



## Grafton Group plc Group Cash Flow Statement

For the six months ended 30 June 2006

	Six Months to 30 June 2006 (Unaudited) €'000	Six Months to 30 June 2005 (Unaudited) €'000	Twelve months to 31 Dec 2005 (Audited) €'000
<b>Operating profit before property profit</b>	<b>105,824</b>	96,550	213,770
Depreciation	24,742	22,980	48,248
Intangible amortisation	1,097	1,060	2,176
Share based payments charge	1,807	839	2,220
Net profit on sale of plant and equipment	(1,382)	(1,189)	(2,564)
Contributions to pension schemes in excess of IAS 19 charge	(1,526)	(639)	(10,888)
Increase in working capital	(26,025)	(3,653)	(28,485)
<b>Cash generated from operations</b>	<b>104,537</b>	115,948	224,477
Interest paid	(22,055)	(15,522)	(39,233)
Income taxes paid	(2,462)	(5,357)	(15,226)
<b>Cash flows from operating activities</b>	<b>80,020</b>	95,069	170,018
<b>Investing activities</b>			
<i>Inflows</i>			
Proceeds from sale of property, plant and equipment	57,972	18,578	32,793
Interest received	6,451	1,093	7,738
	<u>64,423</u>	<u>19,671</u>	<u>40,531</u>
<i>Outflows</i>			
Acquisition of subsidiary undertakings and businesses	(39,908)	(307,636)	(395,451)
Net cash acquired with subsidiary undertakings	2,329	15,083	22,897
Deferred acquisition consideration	(2,284)	(5,586)	(6,844)
Purchase of property, plant and equipment	(48,230)	(58,400)	(100,559)
	<u>(88,093)</u>	<u>(356,539)</u>	<u>(479,957)</u>
<b>Cash flows from investing activities</b>	<b>(23,670)</b>	(336,868)	(439,426)
<b>Financing activities</b>			
<i>Inflows</i>			
Proceeds from the issue of share capital	2,011	178,107	178,658
Proceeds from long term borrowings	-	346,970	373,078
	<u>2,011</u>	<u>525,077</u>	<u>551,736</u>
<i>Outflows</i>			
Repayment of long term borrowings	(109,115)	-	(35,673)
Purchase of A ordinary shares	(20,204)	(16,542)	(33,751)
Payment of finance lease liabilities	(1,103)	(978)	(2,061)
Redemption of loan notes payable	(9,842)	(19,872)	(25,237)
	<u>(140,264)</u>	<u>(37,392)</u>	<u>(96,722)</u>
<b>Cash flows from financing activities</b>	<b>(138,253)</b>	487,685	455,014
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(81,903)</b>	245,886	185,606
Cash and cash equivalents at the beginning of the period	291,844	105,822	105,822
Effect of exchange rate fluctuations on cash held	(2,655)	791	416
<b>Cash and cash equivalents at the end of the period</b>	<b>207,286</b>	<u>352,499</u>	<u>291,844</u>
<b>Cash and cash equivalents are broken down as follows:</b>			
Cash at bank and short term deposits	255,250	396,748	334,023
Overdrafts	(47,964)	(44,249)	(42,179)
	<u>207,286</u>	<u>352,499</u>	<u>291,844</u>