

DANKS HOLDINGS LIMITED

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Danks remains confident

Danks Holdings Ltd (DKS) – one of Australia's largest providers of hardware and garden products and retailer services – today announced its results for the year ended 30 June 2005.

Revenue for the year grew by 3.3% to \$551.2 million while pre-tax operating profit was down 8.6% on last year to \$7.13 million.

Operating profit for 2004-05 was down 12.7% to \$4.65 million against last year's result. Last year's result included a property sale with a tax-free profit of \$1.829 million. The net profit was down 35.0% against the previous year.

The company's Directors have attributed this result to Supply Chain cost overruns including significant increases in transport costs due to rising fuel prices and to a slowing of consumer spending in general in the second half of the year.

After issuing a profit warning in May, the Board moved quickly to address its Supply Chain issues leasing an 8500 sq/m warehouse close to the Huntingwood Distribution Centre in NSW to consolidate a number of smaller facilities and provide greater cost efficiencies.

The company is investigating a similar solution in Melbourne with a longer-term vision of new warehouse facilities in Western Australia, and on the east coast.

Danks remains confident of improved trading conditions and has been buoyed by the large number of Group Members undertaking store upgrades throughout the year. More than 50 stores have committed to this program of improvement in the medium term.

"The expansion and or improvement of these retail premises demonstrates the faith Group Members have in Danks and its long-term strategies for sustainable growth and future profitability," Managing Director Graeme Danks said.

On another positive note, there was a 25% increase in sales of Danks House Branded products to more than 700 independently owned stores in Danks retail marketing groups – Home Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centres.

Danks also launched a high quality power tools range called WORX to the retailers in the second half of the year. It also revamped its Del Terra outdoor furniture range and released a new Red Centre barbecue range.

"These products enable retailers to maintain a market edge through having product differential, competitive price points and to deliver higher margins," Mr Danks said.

Directors have declared a fully franked final dividend of 25.0 cents, which will be paid on 31 October 2005.



Results summary

	2005	2004	% Change
Total Revenue \$m	551.2 m	533.5 m	3.3 %
Sales Revenue \$m	503.8 m	485.4 m	3.8 %
Pre-Tax Profit from Operations	7.13 m	7.80 m	(8.6%)
Pre-Tax Profit \$m	7.13 m	9.63 m	(26.0 %)
Net Profit \$m	4.65 m	7.16 m	(35.0 %)
EPS from Operations	71.5 c	82.0 c	(12.7 %)
EPS	71.5 c	110.1 c	(35.0 %)
Interim Dividend	25.0 c	25.0 c	
Final Dividend	25.0 c	30.0 c	
Special Dividend		10.0 c	

Danks commenced trading as John Danks & Son Pty Ltd in 1859 and operates a number of hardware Distribution Centres, - in Melbourne, which services the South Australian, Northern Territory, Victorian and Tasmanian markets, in Sydney which services the Queensland and New South Wales markets, and also in Perth for the Western Australian market.

Danks services the product and marketing requirements of HoME Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centres, a total of more than 700 members, who are all independently owned and operated, plus over one thousand other independent retailers.

Further information:

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