

Grafton Group plc
Group Condensed Income Statement
For the year ended 31 December 2012

	Pre- Exceptional items 2012 £'000	Exceptional items 2012 £'000	Total 2012 £'000	Pre- Exceptional items 2011 £'000	Exceptional items 2011 £'000	Total 2011 £'000
Revenue	1,760,779	-	1,760,779	1,782,522	-	1,782,522
Operating costs and income	(1,701,635)	(21,221)	(1,722,856)	(1,735,031)	(27,821)	(1,762,852)
Operating profit	59,144	(21,221)	37,923	47,491	(27,821)	19,670
Finance expense	(22,632)	-	(22,632)	(28,100)	-	(28,100)
Finance income	11,893	-	11,893	17,338	-	17,338
Profit before tax	48,405	(21,221)	27,184	36,729	(27,821)	8,908
Income tax	(13,296)	19,456	6,160	(7,449)	750	(6,699)
Profit after tax for the financial year	35,109	(1,765)	33,344	29,280	(27,071)	2,209
Profit attributable to:						
Owners of the Company			33,344			2,209
Non-controlling interests			-			-
Profit after tax for the financial year			33,344			2,209
Earnings per ordinary share						
Basic			14.38p			0.95p
Diluted			14.38p			0.95p
Adjusted earnings per ordinary share						
Basic			15.82p			13.36p
Diluted			15.82p			13.29p

Grafton Group plc
Group Condensed Income Statement
For the year ended 31 December

	2012	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	1,760,779	1,782,522	1,719,390	1,763,800	2,128,497	2,193,327
Operating costs and income	(1,701,635)	(1,735,031)	(1,677,876)	(1,742,458)	(2,035,829)	(2,012,973)
Operating profit before exceptional items	59,144	47,491	41,514	21,342	92,668	180,354
Exceptional items	(21,221)	(27,821)	(13,189)	(16,991)	(13,655)	4,964
Operating profit	37,923	19,670	28,325	4,351	79,013	185,318
Finance expense	(22,632)	(28,100)	(22,304)	(26,210)	(47,733)	(42,134)
Finance income	11,893	17,338	15,899	33,957	19,776	18,205
Profit before tax	27,184	8,908	21,920	12,098	51,056	161,389
Income tax	6,160	(6,699)	32,967	(167)	(5,111)	(20,980)
Profit after tax for the financial year	33,344	2,209	54,887	11,931	45,945	140,409
Profit attributable to:						
Owners of the Company	33,344	2,209	54,887	11,931	45,945	140,409
Non-controlling interests	-	-	-	-	-	-
Profit after tax for the financial year	33,344	2,209	54,887	11,931	45,945	140,409
Earnings per ordinary share						
Basic	14.38p	0.95p	23.74p	5.18p	19.98p	58.96p
Diluted	14.38p	0.95p	23.62p	5.16p	19.91p	58.02p
Adjusted earnings per ordinary share						
Basic	15.82p	13.36p	15.90p	4.78p	25.67p	57.70p
Diluted	15.82p	13.29p	15.83p	4.76p	25.59p	56.78p

Grafton Group plc
Group Condensed Balance Sheet
As at 31 December

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
ASSETS						
Non-current assets						
Goodwill	476,166	473,060	475,877	483,380	507,498	440,592
Intangible assets	-	1,872	3,833	5,919	8,455	8,137
Property, plant and equipment	458,335	471,848	489,595	537,157	603,253	516,086
Deferred tax assets	26,877	30,347	39,814	19,946	23,721	20,027
Retirement benefit assets	-	-	953	-	7	-
Derivative financial instruments	2,196	4,453	9,527	11,123	26,490	-
Investment in associate	-	-	3,176	3,277	-	-
Other financial assets	144	127	151	187	216	623
Total non-current assets	963,718	981,707	1,022,926	1,060,989	1,169,640	985,465
Current assets						
Inventories	249,332	226,548	234,067	236,011	315,396	283,204
Trade and other receivables	271,303	269,839	263,026	272,525	336,786	392,852
Derivative financial instruments	1,097	4,698	4,991	3,912	10,423	428
Cash and cash equivalents	128,027	112,431	201,664	268,193	214,154	149,962
Properties held for sale	14,452	13,558	12,648	10,980	-	-
Total current assets	664,211	627,074	716,396	791,621	876,759	826,446
Total assets	1,627,929	1,608,781	1,739,322	1,852,610	2,046,399	1,811,911
EQUITY						
Total equity	817,635	820,953	852,485	809,724	827,594	782,987
LIABILITIES						
Non-current liabilities						
Interest-bearing loans and borrowings	272,991	271,665	303,879	476,722	551,815	383,770
Provisions	25,285	27,402	15,111	14,920	15,844	7,501
Retirement benefit obligations	51,391	28,033	16,068	22,433	38,956	11,237
Derivative financial instruments	32	352	699	606	-	10,976
Deferred tax liabilities	36,056	33,305	32,365	39,045	38,797	36,990
Total non-current liabilities	385,755	360,757	368,122	553,726	645,412	450,474
Current liabilities						
Interest-bearing loans and borrowings	22,700	37,680	130,353	91,629	114,180	156,661
Trade and other payables	383,160	352,211	344,225	343,989	396,714	369,757
Current income tax liabilities	11,056	28,642	37,840	45,800	53,293	40,647
Derivative financial instruments	481	617	850	655	-	2,611
Provisions	7,142	7,921	5,447	7,087	9,206	8,774
Total current liabilities	424,539	427,071	518,715	489,160	573,393	578,450
Total liabilities	810,294	787,828	886,837	1,042,886	1,218,805	1,028,924
Total equity and liabilities	1,627,929	1,608,781	1,739,322	1,852,610	2,046,399	1,811,911

Grafton Group plc
Group Condensed Cash Flow Statement
For the year ended 31 December

	2012	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000
Profit before taxation	27,184	8,908	21,920	12,098	51,056	161,389
Finance income	(11,893)	(17,338)	(15,899)	(33,957)	(19,776)	(18,205)
Finance expense	22,632	28,100	22,304	26,210	47,733	42,134
Operating profit	37,923	19,670	28,325	4,351	79,013	185,318
Depreciation	32,048	35,105	38,193	42,709	43,229	38,865
Intangible amortisation	1,817	1,920	1,897	1,971	1,766	1,514
Goodwill written-off on termination	-	-	-	120	-	60
Goodwill impairment loss	-	-	-	4,872	-	-
Share-based payments charge/(credit)	618	(581)	498	(1,215)	(1,566)	3,056
Non-cash movement in operating provisions	761	17,650	3,942	3,938	4,205	-
Claims paid on insurance provisions	(2,462)	(3,408)	(3,195)	(1,695)	(1,643)	-
Non-cash movement on asset impairment	1,980	3,982	8,611	-	-	-
Profit on sale of property, plant and equipment	(433)	(1,265)	(483)	(6,075)	(3,707)	(7,172)
Contributions to pension schemes in excess of IAS 19 charge	(5,054)	(4,855)	(3,259)	(10,669)	(6,445)	(3,859)
Decrease/(increase) in working capital	18,540	15,911	7,542	83,494	86,369	(9,866)
Cash generated from operations	85,738	84,129	82,071	121,801	201,221	207,916
Interest paid	(13,367)	(14,416)	(11,970)	(18,924)	(36,306)	(34,522)
Income taxes paid	(3,279)	(2,717)	(835)	(952)	(1,257)	(7,229)
Cash flows from operating activities	69,092	66,996	69,266	101,925	163,658	166,165
Investing activities						
<i>Inflows</i>						
Proceeds from sale of property, plant and equipment	1,976	7,579	3,656	11,769	8,722	15,143
Investment profit realised in cash	-	-	-	19,651	-	-
Interest received	1,664	3,453	6,058	4,670	6,992	9,865
Sale of financial assets	-	31	38	31	345	-
	3,640	11,063	9,752	36,121	16,059	25,008
<i>Outflows</i>						
Acquisition of subsidiary undertakings and businesses	(14,760)	(3,424)	(1,405)	(2,009)	(19,477)	(57,724)
Net cash acquired with subsidiary undertakings	4,204	-	87	538	3,914	5,262
Share of subsidiaries and businesses acquired by joint venture	-	(7,582)	-	-	-	-
Share of cash acquired through acquisitions made by joint venture	-	758	-	-	-	-
Net overdraft assumed with joint venture	-	(92)	-	-	-	-
Deferred acquisition consideration paid	(1,646)	-	(732)	(1,386)	(6,705)	(6,475)
Purchase of financial assets	(7)	-	-	-	-	(309)
Investment in associate	-	-	-	(3,287)	-	-
Purchase of property, plant and equipment	(22,974)	(30,660)	(8,242)	(11,065)	(62,583)	(71,616)
	(35,183)	(41,000)	(10,292)	(17,209)	(84,851)	(130,862)
Cash flows from investing activities	(31,543)	(29,937)	(540)	18,912	(68,792)	(105,854)
Financing activities						
<i>Inflows</i>						
Proceeds from the issue of share capital	383	1,174	1,244	778	1,217	1,747
Proceeds from borrowings	20,887	56,685	241,028	65,641	73,215	45,674
	21,270	57,859	242,272	66,419	74,432	47,421
<i>Outflows</i>						
Repayments of borrowings	-	(140,089)	(334,937)	(69,496)	(58,951)	-
Shares bought back and treasury shares acquired	-	-	-	-	-	(49,845)
Dividends paid	(14,576)	(14,578)	(9,908)	-	-	-
Purchase of 'A' ordinary shares	-	-	-	(15,391)	(40,281)	(33,566)
Movement on finance lease liabilities	(521)	19	(446)	(341)	(963)	(1,289)
Redemption of loan notes payable net of derivatives	(28,262)	(27,942)	(29,831)	(43,984)	(23,763)	(13,150)
	(43,359)	(182,590)	(375,122)	(129,212)	(123,958)	(97,850)

Cash flows from financing activities	(22,089)	(124,731)	(132,850)	(62,793)	(49,526)	(50,429)
Net increase/(decrease) in cash and cash equivalents	15,460	(87,672)	(64,124)	58,044	45,340	9,882
Cash and cash equivalents at 1 January	112,431	201,664	268,192	214,148	149,229	135,485
Effect of exchange rate fluctuations on cash held	136	(1,561)	(2,404)	(4,000)	19,578	3,862
Cash and cash equivalents at 31 December	128,027	112,431	201,664	268,192	214,147	149,229
Cash and cash equivalents are broken down as follows:						
Cash at bank and short-term deposits	128,027	112,431	201,664	268,193	214,154	149,962
Overdrafts	-	-	-	(1)	(7)	(733)
	128,027	112,431	201,664	268,192	214,147	149,229

Reconciliation of Net Cash Flow to Movement in Net Debt

	2012	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000
Net increase/(decrease) in cash and cash equivalents	15,460	(87,672)	(64,124)	58,044	45,340	9,882
Net movement in derivative financial instruments	804	555	(327)	(1,264)	(464)	(862)
Movement in financial liabilities from cessation of hedge accounting	-	446	-	-	-	-
Cash flow from movement in debt and lease financing	7,896	111,327	124,186	48,180	10,462	(31,235)
Change in net debt resulting from cash flows	24,160	24,656	59,735	104,960	55,338	(22,215)
Non-cash movement on finance lease extinguished	-	613	-	1,056	-	-
Finance leases acquired with subsidiary undertakings	(100)	-	-	-	-	(276)
Bank loans and loans notes acquired with subsidiary undertakings	(5,292)	-	-	-	(143)	(1,766)
Bank loans acquired with joint venture acquisitions	-	(766)	-	-	-	-
Loan notes issued on acquisition of subsidiary undertakings	-	-	-	-	-	(55)
Translation adjustment	5,080	6,364	7,050	22,528	(66,495)	(9,414)
Movement in net debt in the year	23,848	30,867	66,785	128,544	(11,300)	(33,726)
Net debt at 1 January	(188,732)	(219,599)	(286,384)	(414,928)	(403,628)	(369,902)
Net debt at 31 December	(164,884)	(188,732)	(219,599)	(286,384)	(414,928)	(403,628)

Grafton Group plc
Segmental Analysis - 2007 to 2012

€/£ exchange rate – average rates	0.8109	0.8679	0.8578	0.8909	0.7963	0.68434
Year Ended 31 December	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Revenues						
Merchanting	1,564,458	1,550,591	1,484,517	1,502,889	1,819,135	1,864,513
Retail	161,783	190,686	197,747	220,751	241,335	232,572
Manufacturing	40,676	46,422	42,156	45,422	76,143	104,397
Less: inter-segment revenue - manufacturing	(6,138)	(5,177)	(5,030)	(5,262)	(8,116)	(8,155)
Total revenue	1,760,779	1,782,522	1,719,390	1,763,800	2,128,497	2,193,327
Segment operating profit/(loss) before exceptional items						
Merchanting	66,723	56,348	52,775	35,017	97,086	153,912
Retail	208	1,840	2,017	2,917	9,388	23,140
Manufacturing	1,658	(464)	(2,965)	(4,508)	(2,515)	12,285
	68,589	57,724	51,827	33,426	103,959	189,337
Exceptional items						
Merchanting	(10,819)	(9,736)	(4,419)	(15,158)	(11,545)	4,964
Retail	(8,515)	(17,042)	-	(453)	(705)	-
Manufacturing	(1,887)	(1,043)	(159)	(1,245)	(1,405)	-
	(21,221)	(27,821)	(4,578)	(16,856)	(13,655)	4,964
Segment operating profit/(loss) after exceptional items						
Merchanting	55,904	46,612	48,356	19,859	85,541	158,876
Retail	(8,307)	(15,202)	2,017	2,464	8,683	23,140
Manufacturing	(229)	(1,507)	(3,124)	(5,753)	(3,920)	12,285
	47,368	29,903	47,249	16,570	90,304	194,301
Reconciliation to consolidated operating profit						
Central activities	(7,628)	(8,313)	(8,416)	(10,113)	(9,525)	(7,469)
Intangible amortisation	(1,817)	(1,920)	(1,897)	(1,971)	(1,766)	(1,514)
Asset impairment – manufacturing segment	-	-	(8,611)	-	-	-
Goodwill impairment – manufacturing	-	-	-	(4,872)	-	-
Past service credit on pension schemes	-	-	-	4,737	-	-
Operating profit	37,923	19,670	28,325	4,351	79,013	185,318
Finance expense	(22,632)	(28,100)	(22,304)	(26,210)	(47,733)	(42,134)
Finance income	11,893	17,338	15,899	33,957	19,776	18,205
Profit before tax	27,184	8,908	21,920	12,098	51,056	161,389
Income tax	6,160	(6,699)	32,967	(167)	(5,111)	(20,980)
Profit after tax for the financial year	33,344	2,209	54,887	11,931	45,945	140,409

Exchange Rates Used

In changing the Group's presentational currency from euro to sterling, the Group's income statements and cashflows have been retranslated into sterling using the average exchange rate for the year which is deemed to approximate actual exchange rates at date of transactions. The Group's balance sheets have been retranslated from euro into sterling at the closing rate of exchange on the balance sheet date.

The euro sterling exchange rates for the years 2007 to 2012 are set out below:

	2012	2011	2010	2009	2008	2007
€/£ exchange rate – average rates	0.8109	0.8679	0.8578	0.8909	0.7963	0.68434
€/£ exchange rate – closing rates	0.8161	0.8353	0.8608	0.8881	0.9525	0.73335