

# DANKS HOLDINGS LIMITED

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## **Media Release February 23, 2006**

### **Danks has a disappointing First-Half but remains Positive**

Directors of Danks Holdings Ltd have announced the half-year results to December 2005.

The soft market conditions experienced in the second half of the previous fiscal year have continued for the first-half of the current financial year. The second quarter sales of this year (October – December) have shown a small decline on the previous year. The company's profitability for this second quarter has been held at last year's level.

Revenue for the half-year was \$292.0m, a decrease of 2.0% on last year (\$298.0 m).

Danks have recorded a net profit after tax of \$2.243m, a 39.9% decrease on last year.

Trading margins have again improved for the six months under review, mainly due to the continued success of the Danks Exclusive Branded (DEB) product strategy, and the range review process the merchandise team have adopted.

The DEB range of products gives the independent retailers that operate under the Danks marketing brands of HoME Timber & Hardware, Thrifty-Link Hardware and Plant Plus Garden Centres the opportunity to market and promote their own products. These retailers have had particular success with the Garden and Outdoor category, especially the range of Red Centre BBQ's and Del Terra outdoor furniture.

Danks have completed the move to a new second warehouse complex in Greystanes NSW, which has allowed the business to consolidate from four down to two facilities. This move will reduce storage and handling costs in the NSW / Queensland market. Similar Distribution Centre consolidations are being investigated in Victoria and Western Australia.

Supply Chain costs are still a challenge, especially in the first quarter but continued close management of these costs is delivering an improved EBIT for the second quarter.

Directors have declared a fully franked dividend of 20 cents per share which is payable on 7 April 2006.

## Results summary for the six months to December 2005

	2005	2004
Total Revenue \$m	292.0	298.0 m
Pre-Tax Profit \$m	3.27 m	5.40 m
Net Profit \$m	2.24 m	3.73 m
EPS	34.5 c	57.4 c
Interim Dividend	20.0 c	25.0 c

For further Information:

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**Danks commenced trading as John Danks & Son Pty Ltd in 1859 and currently operates five hardware Distribution Centres, at Braeside in Melbourne, which services the South Australian, Northern Territory, Victorian and Tasmanian markets, at Huntingwood and Greystanes in Sydney which services the Queensland and New South Wales markets, and also at Kewdale and Bassendean in Western Australia.**

**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.**