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DANKS WILL NOT BE MERGING WITH MITRE 10

Over recent months there have been market and media references to the potential consolidation of the independent hardware retail market, and in particular suggestions of a merger between Danks Holdings and Mitre 10.

The Board of Danks acknowledges the potential benefits that may accrue to shareholders, retailers, suppliers and other industry participants from a suggested consolidation. To this end, Danks has participated in a number of informal discussions that have failed to result in a complete proposal being formulated.

The Board of Danks evaluates acquisition opportunities against strict shareholder value criteria. Following a high level review of Mitre 10's financial position, using its published figures as at 31 December 2006, and taking into consideration the impact of its unsuccessful attempt to enter 'big box' retailing, under the Mega brand, the Board and management of Danks have concluded that it would be difficult to arrive at a proposal which would meet the desired shareholder value criteria. The potential opportunity therefore is no longer on the Danks Board agenda.

Danks will aggressively pursue its own growth strategies including growing its core business by attracting new members to the HoME Timber and Hardware, Thrifty-Link Hardware and Plant Plus Garden Centres groups. Major store relays and upgrades have been completed in 45 stores in the 2007 financial year, including 9 'XL' format store developments.

In addition, the Board will continue to assess acquisition and other opportunities in identified areas that add shareholder value and value to the existing Brands.

The Board of Danks expects to see continued growth in our core business of hardware marketing and distribution.

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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 currently operates 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 in Perth that services Western Australia. There are also State Sales and Services 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.