

Trading Statement for the Six Months ended June 30th, 2005

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Trading in the first six months of the year is in line with market expectations. Heiton Group plc has performed ahead of last year's levels since being acquired in January. Substantial progress is being made on the realisation of integration benefits.

The Irish merchanting businesses are achieving high single digit like for like sales growth in a favourable trading environment. The importance of Irish merchanting as a contributor to the Group has increased significantly in this period following the successful Heiton acquisition and the continued strength of the Irish economy.

DIY sales are growing on the back of new store openings and relocations to larger outlets. As previously highlighted, the opening of new stores by all of the principal DIY traders is making the Irish market increasingly competitive. This is reflected in a low single digit reduction in like for like DIY sales compared to a strong trading period last year.

UK merchanting operations experienced low single digit like for like sales growth overall for the first six months in a softening market. Within the Group's UK merchanting operations, like for like plumbers merchanting sales were down on the same period last year affected by weaker retail spending.

Like for like turnover in the EuroMix dry mortar business was similar to that recorded in the same period last year in more competitive trading conditions as a result of an increase in the number of competitor locations across the UK.

Five bolt on acquisitions trading from five locations have been completed since the start of the year. In addition the Group has opened twelve greenfield branches, comprising six UK plumbers merchanting branches, four UK builders merchanting branches and two new Irish DIY stores.

The Group's financial position remains strong with increased levels of cash flow in the first half. During this period a \$325 million private placement of 7 and 10 year Senior Notes was completed on favourable terms with US investors.

The Group remains confident of continued growth in profits and earnings per share in 2005 and is well placed to participate in further consolidation of the Irish and UK merchanting markets.

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