 15 years.

13. FIXED ASSETS

	Long Leasehold Land & Buildings	Freehold Land & Buildings	Plant, Equipment Fixtures & Transport	Total
	£	£	£	£
Cost or valuation at 1.1.07	285,795	7,605,686	44,663,706	52,555,187
Reclassification		(29,809)	29,809	0
Additions during the period		1,179,723	8,015,089	9,194,812
Sales during the period - External			(2,316,399)	(2,316,399)
Cost or valuation at 31.12.07	<u>285,795</u>	<u>8,755,600</u>	<u>50,392,205</u>	<u>59,433,600</u>
Depreciation at 1.1.07	23,731	2,848,089	29,823,055	32,694,875
Reclassification				
Profit & Loss charge	22,455	232,527	2,503,518	2,758,500
Deleted on sale - External			(2,268,666)	(2,268,666)
Depreciation at 31.12.07	<u>46,186</u>	<u>3,080,616</u>	<u>30,057,907</u>	<u>33,184,709</u>
Net book amounts at 31.12.07	<u>239,609</u>	<u>5,674,984</u>	<u>20,334,298</u>	<u>26,248,891</u>
Net book amounts at 31.12.06	<u>262,064</u>	<u>4,757,597</u>	<u>14,840,651</u>	<u>19,860,312</u>
Assets held for leasing included above:				
Net book value				
At 31.12.07			<u>0</u>	<u>0</u>
At 31.12.06			<u>3,667</u>	<u>3,667</u>
Assets at cost				56,981,527
Asset at valuation				<u>2,452,073</u>
Total				<u>59,433,600</u>

Included in the cost or valuation of land and buildings at 31 December 2007 is £5,213,549 attributed to land in respect of which the accumulated depreciation amounted to £1,130,344.

Included in the plant, equipment, fixture and transport at 31 December 2007 is £66,000 attributed to vehicles in respect of which the accumulated depreciation amounts to £66,000. These assets were held for leasing.

Messrs Morton Northern & Co., Estate Agents, revalued the freehold land and buildings on the basis of open market value for their existing use as at 30 November 1981. The Directors of the Group revalued plant, equipment, fixtures and transport on the basis of their estimated remaining life as at 30 November 1981.

The original historical cost of revalued assets cannot be obtained without unreasonable expense. On adoption of FRS 15, the company has followed the transitional provisions to retain book values of land and buildings, which were revalued in 1981, but not to adopt a policy of revaluation in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

14. INVESTMENTS

Associates

During the year, the company has investments in the following companies. Aero Properties Limited in which Northstone (NI) Limited held 50% of the issued share capital. Aero Properties is an unlisted company incorporated in Northern Ireland engaged in property development. Northstone disposed of its shareholding in Aero Properties Ltd on the 3rd December 2007.

Northwin Holdings (Wellington) Limited is an unlisted company in Northern Ireland in which the company owns 33.3% of the issued share capital. Northwin Holdings (Wellington) Limited is engaged under the Private Finance Initiative (PFI) to design, build, finance and operate educational establishments and private developments.

Northstone (NI) Limited holds 33.3% of the issued share capital of North Lisburn Developments Consortium Limited. North Lisburn Developments Consortium Limited was established to provide infrastructure related to and carry out development of private housing in Lisburn.

Northstone (NI) Limited holds 10% of the issued share capital of Highway Management (City) Holding Limited which was established to design, finance, operate and build roads relating to the M1/Westlink, M2 and the A12.

Northstone (NI) Limited holds 10% of the share capital of Dalraida Water Holding Limited which was established to design, upgrade, construct, finance, operate and maintain of a water treatment works and a link main.

Joint Arrangement

The company has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The company includes its share of the assets, liabilities and cash flows in such joint arrangements measured in accordance with the terms of each arrangement, which is pro-rata to the company's interest in the joint arrangement.

	Shares of Associated	Cost of Investment
	£	£
Cost at 1 January 2007	196,490	196,490
Additions	0	0
(Repayments)	(4,000)	(4,000)
As at 31 December 2007	<u>192,490</u>	<u>192,490</u>

Investment in Subsidiary Undertakings

	£
Cost at 1 January 2007	11,698,623
Additions / (Repayment)	317,229
Translation adjustment	18,002
As at 31 December 2007	<u>12,033,854</u>

The company owns the whole of the issued ordinary share capital of the following undertakings which are incorporated in Northern Ireland unless otherwise indicated:-

As at 31 December 2007

	Nature of Business
Farrans Limited	Dormant
Farrans (Engineering) Limited	Dormant
R. J. Maxwell & Son Limited	Dormant
R.J. Maxwell (Ballymena) Limited	Dormant
W.M. Bolton & Sons Limited	Dormant
Carmean Limeworks Limited	Dormant
John McLean & Sons (Quarries) Limited	Dormant
Farrans (Construction) Limited	Dormant
Ready Use Concrete Company Limited	Dormant
BP Concrete Flooring Limited	Dormant
Scott (Toomebridge) Limited	Dormant
Strangford Limited	Dormant
J.T. Glover Limited	Dormant
North Down Quarries Limited	Dormant
North Down Engineering Company (Belfast) Limited	Dormant
Beckett Construction Solutions Limited	Dormant

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Beckett Construction Solutions Limited	Dormant
Ardis Estates Limited	Dormant
Materials Testing Limited	Dormant
Ballymena Construction Company Limited	Dormant
Kings (Northern Ireland) Limited	Dormant
Scott (Holdings) Limited	Dormant
Farrans Plant Limited	Dormant
Carmean Chemicals Limited	Dormant
Hadden Quarries Limited	Dormant
Lone Limited	Dormant
Salmor Industries Limited	Manufacturing
T.B.F. Thompson (Properties) Limited	Property Development

Incorporated in England

E.P.H. Contractors (Swindon) Limited

Nature of Business
Dormant

Incorporated in the Republic Ireland

Strangford (Plant) Limited

W.H. Beckett (Ireland) Limited

Nature of Business
Dormant
Dormant

The following related undertakings are incorporated in the Republic of Ireland: -

Name	% Held	Nature of Business
Farrans Materials Limited	20	Dormant
Milverton Quarries Limited	23	Dormant

Ards Building Products (Manufacturing) Limited

On 6th June 2007 the Company acquired the entire share capital of Ards Building Products (Manufacturing) Limited ("Ards") for a total cost of £14,559,135, to solely acquire development land that it owned. Ards had ceased production on 7th July 2006, disposing of all of its stock in trade by 31st March 2007. Therefore the Company's only interest in it was to acquire that land. The price paid for the shares was based on the market value of the land.

Immediately after the acquisition, the land, which was held in Ards books at a net book value of £203,544, was transferred to the Company at that book value. It is the intention of the directors that Ards will be liquidated at the earliest opportunity.

As a result of the transfer, the value of the investment in Ards fell below the amount of £14,599,135 at which it would otherwise be stated in the Company's accounting records. Schedule 4 to the Companies (Northern Ireland) Order 1986 would require the investment in the Company to be recorded at its original cost and then written down to its post transfer value, with the amount written down charged as a loss in the Company's profit and loss account.

However, as the substance of the transaction was to acquire the development land previously held by Ards at its fair value of £14,445,453 and there is no loss to the Company, it would therefore fail to give a true and fair view to charge the diminution to the Company's profit and loss account. Instead, the directors believe that it is necessary to include the entire cost of the acquisition within development land stock in order to give a true and fair view. This properly reflects the substance of the transaction, the sole purpose of which was to acquire the development land at fair value.

The effect on the Company's balance sheet is to recognise this development land at £14,445,453 rather than the £203,544 paid on the transfer from Ards, and to record the value of the investment at its post-transfer net asset value of £317,226 rather than the cost of £14,559,135.

Other acquisitions

On the 6th June 2007 Northstone (NI) Limited acquired 100% ownership in Madigan Properties Limited. On the 14th September 2007 Northstone (NI) Limited also acquired 100% ownership in T O'Connell & Sons (Contractors) Limited.

15. STOCKS AND WORK IN PROGRESS

	2007 £	2006 £
Stock and work in progress comprise:		
Raw materials	2,765,644	2,352,831
Work in progress	223,415	62,591
Land development	31,268,240	17,989,584
Finished goods	<u>1,632,303</u>	<u>1,545,254</u>
	<u>35,889,602</u>	<u>21,950,260</u>

16. CONTINGENT LIABILITIES

Letters of guarantee issued by the ultimate holding undertaking secure the bank overdraft. Certain contingencies exist in respect of guarantees and undertakings of a trading nature including obligations of the company's share accepted in entering Private Finance Initiatives.

17. TRADE CREDITORS

Trade creditors include amounts due for the purchase of goods supplied on terms, which purport to reserve title to those goods until paid for.

18. CREDITORS - GROUP UNDERTAKING BALANCES

	2007 £	2006 £
(i) (Amounts falling due within 1 year)		
Amounts due to CRH Building Products Limited	0	0
Amounts due to fellow subsidiary undertakings	<u>14,923,972</u>	<u>13,056,033</u>
	<u>14,923,972</u>	<u>13,056,033</u>
(ii) (Amounts falling due after 1 year)		
Amounts due to CRH Building Products Limited	<u>0</u>	<u>983,343</u>

19. OTHER DEBTORS

	2007 £	2006 £
(i) Amounts recoverable on Long Term contracts included in Other Debtors	<u>13,726,776</u>	<u>14,420,459</u>
(ii) Deferred Taxation included in Other Debtors	<u>74,990</u>	<u>351,037</u>

20. OTHER CREDITORS

	2007 £	2006 £
(i) Payments on accounts included in Other Creditors are	<u>25,575,000</u>	<u>12,017,551</u>
(ii) Included within creditors falling due within 1 year are:-		
Corporation Tax	4,966,363	3,654,265
Taxation and Social Security	<u>2,485,090</u>	<u>3,057,049</u>

21. PROVISION FOR LIABILITIES AND CHARGES

	Total £	Insurance £	Defective Products £	Environmental £
Balance at 1 st January 2007	3,556,638	3,151,996	361,961	42,681
Provided during year	1,157,004	1,086,501	70,503	
Utilised	(6,000)	(6,000)		
Reversed unused	<u>(362,077)</u>	<u>(301,077)</u>	<u>(51,000)</u>	<u>(10,000)</u>
Balance at 31 st December 2007	<u>4,345,565</u>	<u>3,931,420</u>	<u>381,464</u>	<u>32,681</u>

22. SHARE CAPITAL

	2007 £	2006 £
Authorised		
200,000,000 'A' Ordinary shares of 1/2p each	1,000,000	1,000,000
50,000,000 'B' Ordinary shares of 1/2p each	250,000	250,000
2,385,410 Non-cumulative preference shares of 10p each	<u>238,541</u>	<u>238,541</u>
	<u>1,488,541</u>	<u>1,488,541</u>
Allotted and fully paid		
173,180,808 'A' Ordinary shares of 1/2p each	865,904	865,904
954,200 'B' Ordinary shares of 1/2p each	4,771	4,771
2,385,410 Non-cumulative preference shares of 10p each	<u>238,541</u>	<u>238,541</u>
	<u>1,109,216</u>	<u>1,109,216</u>

Rights of Non-equity interests

- (i) The holders shall be entitled to receive out of the net profits of the Company's business a fixed non-cumulative preferential dividend at the rate of one pound per centum per annum on the capital for the time being paid up on such shares but shall not be entitled to any further participation in such net profits.
- (ii) In the event of a winding-up of the Company, such holders shall be entitled to have the surplus assets (remaining after payment of costs, expenses, debts and liabilities) applied first in paying off the capital paid up on such shares and secondly in paying off the arrears (if any) of the preferential dividend to the commencement of the winding-up but they shall not be entitled to any further participation in such surplus assets.
- (iii) The holders shall not be entitled to attend and vote, either in person or by proxy, at any General Meeting or to have notice of such meeting.

23. CONTROLLING PARTY

The immediate parent undertaking is CRH Building Products Limited, which control 100% of the issued share capital of Northstone (NI) Limited (formerly Farrans Limited).
The ultimate parent undertaking and controlling party is CRH plc, an undertaking incorporated in the Republic of Ireland, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

The parent company of both largest and smallest group in which Northstone (NI) Limited (formerly Farrans Limited) is included is CRH plc. Copies of the Financial Statements of CRH plc are available from Dublin Castle, Lower Castle Yard, Dame Street, Dublin 2.

The Company has taken advantage of FRS 2 exempting it from the obligation to preparing Group accounts. The Group results are included in the ultimate parent company's Financial Statements, CRH plc., a company incorporated in the Republic of Ireland.

24. FINANCIAL COMMITMENTS

	2007 £	2006 £
Authorised future capital expenditure, before deduction of Available Government grants, amounts to:		
Contracted but not provided for.	<u>1,156,085</u>	<u>952,862</u>

25. COMMITMENTS TO PENSION FUNDS

The Group operates a number of pension schemes in the United Kingdom and the Republic of Ireland. The major schemes are of the defined benefit type and are funded by the payment of contributions to separately administered trust funds.

The total pension cost for the Company was £3,446,333 (2006: £3,140,826) of which £0 (2006: £0) relates to the Republic of Ireland Scheme. The pension cost relating to the two United Kingdom schemes is assessed in accordance with the advice of a qualified actuary on the basis of triennial valuations using the 'Projected Unit' method.

The most recent actuarial valuations for the schemes at 1st April 2005 and 1st June 2005 showed in each case that the schemes' assets did not fully cover their liabilities on an ongoing funding basis. The principal assumptions underlying the valuations were that the rate of investment return would be 4% and 3% higher respectively than the rate of earnings increase and that the pensions in payment would increase at 3% per annum.

At the dates of the last actuarial valuations, the market related values of the schemes' assets were £23,096,000 and £12,483,000 and the values of the assets covered 65.2% and 79.9% respectively of the actuarial valuation of the benefits accrued to members, after allowing for future increases in earnings. The deficits are being eliminated over the average potential future service of the current members and the working lifetime of the current members respectively, by paying an annual input of £1.16m and £400k and the recommended company contribution rates of 18.1% and 20.4% of pensionable earnings.

For the purposes of FRS 17 'Retirements Benefits', the following financial assumptions were used by the actuary in updating the valuation.

	2007	2006	2005	2004	2003
Rate of increase in salaries	4.00%	4.50%	4.50%	4.50%	4.50%
Rate of increase in pensions in payments	3.00%	3.00%	3.00%	3.00%	3.00%
Discount Rate	5.75%	5.00%	4.75%	5.25%	5.50%
Inflation assumption	3.00%	2.75%	2.50%	2.50%	2.50%
Investment return	6.77%	6.60%	6.80%	6.80%	7.37%

The market value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return were:

	Expected Rate of Return 2007	Value at 31.12.07 £,000	Expected Rate of Return 2006	Value at 31.12.06 £,000	Expected Rate of Return 2005	Value at 31.12.05 £'000	Expected Rate of Return 2004	Value at 31.12.04 £'000	Expected Rate of Return 2003	Value at 31.12.03 £'000
Equities	7.75%	35,465	7.50%	32,001	7.75%	28,568	7.75%	23,404	8.00%	25,462
Bonds	4.25%	10,823	4.00%	10,364	4.25%	9,040	4.50%	7,124	4.75%	3,828
Property	7.00%	2,166	7.00%	2,428	7.00%	2,101	7.00%	1,770	0.00%	0
Other	5.00%	<u>3,234</u>	5.00%	<u>2,637</u>	5.50%	<u>2,298</u>	3.50%	<u>2,377</u>	3.50%	<u>1,570</u>
Total market value of assets		51,688		47,430		42,007		34,675		30,860
Present value of the schemes liabilities		<u>(57,984)</u>		<u>(64,074)</u>		<u>(63,460)</u>		<u>(53,232)</u>		<u>(47,258)</u>
Surplus/(Deficit) in the schemes		(6,296)		(16,644)		(21,453)		(18,557)		(16,398)
Related deferred tax (liability)/asset		1,889		4,993		6,436		5,567		4,919
Net Pension (liability)		<u>(4,407)</u>		<u>(11,651)</u>		<u>(15,017)</u>		<u>(12,990)</u>		<u>(11,479)</u>

NORTHSTONE (NI) LIMITED
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	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Analysis of the amount charged to operating profit				
Current Service Costs	2,377	2,503	2,360	1,991
Past Service Cost	0	0	0	0
Total operating charge	<u>2,377</u>	<u>2,503</u>	<u>2,360</u>	<u>1,991</u>
Analysis of the amount credited to other finance income				
Expected return on pension scheme assets	3,163	2,842	2,399	2,313
Interest on pension scheme liabilities	(3,160)	(2,974)	(2,756)	(2,564)
Net Return	<u>3</u>	<u>(132)</u>	<u>(357)</u>	<u>(251)</u>

	2007 %	2007 £'000	2006 %	2006 £'000	2005 %	2005 £'000	2004 %	2004 £'000
Analysis of the amount recognised in the statement of total recognised gains and losses.								
Actual return less expected return on pension scheme assets	(1.1%)	(555)	2.3%	1,019	9.9%	4,164	1.2%	429
Experience gains and losses arising on the scheme liabilities	.1%	33	0.0%	0	0.4%	223	0.0%	0
Changes in assumptions underlying the present value of the scheme liabilities	16.9%	<u>9,799</u>	(5.1%)	<u>3,286</u>	10.4%	<u>(6,593)</u>	4.7%	<u>(2,507)</u>
Actuarial gain / (loss)	16.0%	9,277	(2.8%)	4,305	3.5%	(2,196)	3.9%	(2,078)
Movement in surplus during the year.								
(Deficit) in scheme at beginning of the year		(16,644)		(21,453)		(18,557)		(16,398)
Movement in year:								
Current service cost		(2,377)		(2,503)		(2,360)		(1,991)
Employers' contributions		3,445		3,139		2,017		2,161
Past service costs		0		0		0		0
Other finance income		3		(132)		(357)		(251)
Actuarial gain/(loss)		<u>9,277</u>		<u>4,305</u>		<u>(2,196)</u>		<u>(2,078)</u>
(Deficit) in scheme at year- end.		<u>(6,296)</u>		<u>(16,644)</u>		<u>(21,453)</u>		<u>(18,557)</u>

26. SHARE CAPITAL, MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	CRH Contribution Reserve	Profit & Loss	Total
Balance at 31 December 2005	1,109,216	537,607	50,039,897	51,686,720
Dividends Received	0		500,000	500,000
Share Based Payments as restated	0	358,558		358,558
Profit attributable to members of the Company as restated	0		8,714,199	8,714,199
Dividends Paid	0		(1,537,175)	(1,537,175)
Foreign currency net investment translation difference	0		(4,012)	(4,012)
Actuarial gain / (loss) net of deferred tax thereon	0		3,013,500	3,013,500
Balance at 31 December 2006	1,109,216	896,165	60,726,409	62,731,790
Dividends Received	0		569,609	569,609
Share Based Payments	0	402,472	0	402,472
Profit attributable to members of the Company	0		12,798,586	12,798,586
Dividends Paid	0		(2,150,656)	(2,150,656)
Foreign currency net investment translation difference	0		18,002	18,002
Actuarial gain / (loss) net of deferred tax thereon	0		6,493,900	6,493,900
Balance at 31 December 2007	1,109,216	1,298,637	78,455,850	80,863,703

27. DIVIDEND

	2007	2006
	£	£
<i>Declared and paid during the year</i>		
Equity dividends on ordinary shares:		
Final dividend for 2005: 95.89p		1,063,675
Interim dividend for 2006: 42.69p		473,500
Final dividend for 2006: 102.84p	1,140,690	
Interim dividend for 2007: 91.05p	1,009,966	
	<u>2,150,656</u>	<u>1,537,175</u>

28. SHARE-BASED PAYMENT

Details of options granted to employees of Northstone (NI) Limited under the CRH plc share-option schemes

A summary of activity in respect of share options granted to employees of Northstone (NI) Limited in the two years ended 31st December 2007 and 31st December 2006 is as follows:

	Number of options 2007	Number of options 2006
Share options		
Outstanding at beginning of year	401,019	500,696
Granted (a)	38,000	47,000
Exercised	(33,249)	(146,677)
Lapsed	(0)	(0)
Outstanding at end of year	<u>405,770</u>	<u>401,019</u>
Exercisable at end of year	<u>154,770</u>	<u>92,129</u>

(a) Pursuant to the 2007 Share Option Schemes employees were granted options over 38,000 (2006:47,000) of CRH plc Ordinary Shares on the 10th April 2007 (10th April 2006). These options may be exercised after the expiration of three years from the date of grant, subject to specified EPS growth targets being achieved. All options granted have a life of ten years.

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

	2007	2006
	3-year	3-year
Weighted average exercise price	£22.43	£19.99
Risk-free interest rate (%)	4.08	3.64
Expected dividend payment over the expected life (€ cent)	503.05	324.62
Expected volatility (%)	21.3	23.2
Expected life in years	5	5

The expected volatility was determined using an historical sample of 61 month-end CRH plc share prices in respect of the three-year share options. Share options are granted at market value at the date of grant. The expected lives of the options are based on historical data and are therefore not necessarily indicative of exercise patterns that may materialise.

Other than the assumptions listed above, no other features of options grants were factored into the determination of fair value. The terms of the option granted under the share option scheme do not contain any market conditions within the meaning of IFRS 2. No modifications were affected to the share option scheme during the course of 2007 or 2006.

Details of options granted to employees of Northstone (NI) Limited under CRH plc saving-related share option schemes

Saving-related share options	Weighted average exercise price	Number of options 2007	Weighted average exercise price	Number of options 2006 restated
Outstanding at beginning of year	£11.14	226,521	£8.76	229,597
Granted (a)	£18.61	35,441	£15.68	74,389
Exercised	£9.95	(30,512)	£7.96	(62,919)
Lapsed	£14.37	(8,755)	£10.47	(14,546)
Outstanding at end of year	£12.37	222,695	£11.14	226,521

(a) Pursuant to the saving-related share option schemes operated by CRH plc in the Republic of Ireland, employees were granted options over 35,441 of CRH plc's Ordinary Shares on 5th April 2007 (2006: 74,389 share options on 7th April 2006). This figure comprises options over 17,443 (2006:38,673) shares and 17,998 (2006:35,716) which are normally exercisable within a period of six months after the third or fifth anniversary of the contract, whichever is applicable, and are not subject to specified EPS growth targets being achieved. The exercise price at which the options are granted under the schemes represent a discount of 15% to the market price on the date of grant.

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

	2007 3 - year	2007 5 - year	2006 3 - year	2006 5 - year
Weighted average exercise price	£18.61	£18.61	£15.68	£15.68
Risk-free interest rate (%)	4.03	4.04	3.43	3.64
Expected dividend payment over the expected life (€ cent)	246.06	503.05	162.94	324.62
Expected volatility (%)	17.3	21.3	20.8	23.2
Expected life in years	3	5	3	5

The expected volatility was determined using an historical sample of 37 month-end CRH plc share prices in respect of the three-year saving-related share options and 61 month-end share prices in respect of the five-year savings-related share options. The expected lives of the options are based on historical data and are therefore not necessarily indicative of exercise patterns that may materialise.

Other than the assumptions listed above, no other features of options grants were factored into the determination of fair value. The terms of the option granted under the share option scheme do not contain any market conditions within the meaning of IFRS 2. No modifications were affected to the share option scheme during the course of 2007 or 2006.

29. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 from disclosing transactions with those related parties that are companies within the CRH Group.

Northstone (NI) Limited control 50% of the issued share capital of Aero Properties Limited. No management charges were incurred in 2007. Northstone (NI) Limited disposed of its holding in Aero Properties in Nov 2007.

30. POST BALANCE SHEET EVENT

After the year-end, the Company acquired the issued share capital of C4 Industries Limited, a company manufacturing plastic preformed access chambers in England.