

Grafton Group plc

Trading Update

Grafton Group plc, the builders merchants and DIY Group with operations in the UK and Ireland, issues this Trading Update for the half year ended 30 June 2007.

Group turnover for the half year was €1.6 billion, up 12.5 per cent on the same period in 2006. The Group expects strong double digit earnings growth for the period driven by improving returns in the UK and by an ongoing good performance in the context of slower growth in the Irish merchanting market.

The improved conditions in the UK merchanting market in the second half of 2006 continued into 2007 and like for like sales increased by a mid single digit percentage in the half year. A return to growth in this market has been reflected favourably in Group earnings.

Although there has been a moderation in the level of new residential construction activity in Ireland, the Group's Irish merchanting business achieved low single digit like for like sales growth in the first six months of the year.

The Irish DIY business performed strongly, as expected, during the half year. Good like for like sales growth was achieved, supported by high levels of consumer spending. The three stores that were opened during 2006 traded ahead of expectations.

The Group continued to develop its business base in the half year completing six acquisitions at a cost of c. €42 million and ten branch openings. Five acquisitions with 21 branches were completed in the UK and one branch acquired in Ireland. The acquired businesses have annual sales of c. €60 million.

Grafton Group has entered the second half of the year in a strong position to deal with a future trading environment that is expected to be more challenging.

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| Ends. | 12th July 2007 |
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