

Report by Directors

The Directors of Danks Holdings Limited present their report on the company and its controlled entities for the six months ended 31 December 2004.

Directors

Names of directors who have held office during the reporting period and remain in office at the date of this report are:

D.O. Oldfield OAM, Chairman

J. G. Danks *

I.G. Lewis

M.D. Danks

J. W. Tregaskis *

P.T. Danks

P. T. Kempen

* Executive directors.

Review of Operations

Revenue was up \$11.9 million over the corresponding period to \$298 million. This was due, in part, to rising sales of Danks exclusive branded products to independently owned stores in its retail groups – HoME Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centres.

Store redevelopments were ongoing during this period with 22 hardware retailers either building or refurbishing stores with wider aisles, taller fixtures, large gondola ends, and balanced ranging in a supermarket-efficient layout. Another 52 retailers are in various stages of upgrading their stores and more are expected to follow next financial year.

Strong promotional campaigns helped raise brand awareness of the retail groups and pushed overall product sales up 5.8% ahead of last year. The rate of growth in sales, however, is slightly down on the same period and reflects a slowing of consumer spending and an easing of the home renovation market.

Danks net profit after tax was \$3.7 million. Although down on last year's result, which included a one-off tax free profit of \$1.8 million from the sale of a property at Mitcham (Victoria), like-for-like normal trading figures showed a healthy increase in profit after tax.

Rounding of Accounts

The economic entity 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 grateful appreciation to all staff for their loyalty and effort.

Auditors' Independence Declaration

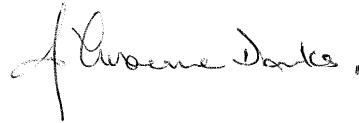
Section 307C of the Corporations Act 2001 requires our auditors, Danby Bland Provan & Co, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this directors' report for the half-year ended 31 December 2004.

Report by Directors

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

A handwritten signature in cursive script, appearing to read "D. O. Oldfield", positioned to the left of a vertical line.

D. O. Oldfield, Director

A handwritten signature in cursive script, appearing to read "J. G. Danks", positioned to the right of the first signature.

J. G. Danks, Director

Dated 23rd February 2005

Auditors' Independence Declaration

As lead auditor for the review of the financial report of Danks Holdings Limited for the half year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Danks Holdings Limited.



R A LANE

Partner

23rd February 2005



DANBY BLAND PROVAN & CO

Chartered Accountants

Consolidated Statement of Financial Position

as at 31st December 2004

	Note	31 Dec 2004 \$'000	Economic Entity 30 June 2004 \$'000	31 Dec 2003 \$'000
Current Assets				
Cash assets		7,209	8,266	28
Receivables		76,372	65,285	72,855
Inventories		34,626	38,125	37,601
Other		1,097	490	358
Total Current Assets		119,304	112,166	110,842
Non-Current Assets				
Receivables		-	-	-
Other financial assets		-	-	-
Property, plant and equipment		16,569	16,899	17,459
Deferred tax assets		2,562	2,318	2,031
Total Non-Current Assets		19,131	19,217	19,490
Total Assets		138,435	131,383	130,332
Current Liabilities				
Payables		60,907	57,765	53,512
Interest bearing liabilities		-	-	1,582
Current tax liabilities		1,284	537	246
Provisions		2,869	2,839	2,817
Total Current Liabilities		65,060	61,141	58,157
Non-Current Liabilities				
Payables		-	-	-
Interest bearing liabilities		15,000	13,000	16,000
Provisions		2,289	2,289	1,915
Total Non-Current Liabilities		17,289	15,289	17,915
Total Liabilities		82,349	76,430	76,072
Net Assets		56,086	54,953	54,260
Equity				
Contributed Equity		7,391	7,391	7,391
Reserves		7,365	7,365	7,304
Retained profits		41,330	40,197	39,565
Total Equity		56,086	54,953	54,260

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Performance

Half Year ended 31st December 2004

	Economic Entity	
	31 Dec 2004	31 Dec 2003
	\$'000	\$'000
Revenues from ordinary activities	298,050	286,114
Changes in inventories	(3,499)	1,472
Inventories purchased	(244,614)	(234,803)
Employee benefit expenses	(15,296)	(14,724)
Occupancy expenses	(2,009)	(2,233)
Depreciation and Amortisation expense	(1,064)	(1,058)
Borrowing costs expense	(474)	(524)
Other expenses from ordinary activities	(25,698)	(27,942)
Profit from ordinary activities before income tax expense	5,396	6,301
Income tax expense relating to ordinary activities	(1,663)	(1,462)
Net profit attributable to members of the parent entity	3,733	4,839
Total changes in equity other than those resulting from transactions with owners as owners	3,733	4,839
Basic earnings per share	57.4c	74.4c

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

Half Year ended 31st December 2004

	Note	Economic Entity	
		31 Dec 2004 \$'000	31 Dec 2003 \$'000
Cash Flows From Operating Activities			
Receipts from customers		315,055	290,918
Payments to suppliers and employees		(313,363)	(294,116)
Interest received		167	69
Dividends received		-	-
Borrowing costs		(474)	(524)
Income tax paid		(1,158)	(1,503)
Net cash provided by (used in) operating activities	(a)	227	(5,156)
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment		135	193
Payment for property, plant and equipment		(818)	(979)
Net cash provided by (used in) investing activities		(683)	(786)
Cash Flows From Financing Activities			
Proceeds from borrowings		2,000	3,000
Dividends paid		(2,601)	(1,951)
Net cash provided by (used in) financing activities		(601)	1,049
Net (decrease) increase in cash held		(1,057)	(4,893)
Cash at 1st July 2004		8,266	3,339
Cash at 31 st December 2004	(b)	7,209	(1,554)

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Half Year ended 31st December 2004

Note 1 Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30th June 2004 and any public announcements made by Danks Holdings Limited and Controlled Entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30th June 2004 annual report.

The half-year report does not include full disclosures of the type normally included in an annual report.

Economic Entity	
31 Dec 2004	31 Dec 2003
\$'000	\$'000

Note 2 Dividends

Dividend Paid

Final fully franked ordinary dividend of 30c (2003:30c) per share franked at the tax rate of 30% (2003 30%) paid November 2004	1,951	1,951
Special fully franked ordinary dividend of 10c (2003:nil) per share franked at the tax rate of 30% paid November 2004	650	-

Dividend Proposed:

Interim fully franked ordinary dividend of 25c (2004:25c) per share franked at the tax rate of 30% (2004 30%)	1,625	1,625
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Notes to the Financial Statements

Half Year ended 31st December 2004

Note 3 Events subsequent to Reporting Date

Since the reporting date no event has arisen that would be likely to materially affect the operations of the entity or the state of affairs of the entity not otherwise disclosed in the financial report.

Note 4 Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 5 Segment Information

The economic entity operates solely in Australia, in the distribution industry.

Directors Declaration

The directors of the company declare that:

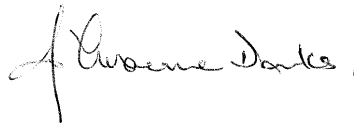
1. The financial statements and notes set out on pages 4 to 8:
 - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the economic entity's financial position as at 31st December 2004 and of its performance for the half year ended on that date.
2. In the director's 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.

Dated at Braeside this 23rd day of February 2005



D. O. Oldfield, Director



J. G. Danks, Director

Independent Review Report

to the Members of Danks Holdings Limited

Scope

We have reviewed the financial report of Danks Holdings Limited and its controlled entities for the half-year ended 31st December 2004 as set out on pages 4 to 8. The financial report includes the consolidated financial statements of the consolidated entity, comprising the company and entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Danks Holdings Limited is not in accordance with:

- (a) the Corporations Act 2001, including;
 - (i) giving a true and fair view of the company's financial position as at 31st December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements in Australia.



123 Camberwell Road
HAWTHORN EAST

DANBY BLAND PROVAN & CO
CHARTERED ACCOUNTANTS



Dated 23rd February 2005

R. A. Lane - Partner