



DANKS HOLDINGS LIMITED
ABN 81 004 295 532

MEDIA RELEASE

18 February 2009

DANKS NET PROFIT UP 4.0% IN ITS 150TH YEAR

The Directors of Danks Holdings Limited have today released the company's results for the 6 months ended 31 December 2008.

Net Profit after Tax of \$2.702m was up 4.0% on the same period last year in very challenging trading conditions.

Revenue in the first half was \$299.4m, down 1.3% on the same period last year. Victoria achieved a positive sales growth but both Queensland and Western Australia struggled to maintain the previous sales growth performance of the last few years.

Directors are also pleased to report that Blue Mountains HoME Hardware, acquired in July 2007 has performed well and is meeting its revenue and profitability targets and made a positive contribution to EPS in the first half.

During 2009 the Danks organisation is celebrating its 150th year of operation, a significant milestone for any company.

One of the major events planned is the National Trade Show and Conference in April to be held in Melbourne, the home of the company's birth place. It is expected that over 1,500 customers, suppliers and Danks staff will participate in this event.

Trading margins were maintained during the half year. The Danks Exclusive Brands (DEBS) program continues to benefit the group as it is developed. The DEBS family of brands include: Del Terra, Earthcore, Red Centre, Tekraft, Worx and Sirdar. A number of new initiatives in the lighting product category saw the introduction of the brand Olsent. In addition the company recently released a new house brand of paint for the HoME Timber & Hardware group under the 'Finish' brand which is produced and supported by a major paint company.

Cost increases in labour and freight were largely offset by efficiency gains made elsewhere in the business. In July 2008 a restructure of the Retail Operations team was implemented. This involved a significant recruitment campaign aimed at attracting highly skilled business development managers who have replaced the representative sales team. This resulted in a net reduction of 20 FTE's. Total restructure costs incurred were \$446k.

The company is continuing to support a number of its customers who have made large reinvestments in their retail stores by implementing major upgrades. In the first half of the 2009 financial year 16 major upgrades, including 3 large 'XL' formats were completed.

Danks has for a number of years been marketing its own integrated retail point of sale and back office system (DART) for the independent retail hardware segment. In the six months ended 31 December 2008 eight systems were installed into the retail operations of the company's customers. These systems provide our customers with leading edge business tools that allow them to control their businesses and maximise financial performance.

A S X
R E L E A S E



Danks remains committed to organic growth through attracting new members to the company's marketing groups and is continuing to review potential acquisitions.

The economic outlook continues to be mixed with lowering interest rates counter balancing lower new housing starts and increasing unemployment in the labour market.

Results for the six months to December 2008

	2008	2007
Total Revenue \$m	299.4 m	303.5 m
Pre-Tax Profit \$m	4.02 m	3.79 m
Net Profit \$m	2.70 m	2.60 m
EPS	41.6 c	40.0 c
Interim Dividend	22.0 c	22.0 c

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Further information on John Danks & Son Pty Ltd can be found on our internet site:
www.danks.com.au

Danks commenced trading as John Danks & Son Pty Ltd in 1859 and celebrates its 150th year in 2009. It currently operates Distribution Centres in Melbourne, Sydney and Perth servicing all states in Australia. There are also State offices in Brisbane, Sydney, Melbourne, Adelaide and Perth.

Danks provides the product and Retailer Services requirements for HoME Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centres, a total of more than 650 stores, who are all independently owned and operated, plus over one thousand other independent retailers.