DANKS HOLDINGS LIMITED ABN 81 004 295 532
414 Lower Dandenong Road Braeside Victoria 3195
Post Office Box 156 Mordialloc Victoria 3195 Australia
Telephone 61 3 9264 5000 Facsimile 61 3 9587 1719
Internet www.danks.com.au

20 October 2009

Company Announcements Office
ASX Limited
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir,

Re: 2009 Annual Report

Please find attached the Annual Financial Report of Danks Holdings Limited for the year ended 30 June 2009.

Please be advised that hard copy Annual Reports will be dispatched to shareholders, who elected to receive them, on Friday 23 October 2009.

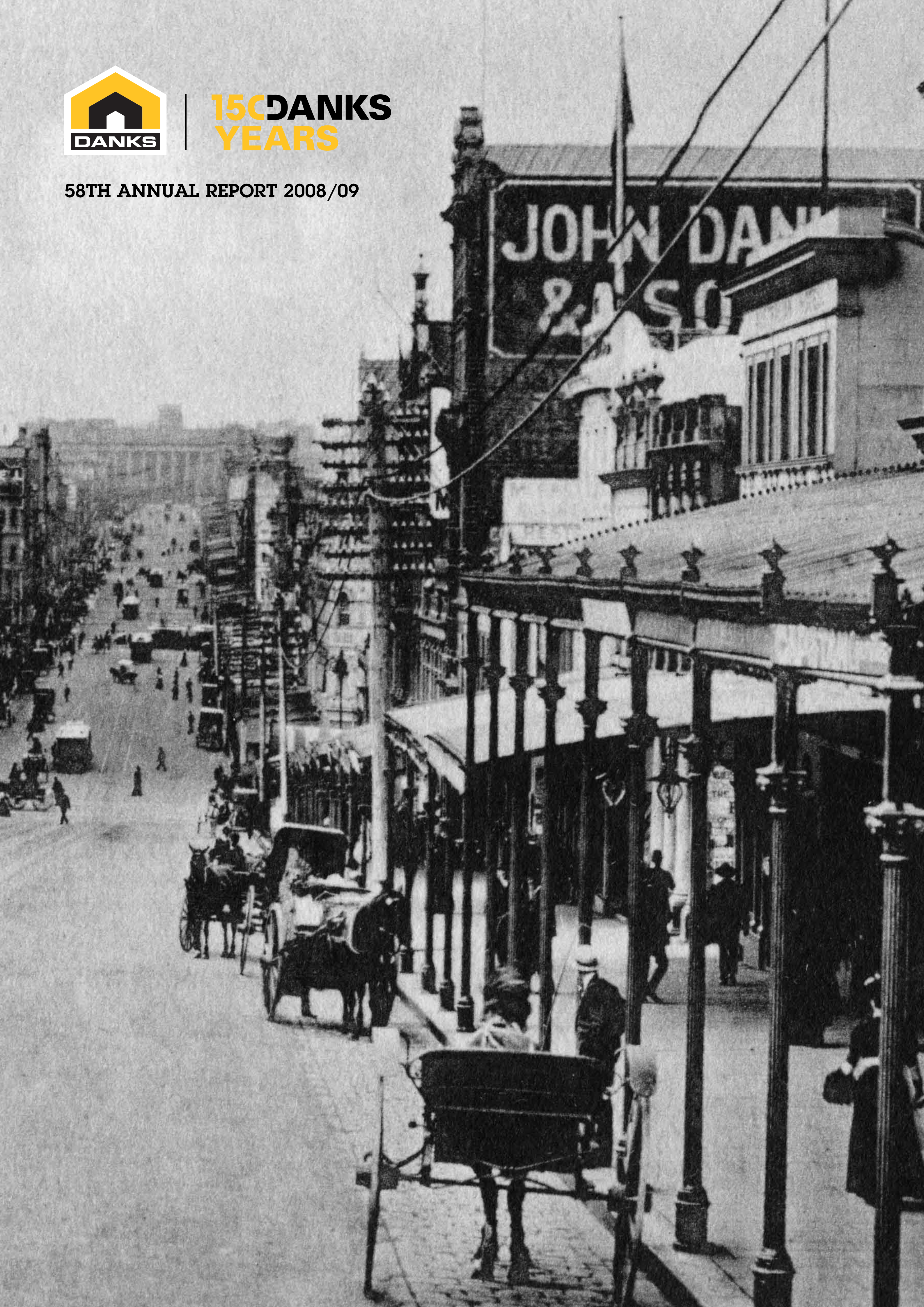
Yours sincerely,

Peter Cooper
Company Secretary

DANKS

150 YEARS DANKS

58TH ANNUAL REPORT 2008/09



COMPANY TIME LINE

1859

- John Danks & Son Pty Ltd begins as a plumbing business in 1859, established by brothers John and Samuel.
- It occupies a prominent site in Bourke Street, Melbourne for 100 years, as well as factories in Melbourne and Sydney, which manufacture and supply a variety of plumbing and engineering products such as brassware, pumps, windmills and bells.

1902-1928

- John Danks passes away in 1902 and his son, Aaron (later Sir Aaron), leads the Company.
- Aaron's son, Fred, becomes Chairman and Managing Director upon his father's death in 1928.

1951

- Danks Holdings Limited was formed as a public company and John Danks & Son Pty Ltd became its wholly owned subsidiary.
- The exit of retail and wholesale operations in Bourke Street, Melbourne and Pitt Street, Sydney, as well as manufacturing plants in Melbourne and Sydney.

1956

- The Company phases out of retailing and manufacturing to concentrate on the distribution of products to independent hardware retailers.
- The construction of a new warehouse in Alexandria, New South Wales.

1958-1970

- Acquisition of the hardware interests of EL Yencken & Co Pty Ltd and JS Kidd & Co Pty Ltd.
- The construction of the Company's first high-rise distribution centre at Braeside, Victoria in 1970.
- The establishment of the Homestead marketing group in the early 1970s.

1975

- Leading the industry, the Company moves to full computerisation of its operations.

1982-1983

- The purchase of the Home Saver marketing group and the hardware operations of Hawkes Brothers Limited, which includes the Thrifty-Link marketing group.

1993

- Danks unites Members of its Homestead and Homesaver retail groups under one banner – Home Timber & Hardware.
- The closure of Homestead and Home Saver in 1992 leads to the launch of the Home Hardware Group.

1994

- The launch of the Home marketing group into the South Australian market.
- Ian Lewis appointed as a Director.

1995

- Acquisition of the Plants Plus brand from the Retail Nurseryman's cooperative in Victoria.
- Graeme Danks appointed as Managing Director.
- The New South Wales operations move from Alexandria to a state-of-the-art distribution centre in Huntingwood.

1997

- John Danks passes away after 48 years in the Company including 31 years as Managing Director and 26 years as Chairman.
- David Danks, a Director since 1964, appointed as Chairman and Michael Danks appointed as Director.

1998

- John Tregaskis appointed as Director.

1999

- Danks becomes a national distributor with the acquisition of Independent Hardware Distributors in Western Australia.
- All three marketing Groups successfully launched into the Western Australian market.

2000

- The launch of Plants Plus in Queensland completes the pieces for a national garden marketing group.
- The exclusive JDS product range: Boulevard; Del Tera; Tekraft and Earthcore are launched.

2001

- Launch of the Plumbworx range of products and the formation of the Plumblinx buying group, as it enters into the competitive plumbing channel.
- Danks Advanced Retail Technology – a new point-of-sale computer system is launched to assist retailers with their operations.
- Danks Steel is divested to enable the organisation to focus on its core competencies.

2002

- Professor David Danks retires as Chairman.
- Doug Oldfield, a Director since 1979, succeeds David as Chairman.
- Peter Danks appointed as Director.

2003

- The Home marketing group celebrates 10 successful years.

2004

- Peter Kempen appointed as Director.
- Roll out of the new larger retail (XL) format for the Home Timber & Hardware Member stores.

2005

- 25.5 per cent growth in 'Danks Exclusive Brands' products.

2006

- Consolidation of the Distribution Centre networks in Sydney and Perth.

2007

- Peter T Kempen appointed as Chairman. Appointment of new Company Directors, David G Hendy and Tom J Flood.
- Douglas O Oldfield OAM (Chairman) and Ian G Lewis retire.

2008

- In April the business relocated to a new purpose built warehouse in Perth, Western Australia.
- Joseph J Barberis appointed as Director.

2009

- The Company celebrates 150 years of consecutive trading.
- Over 1,700 customers, suppliers and employees attend the Danks 'Evolution' National Trade Show & Conference held in Melbourne – where it all started.

CORPORATE DIRECTORY

Bankers
ANZ Banking Group
Commonwealth Bank of Australia

Auditors
Danby Bland Provan & Co
Chartered Accountants

Solicitors
Minter Ellison

Registered Office
Danks Holdings Limited
ABN 81 004 295 532
414-426 Lower Dandenong Road
Braeside Victoria 3195
Telephone (03) 9264 5000
www.danks.com.au

Share Registry
Link Market Services Ltd
Locked Bag A14
Sydney South, New South Wales 1235
Telephone 1300 554 474
Email registrars@linkmarketservices.com.au
www.linkmarketservices.com.au

Operating Subsidiary
John Danks & Son Pty Ltd

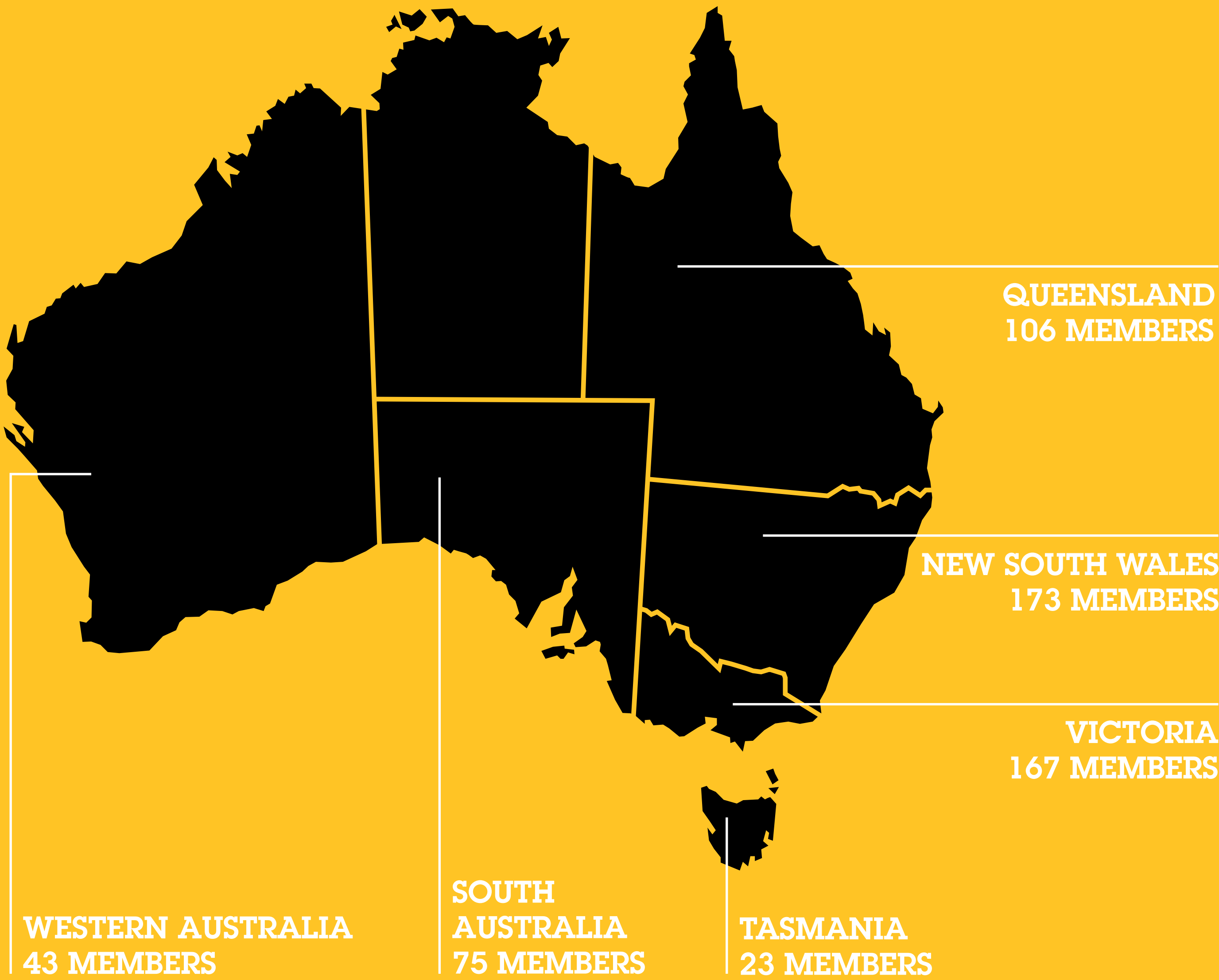
Directors
Peter T Kempen, Chairman
J Graeme Danks, Managing Director
Michael D Danks
Peter T Danks
David G Hendy
Joseph J Barberis

Secretary
Peter M Cooper

Cover photograph provided by Visual Heritage
Photo Restoration & Framing.

CONTENTS

GROUP MEMBERS



YEAR IN BRIEF

Financial

- Total revenue increased to $569.4 million.
- After tax profit of $7.02 million – increase of 75 per cent.
- Earnings per share of 108.1 cents.
- Declared fully franked final dividend of 53.0 cents.

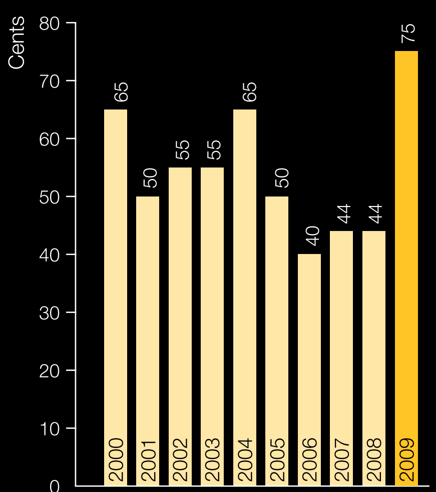
Operational

- Acquisition of Blue Mountains Hardware, New South Wales – a member of the Home Timber & Hardware Group.
- Restructure of the retail operations team.
- Recruitment of 25 new Group Members.

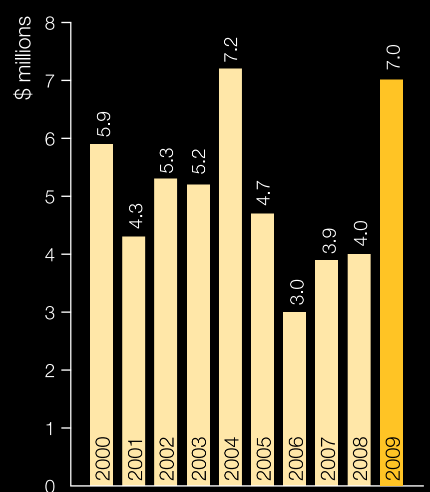
Key External Factors

- 34 new store layouts and merchandising projects undertaken.
- Economic slowdown in the trade sector with a rebound in retail during the second half of the year.

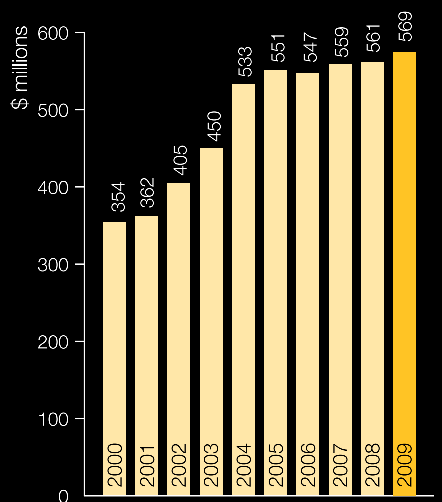
Dividends Per Share (Fully Diluted)



Profit After Tax



Revenue



Excludes revenue from steel operations divested in June 2001.

CHAIRMAN'S AND MANAGING DIRECTOR'S REVIEW

Results and Performance

The Directors are pleased to announce a strong result for shareholders during the Company's 150th anniversary year. Danks Holdings Limited lifted its net profit to $7.02 million (FY 2008 $4.02 million), representing a 75 per cent increase on the previous year.

The result was achieved on revenue of $569.4 million, up from the previous year, and also reflects a number of cost saving initiatives implemented during the past two years. The major cost savings initiatives included the consolidation of a number of distribution centres, a restructure of the retail operations business unit, improved cost controls and refined customer trading terms.

In its first full trading period (51 weeks) under Danks ownership, the Home Timber & Hardware retail store in the Blue Mountains, New South Wales enjoyed solid sales growth and improved margins following a store relay and the installation of the Danks DART point of sale computer system.

The working capital position of the Group improved during the year with a further reduction in debtor days outstanding, improved stock turnover and improved supplier trading terms.

As at the 30th June 2009 the Group had no net debt and has worked diligently to place itself in a strong financial position to enable it to take advantage of opportunities to grow the business responsibly.

The Group complied with all of its banking covenants throughout the year.

The Company has declared a fully franked final dividend of 53 cents per share taking the full year dividend payment to 75 cents per share fully franked.

Governance and Board Structure

During the year in review the Board appointed Mr Joseph Barberis to the position of Non-Executive Director. Mr Barberis was then subsequently elected to the Board, by the shareholders, at the Annual General Meeting held in November 2008.

Future

The Company continues to experience strong trading results in the new financial year.

The Board wishes to thank our staff and management team for their outstanding contributions to the excellent results in this our 150 year and their continuing efforts in the current financial year.

Recently the Board announced to the Australian Securities Exchange on 25th August 2009, that Danks had signed an implementation deed with a joint venture company between Woolworths Limited and Lowe's Companies Inc to acquire all of the issued shares in Danks. The Directors have unanimously recommended that shareholders accept the offer in the absence of a superior proposal.

We would like to take this opportunity to recognise and thank the efforts of our fellow members of the Board of Directors, who have provided valuable guidance over the years. More particularly, in the recent weeks during the negotiations with Woolworths and Lowe's which gave rise to the current offer.

Regardless of the outcome of the takeover offer we believe that the Danks company can look forward to an exciting and continuing journey within the hardware industry in Australia.

Peter T Kempen
Chairman

J Graeme Danks
Managing Director

BOARD OF DIRECTORS

Peter T Kempen
Chairman

J Graeme Danks
Managing Director,
Executive Director

Michael D Danks
Non-Executive Director

Peter T Danks
Non-Executive Director

David G Hendy
Non-Executive Director

Joseph J Barberis
Non-Executive Director

Peter T Kempen
Chairman

FCA, age 60 (appointed Director November 2003, Chairman from November 2006).

Mr Kempen has over 25 years experience working with many of Australia's leading companies in all facets of corporate advisory work. Until January 2002, Mr Kempen was the Managing Partner of Ernst & Young Corporate Finance Australia.

Mr Kempen's current directorships include Pro Medicus Limited (appointed March 2008) and Chairman of Ivanhoe Grammar School.

Previous directorships of listed companies within the last three years include Patties Foods Ltd (Non-Executive Director from July 2002 and Chairman from September 2005).

J Graeme Danks
Managing Director, Executive Director

BEc, age 60 (appointed Director 1982).

Mr Danks has over 30 years management experience in the hardware industry commencing his career with John Danks & Son Pty Ltd in 1971. Since then he has held various management positions with the Company, and was appointed Managing Director in November 1995.

Mr Danks' other directorships include Investments Pty Ltd and Danks Buildings Pty Ltd. He is also a member of the Wesley College Council (from 1999).

Michael D Danks
Non-Executive Director

Age 57, (appointed Director May 1997).

Mr Danks has over 30 years management experience in hardware and steel distribution, commencing his career with a Mitre 10 retail store, and then John Danks & Son Pty Ltd, before becoming General Manager of the Steel Division from July 1989 to June 2001.

Mr Danks other directorships include Danks Buildings Pty Ltd. He is also a Trustee of the Annie Danks and Danks Charitable Trusts.

Peter T Danks
Non-Executive Director

B App Sc, Cert Mktg, age 43 (alternate Director May 1997, appointed Director June 2002).

Mr Danks has over 20 years experience in sales, marketing, strategic and senior management roles. Peter is currently Managing Director of Events & Facilities Group International (EFG), a strategic consultancy providing services to business and government. Prior to establishing EFG, Peter was Marketing Manager, Australian Grand Prix Corporation.

Mr Danks is also a Director of a number of private companies.

David G Hendy
Non-Executive Director

Age 55 (appointed Director March 2007).

Mr Hendy commenced his career with Woolworths, before starting his own Company, Kids Biz Toy Company. He later founded Funtastic Limited which has grown to become one of the largest marketing and distribution companies in the country.

Previous directorships of listed companies within the last three years include Repco Limited and Funtastic Limited.

Joseph J Barberis
Non-Executive Director

Age 50 (appointed Director September 2008).

Mr Barberis is Managing Director of Harris Scarfe Australia Limited.

Mr Barberis has held a number of senior management positions most notably Managing Director of Officeworks and Managing Director of Coles Express. Mr Barberis also spent over 20 years with The Shell Company of Australia and was instrumental in the implementation of the Coles Express brand in Australia.

Mr Barberis' current directorships include Harris Scarfe Australia Limited. He is also a Director of a number of private companies.

MAJOR BUSINESS INITIATIVES

The strategic initiatives we committed to previously are now complete or well in progress and adding value to the business.

2008/09 Highlights

25 New stores and garden centres joined the Home Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centre groups throughout the year.
Continued focus on occupational health and safety nationally.
34 new store layouts and merchandising projects undertaken.
Acquisition of Blue Mountains Hardware, New South Wales – a member of the Home Timber & Hardware Group.
Successful renegotiation of the Employee Collective Agreements in Western Australia and Victoria.
Introduction of new product ranges in the outdoor, power tool, storage and self assembly furniture ranges.
Hosted the 'Evolution' National Trade Show & Conference attended by over 1,700 customers, suppliers and employees.
Commenced the implementation of the Microsoft Dynamics AX Enterprise Resource application to replace the financial module of our legacy computer system.
20 additional stores implemented the DART (Danks Advanced Retail Technology) point-of-sale and back office computer system.
Further development of online ordering tools including internet shopping cart technology for the use of our retail customers.


evolution

SUSTAINABILITY

During the year, we continued to develop our sustainability program and established a cross functional 'Green Team' responsible for the implementation of projects throughout the business to support our commitment to the environment.

As a signatory to the National Packaging Covenant (NPC), Danks is committed to finding ways to reduce the environmental impacts of packaging that enters Australian homes. This is achieved through the implementation of the Company's Action Plan, which has been registered by the National Packaging Covenant Council. It documents the recyclability of the Company's packaging mix and the efforts being made at our Distribution Centre to divert waste from landfill.

CELEBRATING 150 YEARS

2009 represented the Danks organisation's 150th year of consecutive trading and we acknowledged this milestone collectively with our customers, suppliers and employees throughout the year.

We also took the opportunity, with all employees to revisit our values as a business.

Throughout a long history which has seen many changes, we believe what has remained is the importance of our people. By revisiting our values our ongoing aim is to continue to nurture and support a organisational culture which enables all employees to perform at their very best.

Over the year, we introduced training and development programs across the business including a management development program which included both customers and employees. In Western Australia and Victoria the Employee Collective Agreements were successfully negotiated.

One Danks

Our Values

- Employee Engagement
- Respect for the Individual
- Responsive/Professional
- Teamwork
- Respect for the Environment
- Ethical

Our Mission

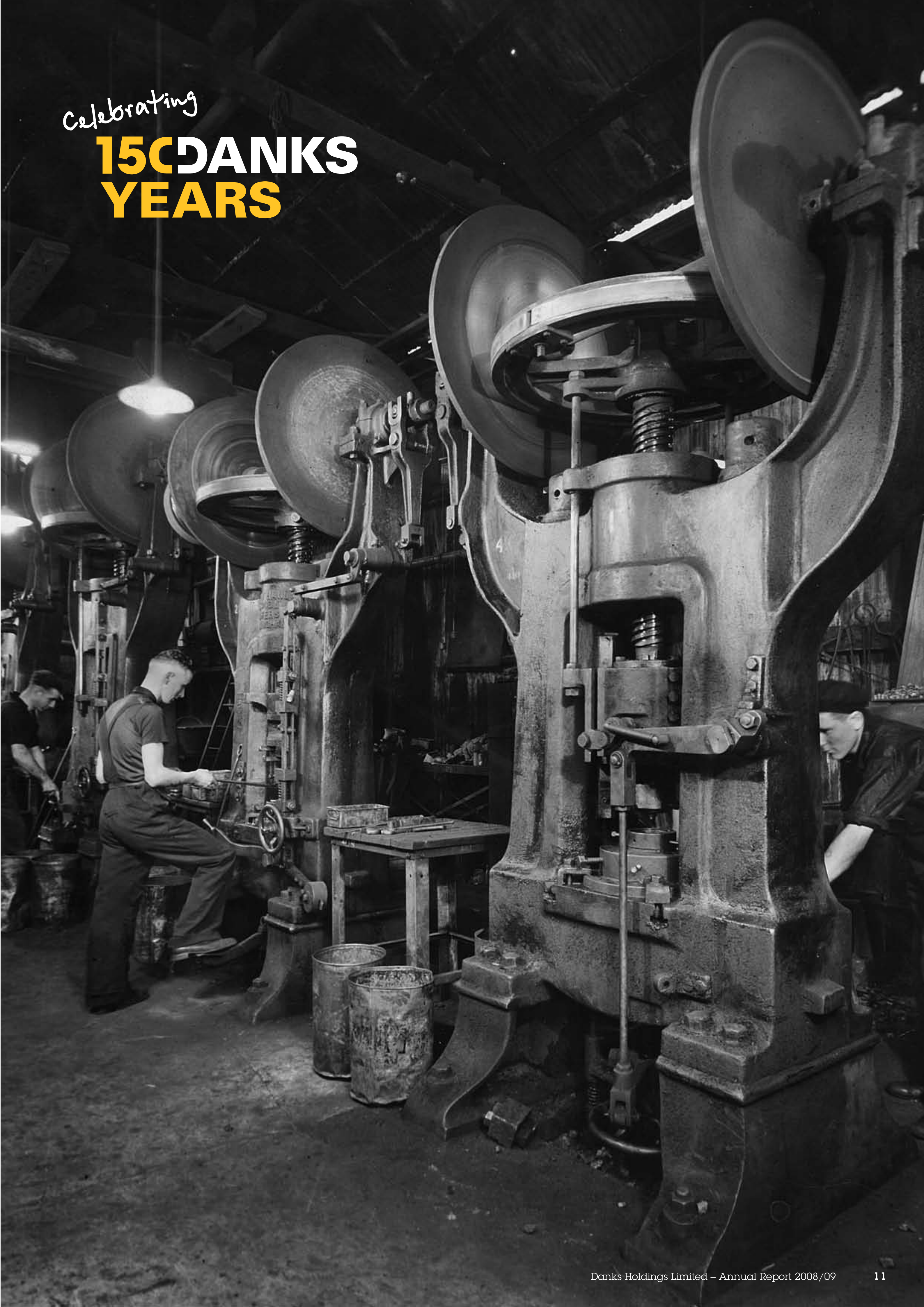
To lead our customers through providing quality and competitive products and services

Our Vision

To grow and strengthen our business by investing in our people and developing strong partnerships with our customers and suppliers

Our Cultural Drivers

- Results Focused and Performance Driven
- Value Adding
- Innovative – Focus on the Future
- 100% Committed


Celebrating
150 DANKS
YEARS

OUR RETAIL BRANDS

Home Timber & Hardware

The focus of the year was the consolidation of the Home Timber & Hardware brand positioning as 'The proper hardware store' through all advertising and marketing communications. This resulted in consumer feedback of 'Most Liked' advertising campaign in the hardware category (Pure Profile September 2008) leading to the hardware category's highest increased rating in unprompted brand awareness.

Highlights

- Strengthened promotional program including refreshed 'dogalogue' layout and design.
- Significant increase in consumer media exposure as a result of a refreshed public relations strategy.
- Development and roll-out of the 'Home Team' consumer loyalty program.
- Roll-out of a comprehensive marketing package targeting trade customers.

Thrifty-Link Hardware

The Thrifty-Link Hardware group relaunched its brand with the positioning of 'Nothing's too hard' designed to leverage the in-store service offering that is the Group's competitive point of difference.

Highlights

- Refreshed the catalogue promotional program.
- Revised media buying and public relations strategies resulting ingreater brand exposure.
- Continued support for the 'Make-a-Wish' foundation.
- Focus on the development of the local area marketing packaging, allowing stores to manage campaigns in their local environment.

Plants Plus

A marketing and advertising program was introduced to allow for tailored and targeted local marketing. Each element of the marketing program endorsed a consistent brand message and garden centre image. The brand continues to provide innovative solutions for Plants Plus Members.

Highlights

- Introduction of flexible regional based catalogues to generate a more targeted approach.
- Refreshed loyalty program to further drive consumer sales, utilising web based technology.
- Unique to the Australian garden centre retailing, the roll out of the 'Getting Fresh' point of sale material, utilising bold and colourful communications that are increasing garden centre awareness to consumers.


Timber & Hard
HoME
TIMBER AND HARDWARE
OPEN 7 DAY


TEKRAFT®
10m x 25mm
Tape Measure
Non Slip Rubber Grip

DANKS EXCLUSIVE BRANDS

Group Members continued to embrace the Danks Exclusive Brands (DEBs) offer with continued strong sales growth. Providing retailers with a major point of difference with respect to product offering, as well as increased profit margins, DEBs delivers Danks Group Members a strong competitive advantage in the marketplace. This year, two new brands were introduced and the DIY power tool offer was expanded with the introduction of new products to the Xceed range.

Highlights

Goanna Gear

An outdoor sports and leisure brand designed to capture the growing adventure segment. The brand conveys a robust and fun Australian personality, matching up with its broad range including camping and outdoor gear and leisure based products.

Finish Paint

'Finish' paint is exclusive to Home Timber & Hardware. Developed to the highest standards, it includes advanced features including mildew prohibiting and dirt shedding ingredients backed by a 12 year UV guarantee.

Tekraft Hand Tools

Tekraft pliers and hammer ranges were redeveloped to market leading standards with a focus on designer rubber grips resulting in improved instore merchandising.

Del Terra and Red Centre

Enjoying many years of success, the 2009 outdoor collection by Del Terra and Red Centre was launched at the Evolution National Trade Show & Conference. Representing a modern and stylish range of furniture products from small balcony settings through to large family entertainment units for the domestic market. The Red Centre BBQ range continues to grow with a complete offering of small portable BBQs through to large six burner kitchen units.


HANDI
Quick Spray
TEKRAFT
TEKRAFT
Tape Measure
WORX
TEKRAFT
ENDURA
TRADE
63mm

FINANCIAL STATEMENTS

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Danks Holdings Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Danks Holdings Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The corporate governance practices of the consolidated entity were in place throughout the year ended 30 June 2009 and were compliant with The Corporate Governance Principles and Recommendations, except in two instances noted below.

The roles of the Board of Directors and management

The Board of Directors is responsible for the overall governance of the consolidated Group. Responsibilities reserved for the Board includes:

- Accountability to shareholders for financial performance.
- Monitoring the risk management and internal compliance systems.
- Maintenance of appropriate ethical standards.
- Establishment of the strategic direction of the business and goals for management.
- Review and approve strategic plans and annual budgets.
- Ensure that the market and shareholders are informed appropriately.
- Ensure the Group complies with its statutory and legal obligations.

The role of management is:

- To implement the strategies set out in the strategic plan.
- Manage the day to day business in accordance with the annually agreed budget.
- Protect the assets of the Group, manage risk appropriately and ensure statutory compliance.
- Ensure business is carried out in an ethical manner.
- Recruit and maintain a highly effective workforce.

Structure and composition of the Board

The Board currently consists of six Directors, one Executive Director (the Managing Director) and five Non-Executive Directors. Three of the Non-Executive Directors including the Chairman are considered independent. The Managing Director and two Non-Executive Directors are considered not independent because of the beneficial nature of their relationship to Investments Pty Ltd which is the Danks family investment company that currently owns 48.9 per cent of the Group. Therefore the Group does not comply with Recommendation 2.1 of the Corporate Governance Principles and Recommendations.

Each Non-Executive Director is elected for a period a period of three years under the terms of the constitution. Upon expiry of the term each Director is entitled to stand for re-election at the relevant annual general meeting.

The Board has had established for a number of years separate committees for audit, remuneration and nominations.

The Board regularly reviews its overall performance and the Chairman reviews the performance of individual directors.

Ethical conduct

The Company has a code of conduct that applies to all employees. New employees receive training in this area as part of their induction program. A number of other programs are undertaken for appropriate staff and management in the areas of Employment and Equal Opportunity (EEO), trade practices, competition law and intellectual property. Each employee is assessed each year, as part of their annual review, in respect to expected behaviour and ethical work practices. The Company also maintains a confidential contact arrangement for employees who wish to discuss issues they are concerned with.

Directors and senior management are advised regularly as to when trading in Company shares is appropriate and Directors are aware of their specific obligations for advising the market promptly of any changes in their holdings of shares in the Company.

Integrity of financial reporting

The Managing Director and chief financial officer have stated in writing to the board that the Company's financial statements represent a true and fair view, in all material respects of the Company's financial position and operating results and that the financial statements have been founded on a sound system of compliance and control.

The Company has an audit committee that consists of three independent Non-Executive Directors:

- Peter Terence Kempen (Chair)
- David Graham Hendy
- Joseph John Barberis

The chair of the audit committee is also the chair of the board. Mr Kempen brings to the role a great degree of professional financial acumen and accounting expertise. The Company therefore does not comply with part three of recommendation 4.2.

The audit committee is responsible to ensure that:

- the financial performance and financial position of the Company is reported in a true and fair manner;
- the systems of the business are robust and can be relied upon throughout the year;
- monitor the effectiveness of internal control and the risk management framework;
- liaise with the external auditor to ensure audits are conducted effectively; and
- review the half year and annual financial statements prior to the approval by the Board.

The number of meetings of the committee and member attendance is set out in the Director's Report.

Timely and balanced disclosure

The Board reviews all Company announcements that are required to be lodged with the Australian Securities Exchange to ensure that they are timely and contain sufficient information to ensure that the market and shareholders remain fully informed. All announcements including half year and annual reports are placed on the Company's website, www.danks.com.au.

The Company encourages shareholders to remain fully informed of its activities and promotes shareholder attendance at its annual general meeting.

Risk management and oversight

The senior Executives of the business are responsible for monitoring the various risks that the business encounters and are responsible for recommending and implementing mitigation strategies relative to those risks.

The Board is responsible to ensure that the risk management system in place is effectively monitoring risk within the business and that the risk mitigation strategies adopted are appropriate.

It is the responsibility of senior Executives to advise the Board when the business becomes aware of material changes in the risk profile of the business.

Material risk can arise from such matters as competitor behaviour, liquidity and access to funding, occupational health and safety, environment, information systems, regulatory compliance and government policy changes.

Remuneration

The Remuneration Committee sets the policy for the remuneration of the Managing Director and senior Executives of the Company. The committee consists of the three independent Non-Executive members. The number of meetings and their attendance during the year is set out in the Director's Report.

The performance of the Managing Director and the senior Executives is reviewed by the remuneration committee annually.

The remuneration of the Managing Director has been established relative to the responsibility of the position with a proportion of remuneration payable based on achieving certain goals, established by the board, that promote the sustainable performance of the Company.

The Remuneration Committee approves the salary of the senior Executives and any performance based payments based on the achievement of certain goals agreed annually with each Executive and based on the achievement of certain Company goals throughout the year.

REPORT BY DIRECTORS

The Directors of Danks Holdings Limited present their report on the Company and its controlled entities for the year ended 30 June 2009.

Directors

Names of parent entity Directors who have held office at any time during or since the end of the year are:

PT Kempen
JG Danks
DG Hendy
MD Danks
PT Danks
JW Tregaskis (resigned July 2008)
JJ Barberis (appointed September 2008)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of the Group is the wholesale distribution of hardware throughout Australia.

Trading is conducted from warehouses located at Braeside Victoria, Huntingwood New South Wales and Welshpool Western Australia. A core focus of this business is achieved through the 'Home Timber & Hardware', 'Thrifty-Link' and 'Plants Plus' marketing groups.

In July 2008 the Group purchased Blue Mountains Hardware in Katoomba New South Wales. This is a retail hardware store trading under the Home Timber & Hardware banner.

Operating results

The consolidated profit of the Group after providing for income tax amounted to $7,019,000. This is a 75 per cent increase on last year's result of $4,017,000 and was achieved in difficult general economic circumstances.

Review of operations

Directors are pleased with the overall performance of the business.

Total revenue increased 1.6 per cent to $569.5 million. Despite a slower first half, revenues in the second were 5.0 per cent above the same period last year. Sales growth in the second half was due to modest organic growth in existing member stores and the recruitment of new stores into the Group late in the second half. Sales across the three Danks marketing groups of Home Timber & Hardware, Thrifty-Link and Plants Plus increased by 0.8 per cent, whilst sales to non-aligned hardware stores decreased by 2.4 per cent.

Underlying costs in the wholesale business decreased 1.8 per cent compared to the prior year. This was achieved through a range of expense reduction programs and a restructuring of the retail operations sales team.

The working capital position of the Group improved during the year with further reductions in debtor days outstanding, improved stock turns and improved terms with suppliers.

Financial position

The net assets of the consolidated Group have increased by $4,317,000 from $60,564,000 at 30 June 2008 to $64,881,000 at 30 June 2009

On a consolidated basis the Group's working capital, being inventories and receivables less payables, has decreased from $49,707,000 in 2008 to $40,095,000 in 2009. As at the 30 June 2009 the Group has no net debt.

The Directors believe the Group remains in a strong and stable financial position ready to expand and grow its operations.

Dividends paid or recommended

The Directors recommend that on the 21 September 2009 a fully franked final dividend be paid at the rate of 53 cents per share.

The following dividends have been paid since the end of the previous financial year:

	$'000
(1) Final ordinary dividend of $0.22 per share paid 31 October 2008. This dividend was referred to in the Directors' Report dated 26 August 2008.	1,428
(2) Interim ordinary dividend of $0.22 per share paid 2 April 2009. The dividend has been paid out of profits for the year ended 30 June 2009 and has not been referred to in a previous Directors' Report.	1,428

Significant changes in state affairs

No significant changes took place in the affairs of the Company or the consolidated Group during the year other than the acquisition of Blue Mountains Hardware referred to above.

After balance day events

No other matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operation of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group, in subsequent financial years.

Future developments, prospects and business strategies

Likely developments, future prospects and business strategies of the operations of the consolidated Group and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the consolidated Group.

Environmental issues

The consolidated Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Meetings of Directors

During the year there were 11 Board meetings and four sub committee meetings.
Attendances by each Director during the year were as follows:

	Director's Meetings		Audit Committee	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
PT Kempen (Chairman)	10	10	2	2
JG Danks	11	11	-	-
MD Danks	11	11	2	2
PT Danks	11	11	2	2
DG Hendy	11	11	2	2
JJ Barberis (appointed Sep 2008)	9	8	1	1
JW Tregaskis (resigned Jul 2008)	-	-	-	-

The Audit Committee includes all Non-Executive Directors. The committee met twice during the year and all eligible Directors were present for each meeting.

The Remuneration Committee comprises PT Kempen, DG Hendy and JJ Barberis. The committee met once during the year and all members were present.

The Nomination Committee comprises PT Kempen, JG Danks and PT Danks. The committee met once during the year and all members were present.

Information on Directors

Peter T Kempen
Chairman
FCA, age 60 (appointed Director November 2003, Chairman from November 2006).

Chairman of the Audit Committee.

Mr Kempen has over 25 years experience working with many of Australia's leading companies in all facets of corporate advisory work. Until January 2002, Mr Kempen was the Managing Partner of Ernst & Young Corporate Finance Australia.

Mr Kempen's current directorships include Pro Medicus Limited (appointed March 2008) and Chairman of Ivanhoe Grammar School.

Previous directorships of listed companies within the last three years include Patties Foods Ltd (Non-Executive Director from July 2002 and Chairman from September 2005).

J Graeme Danks
Managing Director, Executive Director
BEc, age 60 (appointed Director 1982).

Mr Danks has over 30 years management experience in the hardware industry commencing his career with John Danks & Son Pty Ltd in 1971. Since then he has held various management positions with the Company, and was appointed Managing Director in November 1995.

Mr Danks' other directorships include Investments Pty Ltd, Danks Buildings Pty Ltd. He is also a member of the Wesley College Council (from 1999).

Previous directorships of listed companies within the last three years: nil.

Michael D Danks
Non-Executive Director
Age 57 (appointed Director May 1997).

Mr Danks has over 30 years management experience in hardware and steel distribution, commencing his career with a Mitre 10 retail store, and then John Danks & Son Pty Ltd, before becoming General Manager of the Steel Division from July 1989 to June 2001.

Mr Danks' other directorships include Danks Buildings Pty Ltd. He is also a Trustee of the Annie Danks and Danks Charitable Trusts.

Previous directorships of listed companies within the last three years: nil.

Peter T Danks
Non-Executive Director
B App Sc, Cert Mktg, age 43 (alternate Director May 1997, appointed Director June 2002).

Mr Danks has over 20 years experience in sales, marketing, strategic and senior management roles. Peter is currently Managing Director of Events & Facilities Group International (EFG), a strategic consultancy providing services to business and government. Prior to establishing EFG, Peter was Marketing Manager, Australian Grand Prix Corporation.

Mr Danks is also a Director of a number of private companies.

Previous directorships of listed companies within the last three years: nil.

David G Hendy
Non-Executive Director
Age 55 (appointed Director March 2007).

Mr Hendy commenced his career with Woolworths, before starting his own company, Kids Biz Toy Company. He later founded Funtastic Limited which has grown to become one of the largest marketing and distribution companies in the country.

Mr Hendy is also a Director of a number of private companies.

Previous directorships of listed companies within the last three years include Repco Limited and Funtastic Limited.

Joseph J Barberis
Non-Executive Director
Age 50 (appointed Director September 2008).

Mr Barberis is Managing Director of Harris Scarfe Australia Limited.

Mr Barberis has held a number of senior management positions most notably Managing Director of Officeworks and Managing Director of Coles Express. Mr Barberis also spent over 20 years with The Shell Company of Australia and was instrumental in the implementation of the Coles Express brand in Australia.

Mr Barberis' current directorships include Harris Scarfe Australia Limited. He is also a Director of a number of private companies.

Previous directorships of listed companies within the last three years: nil.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

P M Cooper B Ec, CPA
Appointed Company Secretary in April 2007. Heads up the Finance and Administration Department in the position of Chief Financial Officer/Company Secretary.

Over 16 years experience in senior roles in Finance, Treasury, Company Secretarial and Risk Management.

Shareholdings

Number of shares held by key management personnel.

	Balance 01.07.08	Net Change	Balance 30.06.09
Mr PT Kempen	12,000	10,000	**22,000**
Mr MD Danks	18,202	-	**18,202**
Mr PT Danks	-	-	**-**
Mr JJ Barberis	-	2,000	**2,000**
Mr DG Hendy	-	-	**-**
Mr JG Danks	21,346	-	**21,346**
Mr JW Tregaskis	-	-	**-**
Mr PM Cooper	-	-	**-**
Mr C Dekazos	-	-	**-**
Mr SW Johnston	-	-	**-**
Total	51,548	12,000	**63,548**

Messers JG Danks and MD Danks are also Directors of Investments Pty Ltd which holds 3,172,903 ordinary shares in Danks Holdings Limited.

Remuneration Report

This report details the nature and amount of remuneration for each Director of Danks Holdings Limited, and for the Executives receiving the highest remuneration.

Remuneration Policy

The Board's policy for determining the nature and amount of remuneration for Board members and senior Executives of the consolidated Group is as follows:

The Remuneration Policy, setting the terms and conditions for the Executive Directors and other senior Executives, was developed by the Remuneration Committee and approved by the Board after seeking professional advice from independent external consultants. All Executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives. The Remuneration Committee reviews executive packages annually by reference to the consolidated Group's performance, executive performance and comparable information from industry sectors.

The performance of Executives is measured against criteria agreed biannually with each Executive and is based predominantly on the forecast growth of the consolidated Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long term growth in shareholder wealth.

The Board policy is to remunerate Non-Executive Directors at levels set to attract the most qualified and experienced Directors. The Remuneration Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the consolidated Group.

Directors and Executives receive a superannuation guarantee contribution required by the government, which is currently 9 per cent. Some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation.

Remuneration of Directors and management does not include any equity based components. All remuneration paid to Directors and Executives is valued at the cost to the Company and is expensed.

Performance-based remuneration

The Board of Danks Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the consolidated Group, as well as create goal congruence between Directors, Executives and Shareholders.

Performance linked remuneration is designed to reward key management personnel for meeting their financial and personal objectives. The incentive is provided in the form of cash or payments towards superannuation.

The following table shows the gross revenue, profits and dividends for the last five years as well as the share price at the end of the respective financial years.

	2005	2006	2007	2008	2009
Revenue	$551m	$547m	$559m	$561m	**$569m**
Net profit	$4.7m	$3.0m	$3.9m	$4.0m	**$7.0m**
Share price at year-end	$10.75	$7.05	$9.05	$5.70	**$7.00**
Dividends declared	50 cents	40 cents	44 cents	44 cents	**75 cents**

During August 2008, 4,900 shares were purchased under the on-market share buy-back announced in November 2007.

Key management personnel remuneration

The remuneration for each Director and each of the key management personnel of the consolidated entity receiving the highest remuneration was as follows:

2009 Key Management Person	Salary & Fees	Superannuation Contributions	Cash Bonus	Non-cash Benefits	Retirement Benefits	Total
Directors						
Mr PT Kempen	**27,500**	**86,950**	**-**	**-**	**-**	**114,450**
Mr MD Danks	**52,500**	**4,725**	**-**	**-**	**-**	**57,225**
Mr PT Danks	**26,250**	**30,975**	**-**	**-**	**-**	**57,225**
Mr JJ Barberis[(a)]	**43,750**	**3,938**	**-**	**-**	**-**	**47,688**
Mr DG Hendy	**52,500**	**4,725**	**-**	**-**	**-**	**57,225**
Management						
Mr JG Danks	**439,578**	**98,983**	**124,500**	**62,740**	**-**	**725,801**
Mr JW Tregaskis[(b)]	**100,333**	**967**	**-**	**-**	**-**	**101,300**
Mr PM Cooper	**192,472**	**34,633**	**8,539**	**-**	**-**	**235,644**
Mr C Dekazos	**350,034**	**55,306**	**40,000**	**634**	**-**	**445,974**
Mr SW Johnston[(c)]	**229,944**	**25,294**	**-**	**26,000**	**-**	**281,238**
	1,514,861	**346,496**	**173,039**	**89,374**	**-**	**2,123,770**

(a) Appointed September 2008.
(b) Resigned July 2008.
(c) Resigned July 2009.

2008 Key Management Person	Salary & Fees	Superannuation Contributions	Cash Bonus	Non-cash Benefits	Retirement Benefits[(a)]	Total
Directors						
Mr PT Kempen	76,000	34,090	-	-	18,830	128,920
Mr MD Danks	-	48,827	-	6,218	28,244	83,289
Mr PT Danks	25,250	29,795	-	-	28,244	83,289
Mr TJ Flood[(b)]	-	22,935	-	-	-	22,935
Mr DG Hendy	50,500	4,545	-	-	-	55,045
Management						
Mr JG Danks	412,904	100,000	-	58,800	-	571,704
Mr JW Tregaskis	311,830	100,000	-	50,400	-	462,230
Mr PM Cooper	190,000	29,700	3,300	-	-	223,000
Mr C Dekazos	245,012	52,582	25,411	-	-	323,005
Mr SW Johnston	223,248	24,557	-	25,000	-	272,805
	1,534,744	447,031	28,711	140,418	75,318	2,226,222

(a) Directors retirement benefits paid out.
(b) Resigned November 2007.

Indemnifying Officers or Auditor

During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The consolidated Group paid a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2009 has been received and can be found on page 27.

Rounding of accounts

The Company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Staff

The Directors recognise the significant contribution of the Company's staff without whose efforts this result would not have been possible. The Board records its appreciation to all staff for their loyalty and effort.

The foregoing report is made in accordance with a resolution of the Directors.

JG Danks, Director

PT Kempen, Director

Dated 24 August 2009

AUDITOR'S INDEPENDENCE DECLARATION

Accru+
Danby Bland Provan

Under Section 307C of the Corporations Act 2001

To the Directors of Danks Holdings Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Danby Bland Provan & Co

Danby Bland Provan & Co
Chartered Accountants

123 Camberwell Road
Hawthorn East

Greg Winnett

GD Winnett

Dated 24 August 2009

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Chartered Accountants + Business Advisors
Sydney + **Melbourne** + Brisbane
Perth + Adelaide + Hobart + Auckland

INCOME STATEMENT

YEAR ENDED 30 JUNE 2009

		Consolidated Group		Parent Entity	
	Note	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Revenue	2	**569,442**	560,583	**2,856**	2,861
Other income	2	**61**	107	**-**	-
Changes in inventories		**(328)**	(1,984)	**-**	-
Raw materials and consumables used		**(465,625)**	(461,428)	**-**	-
Employee benefits expense		**(33,858)**	(32,678)	**-**	-
Occupancy expenses		**(5,896)**	(5,123)	**-**	-
Depreciation and amortisation expense		**(2,855)**	(2,477)	**-**	-
Other expenses		**(49,439)**	(49,819)	**-**	-
Finance costs		**(1,215)**	(1,195)	**-**	-
Profit before income tax	3	**10,287**	5,986	**2,856**	2,861
Income tax expense	4	**(3,268)**	(1,969)	**-**	-
Profit attributable to members of the parent entity		**7,019**	4,017	**2,856**	2,861

Overall Operations			
Basic earnings per share (cents per share)	7	**108.1**	61.8
Diluted earnings per share (cents per share)	7	**108.1**	61.8
Dividends per share (cents)		**75.0**	44.0

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Assets					
Current assets					
Cash and cash equivalents	8	**11,936**	475	**-**	-
Trade and other receivables	9	**68,469**	63,213	**-**	-
Inventories	10	**37,610**	36,889	**-**	-
Other assets	15	**659**	722	**-**	-
Total current assets		**118,674**	101,299	**-**	-
Non-current assets					
Trade and other receivables	9	**-**	-	**3,315**	3,345
Financial assets	11	**-**	-	**3,900**	3,900
Property, plant and equipment	13	**25,294**	23,911	**-**	-
Deferred tax assets	18	**2,676**	2,565	**-**	-
Intangible assets	14	**2,186**	-	**-**	-
Total non-current assets		**30,156**	26,476	**7,215**	7,245
Total assets		**148,830**	127,775	**7,215**	7,245
Current liabilities					
Trade and other payables	16	**65,984**	50,395	**-**	-
Borrowings	17	**2,378**	1,000	**-**	-
Current tax liabilities	18	**2,180**	546	**-**	-
Short term provisions	19	**2,868**	3,236	**-**	-
Total current liabilities		**73,410**	55,177	**-**	-
Non-current liabilities					
Trade and other payables	16	**-**	-	**120**	120
Borrowings	17	**5,431**	7,000	**-**	-
Deferred tax liabilities	18	**2,801**	2,921	**-**	-
Other long term provisions	19	**2,307**	2,113	**-**	-
Total non-current liabilities		**10,539**	12,034	**120**	120
Total liabilities		**83,949**	67,211	**120**	120
Net assets		**64,881**	60,564	**7,095**	7,125
Equity					
Issued capital	20	**7,321**	7,351	**7,021**	7,051
Reserves	27	**10,404**	10,220	**74**	74
Retained earnings		**47,156**	42,993	**-**	-
Total equity		**64,881**	60,564	**7,095**	7,125

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2009

	Note	Share Capital Ordinary $'000	Retained Earnings $'000	Capital Profits Reserve $'000	Asset Revaluation Reserve $'000	Hedge Reserve $'000	Total $'000
Consolidated Group							
Balance at 1 July 2007		7,391	41,836	3,857	6,566		59,650
Profit attributable to members of parent entity			4,017				4,017
Transfers to and from hedge reserve						(203)	(203)
Shares bought back during the year		(40)					(40)
Sub-total		7,351	45,853	3,857	6,566	(203)	63,424
Dividends paid or provided for	6		(2,860)				(2,860)
Balance at 30 June 2008		7,351	42,993	3,857	6,566	(203)	60,564
Shares bought back during the year		(30)					(30)
Profit attributable to members of parent entity			7,019				7,019
Transfers to and from hedge reserve						184	184
Sub-total		7,321	50,012	3,857	6,566	(19)	67,737
Dividends paid or provided for	6		(2,856)				(2,856)
Balance at 30 June 2009		7,321	47,156	3,857	6,566	(19)	64,881

	Note	Share Capital Ordinary $'000	Retained Earnings $'000	Capital Profits $'000	Asset Revaluation $'000	Total $'000
Parent Entity						
Balance at 1 July 2007		7,091	-	-	74	7,165
Profit attributable to members of parent entity			2,861			2,861
Shares bought back during the year		(40)				(40)
Sub-total		7,051	2,861	-	74	9,986
Dividends paid or provided for	6		(2,861)			(2,861)
Balance at 30 June 2008		7,051	-	-	74	7,125
Shares bought back during the year		(30)				(30)
Profit attributable to members of parent entity			2,856			2,856
Sub-total		7,021	2,856	-	74	9,951
Dividends paid or provided for	6		(2,856)			(2,856)
Balance at 30 June 2009		7,021	-	-	74	7,095

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Cash flows from operating activities					
Receipts from customers		**621,890**	616,159	**-**	-
Dividends received		**-**	-	**2,856**	2,861
Interest received		**116**	455	**-**	-
Payments to suppliers and employees		**(599,144)**	(609,967)	**-**	-
Finance costs		**(1,054)**	(1,195)	**-**	-
Income tax paid		**(1,508)**	(1,537)	**-**	-
Net cash provided by (used in) operating activities	24	**20,300**	3,915	**2,856**	2,861
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**272**	270	**-**	-
Purchase of property, plant and equipment		**(3,868)**	(3,161)	**-**	-
Investments		**(2,167)**	-	**-**	-
Net cash provided by (used in) investing activities		**(5,763)**	(2,891)	**-**	-
Cash flows from financing activities					
Share buy-back payment		**(30)**	(40)	**-**	-
Repayment of borrowings		**(190)**	(5,000)	**-**	-
Dividends paid by parent entity		**(2,856)**	(2,861)	**(2,856)**	(2,861)
Net cash provided by (used in) financing activities		**(3,076)**	(7,901)	**(2,856)**	(2,861)
Net increase in cash held		**11,461**	(6,877)	**-**	-
Cash at beginning of financial year	8	**475**	7,352	**-**	-
Cash at end of financial year	8	**11,936**	475	**-**	-

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

This Financial Report includes the consolidated financial statements and notes of Danks Holdings Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Danks Holdings Limited as an individual parent entity ('Parent Entity').

Note 1: Statement of Significant Accounting Policies

Basis of preparation

The Financial Report is a general purpose Financial Report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a Financial Report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this Financial Report are presented below and have been consistently applied unless otherwise stated.

The Financial Report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of consolidation

A controlled entity is any entity over which Danks Holdings Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 12 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered the consolidated Group during the year, their operating results have been included from the date control was obtained.

All inter-Group balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(b) Income tax
The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Inventories
Inventories are measured on the basis of a physical stocktake during the year and adjusted for stock movements to balance date and valued at the lower of cost and net realisable value after making provision for un-saleable or obsolete stock. The principles of valuation have been applied consistently.

Net realisable value is determined on the basis of the entity's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and deducted to establish net realisable value.

(d) Property, plant and equipment
Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property
Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5 – 4 per cent
Leasehold improvements	33.0 – 100 per cent
Plant and equipment	7.5 – 50 per cent

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated Group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (a) the amount at which the financial asset or financial liability is measured at initial recognition (b) less principal repayments (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative instruments
Danks Holdings Limited and Controlled Entities designates certain derivatives as either:

(i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(ii) Hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions is documented. Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items are also documented.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Financial guarantees
Where material, financial guarantees issued, which requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Investments in associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the Group's share of post acquisition reserves of its associates.

(i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(j) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(k) Employee benefits
Provision is made for the consolidated Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(l) Provisions
Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Provision for warranties
Provision is made in respect of the consolidated Group's estimated liability on all products and services under warranty at balance date. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the consolidated Group's history of warranty claims.

(n) Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

(o) Revenue and other income
Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

(p) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(q) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Comparative figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(s) Rounding of amounts
The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the Financial Report and Directors' report have been rounded off to the nearest $1,000.

(t) Critical accounting estimates and judgments
The Directors evaluate estimates and judgments incorporated into the Financial Report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates
(a) Impairment
The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of goodwill at reporting date.

Key judgements
(a) Provision for impairment of receivables
Included in trade receivables at reporting date is an amount receivable from sales made to customers during the current financial year that went into liquidation. Whilst there is inherent uncertainty in relation to the outcome of the liquidation, the Directors understand that the full amount of the debt may not be fully recoverable from the liquidators. Therefore a provision for impairment has been maintained.

(u) New accounting standards for application in future periods
The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group is as follows:

- AASB 3 "Business Combinations", AASB 127 "Consolidated and Separate Financial Statements", AASB 2008-3 "Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 and 139 and Interpretations 9 and 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 and AASB 136] (applicable for annual reporting periods commencing from 1 January 2009)". These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group is not able to be determined. Changes to accounting requirements include:
  - acquisition costs incurred in a business combination will no longer be booked to goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
  - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
  - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
  - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
  - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
  - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
  - where there is in substance no change to group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent's share of net assets acquired or it will change so that goodwill recognised with also reflect that of the non-controlling interest.

- AASB 101 "Presentation of Financial Statements", AASB 2007-8 "Amendments to Australian Accounting Standards arising from AASB 101", and AASB 2007-10 "Further Amendments to Australian Accounting Standards arising from AASB 101" (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

- AASB 123 "Borrowing Costs" and AASB 2007-6 "Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12]" (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

- AASB 2008-5 "Amendments to Australian Accounting Standards arising from the Annual Improvements Project" (July 2008) (AASB 2008-5) and AASB 2008-6 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project" (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. The impact of this standard cannot be assessed at this stage.

- AASB 2008-8 “Amendments to Australian Accounting Standards – Eligible Hedged Items” [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect them to have any material effect on the Group’s financial statements.

	Consolidated Group		Parent Entity	
	2009 $’000	2008 $’000	**2009 $’000**	2008 $’000
Note 2. Revenue and Other Income				
Revenue:				
Sale of goods	**521,924**	515,233	**-**	-
Services and other operating revenue	**47,402**	44,895	**-**	-
Dividends received – wholly owned subsidiaries	**-**	-	**2,856**	2,861
Interest received	**116**	455	**-**	-
	569,442	560,583	**2,856**	2,861
Other income:				
Gain on disposal of property, plant and equipment	**61**	107	**-**	-
Note 3. Profit for the Year				
(a) Expenses:				
Cost of sales	**464,826**	463,441	**-**	-
Finance costs	**1,215**	1,195		
Net foreign exchange losses/(gains)	**-**	(125)	**-**	-
Bad and doubtful debts expense/(recovery)				
- trade receivables	**819**	(169)	**-**	-
Rental expense on operating leases				
- minimum lease payments	**3,813**	3,135	**-**	-
Note 4. Income Tax Expense				
(a) The components of tax expense comprise:				
Current tax	**3,665**	1,656		
Deferred tax	**(294)**	259		
(Over)/Under provision in respect of prior years	**(103)**	54		
	3,268	1,969	**-**	-
(b) The prima facie tax on profit before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit before income tax at 30 per cent (2008: 30 per cent)				
- consolidated Group	**3,086**	1,796	**-**	-
- parent entity	**-**	-	**857**	858

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Add tax effect of:				
- depreciation of buildings	**-**	2	**-**	-
- other non-allowable items	**224**	117	**-**	-
- write-downs to recoverable amounts	**-**	-	**-**	-
- share options expensed during year	**-**	-	**-**	-
- rebatable fully franked dividends	**-**	-	**(857)**	(858)
- under provision for income tax in prior year	**-**	54	**-**	-
Amortisation of Intangible assets	**61**	-	**-**	-
	3,371	1,969	**-**	-
Less tax effect of:				
- over provision for income tax in prior year	**103**	-	**-**	-
Income tax attributable to entity	**3,268**	1,969	**-**	-
The applicable weighted average effective tax rates are as follows:	**31.8%**	32.9%	**0.0%**	0.0%

Note 5. Auditors' Remuneration

	Consolidated Group 2009	Consolidated Group 2008	Parent Entity 2009	Parent Entity 2008
Remuneration of the auditor of the parent entity and consolidated Group for:				
- auditing or reviewing the Financial Report	**184**	184	**-**	-
- other services	**-**	-	**-**	-

Note 6. Dividends

	Consolidated Group 2009	Consolidated Group 2008	Parent Entity 2009	Parent Entity 2008
Distributions paid				
Final fully franked ordinary dividend of 22c per share (2008: 22c) franked at the tax rate of 30 per cent (2008:30 per cent)	**1,428**	1,430	**1,428**	1,430
Interim fully franked ordinary dividend of 22c per share (2008: 22c) franked at the tax rate of 30 per cent (2008:30 per cent)	**1,428**	1,431	**1,428**	1,431
	2,856	2,861	**2,856**	2,861
(a) Proposed final 2009 fully franked ordinary dividend of 53 (2008:22c) cents per share franked at the tax rate of 30 per cent (2008: 30 per cent)	**3,440**	1,428		
(b) Balance of franking account at year end adjusted for franking credits arising from:				
- payment of provision for income tax	**27,476**	25,654		
- dividends recognised as receivables, and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years				
Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (a) as follows:	**(1,474)**	(612)		
	26,002	25,042	**-**	-

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Note 7. Earnings Per Share				
(a) Reconciliation of earnings to profit or loss				
Earnings used to calculate basic EPS	**7,019**	4,017		
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**6,490,487**	6,501,921		
Weighted average number of options outstanding				
Weighted average number of converting preference shares on issue				
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS				
	6,490,487	6,501,921		

Note 8. Cash and Cash Equivalents

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
Cash at bank and in hand	**11,936**	475	**-**	-

The effective interest rate on short term bank deposits was 4.25 per cent (2008: 6.75 per cent).

Note 9. Trade and Other Receivables

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
Current:				
Trade receivables	**67,755**	62,289	**-**	-
Provision for impairment	**(2,143)**	(1,799)	**-**	-
Other receivables	**2,857**	2,723	-	-
Total current trade and other receivables	**68,469**	63,213	**-**	-
Non-Current:				
Amount receivable from wholly owned entity	**-**	-	**3,315**	3,345

(a) Provision for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

Consolidation Group	Opening Balance 01.07.07 $'000	Change of the Year $'000	Amounts Written off $'000	Closing Balance 30.06.08 $'000
(i) Current trade receivables	(2,453)	303	351	(1,799)
	(2,453)	303	351	(1,799)

Consolidation Group	Opening Balance 01.07.08 $'000	Change of the Year $'000	Amounts Written off $'000	Closing Balance 30.06.09 $'000
(ii) Current trade receivables	(1,799)	(686)	342	(2,143)
	(1,799)	(686)	342	(2,143)

Impaired assets are provided for in full.

(b) Credit risk – trade and other receivables
The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 9. The main source of credit risk to the Group is considered to relate to the class of assets described as Trade and Other Receivables.

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(c) Financial assets classified as loans and receivables				
Trade and other receivables				
- Total current	**68,469**	63,213	**-**	-
- Total non-current	**-**	-	**3,315**	3,345
Financial assets	**68,469**	63,213	**3,315**	3,345

Note 10. Inventories

Current:				
At net realisable value	**37,610**	36,889	**-**	-
	37,610	36,889	**-**	-

Note 11. Other Financial Assets

Available-for-sale financial assets comprising unlisted shares in controlled entities				
Unlisted investments, at cost				
- at cost	**-**	-	**302**	302
- at fair value	**-**	-	**3,598**	3,598
	-	-	**3,900**	3,900

Note 12. Controlled Entities

	Country of Incorporation	Consolidated Group Percentage Owned (%)*	
		2009	2008
(a) Controlled Entities Consolidated			
Subsidiaries of Danks Holdings Limited :			
Danks Events Pty Ltd	Australia	100.00	100.00
Homestead Hardware Australasia Pty Ltd	Australia	100.00	100.00
Thrifty-Link Hardware Pty Ltd (wholly owned subsidiary of Homestead Hardware Australasia Pty Ltd)	Australia	100.00	100.00
John Danks & Son Pty Ltd	Australia	100.00	100.00
Hammer Hardware Stores Pty Ltd (wholly owned subsidiary of John Danks & Son Pty Ltd)	Australia	100.00	100.00
Home Hardware Australasia Pty Ltd	Australia	100.00	100.00
Home Timber & Hardware Unit Trust	Australia	100.00	100.00
Australian Hardware Distributors Pty Ltd (wholly owned subsidiary of John Danks & Son Pty Ltd)	Australia	100.00	100.00
Blue Mountains Hardware Pty Ltd (wholly owned subsidiary of John Danks & Son Ltd)	Australia	100.00	N/A

* Percentage of voting power is in proportion to ownership

(b) Acquisition of Controlled Entities

On 6 July 2008 John Danks & Son Pty Ltd acquired 100 per cent of Blue Mountains Hardware, with John Danks & Son Pty Ltd entitled to all profits earned from 6 July 2008 for a purchase consideration of $3.58 million.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's Carrying Amount	Fair Value
	$'000	**$'000**
Goodwill	1,787	1,787
Intangible asset	603	603
Inventories	962	962
Property, plant and equipment	377	377
Net Other Receivables (Payables)	(151)	(151)
	3,578	3,578
Minority interests:		
Net Assets Acquired		3,578

Note 13. Property, Plant and Equipment

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Land and buildings:				
Freehold land – independent valuation 2007	**10,239**	10,239	**-**	-
Total Land	**10,239**	10,239	**-**	-
Buildings – independent valuation 2007	**6,506**	6,506	**-**	-
Less accumulated depreciation	**(325)**	(162)	**-**	-
Total buildings	**6,181**	6,344	**-**	-
Total land and buildings	**16,420**	16,583	**-**	**-**
Plant and equipment:				
At cost	**23,823**	23,705	**-**	-
Accumulated depreciation	**(17,464)**	(17,176)	**-**	-
Capital works in progress	**2,103**	558	**-**	-
	8,462	7,087	**-**	-
Leasehold improvements:				
At cost	**798**	449	**-**	-
Accumulated amortisation	**(386)**	(208)	**-**	-
Total Leasehold Improvements	**412**	241	**-**	-
Total Property, Plant and Equipment	**25,294**	23,911	**-**	-

The Group's land and buildings were revalued at 30 June 2007 by independent valuers. Valuations were made on the basis of open market value. Directors are satisfied that the current valuation reflects fair value.

(a) Movements in carrying amounts

For each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land	**Buildings**	**Leasehold Improvements**	**Plant and Equipment**	**Total**
	$'000	$'000	$'000	$'000	$'000
Consolidated Group:					
Balance at 1 July 2007	10,239	6,506	268	6,377	23,390
Additions	-	-	116	3,045	3,161
Disposals	-	-	(2)	(161)	(163)
Depreciation expense	-	(162)	(141)	(2,174)	(2,477)
Balance at 30 June 2008	10,239	6,344	241	7,087	23,911
Additions	-	-	218	3,650	3,868
Disposals	-	-	(11)	(200)	(211)
Additions through acquisition of entity	-	-	142	235	377
Depreciation expense	-	(163)	(173)	(2,315)	(2,651)
Balance at 30 June 2009	10,239	6,181	417	8,457	25,294

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000

Note 14. Intangible Assets

Goodwill:				
Cost	**1,787**	-	**-**	-
Accumulated impaired losses	**-**	-	**-**	-
Net carrying value	**1,787**	-	**-**	-
Value of Customer list acquired:				
Cost	**603**	-	**-**	-
Accumulated amortisation	**(204)**	-	-	-
Net carrying value	**399**	-	**-**	-
Total intangibles	**2,186**	-	**-**	-

Note 15. Other Assets

Current:				
Prepayments	**659**	722	**-**	-
	659	722	**-**	-

Note 16. Trade and Other Payables

Current:				
Trade payables	**57,651**	45,147	**-**	-
Sundry payables and accrued expenses	**6,573**	5,248	**-**	-
Other payables	**1,760**	-	**-**	-
	65,984	50,395	**-**	-
Non-current:				
Amounts owing to wholly owned subsidiaries	**-**	-	**120**	120
	-	-	**120**	120

Note 17. Borrowings

Current:				
Bank loans	**2,000**	1,000	**-**	-
Vendor Finance	**378**	-	**-**	-
Total current borrowings	**2,378**	1,000	**-**	-
Non-current:				
Bank loans	**-**	7,000	**-**	-
Vendor Finance	**431**	-	**-**	-
Bank loans subject to Interest Rate Swap	**5,000**	-	**-**	-
Total non-current borrowings	**5,431**	7,000	**-**	-
Total borrowings	**7,809**	8,000	**-**	-

(a) Bank borrowings are secured by a negative pledge over the assets of the Company.

(b) The covenants within the bank borrowings require:

(i) net tangible assets to be greater than 35 per cent of total assets;

(ii) interest bearing debt is not to exceed 2.5 times earnings before interest, tax, depreciation and amortisation;

(iii) gross interest is to be less than 3.0 times earnings before interest and tax;

(iv) net assets to be greater than $40m; and

(v) dividends paid not to exceed 75 per cent of net profit after tax.

Note 18. Tax

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Current:				
Income Tax Payable	**2,180**	546	**-**	-

	Opening Balance $'000	Charged to Income $'000	Charged Directly to Equity $'000	Charges in Tax Rate $'000	Exchange Differences $'000	Closing Balance $'000
Non-current:						
Consolidated Group						
Deferred Tax Liability						
Provisions	2,921	(120)				2,801
Balance as at 30 June 2009	2,921	(120)	-	-	-	2,801
Deferred Tax Assets						
Provisions	2,565	111				2,676
Balance as at 30 June 2009	2,565	111	-	-	-	2,676

Note 19. Provisions

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Current:				
Short term Employee Benefits				
Opening balance at 1 July 2008	**3,236**	3,004	**-**	-
Additional provisions	**2,349**	2,453	**-**	-
Amounts used	**(2,717)**	(2,221)	**-**	-
Balance at 30 June 2009	**2,868**	3,236	**-**	-
Non-current:				
Long term Employee Benefits				
Opening balance at 1 July 2008	**2,113**	2,328	**-**	-
Movements in provisions	**194**	(215)	**-**	-
Balance at 30 June 2009	**2,307**	2,113	**-**	-

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Analysis of Total Provisions				
Current	**2,868**	3,236	**-**	-
Non-current	**2,307**	2,113	**-**	-
	5,175	5,349	**-**	-

Provision for long term employee benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Note 20. Issued Capital

6,490,079 Fully paid ordinary shares	**7,321**	7,351	**7,021**	7,051

(a) Ordinary Shares	**No.**	No.	**No.**	No.
At the beginning of reporting period	**6,494,979**	6,501,979	**6,494,979**	6,501,979
Shares bought back during year	**(4,900)**	(7,000)	**(4,900)**	(7,000)
At reporting date	**6,490,079**	6,494,979	**6,490,079**	6,494,979

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has 1 vote on a show of hands.

(b) Capital Management

Management control the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manage the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders, share issues and share buy-backs.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Total borrowings	**7,809**	8,000	**-**	-
Less cash and cash equivalents	**(11,936)**	(475)	**-**	-
Net debt	**(4,127)**	7,525	**-**	-
Total equity	**64,881**	60,564	**7,095**	7,125
Total capital	**60,755**	68,089	**7,095**	7,125
Gearing ratio	**N/A**	11%	**0%**	0%

Note 21. Capital and Leasing Commitments

(a) Operating Lease Commitments

	Consolidated Group 2009 $'000	2008 $'000	Parent Entity 2009 $'000	2008 $'000
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable – minimum lease payments				
- not later than 12 months	**2,371**	2,913	**-**	-
- between 12 months and five years	**5,653**	5,808	**-**	-
- greater than five years	**3,943**	5,511	**-**	-
	11,967	14,232	**-**	-

(b) Capital Expenditure Commitments

	Consolidated Group 2009 $'000	2008 $'000	Parent Entity 2009 $'000	2008 $'000
Capital expenditure commitments contracted for:				
Plant and equipment purchases				
Capital expenditure projects	**1,920**	140	**-**	-
	1,920	140	**-**	-

(c) Amounts owing under maintenance agreements

	Consolidated Group 2009 $'000	2008 $'000	Parent Entity 2009 $'000	2008 $'000
Payable				
- not later than 12 months	**817**	944	**-**	-
- between 12 months and five years	**1,117**	1,291	**-**	-
- greater than five years	**-**	-	**-**	-
	1,934	2,235	**-**	-

Note 22. Contingent Liabilities and Contingent Assets

	Consolidated Group 2009 $'000	2008 $'000	Parent Entity 2009 $'000	2008 $'000
Estimates of the potential financial effect of contingent liabilities that may become payable				
Guarantee by the parent entity in respect of bank facilities of a controlled entity	**-**	-	**56,870**	56,870
Guarantee given for property lease rentals of a controlled entity	**-**	-	**2,552**	3,696

Note 23. Segment Reporting

Industry: The consolidated Group operates solely in the hardware distribution industry.
Geographical: The consolidated Group operates solely in Australia.

Note 24. Cash Flow Information

(a) Reconciliation of cash flow from operations with Profit after Income Tax

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Profit after income tax	**7,019**	4,017	**2,856**	2,861
Non-cash flows in profit				
Amortisation	**204**	141		
Depreciation	**2,651**	2,336		
Net (gain)/loss on disposal of property, plant and equipment	**(61)**	(107)	**-**	-
(Increase)/decrease in trade and term receivables	**(5,600)**	18		
(Increase)/decrease in prepayments	**63**	111		
(Increase)/decrease in inventories	**(986)**	2,042		
Increase/(decrease) in trade payables and accruals	**14,989**	(4,674)		
Increase/(decrease) in provisions	**2,021**	31		
Cash flow from operations	**20,300**	3,915	**2,856**	2,861

(b) Acquisition of business

During the year 100 per cent of the controlled entity Blue Mountains Hardware was acquired. Details of this transaction are:

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Purchase consideration				
Consisting of:				
- cash consideration	**3,578**			
Total consideration	**3,578**	-	**-**	-
Cash consideration – paid 06.07.2008	**1,978**	-	**-**	-
Amounts due under contract of sale – payable 06.07.2009	**1,600**			
Cash outflow	**3,578**	-	**-**	-
Assets and liabilities held at acquisition date:				
Intangible Assets – Value of Customer list	**603**			
Inventories	**962**			
Property, plant and equipment	**377**			
Net Other Receivables and Payables	**(151)**			
Net Assets and Liabilities Acquired	**1,791**	-	**-**	-
Goodwill on consolidation	**1,787**			
	3,578	-	**-**	-

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition. Information regarding the acquisitions is disclosed at Note 12.

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
(c) Credit Standby Arrangements with Banks				
Credit facility	**35,963**	35,000		
Amount utilised	**(7,809)**	(8,000)		
	28,154	27,000	**-**	-

The major facilities are summarised as follows:
Bank overdrafts
$2,000,000 facility arranged with the Australian and New Zealand Banking Group Ltd.
General terms and conditions are set and agreed to annually.
Interest rates are variable and subject to adjustment.

Commercial Bill Facilities provided by Australian and New Zealand Banking Group Ltd:
Short term: $13,000,000 variable interest rate facilities.
Long term: $10,000,000 long term fixed and variable interest rate facilities.
As at 30 June 2009, $5,000,000 long term bill facilities were utilised.

Commercial Bill Facilities provided by Commonwealth Trading Bank Ltd:
Short term: $4,000,000 variable interest rate facilities
Long term: $6,000,000 long term variable interest rate facilities.
As at 30 June 2009, $2,000,000 long term bill facilities were utilised.
Current interest rates are between 3.25 per cent and 3.41per cent (2008: between 6.86 per cent and 7.85 per cent)

Note 25. Related Party Transactions

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties:				
(a) Director Related Entities				
Messrs JG Danks and MD Danks are Directors of Investments Pty Ltd which holds 3,172,903 ordinary shares in Danks Holdings Ltd. Messrs JG Danks, MD Danks and PT Danks have shareholdings and beneficial interests in Investments Pty Ltd. Rent of warehouse owned by Danks Buildings Pty Ltd the beneficial owner of which is Investments Pty Ltd. Messrs JG Danks and MD Danks are Directors of Danks Buildings Pty Ltd.	**874**	874		
(b) Key Management Personnel				
Key Management Personnel of entities within the consolidated Group are able, with all staff members, to purchase goods from the consolidated Group at commercial prices				
(c) Share transactions of Directors				
Directors and Director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in companies within the consolidated Group.	**3,236,451**	3,224,451		

Note 26. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, bills, leases, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group		Parent Entity	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Financial Assets				
Cash and cash equivalents	**11,936**	475	**-**	-
Loans and receivables	**68,469**	63,213	**3,315**	3,345
Available-for-sale financial assets				
- equity investments	**-**	-	**3,900**	3,900
	80,405	63,688	**7,215**	7,245
Financial Liabilities				
Financial liabilities at amortised				
- trade and other payables	**65,984**	50,395	**120**	120
- borrowings	**7,809**	8,000	**-**	-
	73,793	58,395	**120**	120

Financial Risk Management Policies

The Group's treasury function provides services to the business by co-ordinating access to financial markets, managing financial risks and monitoring those risks. These risks include: market risk, currency risk, fair value interest rate risk, credit risk, liquidity risk and cash flow interest rate risk

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and commodity and equity price risk.

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a floating rate debt and the Group enters into interest rate swaps to convert some of the debt to fixed rate. At 30 June 2009 approximately 74 percentage of group debt is fixed.

Interest rate swaps

Interest rate swap transactions are entered into by the Group to exchange variable and fixed interest payment obligations to protect long term borrowings from the risk of increasing interest rates. The consolidated Group uses swap contracts to maintain a designated proportion of fixed to floating debt.

The notional principal amounts of the swap contracts approximate the consolidated Group's borrowing facilities. The net interest payment or receipt settlements of the swap contracts occur every 90 days and correspond with interest payment dates on the borrowings. The net settlement amounts are brought to account as an adjustment to borrowing costs.

At balance date, the details of outstanding contracts, all of which are to receive-floating/pay-fixed interest rate swaps, are as follows:

Consolidated Group	Effective Average Interest Rate Payable		Notional Principle	
	2009	2008	**2009**	2008
	%	%	**$'000**	$'000
Maturity of notional amounts				
Less than one year	**-**	-	**-**	-
one to two years	**-**	-	**-**	-
two to five years	**3.52%**	0.00%	**5,000**	-
			5,000	-

Cash Flow Hedge Reserve (Interest Rate Swaps)

	2009	2008
	$'000	$'000
Opening Balance	**-**	
Revaluations to fair value	**(19)**	-
Transfers to borrowing costs	**-**	-
Closing Balance	**(19)**	-

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- using derivatives that are only traded in highly liquid markets
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable within 12 months.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore defer from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability maturity analysis

	Within one year		One to five years		Over five years		Total	
Consolidated Group	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Financial liabilities due for payment								
Bank Loans	**2,000**	1,000	**5,000**	7,000	**-**	-	**7,000**	8,000
Vendor Finance	**338**	-	**471**	-	**-**	-	**809**	-
Total contractual outflows	**2,338**	1,000	**5,471**	7,000	**-**	-	**7,809**	8,000
Bank overdrafts	**2,000**	2,000	**-**	-	**-**	-	**2,000**	2,000
Total expected outflows	**4,338**	3,000	**5,471**	7,000	**-**	-	**9,809**	10,000

(c) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

It is group policy that hedging of net foreign exchange rate exposure, be considered.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the parent is considered immaterial and is therefore not shown.

2009		**Net financial assets/(liabilities) in AUD $'000**			
Consolidated Group	USD	AUD	GBP	Other	Total AUD
Functional currency of Group entity					
US Dollars	-	-	-	-	-
Balance sheet exposure	-	-	-	-	-

2008		**Net financial assets/(liabilities) in AUD $'000**			
Consolidated Group	USD	AUD	GBP	Other	Total AUD
Functional currency of Group entity					
US Dollars	-	3,048	-	-	3,048
Balance sheet exposure	-	3,048	-	-	3,048

Forward exchange contracts

The Group has no open forward exchange contracts at balance date relating to highly probable forecast transactions and recognised financial assets and financial liabilities.

The following table summarises the notional amounts of the Group's commitments in relation to forward exchange contracts. The notional amounts do not represent amounts exchanged by the transaction counterparties and are therefore not a measure of the exposure of the Group through the use of these contracts. The Parent entity does not have any contracts in place.

	Notional Amounts		**Average Exchange Rate**	
	2009 $'000	2008 $'000	**2009**	2008
Consolidated Group				
Buy USD/Sell AUD				
Settlement - less than six months	**-**	3,048	**-**	0.90
- six months to one year	**-**	-	**-**	-

Forward exchange contracts are measured at fair value with gains and losses taken to the cash flow hedge reserve until such time as they are included in the costs of hedged inventory purchases or other asset acquisitions.

The movement in cash flow hedge reserves attributable to foreign exchange contracts is as follows (there are no swaps in the Parent Entity):

Cash Flow Hedge Reserve (Foreign Exchange Contracts).

	2009 $'000	2008 $'000
Consolidated Group		
Opening Balance	**(203)**	-
Revaluations to fair value	**-**	(203)
Transfers to acquisition costs of assets	**203**	-
Closing Balance	**-**	(203)

Foreign currency sensitivity analysis

The following table includes a sensitivity analysis of the after tax profit impact for a change of 10 per cent in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the relevant currency. There would be an equal and opposite impact if the Australian Dollar weakened against the relevant currency.

Profit or Loss	**756**	849
Equity	**378**	424

(d) Credit risk

Credit risk relates to the risk that counterparty may default on its contractual obligations to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and that where appropriate other collateral is obtained as a means of mitigating any potential financial loss.

Net fair values

Fair value estimation

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

Note 27. Reserves

(a) Capital profits reserve

The capital profits reserve records non-taxable profits on sale of investments.

(b) Asset revaluation reserve

The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

(c) Hedge reserve

The hedge reserve records revaluations of items designated as hedges.

Note 28. Company Details

The registered office of the Company is:
Danks Holdings Limited
414 Lower Dandenong Road
Braeside Victoria 3195

The principal places of business are:
John Danks & Son Pty Ltd
414 Lower Dandenong Road
Braeside Victoria 3195

John Danks & Son Pty Ltd
15 Huntingwood Drive
Huntingwood New South Wales 2148

John Danks & Son Pty Ltd
24 Tomah Rd
Welshpool Western Australia 6105

John Danks & Son Pty Ltd
36 Smallwood Street
Underwood Queensland 4119

John Danks & Son Pty Ltd
1 Endeavour Drive
Port Adelaide South Australia 5015

Blue Mountains Hardware Pty Ltd
45 Wilson Street
Katoomba New South Wales 2780

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 28 to 57, are in accordance with the Corporations Act 2001:
   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company.
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Peter Kempen

Director
PT Kempen

Graeme Danks

Director
JG Danks

Dated 24 August 2009

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DANKS HOLDINGS LIMITED

Accru+
Danby Bland Provan

Report on the Financial Report

We have audited the accompanying Financial Report of Danks Holdings Limited and Controlled Entities, which comprises the balance sheet as at 30 June 2009, and the income statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the Company has disclosed information about the remuneration of Directors and Executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' in pages 24 to 26 of the Directors' Report and not in the Financial Report.

Directors' Responsibility for the Financial Report
The Directors of the Company are responsible for the preparation and fair presentation of the Financial Report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the Financial Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the Financial Report, comprising the financial statements and notes, complies with IFRS.

The Directors also are responsible for preparation and presentation of the remuneration disclosures contained in the Directors' Report in accordance with the Corporations Regulations 2001.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Report and the remuneration disclosures in the Directors' Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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Chartered Accountants + Business Advisors
Sydney + Melbourne + Brisbane
Perth + Adelaide + Hobart + Auckland

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Auditor's Opinion

In our opinion:

(a) the Financial Report of Danks Holdings Limited and Controlled Entities is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1; and

(c) the remuneration disclosures that are contained in pages 24 to 26 of the Directors' Report comply with Accounting Standard AASB 124.

Danby Bland Provan & Co

Danby Bland Provan & Co
Chartered Accountants

123 Camberwell Road
Hawthorn East

GD Winnett

Dated 24 August 2009

SHAREHOLDER INFORMATION

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

1. Shareholding

(a) Distribution of Shareholders	Number of Shareholders Ordinary
1 – 1,000	321
1,001 – 5,000	307
5,001 – 10,000	56
10,001 – 100,000	46
100,001 – and over	2
	732

(b) The names of the substantial shareholders listed in the holding Company's register as at 31 July 2009 are:

Shareholder	Ordinary Shares Held
Investments Pty Ltd	3,172,903
Perpetual Trustees Australia Ltd	888,624

(c) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Redeemable and converting preference shares

- These shares have no voting rights.

TOP 20 SHAREHOLDERS

(d) 20 Largest Shareholders – Ordinary Shares

	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Investments Pty Ltd	3,172,903	48.89
Perpetual Trustees Australia Ltd	888,624	13.69
Mr RW Butler	58,737	0.91
Mrs J Danks	56,715	0.87
Akir Pty Ltd	47,101	0.73
Mr AW Wilkinson	45,000	0.69
Mrs MEJ Denison	45,000	0.69
Mrs JA Schapper	39,538	0.61
Mr RL Denison	39,000	0.60
Perpetual Trustee Company Limited	38,451	0.59
Mr C Harrison, Mrs JK Harrison	35,349	0.54
Mr JR Santleben	35,310	0.54
Mrs NM Danks	32,947	0.51
Ms HM Scovell and Dr IL Gardner	31,837	0.49
Mr IP Alexander	31,080	0.48
Mr A Holst	30,600	0.47
Broadmayne Pty Ltd	27,732	0.43
Ringersma Investments Pty Ltd	25,920	0.40
Mr JH Howden	24,883	0.38
Jack Fidler Pty Ltd	24,000	0.37
	4,730,727	72.89

2. The name of the Company Secretary is Peter M Cooper.

3. The address of the principal registered office in Australia is:
   414 Lower Dandenong Road
   Braeside Victoria 3195
   Telephone 03 9264 5000

4. Securities Exchange Listing
   Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

PERFORMANCE HISTORY

	Seven Year Performance History						
	2009	2008	2007	2006	2005	2004	2003
Profit and loss account items ($'000)							
Revenue	**569,442**	560,583	558,785	547,169	551,090	533,490	449,741
Operating profit before income tax	**10,287**	5,986	6,155	4,440	7,129	9,632	7,569
Income tax	**3,268**	1,969	2,253	1,473	2,477	2,474	2,359
Operating profit after income tax	**7,019**	4,017	3,902	2,967	4,652	7,158	5,210
Depreciation and amortisation	**2,855**	2,477	2,227	1,910	2,107	2,122	2,099
Interest	**1,215**	1,195	1,215	1,526	956	1,146	1,148
Ordinary dividends paid and proposed	**2,856**	2,861	2,860	2,600	3,250	4,226	3,576
Balance sheet items ($'000)							
Total assets	**148,830**	127,775	135,503	131,563	134,081	131,383	114,424
Total liabilities	**83,949**	67,211	75,853	77,143	78,701	76,430	63,053
Net assets	**64,881**	60,564	59,650	54,420	55,380	54,953	51,371
Shares on issue	**6,490**	6,495	6,502	6,502	6,502	6,502	6,502
Statistics							
Earnings cents per share	**108.1**	61.8	60.0	45.6	71.5	110.1	80.1
Earnings cents per share (adjusted for Mitcham sale)	**108.1**	61.8	60.0	45.6	71.5	82	80.1
Ordinary dividends cents per share paid and proposed	**75.0**	44.0	44.0	40.0	50.0	65.0	55.0
Dividend cover (times)	**2.5**	1.4	1.4	1.0	1.4	1.7	1.4
Interest cover (times)	**10.4**	9.1	6.1	3.9	9.5	9.4	7.6
Net tangible asset backing per share	**$9.66**	$9.32	$8.77	$7.93	$8.10	$8.10	$7.61

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