Grafton Group plc
2007 Interim Results

For further information please contact:

Grafton Group plc + 353 1 216 0600 Michael Chadwick, Executive Chairman Colm Ó Nualláin, Finance Director	**Murray Consultants + 353 1 498 0300** Joe Murray **Citigate Dewe Rogerson + 44 207 282 2945** Ginny Pulbrook

14 August 2007

Record Sales, Profits and Earnings

Grafton Group plc, the builders merchants and DIY Group with operations in the UK and Ireland, announces its interim results for the six months ended 30 June 2007.

Financial Highlights

	2007	2006	Change
Revenue	€1.61 bn	€1.43 bn	UP 13%
Operating profit*	€124.4 m	€106.9 m	UP 16%
Profit before tax and property profit	€106.4 m	€90.2 m	UP 18%
Adjusted earnings per share *	39.1 c	33.0 c	UP 18%
Basic earnings per share #	38.7 c	42.8 c	
Share purchase	10.0 c	8.25 c	UP 21%
Cash flow per share	50.4c	43.5 c	UP 16%

* *Before property profit and amortisation*

\# *Includes property profit in 2006*

Operating Highlights

UK merchanting traded strongly - 28 per cent increase in operating profit

Solid performance by Irish merchanting business

Significant gains in Irish DIY business

Operations strongly cash generative

Commenting on the results today, Michael Chadwick, Executive Chairman said:
"The growth in sales, profits and earnings derives from a strong performance in the UK business and solid profit growth in Ireland. In the UK this was supported by good underlying demand in the RMI market and contributions from acquisitions. The Irish economy provided a positive trading background for the DIY business through the half year while Irish merchanting performed solidly. The Group is confident in the quality of its brands and businesses and believes it is well placed to respond to changing market conditions."

Grafton Group plc

Interim Results
For the six months ended 30 June 2007

As previously announced, these Interim Results were originally scheduled for release on 11 September 2007 and the release date has been brought forward in the light of market uncertainty. Today's announcement confirms the Group's strong performance in the first half, gives shareholders an update on current trading and takes the Group out of a close period so that the Company, at the discretion of the Board, would have the flexibility to make market purchases of Grafton Units.

Highlights

- Sales were up 13 per cent to €1.61 billion (2006: €1.43 billion).
- Profit before tax, excluding property profit, increased by 18 per cent to €106.4 million (2006: €90.2 million).
- Operating profit increased by 16 per cent to €124.4 million (2006: €106.9 million).
- Adjusted earnings per share increased by 18 per cent to 39.1 cent (2006: 33.0 cent).

Grafton Group plc reports a very positive outcome for the first half and the achievement of strong growth in sales, profits and earnings with a strong performance in the UK business and solid profit growth in Ireland.

The UK business delivered a strong increase in profit helped by good underlying demand in the residential repair, maintenance and improvement market and contributions from acquisitions. The Irish economy provided a positive trading background for the DIY business through the half year while Irish merchanting performed solidly.

These results endorse the strength of the Group's market position and brands in the UK merchanting and mortar markets and in the Irish merchanting and DIY markets. They also reflect the benefit to shareholders of the investments made over recent years to take advantage of acquisition and organic growth opportunities in the development of our UK and Irish businesses.

The UK business increased turnover by 17 per cent to €979.4 million (2006: €836.5 million) and operating profit increased by 28 per cent to €63.8 million (2006: €49.8 million). The UK operating profit margin increased to 6.5 per cent (2006: 6.0 per cent). Irish turnover increased by six per cent to €628.8 million (2006: €590.7 million) and operating profit increased by six per cent to €60.6 million (2006: €57.1 million). The Irish operating profit margin was unchanged at 9.7 per cent.

A Ordinary Share

The Board has agreed the purchase of one A Ordinary Share per Grafton unit for a cash consideration of 10.0 cent per share on 24 August 2007 (record date). The cash consideration will be paid on 3 October 2007. This represents an increase of 21 per cent on the share purchase payment of 8.25 cent made on 18 October 2006 reflecting both the positive trading results for the half year and strong financial position of the Group.

Grafton Units

Today's announcement takes the Group out of a close period so that the Company, at the discretion of the Board, would have the flexibility to make market purchases of Grafton Units.

The Group's highly cash generative trading operations, high interest cover and low gearing provide the financial strength to accommodate a selective approach to share buy backs while also continuing to take full advantage of acquisition and development opportunities which are a good strategic fit and have the potential to achieve acceptable long term returns for shareholders on invested capital.

Development

The Group continued to progress its long term development strategy of growth through acquisitions and organic branch developments.

Five UK merchanting businesses trading from 21 branches and a single branch merchanting business in Ireland were acquired in the half year. These long established operations with annual sales of €60 million expand geographic and product coverage in the UK and Irish merchanting markets.

Organic development initiatives completed in the half year involved the opening of eight merchanting branches in the UK and two in Ireland. The addition of 32 trading branches in the half year is important to the continuing growth of the Group over the coming years. The total spend on acquisitions and development projects in the half year was €73.4 million (2006: €65.4 million).

Operations Review - United Kingdom

UK sales increased by 17 per cent to €979.4 million (2006: €836.5 million) and operating profit increased by 28 per cent to €63.8 million (2006: €49.8 million). The UK operating margin increased to 6.5 per cent from 6.0 per cent.

The UK economy grew a little above its long term trend rate in the half year marking 60 consecutive quarters of growth. The merchanting and mortar businesses benefited from the generally positive economic background. The recovery in consumer spending and the RMI market that was underway in the second half of 2006 was sustained over the half year.

The strong RMI market led to robust demand and like for like merchanting sales increased by five per cent following growth of almost two per cent in the second half of 2006.

Profitability in the overall UK business benefited from improved market conditions. This together with a focus on margin improvement through volume related purchasing gains and the benefit of cost reduction measures taken last year resulted in a substantial improvement in operating profit. There was also a good level of incremental contribution from acquisitions completed in 2006.

UK Builders Merchanting

Buildbase performed particularly strongly building on the progress of recent years. Substantial like for like sales growth, an improved trading margin due to more favourable purchasing arrangements and a sustained focus on cost control contributed to the strong results. The business enjoyed better trading and a stable pricing environment across the entire network with branches in the Midlands and South of England particularly benefiting from more positive market conditions. The Buildbase Civils and Lintels division established in 2006 met expectations and increased profit.

The seven branch Scottish based Fleming business acquired in 2006 was successfully integrated into the Buildbase network and achieved a good level of profitability having traded at break-even prior to acquisition. Three single branch acquisitions completed in 2006 made good profit contributions. Two acquisitions in the half year gave the business a presence in Dover, Kent and High Wycombe, Buckinghamshire. Three new Buildbase branches were opened in Melksham, Wiltshire; Yeovil, Somerset and Stowmarket, Suffolk.

Jacksons, the leading merchanting business in the East Midlands market, delivered good growth in sales and profits despite the competitive trading environment due to an increase in merchanting capacity in the region. Jacksons also expanded its presence in the region with the opening of a second branch in Lincoln and the acquisition of a specialist ironmongery business in Leeds.

Macnaughton Blair, the leading Northern Ireland merchant, reported a significant improvement in sales and operating profit due to positive market conditions supported by an improving local economy and strong housing market.

Selco, a trade only warehouse formula which combines traditional merchanting with a modern self service environment, benefited from good levels of demand related to small RMI projects. The five stores opened during 2006 made solid progress and three further stores were opened in the London area increasing the network to twenty stores.

UK Plumbers Merchanting

The plumbers merchanting division had a good half year. Increased sales and operating profit were achieved through significant contributions from the six businesses acquired during 2006. The division completed the acquisition of Progress Group in June 2007. Progress is a seventeen branch boiler heating spares business with a strong position in this specialist market. Plumbase extended its market coverage with the opening of two branches.

UK Mortar

EuroMix, the market leader in the UK dry mortar market where it trades from nine plants, had a healthy increase in volume due to strong residential, commercial and public sector demand. Despite higher input costs and strong competition, due to the significant increase in capacity in the sector in recent years, the business successfully reported unchanged operating profit for the half year. The Leeds plant which opened in July 2006 traded in line with expectations.

Operations Review – Republic of Ireland

Irish turnover increased by six per cent to €628.8 million (2006: €590.7 million) and operating profit increased by six per cent to €60.6 million (2006: €57.1 million). The operating profit margin was unchanged at 9.7 per cent.

The Irish economy continued to grow strongly in the first half of the year supporting good levels of demand in the Group’s merchanting and DIY businesses. Domestic demand was a key driver of growth due to increased disposable incomes and generally positive labour market conditions. Robust growth in the labour force principally reflected net inward migration.

Although there has been moderation in the level of new residential construction, house completions in the half year were maintained at similar levels to last year. House price pressures eased following a sharp rise in the first half of 2006. Residential repair, maintenance and improvement expenditure was strong, supported by the good momentum in the economy generally and maturing SSIA funds.

Non-residential orientated construction activity prospered due to infrastructure spending under The National Development Plan combined with buoyant commercial and civils markets.

Irish Merchanting

Sales increased by four per cent to €424.2 million (2006: €407.6 million).

While the half year saw new residential construction activity reasonably in line with the first half of 2006, the division showed solid growth in sales and profit due to the combined strength of the residential RMI market and good growth in the non-residential, commercial and infrastructure construction markets which form a major component of the overall Irish merchanting business.

The sixty two branch national merchanting business trading mainly under the Chadwicks and Heiton Buckley brands, grew like for like sales by three per cent in a competitive trading environment.

Chadwicks delivered good organic sales growth due in part to changing the business emphasis to service more positive demand conditions in the RMI market. The performance of the business benefited from a continuing focus on margins, cost cutting and operational efficiencies. The Athlone branch was successfully relocated to a high profile out of town facility continuing the programme of branch relocations designed to increase capacity and improve customer service.

Heiton Buckley delivered another set of record results with good growth in sales and operating profit. An overall improvement in volumes, pricing and sourcing gains and prudent cost control led to higher operating profit. Geographically, the branches located along the West coast and North West performed strongly, benefiting from a greater exposure to the RMI and one-off house construction markets.

Trading to date in the Mullingar branch which opened in August 2006 has exceeded expectations and is becoming established as a key operator in the Midlands market. The relocation of the successful Tullamore branch to a facility with an expanded product offering including plumbing and drainage products further consolidated the branches market leading position in the region. The opening of a new Heiton Buckley South Dublin city branch provides the business with a valuable presence within a catchment area which is subject to significant existing and planned development together with an RMI exposure in the South and North Dublin city established residential coastal belt.

Cork Builders Providers had record results reflecting a moderation in large scheme housing related demand which was more than compensated for by growth in the one-off housing, RMI and civils markets.

Davies, the Dublin based specialist plumbing, heating and drainage merchant performed well with the benefit of exposure to the civils market. The business introduced a range of specialist drainage products into a number of Heiton Buckley branches, an initiative that offers the prospect of greater exposure to this growth segment of the merchanting market.

The acquisition of Market Hardware, provides the Group with a strong merchanting presence in Ennis, a rapidly expanding town in the Mid West.

Heiton Steel traded well in a positive pricing environment and benefited from the end use diversity of its product offering. The business experienced strong demand in the civils, general contracting and agricultural sectors.

Irish Manufacturing

Wrights window and door manufacturing business experienced robust demand and focused on cost and operational efficiencies following the commissioning of a new timber window manufacturing plant at the end of last year to meet strong demand.

CPI's EuroMix division continued to develop its value added product range building on its strong position in the dry mortar market.

Irish Retailing

Sales increased by 14.4 per cent to €168.2 million (2006: €147.0 million). The Irish retailing business trading under the Woodie's DIY, Atlantic Homecare and In-House at the Panelling Centre brands, achieved record results with strong growth in sales and operating profit.

Market conditions were very positive with good volume growth in retail sales against a background of growth in real incomes, positive labour market conditions and the impact of maturing SSIA accounts. The opening of DIY stores has eased following a period of significant capacity expansion in the sector.

Good volume growth in a strong market resulted in a nine per cent increase in like for like sales.

Stores opened last year in Castlebar, Co. Mayo; Navan, Co. Meath and Nenagh, Co. Tipperary traded ahead of expectations. A new store in Limerick which opened in July 2007 traded well.

The Woodie's and Atlantic Homecare support offices were merged during the half year.

The five store In-House at the Panelling Centre business performed particularly well in a strong market. The business, which markets a range of quality kitchen and bedroom panelling products to trade and retail customers, achieved good sales and profit growth. The four established stores performed strongly and the Galway store, which opened in mid 2006, performed in line with expectations. Expansion of the format is planned for later this year.

Finance

Cash generated by the Group's businesses remained strong and interest cover was very comfortable in the half year at 7.4 times.

Shareholders' funds increased by €89.5 million exceeding €1.1 billion at 30 June 2007.

Net debt at 30 June 2007 was €586.5 million equivalent to gearing of 53 per cent (30 June 2006: 60 per cent).

The total cash outflow on acquisitions and capital expenditure in the half year was €98.1 million. Six bolt-on acquisitions were made at a cost of €41.2 million to expand the Group's position in the UK and Irish merchanting markets. Capital expenditure of €56.9 million reflected routine asset replacement expenditure of €24.7 million and an investment of €32.2 million in organic development initiatives including the opening of ten merchanting branches and branch relocations.

The Group bought back 500,000 Grafton units on 6 June 2007 at a total cost of €5.75 million. The units purchased will be used to partially cover the Group's obligations under the Grafton Group employee share schemes.

The Group had a small surplus on its defined benefit pension schemes at 30 June 2007. This arose from an increase in discount rates used to value liabilities and good investment returns which were partially offset by increased life expectancy.

Outlook

Trading in July has been satisfactory with continued growth in sales and profit albeit at a lower rate than in the first half**.**

In Ireland, the overall outlook for the economy remains favourable with an easing of growth expected to continue to levels which should remain strong by international standards. Despite lower growth, consumer spending is forecast to be strong over the remainder of the year due to continued growth in real incomes, positive conditions in the labour market and the impact of maturing SSIA accounts.

Irish new housing, accounting for an estimated one eighth of Group turnover, is expected to continue to decline over the remainder of the year. RMI expenditure, which traditionally is less cyclical, is expected to remain strong due to the strength of domestic demand. The non-residential market is expected to continue to perform strongly due to the significant capital provided for investment in infrastructure and public sector non-residential buildings in addition to a strong pipeline of planning permissions for private commercial, industrial and agricultural buildings.

The Irish merchanting business should benefit from a continuation of strong activity in the RMI and non-residential construction markets. Strong consumer spending should be supportive of continued good demand in the Irish DIY business.

The UK economy is in positive shape and is forecast to continue growing at around its long term trend rate. This economic background should be supportive of RMI activity, although the recent round of interest rate increases may lead to some moderation in demand.

Strong cash generation and a healthy financial position at the end of the half year leaves the Group well positioned to take advantage of suitable acquisition and organic development opportunities. The Group is confident in the quality of its brands and businesses and believes it is well placed to respond to changing market conditions.

Conference Call

Grafton will host an Analysts' conference call today at 8.30am (Irish Time) to discuss this announcement. The dial-in numbers are:

Ireland:	+ 353	1 436 4265
UK:	+ 44	208 817 9301
US:	+1 718	354 1226
Other:	+353	1 436 4265

A replay of the conference call will be available from 11.30am (Irish Time). To access the recording, the dial in numbers are:

Ireland:	+353	1 436 4267
UK:	+44	207 7696425
US:	+1	630 6523111
Other:	+353	1 436 4267

The digital replay security code is: 994168 #

Grafton Group plc

Group Income Statement
For the six months ended 30 June 2007

	Six months to 30 June 2007 (Unaudited) €'000	Six months to 30 June 2006 (Unaudited) €'000	Twelve months to 31 Dec 2006 (Audited) €'000
Revenue	**1,608,221**	1,427,158	2,933,937
Operating costs	**(1,484,923)**	(1,321,334)	(2,691,206)
Operating profit before property profit	**123,298**	105,824	242,731
Property profit	**-**	28,123	37,989
Operating profit	**123,298**	133,947	280,720
Finance expense	**(28,984)**	(27,123)	(52,886)
Finance income	**12,112**	11,450	21,522
Profit before tax	**106,426**	118,274	249,356
Income tax expense	**(13,837)**	(16,558)	(32,418)
Profit after tax for the financial period	**92,589**	101,716	216,938
Profit attributable to: Equity holders of the company	**92,589**	101,716	216,938
Basic earnings per share	**38.69c**	42.77c	91.03c
Adjusted earnings per share	**39.09c**	33.00c	77.97c
Diluted earnings per share	**37.90c**	41.90c	89.34c

Group Statement of Recognised Income and Expense

For the six months ended 30 June 2007

	Six months to 30 June 2007	Six months to 30 June 2006	Twelve months to 31 Dec 2006
	€'000	€'000	€'000
Items of income and expense recognised directly within equity:			
Currency translation effects			
- on foreign currency net investments	**(1,634)**	(3,815)	8,584
- on foreign currency borrowings	**36**	189	(396)
Actuarial gain on Group defined benefit pension schemes	**33,595**	12,378	4,939
Deferred tax on Group defined benefit pension schemes	**(6,426)**	(2,219)	(44)
Fair value movement in cash flow hedges:			
- Fair value gains/(losses)	**514**	1,152	1,875
- Included in finance costs	**(706)**	(100)	(353)
Deferred tax on cash flow hedge	**24**	(132)	(191)
Net income recognised directly in equity	**25,403**	7,453	14,414
Profit after tax for the financial period	**92,589**	101,716	216,938
Total recognised income and expense for the period	**117,992**	109,169	231,352
Attributable to:			
Equity holders of the company	**117,992**	109,169	231,352

Movement on Group Retained Earnings

	30 June 2007 €'000	30 June 2006 €'000	31 Dec 2006 €'000
At 1 January	**662,726**	475,380	475,380
Retained profit for the financial period	**92,589**	101,716	216,938
Purchase of 'A' ordinary shares	**(25,129)**	(20,204)	(39,920)
Actuarial gain on pensions (net of tax)	**27,169**	10,159	4,895
Deferred tax on share based payments	**(1,102)**	258	1,832
Transfer from revaluation reserve	**102**	3,530	3,601
At end of period	**756,355**	570,839	662,726

Group Statement of Changes in Equity

	30 June 2007 €'000	30 June 2006 €'000	31 Dec 2006 €'000
At beginning of period	**1,014,339**	813,811	813,811
Issue of Grafton Units (net of issue expenses)	**1,214**	2,011	4,000
Adjustment for share based payments expense	**2,268**	1,807	3,264
Deferred tax on share based payments	**(1,102)**	258	1,832
Purchase of 'A' ordinary shares	**(25,129)**	(20,204)	(39,920)
Treasury shares acquired	**(5,746)**	-	-
Total recognised income and expense for the period	**117,992**	109,169	231,352
Closing shareholders' funds – equity	**1,103,836**	906,852	1,014,339

Grafton Group plc

Group Balance Sheet as at 30 June 2007

	30 June 2007 (Unaudited) €'000	30 June 2006 Unaudited) €'000	31 Dec 2006 (Audited) €'000
ASSETS			
Non-current assets			
Goodwill	**607,353**	543,258	582,861
Intangible assets	**12,210**	14,422	13,307
Property, plant and equipment	**720,007**	629,388	686,165
Deferred tax assets	**22,176**	27,567	34,865
Retirement benefit assets	**2,901**	-	-
Financial assets	**411**	267	414
Total non-current assets	**1,365,058**	1,214,902	1,317,612
Current assets			
Inventories	**415,044**	370,473	390,400
Trade and other receivables	**627,758**	564,325	542,110
Derivative and other financial instruments	**1,655**	1,377	1,847
Cash and cash equivalents	**218,387**	255,250	231,519
Total current assets	**1,262,844**	1,191,425	1,165,876
Total assets	**2,627,902**	2,406,327	2,483,488
EQUITY			
Capital and reserves attributable to the equity holders			
Equity share capital	**12,078**	12,061	12,082
Share premium account	**286,139**	283,001	284,945
Capital redemption reserve	**346**	298	322
Revaluation reserve	**32,871**	33,044	32,973
Other reserve – shares to be issued	**8,723**	4,998	6,455
Cash flow hedge reserve	**1,448**	1,205	1,616
Foreign currency translation reserve	**11,622**	1,406	13,220
Retained earnings	**756,355**	570,839	662,726
Treasury shares held	**(5,746)**	-	-
Total equity	**1,103,836**	906,852	1,014,339
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	**490,813**	548,315	671,617
Provisions	**8,902**	500	4,468
Retirement benefit obligations	**-**	44,973	34,163
Derivative financial instruments	**22,657**	15,081	22,126
Deferred tax liabilities	**50,443**	44,708	49,408
Total non-current liabilities	**572,815**	653,577	781,782
Current liabilities			
Interest-bearing loans and borrowings	**286,586**	235,959	88,585
Trade and other payables	**580,794**	552,291	521,265
Current tax liabilities	**61,842**	55,252	52,393
Derivative financial instruments	**6,506**	1,211	1,898
Provisions	**15,523**	1,185	23,226
Total current liabilities	**951,251**	845,898	687,367
Total liabilities	**1,524,066**	1,499,475	1,469,149
Total equity and liabilities	**2,627,902**	2,406,327	2,483,488

Grafton Group plc
Group Cash Flow Statement
For the six months ended 30 June 2007

	Six Months to 30 June 2007 (Unaudited) €'000	Six Months to 30 June 2006 (Unaudited) €'000	Twelve months to 31 Dec 2006 (Audited) €'000
Operating profit	**123,298**	133,947	280,720
Depreciation	**26,911**	24,742	53,163
Intangible amortisation	**1,097**	1,097	2,212
Goodwill write-off on termination	**-**	-	243
Share based payments charge	**2,268**	1,807	3,264
Property profit	**-**	(28,123)	(37,989)
Net profit on sale of plant and equipment	**(1,603)**	(1,382)	(3,401)
Contributions to pension schemes in excess of IAS 19 charge	**(3,403)**	(1,526)	(20,249)
Increase in working capital	**(42,685)**	(26,025)	(26,111)
Cash generated from operations	**105,883**	104,537	251,852
Interest paid	**(22,863)**	(22,055)	(43,224)
Income taxes paid	**(2,073)**	(2,462)	(14,594)
Cash flows from operating activities	**80,947**	80,020	194,034
Investing activities			
Inflows			
Proceeds from sale of property, plant and equipment	**6,366**	57,972	77,664
Interest received	**6,148**	6,451	12,216
	12,514	64,423	89,880
Outflows			
Acquisition of subsidiary undertakings and businesses	**(35,266)**	(39,908)	(70,621)
Net cash acquired with subsidiary undertakings	**1,887**	2,329	777
Deferred acquisition consideration	**(7,623)**	(2,284)	(11,958)
Purchase of property, plant and equipment	**(56,882)**	(48,230)	(124,401)
Purchase of financial asset	**-**	-	(90)
	(97,884)	(88,093)	(206,293)
Cash flows from investing activities	**(85,370)**	(23,670)	(116,413)
Financing activities			
Inflows			
Proceeds from the issue of share capital	**1,214**	2,011	4,000
Proceeds from term borrowings	**21,601**	-	-
	22,815	2,011	4,000
Outflows			
Repayment of long term borrowings	**-**	(109,115)	(117,170)
Purchase of 'A' ordinary shares	**(25,129)**	(20,204)	(39,920)
Treasury shares purchased	**(5,746)**	-	-
Payment of finance lease liabilities	**(879)**	(1,103)	(1,850)
Redemption of loan notes payable	**(16,100)**	(9,842)	(18,087)
	(47,854)	(140,264)	(177,027)
Cash flows from financing activities	**(25,039)**	(138,253)	(173,027)
Net (decrease) in cash and cash equivalents	**(29,462)**	(81,903)	(95,406)
Cash and cash equivalents at 1 January	**201,764**	291,844	291,844
Effect of exchange rate fluctuations on cash held	**(540)**	(2,655)	5,326
Cash and cash equivalents at the end of the period	**171,762**	207,286	201,764
Cash and cash equivalents are broken down as follows:			
Cash at bank and short term deposits	**218,387**	255,250	231,519
Overdrafts	**(46,625)**	(47,964)	(29,755)
	171,762	207,286	201,764

Grafton Group plc
Notes to interim results for the half year ended 30 June 2007

1. General Information and Accounting Policies

The interim Financial Statements have been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRS) as set out in the Group's 2006 Annual Report.

2. Revenue and Operating Profit by Geographic Segment

The amount of revenue by geographic segment is as follows:

	Six months to 30 June 2007 (Unaudited) €'000	Six months to 30 June 2006 (Unaudited) €'000	Twelve months to 31 Dec 2006 (Audited) €'000
Revenue			
Ireland	**628,811**	590,654	1,200,639
United Kingdom	**979,410**	836,504	1,733,298
	1,608,221	1,427,158	2,933,937
Operating profit before property profit and intangible amortisation			
Ireland	**60,636**	57,106	130,371
United Kingdom	**63,759**	49,815	114,572
Operating profit before property profit and intangible amortisation	**124,395**	106,921	244,943
Intangible amortisation – Ireland	**(1,097)**	(1,097)	(2,212)
	123,298	105,824	242,731
Operating profit before property profit			
Ireland	**59,539**	56,009	128,159
United Kingdom	**63,759**	49,815	114,572
	123,298	105,824	242,731
Property profit			
Ireland	**-**	24,104	30,056
United Kingdom	**-**	4,019	7,933
	-	28,123	37,989
Operating profit			
Ireland	**59,539**	80,113	158,215
United Kingdom	**63,759**	53,834	122,505
	123,298	133,947	280,720
Finance costs (net)	**(16,872)**	(15,673)	(31,364)
Profit before tax	**106,426**	118,274	249,356

3. Analysis of Revenue by Business Segment

	Six months to 30 June 2007 (Unaudited) €'000	Six months to 30 June 2006 (Unaudited) €'000	Twelve months to 31 Dec 2006 (Audited) €'000
Revenue			
UK merchanting	**941,868**	803,121	1,664,856
Irish merchanting	**424,157**	407,604	816,602
Irish DIY	**168,182**	147,007	311,680
Irish and UK manufacturing	**74,014**	69,426	140,799
	1,608,221	1,427,158	2,933,937

4. Reconciliation of Net Cash Flow to Movement in Net Debt

For the six months ended 30 June 2007	**30 June 2007 €'000**	30 June 2006 €'000	31 Dec 2006 €'000
Net (decrease) in cash and cash equivalents	**(29,462)**	(81,903)	(95,406)
Cash-flow from movement in debt and lease financing	**(4,622)**	120,060	141,317
Change in net debt resulting from cash flows	**(34,084)**	38,157	45,911
Loan notes issued on acquisition of subsidiary undertakings	**(81)**	-	(1,653)
Finances leases acquired with subsidiary undertakings	**(173)**	(87)	(95)
Bank loans and loan notes acquired with subsidiaries	**(2,701)**	(2,926)	(3,579)
Translation adjustment	**1,571**	4,047	(8,784)
Net movement in derivative financial instruments	**(192)**	1,052	1,522
Movement in net debt in the period	**(35,660)**	40,243	33,322
Net debt at 1 January	**(550,860)**	(584,182)	(584,182)
Net debt at end of the period	**(586,520)**	(543,939)	(550,860)

5. Earnings per Share

The computation of basic, diluted and adjusted earnings per share is set out below.

	Half Year 30 June 2007 €'000	Half Year 30 June 2006 €'000	Year Ended 31 Dec 2006 €'000
Numerator for basic, adjusted and diluted earnings per share:			
Profit after tax for the financial period	**92,589**	101,716	216,938
Numerator for basic and diluted earnings per share	**92,589**	101,716	216,938
Property profit after tax	**-**	(24,186)	(33,051)
Intangible amortisation after tax	**960**	960	1,935
Numerator for adjusted earnings per share	**93,549**	78,490	185,822
	Number of Grafton Units	Number of Grafton Units	Number of Grafton Units
Denominator for basic and adjusted earnings per share:			
Weighted average number of Grafton Units in issue	**239,337,546**	237,841,649	238,324,290
Effect of potential dilutive Grafton Units	**4,957,535**	4,913,765	4,505,408
Denominator for diluted earnings per share	**244,295,081**	242,755,414	242,829,698
Earnings per share (cent)			
- Basic	**38.69**	42.77	91.03
- Diluted	**37.90**	41.90	89.34
Adjusted earnings per share (cent)			
- Basic	**39.09**	33.00	77.97

6. Share Purchase

The Board has approved the purchase of one 'A' ordinary share per Grafton Unit for a cash consideration of 10.0 cent. The purchase of the 'A' ordinary share will take effect in respect of Grafton Units on the register at close of business on 24 August 2007 (record date) and the cash consideration will be paid on 3 October 2007.

7. Exchange Rates

The results and cash flows of the Group's United Kingdom subsidiaries have been translated into Euro using the average exchange rate. The related balance sheets of the Group's United Kingdom subsidiaries at 30 June 2007 and 30 June 2006 have been translated at the rate of exchange ruling at the balance sheet date.

The average Euro / Sterling rate of exchange for the six months ended 30 June 2007 was Stg67.46p (six months to 30 June 2006: Stg68.70p and twelve months to 31 December 2006: Stg68.17p). The Euro / Sterling exchange rate at 30 June 2007 was Stg67.40p (30 June 2006: Stg69.21p and 31 December 2006: Stg67.15p).

Independent review report to Grafton Group plc

Introduction

We have been engaged by the Company to review the interim financial information for the six months ended 30 June 2007 which comprises the Group Interim Income Statement, Group Interim Balance Sheet, Group Interim Statement of Recognised Income and Expense, Group Interim Cash Flow Statement and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Irish Stock Exchange and the UK Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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, for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

This interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 *Review of interim financial information* issued by the Auditing Practices Board for use in Ireland and the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

KPMG
Chartered Accountants
Dublin
13 August 2007