

Appendix 4E

Preliminary final report

Period ending 30 June 2008

Name of entity

ABN or equivalent company
reference

Danks Holdings Ltd	ASX Code : (DKS)	004 295 532
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Results for announcement to the market

\$ A'000

Revenue from ordinary activities	up	0.3%	560,583
Profit (loss) from ordinary activities after tax attributable to members	up	2.9%	4,017
Net Profit (loss) for the period attributable to members	up	2.9%	4,017

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend paid 4 April 2008	22 c	22 c
Final dividend payable	22 c	22 c

Record date for determining entitlements to the dividend

8 October 2008

Date of final dividend payable

31 October 2008

Audit Status :

This report is based on accounts which have been audited

Previous corresponding period:

The year ended 30 June 2007

Commentary on results for the period :

Refer to the attached financial statements and press release dated 27 August 2008

Report by Directors

The Directors of Danks Holdings Limited present their report on the company and its controlled entities for the Year ended 30th June 2008.

Directors

Names of parent entity directors who have held office at any time during or since the end of the year are:

P. T. Kempen

T.J. Flood (Resigned November 2007)

J. G. Danks

J.W. Tregaskis (Resigned July 2008)

D.G. Hendy

M.D. Danks

P.T. Danks

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of entities in the Group is the wholesale distribution of hardware throughout Australia.

Trading is conducted from warehouses located at Braeside Victoria, Huntingwood New South Wales and Welshpool Western Australia. A core focus of this business is achieved through the "HoME" "Thrifty-Link" and "Plants Plus" marketing groups.

Operating results

The consolidated profit of the group after providing for income tax amounted to \$4,017,000.

Review of Operations

Directors are pleased with the profit performance of the business, given the increasingly difficult retail environment. The group lifted Net Profit to \$4.02 million; this is a 3% increase on last year's result (FY07 \$3.90 m).

The result was achieved despite an increase of only 0.3% in revenues to \$560.7m due to a subdued national market for hardware. Sales across the three Danks marketing groups of HoME Timber & Hardware, Thrifty-Link and Plants Plus increased 0.4%, whilst sales to non-aligned hardware stores increased by 6.5%. Sales throughout the group mirrored the economy however sales in Queensland were impacted by some stores leaving the Group.

Despite severe increased cost pressures in wages and transport the group was able to restrict the underlying cost base to an increase of 4.0%.

Working capital management continues to be a core focus in terms of receivables and inventory management. The business has been able to maintain outstanding trade receivables results at 38 days and has again reduced inventory holdings by \$2million without impacting service levels. In April 2008 the business relocated into a new purpose built warehouse in Perth. The cost of the relocation was \$301,000.

Financial Position

The net assets of the consolidated group have increased by \$914,000 from \$ 59,650,000 at 30 June 2007 to \$60,564,000 in 2008.

The group's working capital, being inventories and receivables less payables, has increased from \$47,309,000 in 2007 to \$49,707,000 in 2008. The group repaid \$5,000,000 of short term borrowings during the year. Interest-bearing liabilities stood at \$8,000,000 at the end of the period.

The directors believe the group is in a strong and stable financial position to expand and grow its current operations.

Report by Directors cont'd

Dividends Paid or Recommended

The directors recommend that on the 31st October 2008 a fully franked final dividend be paid at the rate of 22 cents per share.

The following dividends have been paid since the end of the previous financial year:

	\$'000
(1) Final ordinary dividend of \$0.22 per share paid 31 st October 2007 This dividend was referred to in the directors' report dated 21 st August 2007.	1,430
(2) Interim ordinary dividend of \$0.22 per share paid 4 th April 2008. The dividend has been paid out of profits for the Year ended 30th June 2008 and has not been referred to in a previous directors' report.	1,431

Significant Changes in State Affairs

No significant changes took place in the affairs of the company or the consolidated group during the year.

After Balance Day Events

On the 7th July 2008 the group acquired the retail business, Blue Mountains Hardware in Katoomba NSW. The consideration for the purchase is \$3.64 million including a deferred component of \$1.76 million payable on 7th July 2009.

No other matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operation of the consolidated group, the results of those operations, or the state of affairs of the consolidated group, in subsequent financial years.

Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the consolidated group and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the consolidated group.

Environmental Issues

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Meetings of Directors

During the year there were 11 board meetings and 6 sub committee meetings.

Attendances by each director during the year were:

	Board		Audit Committee	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
P. T. Kempen (Chairman)	11	11	2	2
J. G. Danks	11	11	-	-
J. W. Tregaskis (resigned July 2008)	10	10	-	-
M.D. Danks	11	11	2	2
P.T. Danks	11	11	2	2
T.J. Flood (resigned November 2007)	4	4	1	1
D.G. Hendy	11	10	2	2

Report by Directors cont'd

The Audit Committee includes all non-executive directors. The committee met twice during the year and all eligible directors were present for each meeting.

The Remuneration Committee comprises P. T. Kempen, D.G. Hendy and T.J.Flood. The committee met once during the year and all members were present.

The Nomination Committee comprises P T Kempen, J G Danks and P T Danks. The committee met three times during the year and all members were present for each meeting.

Information on Directors

Peter T Kempen

Chairman

FCA, age 59 (appointed Director November 2003, Chairman from November 2006)
Chairman of the Audit Committee.

Mr Kempen has over 25 years experience working with many of Australia's leading companies in all facets of corporate advisory work. Until January 2002, Mr Kempen was the Managing Partner of Ernst & Young Corporate Finance Australia.

Mr Kempen's current directorships include Patties Foods Ltd (Non-executive Director from July 2002 and Chairman from September 2005), Pro Medicus Limited (appointed March 2008) and Chairman of Ivanhoe Grammar School.

Previous directorships of listed companies within the last 3 years: Nil

J Graeme Danks

Managing Director, Executive Director

BEC, Age 59 (appointed Director 1982)

Mr Danks has over 30 year's management experience in the hardware industry commencing his career with John Danks & Son Pty Ltd in 1971. Since then he has held various management positions with the company, and was appointed Managing Director in November 1995.

Mr Danks other directorships include Investments Pty Ltd, Danks Buildings Pty Ltd. He is also a member of the Wesley College Council (from 1999).

Previous directorships of listed companies within the last 3 years: Nil

Michael D Danks

Non-executive Director

Age 56, (appointed Director May 1997)

Mr Danks has over 30 years management experience in hardware and steel distribution, commencing his career with a Mitre 10 retail store, and then John Danks & Son Pty Ltd, before becoming General Manager of the Steel Division from July 1989 to June 2001.

Mr Danks other directorships include Danks Buildings Pty Ltd. He is also a Trustee of the Annie Danks and Danks Charitable Trusts.

Previous directorships of listed companies within the last 3 years: Nil

Report by Directors cont'd

Peter T Danks

Non-executive Director

B App Sc, Cert Mktg, age 42 (Alternate Director May 1997. Appointed Director June 2002)

Mr Danks has over 20 years experience in sales, marketing, strategic and senior management roles. Peter is currently Managing Director of Events & Facilities Group International (EFG), a strategic consultancy providing services to business and government. Prior to establishing EFG, Peter was Marketing Manager, Australian Grand Prix Corporation.

Mr Danks is also a Director of a number of private companies

Previous directorships of listed companies within the last 3 years: Nil

David G Hendy

Non-executive Director

Age 54 (appointed Director March 2007)

Mr Hendy commenced his career with Woolworths, before starting his own company, Kids Biz Toy Company. He later founded Funtastic Limited which has grown to become one of the largest marketing and distribution companies in the country.

Mr Hendy's other directorships include Funtastic Limited (Non-executive Director from January 2006 and Chairman from May 2006) and until June 07 was also a Non-executive Director of Repco Limited.

Previous directorships of listed companies within the last 3 years: Repco Limited

Company Secretary

The following person held the position of company secretary at the end of the financial year:

P M Cooper

B Ec, CPA

Appointed company secretary in April 2007. Heads up the Finance and Administration Department in the position of Chief Financial Officer/Company Secretary.

Over 15 years experience in senior roles in Finance, Treasury, Company Secretarial and Risk Management.

Remuneration Report

This report details the nature and amount of remuneration for each director of Danks Holdings Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the consolidated group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the remuneration committee and approved by the board after seeking professional advice from independent external consultants. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives. The remuneration committee reviews executive packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

Report by Directors cont'd

The performance of executives is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives and bonuses, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The board policy is to remunerate non-executive directors at levels set to attract the most qualified and experienced directors. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated group

Directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%. Some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation. As previously advised the non executive retirement benefit has been discontinued. The remaining obligations have been paid out and it is included in the report below.

Remuneration of directors and management does not include any equity based components. All remuneration paid to directors and executives is valued at the cost to the company and is expensed.

Performance-based Remuneration

The board of Danks Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

Performance linked remuneration is designed to reward key management personnel for meeting their financial and personal objectives. The incentive is provided in the form of cash or payments towards superannuation.

The following table shows the gross revenue, profits and dividends for the last five years as well as the share price at the end of the respective financial years.

	2004	2005	2006	2007	2008
Revenue	\$533m	\$551m	\$547m	\$559m	\$561m
Net Profit	\$7.2m	\$4.7m	\$3.0m	\$3.9m	\$4.0m
Share price at Year-end	\$12.40	\$10.75	\$7.05	\$9.05	\$5.70
Dividends Declared	65 cents	50 cents	40 cents	44 cents	44 cents

On the 27th of June 2008 7,000 shares were purchased under the on-market share buy-back announced in November 2007

Report by Directors cont'd

Key Management Personnel Remuneration

The remuneration for each director and each of the key management personnel of the consolidated entity receiving the highest remuneration was as follows:

2008 Key Management Person	Salary & Fees	Super- annuation Contribu- tions	Cash Bonus	Non- cash benefits	Retirement Benefits *	Total	Perfor- mance related %
Directors							
Mr P T Kempen	76,000	34,090	-	-	18,830	128,920	-
Mr M D Danks	-	48,827	-	6,218	28,244	83,289	-
Mr P T Danks	25,250	29,795	-	-	28,244	83,289	-
Mr T.J. Flood**	-	22,935	-	-	-	22,935	-
Mr D.G. Hendy	50,500	4,545	-	-	-	55,045	-
Management							
Mr J G Danks	412,904	100,000	-	58,800	-	571,704	3.5
Mr J W Tregaskis***	311,830	100,000	-	50,400	-	462,230	3.5
Mr P. M. Cooper	190,000	29,700	3,300	-	-	223,000	-
Mr C Dekazos	245,012	52,582	25,411	-	-	323,005	5.0
Mr S W Johnston	223,248	24,557	-	25,000	-	272,805	3.5
	1,534,744	447,031	28,711	140,418	75,318	2,226,222	

* Directors Retirement benefits paid out

** Resigned November 2007

*** Resigned July 2008

2007 Key Management Person	Salary & Fees	Super- annuation Contribu- tions	Cash Bonus	Non- cash benefits	Retirement Benefits	Total	Perfor- mance related %
Directors							
Mr P T Kempen	-	70,000	-	-	-	70,000	-
Mr D O Oldfield*	34,000	-	-	-	146,000	180,000	-
Mr M D Danks	-	44,000	-	-	-	44,000	-
Mr I G Lewis*	-	17,000	-	-	67,000	84,000	-
Mr P T Danks	29,000	15,000	-	-	-	44,000	-
Mr T.J. Flood	-	23,000	-	-	-	23,000	-
Mr D.G. Hendy	16,000	2,000	-	-	-	18,000	-
Management							
Mr J G Danks	391,000	105,000	40,000	56,000	-	592,000	6.8
Mr J W Tregaskis	307,000	91,000	40,000	48,000	-	486,000	8.2
Mr P. M. Cooper	52,000	8,000	-	-	-	60,000	-
Mr C Dekazos	227,000	37,000	22,000	6,000	-	292,000	7.5
Mr S W Johnston	215,000	24,000	8,000	20,000	-	267,000	3.0
Mr R.P. Kemp	63,000	55,000	-	11,000	-	129,000	-
	1,334,000	491,000	110,000	141,000	213,000	2,289,000	

* retired November 06

Report by Directors cont'd

Indemnifying Officers or Auditor

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The consolidated group paid a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The auditor's independence declaration for the Year ended 30 June 2008 has been received and can be found on page 8.

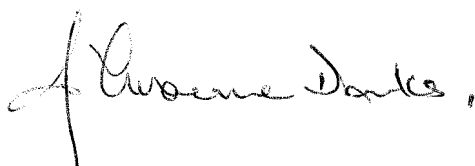
Rounding of Accounts

The company 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 appreciation to all staff for their loyalty and effort.

The foregoing report is made in accordance with a resolution of the directors



J. G. Danks, Director .



P.T. Kempen, Director

Dated 26 August 2008

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

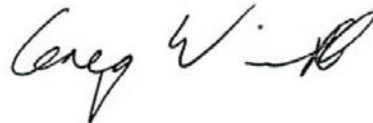
To the Directors of Danks Holdings Ltd

I declare that, to the best of my knowledge and belief, during the Year ended 30 June 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



DANBY BLAND PROVAN & CO
CHARTERED ACCOUNTANTS



G.D. Winnett - Partner

123 Camberwell Road
HAWTHORN EAST
Dated 26 August 2008

Income Statement

Year ended 30th June 2008

	Note	Consolidated group		Parent Entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue	2	560,583	558,785	2,861	2,731
Other income	2	107	94	-	-
Changes in inventories		(1,984)	(4,807)	-	-
Inventories purchased		(461,428)	(454,510)	-	-
Employee benefit expenses		(32,678)	(33,602)	-	-
Occupancy expenses		(5,123)	(4,868)	-	-
Depreciation and Amortisation expense		(2,477)	(2,227)	-	-
Finance costs		(1,195)	(1,215)	-	-
Other expenses		(49,819)	(51,495)	-	-
Profit before income tax		5,986	6,155	2,861	2,731
Income tax expense	4	(1,969)	(2,253)	-	-
Profit for the year attributable to members of the parent entity		4,017	3,902	2,861	2,731
Basic earnings per share (cents)	8	61.8	60.0		
Diluted earnings per share (cents)	8	61.8	60.0		
Dividends declared per share (cents)	7	44.0	44.0		

The accompanying notes form part of the Financial Statements

Balance Sheet

as at 30th June 2008

	Note	Consolidated group		Parent Entity	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Assets					
Current Assets					
Cash and cash equivalents	9	475	7,352	-	-
Trade and other receivables	10	63,213	62,444	-	-
Inventories	11	36,889	38,873	-	-
Other current assets	14	722	833	-	-
Total Current Assets		101,299	109,502	-	-
Non-Current Assets					
Trade and other receivables	10	-	-	3,345	3,385
Financial assets	12	-	-	3,900	3,900
Property, plant and equipment	13	23,911	23,390	-	-
Deferred tax assets	17	2,565	2,611	-	-
Total Non-Current Assets		26,476	26,001	7,245	7,285
Total Assets		127,775	135,503	7,245	7,285
Current Liabilities					
Trade and other payables	15	50,395	54,008	-	-
Financial liabilities	16	1,000	6,174	-	-
Current tax liabilities	17	546	525	-	-
Short term provisions	18	3,236	3,004	-	-
Total Current Liabilities		55,177	63,711	-	-
Non-Current Liabilities					
Trade and other payables	15	-	-	120	120
Long-term borrowings	16	7,000	7,000	-	-
Deferred tax liabilities	17	2,921	2,814	-	-
Long-term provisions	18	2,113	2,328	-	-
Total Non-Current Liabilities		12,034	12,142	120	120
Total Liabilities		67,211	75,853	120	120
Net Assets		60,564	59,650	7,125	7,165
Equity					
Issued capital	19	7,351	7,391	7,051	7,091
Reserves	20	10,220	10,423	74	74
Retained earnings		42,993	41,836	-	-
Total Equity		60,564	59,650	7,125	7,165

The accompanying notes form part of the Financial Statements

Statement of Changes in Equity

Year ended 30th June 2008

	Note	Share Capital Ordinary \$'000	Retained Earnings \$'000	Capital Profits Reserve \$'000	Asset Revaluation Reserve \$'000	Hedge Reserve \$'000	Total \$'000
Consolidated group							
Balance at 1 July 2006		7,391	40,664	3,857	2,455	53	54,420
Profit attributable to members of the parent entity			3,902				3,902
Dividends Paid			(2,730)				(2,730)
Transfer from hedge reserve						(53)	(53)
Revaluation increment					4,111		4,111
Balance at 30 June 2007		7,391	41,836	3,857	6,566	-	59,650
Profit attributable to members of the parent entity			4,017				4,017
Transfer from hedge reserve						(203)	(203)
Share buy back		(40)					(40)
Dividends paid			(2,860)				(2,860)
Balance at 30 June 2008		7,351	42,993	3,857	6,566	(203)	60,564
Parent Entity							
Balance at 1 July 2006		7,091	-	-	74	-	7,165
Profit attributable to members of the parent entity			2,731				2,731
Dividends paid			(2,731)				(2,731)
Balance at 30 June 2007		7,091	-	-	74	-	7,165
Share buy back		(40)					(40)
Profit attributable to members of the parent entity			2,861				2,861
Dividends paid			(2,861)				(2,861)
Balance at 30 June 2008		7,051	-	-	74	-	7,125

The accompanying notes form part of the Financial Statements

Cash Flow Statement

Year ended 30th June 2008

	Note	Consolidated group		Parent Entity	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Cash Flows From Operating Activities					
Receipts from customers		616,159	614,604	-	-
Payments to suppliers and employees		(609,967)	(601,440)	-	-
Interest received		455	251	-	-
Dividends received		-	-	2,861	2,731
Finance costs		(1,195)	(1,215)	-	-
Income tax paid		(1,537)	(915)	-	-
Net cash provided by (used in) operating activities	23	3,915	11,285	2,861	2,731
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment		270	301	-	-
Payment for property, plant and equipment		(3,161)	(3,462)	-	-
Net cash provided by (used in) investing activities		(2,891)	(3,161)	-	-
Cash Flows From Financing Activities					
Repayment of borrowings		(5,000)	-	-	-
Share buy back		(40)	-	-	-
Dividends paid		(2,861)	(2,731)	(2,861)	(2,731)
Net cash provided by (used in) financing activities		(7,901)	(2,731)	(2,861)	(2,731)
Net increase (decrease) in cash held		(6,877)	5,393	-	-
Cash at beginning of financial year		7,352	1,959	-	-
Cash at end of financial year	23	475	7,352	-	-

The accompanying notes form part of the Financial Statements

Notes to the Financial Statements

Year ended 30th June 2008

Note 1: Statement of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of Danks Holdings Limited ('Parent') and controlled entities ('Consolidated Group').

Basis of preparation:

The Financial Report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies:

Principles of Consolidation

A controlled entity is any entity Danks Holdings Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 28 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expenses (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the Australian Taxation Office.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Notes to the Financial Statements

Year ended 30th June 2008

Inventories

Inventories are measured on the basis of a physical stocktake during the year and adjusted for stock movements to balance date and valued at the lower of cost and net realisable value after making provision for un-saleable or obsolete stock. The principles of valuation have been applied consistently.

Net realisable value is determined on the basis of the entities normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and deducted to establish net realisable value.

Property, Plant and Equipment

Each class of Property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property:

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction) based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment:

Plant and equipment is measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow through to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to an evaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates used for each class of assets are:

Buildings	2.5 - 4%
Plant and Equipment	7.5 - 50%
Leasehold Improvements	33.0 - 100%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to the Financial Statements

Year ended 30th June 2008

Leases

No assets are held under leases deemed to be "finance leases", that is, leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of the leased assets.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Financial Instruments

Recognition and Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions cost where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

Derecognition

Financial assets are derecognised where contractual rights of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where related obligations are either discharged, cancelled or expire.

Financial Assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available for sale financial assets include any financial assets not included in the above categories.

Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Notes to the Financial Statements

Year ended 30th June 2008

Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the consolidated group to employee superannuation funds and are charged as expenses when incurred.

Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Revenue

Revenue from sale of goods is recognised upon delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

The financial report was authorised to issue on 26 August 2008 by the board of directors.

Notes to the Financial Statements

Year ended 30th June 2008

	Consolidated group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Note 2 Revenue				
Sale of goods	515,233	510,448	-	-
Services and other operating revenue	44,895	48,086	-	-
Interest received	455	251	-	-
Dividends received – wholly owned subsidiaries	-	-	2,861	2,731
	560,583	558,785	2,861	2,731
Other income:				
Gain on disposal of property, plant & equipment	107	94	-	-
	107	94	-	-
Note 3 Profit for the Year				
(a) Expenses:				
Cost of Sales	463,441	459,538	-	-
Finance costs				
- External	1,198	1,215	-	-
Net foreign exchange losses / (gains)	(125)	164	-	-
Bad and doubtful debts expense / (recovery) - trade receivables	(169)	(78)	-	-
Rental expense on operating leases				
- Minimum lease payments	3,135	2,990	-	-
Write-down of inventories to net realisable values	-	161	-	-
Note 4 Income Tax Expense				
The prima facie tax on profit before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit before income tax at 30%	1,796	1,847	858	819
Add tax effect of:				
- Depreciation of buildings	2	2	-	-
- Non-assessable profit on sale of property	-	-	-	-
- Other non allowable items	117	389	-	-
- Rebateable fully franked dividends	-	-	(858)	(819)
Under(Over) provision for income tax prior year	54	15	-	-
Income tax attributable to entity	1,969	2,253	-	-
The applicable weighted average effective tax rates are as follows:				
	33%	37%		
Income tax expense comprises				
- Current tax	1,656	1,960	-	-
- Deferred tax	259	278	-	-
- Under provision in respect of prior year	54	15	-	-
	1,969	2,253	-	-

Notes to the Financial Statements

Year ended 30th June 2008

Note 5 Key Management Personnel Compensation

(a) Names and positions held of consolidated group and parent entity key management personnel in office at any time during the financial year are:

Mr P T Kempen	Chairman – Non-Executive
Mr M D Danks	Director – Non-Executive
Mr P T Danks	Director – Non-Executive
Mr D.G. Hendy	Director – Non-Executive
Mr T.J. Flood	Director – Non-Executive (Resigned November 2007)
Mr J G Danks	Managing Director – Executive
Mr J W Tregaskis	General Manager – Executive (Resigned July 2008)
Mr P M Cooper	Chief Financial Officer/Company Secretary
Mr C Dekazos	General Manager Operations
Mr S W Johnston	National Retail Operations Manager

(b) Key Management Personnel Compensation

Details of the remuneration for key management personnel are included in the Remuneration Report section of the Directors Report.

(c) Shareholdings

Number of shares held by Key Management Personnel

	Balance 1.7.07	Net Change	Balance 30.6.08
Mr P T Kempen	9,000	3,000	12,000
Mr M D Danks	18,202		18,202
Mr P T Danks	-	-	-
Mr T J Flood	-	-	-
Mr D G Hendy	-	-	-
Mr J G Danks	21,346	-	21,346
Mr J W Tregaskis	4,000	(4,000)	-
Mr P M Cooper	-	-	-
Mr C Dekazos	-	-	-
Mr S W Johnston	-	-	-
Total	52,548	(1,000)	51,548

Messrs J G Danks and M D Danks are also directors of Investments Pty Ltd which holds 3,172,903 ordinary shares in Danks Holdings Limited.

Notes to the Financial Statements

Year ended 30th June 2008

	Consolidated group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Note 6 Auditor's Remuneration				
Remuneration of the auditor of the parent entity and Consolidated group for:				
- auditing or reviewing the financial report	184	179	-	-
- other services	-	-	-	-
Note 7 Dividends Paid or Proposed				
Final fully franked ordinary dividend of 22c (2007: 20c) per share franked at the tax rate of 30% (2007:30%)	1,430	1,300	1,430	1,300
Interim fully franked ordinary dividend of 22c (2007: 22c) per share franked at the tax rate of 30% (2007:30%)	1,431	1,431	1,431	1,431
	2,861	2,731	2,861	2,731
(a) Proposed final fully franked ordinary dividend of 22c (2007:22c) per share franked at the tax rate of 30% (2007 30%)	1,428	1,431	1,431	1,431
(b) Balance of franking account at year-end adjusted for:	25,654	25,642	-	-
(i) Franking credits arising from payment of provision for income tax and dividends recognised as receivables.				
(ii) Franking debits arising from payment of proposed dividends.				
Subsequent to year end, the franking account would be reduced by the proposed dividend reflected per (a) above.	(612)	(613)		
	25,042	25,029	-	-
Note 8 Earnings per Share				
Net profit used in the calculation of EPS				
Net profit	4,017	3,902		
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share.	6,501,921	6,501,979		
Note 9 Cash and Cash Equivalents				
Cash on hand and at bank	475	7,352	-	-
The effective interest rate on short term bank deposits was 6.75%				
Note 10 Trade and other Receivables				
Current				
Trade receivables	62,289	62,307	-	-
Provision for impairment of trade receivables	(1,799)	(2,453)	-	-
	60,490	59,854	-	-
Other receivables	2,723	2,590	-	-
	63,213	62,444	-	-
Non-current				
Amount receivable from wholly owned entity	-	-	3,345	3,385
Provision for Impairment of Trade Receivables				
Balance at 1 July 2007	(2,453)	(2,696)		
Net amount provided and recovered during the year	303	40		
Impairment losses written off	351	203		
Balance at 30 June 2008	(1,799)	(2,453)		

Notes to the Financial Statements

Year ended 30th June 2008

	Consolidated group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Note 11 Inventories				
On hand and in transit, valued at the lower of cost and net realisable value:				
Current	36,889	38,873		
Note 12 Financial Assets				
Available for sale financial assets comprising				
Unlisted shares in controlled entities				
- at cost	-	-	302	302
- at fair value	-	-	3,598	3,598
	-	-	3,900	3,900
Note 13 Property, Plant and Equipment				
Freehold land - independent valuation 2007	10,239	10,239		
Total Land	10,239	10,239	-	-
Buildings - independent valuation 2007	6,506	6,506		
Accumulated depreciation	(162)	-	-	-
Total Buildings	6,344	6,506	-	-
Total Land and Buildings	16,583	16,745	-	-
Leasehold Improvements:				
Cost	449	459	-	-
Accumulated amortisation	(208)	(191)	-	-
	241	268	-	-
Plant and equipment:				
At cost	23,705	23,275	-	-
Capital works in progress	558	7	-	-
Accumulated depreciation	(17,176)	(16,905)	-	-
Total Plant and Equipment	7,087	6,377	-	-
Total Property, Plant and Equipment	23,911	23,390	-	-

(a) Valuation of freehold land and buildings

The group's land and buildings were revalued at 30 June 2007 by independent valuers. Valuations were made on the basis of open market value. Directors are satisfied that the current valuation reflects fair value.

(b) Movements in carrying amounts

	Freehold Land	Buildings	Leasehold Improve- ments	Plant and Equipment	Total
Consolidated group:					
Balance at the beginning of year	10,239	6,506	268	6,377	23,390
Additions	-	-	116	3,045	3,161
Disposals	-	-	(2)	(161)	(163)
Revaluation increments/(decrements)	-	-	-	-	-
Depreciation expense	-	(162)	(141)	(2,174)	(2,477)
Carrying amount at the end of year	10,239	6,344	241	7,087	23,911

Notes to the Financial Statements

Year ended 30th June 2008

	Consolidated group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Note 14 Current Assets				
Prepayments	722	833	-	-
Note 15 Trade and Other Payables				
Trade payables	45,147	48,594	-	-
Sundry payables and accrued expenses	5,248	5,414	-	-
	50,395	54,008	-	-
Non-current:				
Amounts owing to wholly owned subsidiary	-	-	120	120
Note 16 Financial Liabilities				
Secured Liabilities				
Current:				
Bank loans (a)	1,000	6,000	-	-
Derivative financial liabilities	-	174	-	-
	1,000	6,174	-	-
Non-current:				
Bank loans (a)	7,000	7,000	-	-
(a) Bank borrowings are secured by a negative pledge over the assets of the company.				
(b) The covenants within the bank borrowings require:				
(i) net tangible assets to be greater than 35% of total assets,				
(ii) interest bearing debt is not to exceed 2.5 times earnings before interest, tax, depreciation and amortisation,				
(iii) gross interest is to be less than 3 times earnings before interest and tax,				
(iv) net assets to be greater than \$40m				
(v) dividends paid not to exceed 75% of net profit after tax				
(c) Interest rates are variable and are between 6.86% and 8.79%.				
Note 17 Tax				
(a) Liabilities				
Current				
Income tax	546	525	-	-
Non-current				
Deferred tax liability comprises:				
Provisions	2,921	2,814	-	-
Income tax	2,921	2,814	-	-
(b) Assets				
Deferred tax assets comprise:				
Provisions	2,565	2,611	-	-
	2,565	2,611	-	-

Notes to the Financial Statements

Year ended 30th June 2008

	Note	Consolidated group		Parent Entity	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Note 17 Tax (continued)					
(c) Reconciliation					
Deferred Tax Liability					
Opening balance		2,814	1,053	-	-
Charged to income tax expense		107	1,761	-	-
Closing balance		2,921	2,814	-	-
Fair value gain adjustments					
Opening balance		-	22	-	-
Charged directly to equity		-	(22)	-	-
Closing balance		-	-	-	-
Deferred Tax Assets					
Provisions					
Opening balance		2,611	2,878	-	-
Charged to income tax expense		(46)	(267)	-	-
Closing balance		2,565	2,611	-	-

Note 18 Provisions**Consolidated Group****Employee Benefits**

Opening balance		5,332	5,814	-	-
Additional provisions		2,238	2,425	-	-
Amounts used		(2,221)	(2,907)	-	-
Closing Balance		5,349	5,332	-	-
Analysis of Total Provisions					
Current		3,236	3,004	-	-
Non-current		2,113	2,328	-	-
		5,349	5,332	-	-

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

Note 19 Issued Capital

6,494,979 Fully paid ordinary shares		7,351	7,391	7,051	7,091
Ordinary Shares					
Balance at beginning of reporting period		6,502	6,502	6,502	6,502
Shares bought back during the year		(7)	-	(7)	-
Balance at the end of the reporting date		6,495	6,502	6,495	6,502

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising returns to shareholders through the optimisation of the balance between debt and equity. Operating cash flows are used to sustain and grow existing operations as well as make routine outflows of dividends, tax and debt repayments. The Group borrows centrally to meet funding requirements.

The Group's overall strategy remains unchanged from last year

Notes to the Financial Statements

Year ended 30th June 2008

	Consolidated group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Note 20 Reserves				
(a) Capital Profits Reserve				
The capital profits reserve records non-taxable profits on sale of investments.				
(b) Asset Revaluation Reserve				
The asset revaluation reserve records revaluations of non-current assets.				
(c) Hedge Reserve				
The hedge reserve records revaluations of items designated as hedges				
Note 21 Capital and Leasing Commitments				
Operating Lease Commitments				
Non-cancellable operating lease commitments contracted but not capitalised in the financial statements				
Payable – minimum lease payments				
- not later than 1 year	2,913	2,972	-	-
- later than 1 year but not later than 5 years	5,808	2,986	-	-
- later than 5 years	5,511	-	-	-
	14,232	5,958	-	-
Capital Expenditure Commitments	140	156	-	-
Amounts owing under maintenance agreements				
Payable				
- not later than 1 year	944	2,250	-	-
- later than 1 year but not later than 5 years	1,291	1,643	-	-
	2,235	3,893	-	-
Note 22 Contingent Liabilities				
Estimates of potential financial effect of contingent liabilities that may become payable:				
Guarantee by the parent entity in respect of bank facilities of a controlled entity				
	-	-	56,870	56,870
Guarantee given for property lease rentals of a controlled entity				
	-	-	3,696	5,681
Note 23 Cash Flow Information				
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax:				
Profit after Income Tax	4,017	3,902	2,861	2,731
Non-cash flows in profit				
Amortisation	141	45	-	-
Depreciation	2,336	2,182	-	-
Net gain on disposal of property, plant and equipment	(107)	(95)	-	-
Changes in assets and liabilities				
(Increase)/Decrease in trade and other receivables	18	3,150	-	-
(Increase)/Decrease in prepayments	111	(240)	-	-
(Increase)/Decrease in inventories	2,042	4,838	-	-
Increase/(Decrease) in trade payables and accruals	(4,674)	(3,072)	-	-
Increase/(Decrease) in provisions	31	575	-	-
Cash Flows from (used in) operations	3,915	11,285	2,861	2,731
(b) Reconciliation of Cash				
Cash at the end of the year is shown in the balance sheet as:				
Cash assets	475	7,352	-	-
Interest bearing liabilities	-	-	-	-
	475	7,352	-	-
(c) Details of credit stand-by arrangements, available and unused loan facilities are shown in Note 24 to the financial statements.				

Notes to the Financial Statements

Year ended 30th June 2008

	Consolidated group		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$000	\$000
Note 24 Standby Arrangements and Unused Credit Facilities				
Standby arrangements with banks to provide funds and support facilities				
Credit facilities	35,000	35,000	-	-
Amount utilised	8,000	13,000	-	-
Unused credit facility	27,000	22,000	-	-

The credit facilities are summarised as follows:

Bank overdraft:

\$2,000,000 facility arranged with the Australian and New Zealand Banking Group Ltd.

General terms and conditions are set and agreed to annually.

Interest rates are variable and subject to adjustment.

Commercial Bill Facilities provided by Australian and New Zealand Banking Group Ltd:

Short term: \$13,000,000 variable interest rate facilities.

Long term: \$10,000,000 long term fixed and variable interest rate facilities.

As at 30th June 2008, \$7,000,000 long term bill facilities were utilised.

Commercial Bill Facilities provided by Commonwealth Trading Bank Ltd:

Short term: \$4,000,000 variable interest rate facilities

Long term: \$6,000,000 long term variable interest rate facilities.

As at 30th June 2008, \$1,000,000 long term bill facilities were utilised.

Current interest rates are between 6.86% and 7.85% (2007 . between 6.35% and 6.55%)

Note 25 Financial Instruments

a. Financial risk management objectives

The Group's treasury function provides services to the business by co-ordinating access to financial markets, managing financial risks and monitoring those risks. These risks include: market risk, currency risk, fair value interest rate risk, credit risk, liquidity risk and cash flow interest rate risk.

b. Market risk

The Group is mainly exposed to the financial risk of interest rate changes. The treasury function monitors interest rate trends and has examined a range of derivative financial instruments to assist in the management of the Group's interest rate risk. As at the end of the period the Group has not entered into any interest rate derivatives but continues to monitor interest rate trends and currently available instruments.

Notes to the Financial Statements

Year ended 30th June 2008

c. Currency risk management

The Group undertakes transactions in foreign currencies for the purchase of products for resale. In excess of 99% of these purchases are in \$US and the Group is therefore exposed to exchange rate movements. In managing its currency risk the Group undertakes both specific hedge transactions and general hedge transactions. Specific hedge transactions are taken out for significant known commitments whereas general hedge transactions are taken out to cover a portion of foreign currency payments based on forecast purchases.

At balance date, the details of outstanding forward exchange contracts are:

	Buy United States Dollars	Sell Aust. Dollars		Average Exchange Rate	
		2008 \$'000	2007 \$'000	2008	2007
General hedges					
- Less than 6 months to settlement		-	4,475	-	0.8139
Specific Hedges					
- Less than 6 months to settlement		3,048	-	0.8983	-

Foreign currency sensitivity analysis

The following table includes a sensitivity analysis of the after tax profit impact for a change of 10% in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the relevant currency. There would be an equal and opposite impact if the Australian Dollar weakened against the relevant currency.

	Consolidated		Parent Entity	
	2008 \$'000	2007 \$'000	2008	2007
Profit or Loss	849	1,312	-	-
Equity	424	-	-	-

d. Interest rate risk management

The Group is exposed to interest rate risk as the Group borrows funds to sustain its normal activities and to grow the business. Interest rate hedging strategies are regularly reviewed and specific products are reviewed when appropriate. The strategy seeks to ensure the group is sufficiently protected against movements in interest rates that can have a significant impact on the Group.

Financial Risk Management

At balance date the Group did not have any interest rate hedges in place.

	2008 \$'000	2007 \$'000
Notional Principal	-	6,000
Settlement less than 1 year	-	6,000
Settlement 1 - 2 years	-	-
Settlement 2 - 5 years	-	-
Effective Average Interest Rate Payable	-	6.16%

Notes to the Financial Statements

Year ended 30th June 2008

Interest rate sensitivity analysis

The sensitivity analysis below has been based on the exposure to debt instruments as at the reporting date and that the change would take place from the beginning of the year and be held constant throughout the reporting period.

At reporting date if interest rates had been 50 basis points higher the reported net profit would have been \$49,000 lower. For the prior reporting period had interest rates been 50 basis points higher net profit would have been \$53,000 lower.

The group's sensitivity to interest rates has lessened during the period due to lower borrowings.

e. Credit risk management

Credit risk relates to the risk that counterparty may default on its contractual obligations to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and that where appropriate other collateral is obtained as a means of mitigating any potential financial loss.

The Group transacts with a broad geographic spread of customers across the independent hardware and garden centre retail sector. All customers are subject to a range of credit worthiness checks and compliance to the terms offered is constantly monitored throughout the year.

The top 30 customers by value are additionally insured under a commercial credit insurance contract that is underwritten by a highly rated international commercial credit specialist insurer.

The Group does not have any significant credit exposure to any single counterparty. The credit risk on liquid funds and derivative financial instruments is very limited because the counterparties are Australian banks with high credit ratings.

f. Liquidity risk management

The board of directors carry the ultimate responsibility for liquidity risk management. The Group has an adequate liquidity risk framework to manage the Group's short term and long term liquidity risk. The Group manages liquidity by maintaining adequate reserves, banking facilities and seasonal credit facilities. Forecasts are regularly prepared and reviewed along with compliance of banking covenant

Consolidated	2008					2007				
	W/Avg Effectv Interest	Less than 1 mnt	1-3 mnts	3 mnth -1 yr	1-5 yrs	W/Avg Effectv Interest	Less than 1 mnth	1-3 mnts	3mnts to 1 yr	1-5 yrs
	%	\$'000	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	\$'000
Non –Interest Bearing Var iable rate Instruments – Bank Loans	7.59%	-	-	1,000	7,000	6.37%	-	-	6,000	7,000
Parent Entity										
Non –Interest Bearing Var iable rate Instruments – Bank Loans	-	-	-	-	-	-	-	-	-	-

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, and derivatives.

Danks Holdings Limited ABN 81 004 295 532 and Controlled Entities

Notes to the Financial Statements

Year ended 30th June 2008

g. Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices

The directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

Note 26 Segment Information

Industry: The consolidated group operates solely in the distribution industry.

Geographical: The consolidated group operates solely in Australia.

Note 27 Events after the Balance Sheet date

On 7 July 2008 the Group acquired the business of Blue Mountains Hardware in Katoomba, New South Wales for a purchase consideration of \$3.64m, including a deferred component of \$1.76m due on 7 July 2009.

Note 28 Parent Entity

Danks Holdings Limited

Controlled Entities Consolidated

Danks Events Pty Ltd (formerly Home Saver Pty Ltd)

Homestead Hardware Australasia Pty Ltd

Thrifty-Link Hardware Pty Ltd (wholly owned subsidiary of

Homestead Hardware Australasia Pty Ltd)

John Danks & Son Pty Ltd

Hammer Hardware Stores Pty Ltd (wholly owned subsidiary of John Danks & Son Pty Ltd)

HOME Hardware Australasia Pty Ltd

HOME Timber & Hardware Unit Trust

Australian Hardware Distributors Pty Ltd (wholly owned subsidiary of John Danks & Son Pty Ltd)

(a) All controlled entities are wholly owned.

(b) All controlled entities are incorporated in Australia.

Notes to the Financial Statements

Consolidated group		Parent Entity	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000

Note 29 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Director related entities:

Messrs J. G. Danks and M. D. Danks are directors of Investments Pty Ltd which holds 3,172,903 ordinary shares in Danks Holdings Ltd. Messrs J. G. Danks, M. D. Danks and P. T. Danks have shareholdings and beneficial interests in Investments Pty Ltd.

Rent of warehouse owned by Danks Buildings Pty Ltd the beneficial owner of which is Investments Pty Ltd. Messrs J. G. Danks and M. D. Danks are directors of Danks Buildings Pty Ltd.

874	874	-	-
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Professional services provided by Ernst & Young transaction Advisory Services Limited. Mr P.T. Kempen was a director of Ernst & Young Transaction Advisory Services Limited.

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(b) Directors:

Directors of entities within the consolidated group are able, with all staff members, to purchase goods from the consolidated group at commercial prices.

(c) Share transactions of

Directors:

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in companies within the consolidated group.

Danks Holdings Limited ordinary shares	3,225,451	3,225,451	3,225,451	3,225,451
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Note 30 Company Details

The registered office of the company is:

Danks Holdings Limited
414 Lower Dandenong Road
Braeside Vic 3195

The Principal places of business are:

John Danks & Son Pty Ltd
414 Lower Dandenong Road
Braeside Vic 3195

John Danks & Son Pty Ltd
36 Smallwood Street
Underwood Qld 4119

John Danks & Son Pty Ltd
15 Huntingwood Drive
Huntingwood NSW 2148

John Danks & Son Pty Ltd
1 Endeavour Drive
Port Adelaide SA 5015

John Danks & Son Pty Ltd
24 Tomah Rd
Welshpool WA 6105

Notes to the Financial Statements

Note 31: Change in Accounting Policy

- a. The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	AASB Standard Affected	Outline of Amendment	Application Date of the Standard	Application Date for the Group
AASB 2007-6 Amendments 1 Australian Accounting Standards	AASB 1: First-time Adoption of AIFRS AASB 101: Presentation of Financial Statements AASB 107: Cash Flow Statements AASB 111: Construction Contracts AASB 116: Property, Plant & Equipment AASB 138: Intangible Assets	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalization of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However there will be no direct impact to the amounts included in the financial group as they already capitalize borrowing costs related to qualifying assets.	1 January 2009	1 July 2009
AASB 123 Borrowing Costs.	AASB 123	As above.	1 January 2009	1 July 2009
AASB 2007-8 Amendments 1 Australian Accounting Standards	AASB 101: Presentation of Financial Statements.	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of equity	1 January 2009	1 July 2009
AASB 101	AASB 101	Presentation of Financial Statements.	1 January 2009	1 July 2009
AASB 2007-3 Amendments 1 Australian Accounting Standards	AASB 5: Non – current Assets Held for Sale and discontinued operations AASB 6: Exploration for Evaluation of Mineral AASB 102: Inventories AASB 107: Cash Flow Statements AASB 119: Employee Benefits AASB 127: Consolidated and Separate Financial Statements	The disclosure requirements of AASB 114: Segment Reporting has been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report.	1 January 2009	1 July 2009

Notes to the Financial Statements

Note 31: Change in Accounting Policy (Continued)

AASB Amendment	AASB Standard Affected	Outline of Amendment	Application Date of the Standard	Application Date for the Group
	AASB 134: Interim Financial Reporting		1 January 2009	1 July 2009
	AASB 136: Impairment of Assets			
	AASB 1023 General Insurance Contracts			
AASB 8	AASB 114 Segment Reporting	As above	1 January 2009	1 January 2009

Directors' Declaration

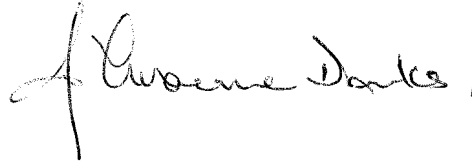
The directors of the company declare that:

1. the financial statements and notes, as set out on pages 9 to 30, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and consolidated group;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors' 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.



Director
P.T. Kempen



Director
J. G. Danks

Dated at Braeside 26 August 2008.

Danks Holdings Limited ABN 81 004 295 532 and Controlled Entities

Independent Audit Report to the Members of Danks Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Danks Holdings Limited and Controlled Entities, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' in pages 4 to 6 of the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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Chartered Accountants + Business Advisors
Sydney + Melbourne + Brisbane
Perth + Adelaide + Hobart + Auckland

Auditor's Opinion

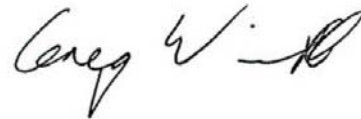
In our opinion:

- a. the financial report of Danks Holdings Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- c. the remuneration disclosures that are contained in pages 4 to 6 of the directors' report comply with Accounting Standard AASB 124.



123 Camberwell Road
HAWTHORN EAST

DANBY BLAND PROVAN & CO
Chartered Accountants



Dated 26 August 2008

G D WINNETT
Partner

Distribution of Issued Capital

On the 31st July 2008 the twenty largest shareholders held 74.63% of the issued ordinary shares.

The shares were held in the following categories:

Number of Shares Held	Number of Shareholders Ordinary
1 - 1000	315
1001 - 5000	277
5001 - 10,000	52
10,001 - 100,000	44
100,001 and over	2

Substantial Shareholders

The company's register of substantial shareholders as at 31st July 2008 shows the following -

	Ordinary Shares held
Investments Pty Ltd	3,172,903
Perpetual Trustees Australia Ltd	953,624

J. G. Danks and M. D. Danks are also directors of Investments Pty Ltd which holds 3,172,903 ordinary shares in Danks Holdings Limited.

Appointment of directors

The closing dates for receipt of nominations for office of directors are:

- (a) By a member 10th November 2008
- (b) By the directors 17th November 2008

Voting Rights

Ordinary shares carry one vote for each share.

Service Agreements

The company or any of its controlled entities are not party to any service agreements as defined by the Listing Requirements of the Australian Securities Exchange Limited.

Danks Holdings Limited ABN 81 004 295 532 and Controlled Entities

Seven Year Performance History	2008	2007	2006	2005	2004	2003	2002
Profit & Loss Account Items (\$'000)							
Revenue	560,583	558,785	547,169	551,090	533,490	449,741	404,816
Operating Profit Before Income Tax	5,986	6,155	4,440	7,129	9,632	7,569	7,639
Income Tax	1,969	2,253	1,473	2,477	2,474	2,359	2,389
Operating Profit After Income Tax	4,017	3,902	2,967	4,652	7,158	5,210	5,250
Depreciation	2,477	2,227	1,910	2,107	2,122	2,099	2,252
Interest	1,195	1,215	1,526	956	1,146	1,148	982
Ordinary Dividends Paid and Proposed	2,861	2,860	2,600	3,250	4,226	3,576	3,576
Balance Sheet Items (\$'000)							
Total Assets	127,775	135,503	131,563	134,081	131,383	114,424	111,012
Total Liabilities	67,211	75,853	77,143	78,701	76,430	63,053	63,226
Net Assets	60,564	59,650	54,420	55,380	54,953	51,371	47,786
Shares on Issue	6,495	6,502	6,502	6,502	6,502	6,502	6,502
Statistics							
Earnings Cents per Share	61.8	60.0	45.6	71.5	110.1	80.1	80.7
Earnings Cents per Share (adjusted for Mitcham sale)	61.8	60.0	45.6	71.5	82.0	80.1	80.7
Ordinary Dividends Cents per Share Paid and Proposed	44.0	44.0	45.0	50.0	65.0	55.0	55.0
Dividend Cover (Times)	1.4	1.4	1.0	1.4	1.7	1.4	1.5
Interest Cover (Times)	9.1	6.1	3.9	9.5	9.4	7.6	8.8
Net Tangible Asset Backing per Share	\$9.32	\$8.77	\$7.93	\$8.10	\$8.10	\$7.61	\$7.03

Top Twenty Shareholders

as at 31st July 2008

	<u>Shares</u>	<u>%</u>
Investments Pty Ltd	3,172,903	48.80
RBC Dexia Investor Services Australia Nominees Pty Ltd	958,624	14.74
Mrs J Danks	56,715	0.87
Mr R W Butler	56,237	0.86
Queensland Investment Corporation	54,382	0.84
New Privateer Holdings Ltd	49,522	0.76
Akir Pty Ltd	47,101	0.72
Mr. A. W. Wilkinson	45,000	0.69
Mrs. M.E.J Denison	45,000	0.69
Mrs J A Schapper	39,538	0.61
Mr. R. L. Denison	39,000	0.60
Miss M. S. Bowskill	36,720	0.56
Mr C Harrison, Mrs J K Harrison	35,349	0.54
Mr. J. R. Santleben	35,310	0.54
Mrs. N. M. Danks	32,947	0.51
Ms H M Scovell & Dr I L Gardner	31,837	0.49
Mr A Holst	30,600	0.47
Keehan & Brown Pty Ltd	30,503	0.47
Broadmayne Pty Ltd	27,732	0.43
Mr I P Alexander	27,500	0.42
	<u>4,852,520</u>	<u>74.63</u>



DANKS HOLDINGS LIMITED
ABN 81 004 295 532

27 August 2008

INDEPENDENT HARDWARE CONTINUES TO DRIVE PROFIT GROWTH FOR DANKS

Danks Holdings Ltd is one of Australia's largest, most innovative distributors of hardware and garden products, servicing over 700 independently owned and operated retail businesses through the HoME Timber and Hardware, Thrifty-Link Hardware and Plants Plus Garden Centre retail brands and a further 1,200 independent retailers.

The company's continued focus on member benefits, streamlining of business systems and the recent organisational restructure has seen Danks Holdings Ltd (DKS) lift Net Profit after Tax to **\$4.02 m**, representing a **3.0%** increase on last year's results. These results were achieved on flat revenue of \$561 m for the year ending June 2008.

The Board of Directors are pleased with another good result given the current economic climate, and have declared a fully franked final dividend of **22 cents** per ordinary share which will be paid on **31 October 2008**. This brings the full year dividend to **44 cents** per share, the same as last year.

Danks Holdings Ltd Managing Director Graeme Danks attributes the continued financial success to delivering on the company's core strengths by increasing operational efficiencies via the implementation of new technologies, continued value to its member retailers and seeking out quality products to grow sales of its retail members.

"In 2008, we have implemented a range of innovative new technologies and business strategies to support our members and consolidate Danks' strong position in the hardware retail industry," Mr Danks said.

During the year the company has continued to invest in a number of technology tools that have allowed better management of inventory, the customer contact centre and e-commerce trading. Mr Danks noted, "Our Balance Sheet remains very strong and we continue to conservatively manage the company's working capital".

In April 2008 the business moved into a new 10,000 square metre distribution facility in Perth and invested in significant new materials handling equipment. This relocation enabled the business to consolidate three sites into one purpose built facility. This will allow Danks to further capitalise on the growth opportunities in the Western Australian economy.

Danks are continuing to invest in their network of Distribution Centres and the Perth facility now gives the company three new warehouses around Australia.

In July 2008, Danks Holdings Ltd also acquired its first retail operation, Blue Mountains Hardware in NSW. The sale marked the first important step towards an ongoing emphasis on acquiring or partnering with key retail stores nationally, and means Danks Holdings Ltd will benefit from a further enhanced understanding of the retail environment, achieved through a physical presence at store level and participation in the retail margin.

A S X
R E L E A S E

Significant progress has been made during the year in evaluating the options for a new core Enterprise Resources Planning (ERP) system for the group, and this is on track to commence implementation during FY'09.

Danks recently announced the appointment of Con Dekazos as General Manager - Operations. Mr Dekazos has been with Danks since 2000, most recently as the National Merchandise & Marketing Manager. Mr Dekazos will help drive the business towards further growth, capitalising on the recent organisational restructure that will deliver improved partnerships with our retail members.

"This is a very exciting time for Danks, our customers and suppliers. As we approach celebrations for our 150th Anniversary in 2009, we are confident that we and the independent hardware sector as a whole have a strong and healthy future ahead of us," Mr Danks said.

RESULTS SUMMARY

	2007/08	2006/07
Total Revenue \$m	560.6m	558.9m
Sales Revenue \$m	515.2m	510.4m
Pre-Tax Profit \$m	6.0m	6.15m
Net Profit \$m	4.02m	3.90m
EPS	61.8c	60.0c
Interim Dividend	22.0c	22.0c
Final Dividend	22.0c	22.0c

For further Information, please contact:

Graeme Danks
 Managing Director
 Telephone: 61 3 9264 5007
 Facsimile: 61 3 9587 1719
 Address: 414-426 Lower Dandenong Road Braeside Victoria 3195
 Email: gdanks@danks.com.au

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.