



DANKS HOLDINGS LIMITED

ABN 81 004 295 532

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ASX ANNOUNCEMENT

9 September 2009

Company Announcements Office
Australian Securities Exchange
Level 45, South Tower, Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Sir

LODGEMENT OF TARGET'S STATEMENT

In accordance with item 14 of section 633(1) of the *Corporations Act 2001* (Cth), please find attached a copy of Danks Holdings Limited's Target Statement dated 9 September 2009 in relation to the off-market takeover bid by Carboxy Pty Ltd ACN 138 990 584.

A copy of this Target's Statement has been lodged with the Australian Securities and Investments Commission today and will be despatched to Danks shareholders shortly.

Yours sincerely

Peter Cooper
Company Secretary

This document is important and requires your immediate attention
If you are in doubt as to how to deal with this document, please consult your financial or other professional advisor

DANKS HOLDINGS LIMITED ACN 004 295 532



TARGET'S STATEMENT

In response to offer for all Danks Shares by Carboxy Pty Ltd ACN 138 990 584 (a company jointly owned by Woolworths Limited and Lowe's Companies, Inc.) for \$13.50 cash per Danks Share

**Your Directors unanimously
recommend that you accept the offer
in the absence of a superior proposal**

DATED: 9 September 2009

To **accept** the offer, complete, sign and return the acceptance form enclosed with the Bidder's Statement in accordance with the instructions on the form

Legal Advisor

MinterEllison | LAWYERS

IMPORTANT NOTICES

Target's Statement

This document is a Target's Statement and is issued by Danks Holdings Limited ACN 004 295 532 (**Danks**) under Part 6.5 of the Corporations Act in response to the Bidder's Statement lodged by Carboxy Pty Ltd ACN 138 990 584 (**Bidder**) with the Australian Securities and Investments Commission (**ASIC**) on 2 September 2009. A copy of this Target's Statement was lodged with ASIC and given to ASX on 9 September 2009. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

Woolworths, Lowe's and the Bidder's information in this Target's Statement

Except where disclosed otherwise, the information on Woolworths Limited ACN 000 014 675 (**Woolworths**), Lowe's Companies Inc (**Lowe's**) and the Bidder in this Target's Statement has been obtained by Danks from the Bidder's Statement and other publicly available information. Danks and its Directors are unable to verify the accuracy or completeness of the information on Woolworths, Lowe's or the Bidder. Accordingly, Danks does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

No account of personal circumstances

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs. It does not contain personal advice. This Target's Statement should not be relied on as the sole basis for any investment decision in relation to Danks Shares. The Directors encourage you to obtain independent legal, financial and taxation advice before deciding whether to reject or accept the Offer.

Forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Danks as well as general economic conditions and conditions in the financial markets, exchange rates, interest rates and regulatory changes, many of which are outside the control of Danks and its directors. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected.

None of Danks, any of its officers or any person named in this Target's Statement or involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Danks has no obligation to disseminate after the date of this Target's Statement any updated or revisions to any such statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless it is required to do so

pursuant to its statutory obligation under Division 4 of Part 6.5 of the Corporations Act to update or correct this Target's Statement (i.e. for certain matters that are material from the point of view of a Danks Shareholder) or pursuant to its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

Privacy statements

Danks has collected your information from the Danks Share Register for the purpose of providing you with this Target's Statement. The type of information Danks has collected about you includes your name, contact details and information on your shareholding in Danks. The Corporations Act requires the name and address of Shareholders to be held in a public register.

Danks has also provided or will provide personal information about its Shareholders to the Bidder in accordance with the Corporations Act and the ASTC Settlement Rules. The Bidder states in the Bidder's Statement that it may disclose this information on a confidential basis to its related bodies corporate, and holders of securities in the Bidder or its related bodies corporate and external service providers, and that it may be required to be disclosed to regulators, such as ASIC.

Shareholder Enquiries

Danks has established a shareholder information line which Danks Shareholders may call if they have any queries in relation to the Offer. The telephone number for the Link Shareholder Enquiry Centre is 1300 851 395.

Defined terms

Certain terms used in this Target's Statement have defined meanings, as set out in section 10 of this Target's Statement.

No internet site is part of this Target's Statement

No internet site is part of this Target's Statement. Danks (www.danks.com.au), Woolworths (www.woolworthslimited.com.au) and Lowe's (www.lowes.com) maintain internet sites. Any references in this Target's Statement to any of these internet sites are textual references only and do not form part of this Target's Statement.

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1. KEY DATES

Record Date for Final Dividend	7.00pm on 4 September 2009
Date of the Offer	7 September 2009
Offer period commences	7 September 2009
Date of this Target's Statement	9 September 2009
Payment of Final Dividend	21 September 2009
Expiry of the Offer (unless extended or withdrawn)	7.00pm (Sydney time) on 20 October 2009

2. CHAIRMAN'S LETTER



DANKS HOLDINGS LIMITED
 ABN 81 004 295 532
 414 Lower Dandenong Road Braeside Victoria 3195
 Internet www.danks.com.au

9 September 2009

Dear Shareholder

On 25 August 2009 Danks Holdings Limited (**Danks**) and Woolworths Limited (**Woolworths**) announced that they had signed an Implementation Deed relating to an off-market takeover for all of your Danks Shares. The Offer has been made by a joint venture company, Carboxy Pty Ltd (**Bidder**), owned 2/3 by Woolworths and 1/3 by a leading US home improvement retailer, Lowe's Companies Inc. (**Lowe's**) (through a wholly-owned subsidiary, WDR Delaware II Corporation). The Bidder is offering you \$13.50 cash per Share. Danks Shareholders on the share register at 7.00pm on 4 September 2009 will also be entitled to the final fully franked dividend of 53 cents per Share for the year ended 30 June 2009. The final dividend will be paid regardless of whether the Offer is successful or not.

The Offer Price represents a premium of 65% to Danks' closing share price of \$8.20 on 24 August 2009, being the last day of trading before the Offer was announced. The Offer represents total equity consideration of \$87.6 million.

This document is Danks' Target's Statement. It outlines Danks' response to the Offer, including the recommendation and intentions of the Directors, along with other important information to help you decide whether to accept the Offer.

The directors have carefully considered the Offer and **unanimously recommend that you accept** the Offer in the absence of a Superior Proposal.

Each of the directors intend to accept the Offer in respect of the Danks Shares held by them or in which they otherwise have a Relevant Interest, in the absence of a Superior Proposal. This amounts to acceptances representing 49.87% of the issued capital of Danks which includes 48.89% of the issued capital of Danks held by Investments Pty Ltd ACN 004 072 306. J Graeme Danks and Michael D Danks are each directors of Investments Pty Ltd which is the Danks family investment company.

Further, Danks' other major Shareholder, Perpetual Limited, has publicly stated that it intends to accept the Offer in respect of the 13.46% of the issued capital it holds in Danks, in the absence of achieving a higher price for its stake.

In forming their unanimous recommendation, the directors have carefully considered the following:

- the price offered represents a significant premium to the trading price of Danks Shares immediately before the announcement of the Offer;

- Danks Shares have historically traded at low liquidity levels on ASX. The Directors believe that this illiquidity results in difficulties for Shareholders seeking to sell their shares at fair value. Under the Offer, Danks Shareholders who accept the Offer will receive \$13.50 cash for each Danks Share they hold;
- the Offer of \$13.50 cash per Share provides certainty of cash. Specifically, if you accept the Offer and if all of the Conditions for the Offer are satisfied or waived, as applicable, you are expected to receive your offer consideration on or before the earlier of:
 - o one month after the date you validly accept the Offer or, if the Offer is subject to a Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
 - o 21 days after the end of the Offer Period;
- if the Offer is not successful and if no Superior Proposal emerges, the Directors believe that the price of Danks Shares on ASX is likely to trade below the Offer Price of \$13.50 per Share offered by the Bidder;
- since the announcement of the Offer, up to the date of this Target's Statement, no Superior Proposal has been received by the Danks Board;
- despite Danks having a strong position in the Australian hardware market, the Offer Price of \$13.50 cash per Danks Share provides tangible value in a time of considerable market uncertainty, and
- Danks Shareholders will not pay any brokerage fees on the disposal of their Danks Shares.

The directors strongly recommend that you read this Target's Statement in its entirety and in conjunction with the Bidder's Statement that you have received from the Bidder. You should consider the Offer having regard to your own investment objectives, financial situation and tax position and, if in doubt about what to do, consult your independent legal, financial or other professional adviser.

A list of frequently asked questions is set out in section 5 but if you still have questions about the Offer after reading this document, please call the Link Shareholder Enquiry Centre on 1300 851 395.

Yours sincerely



Peter T Kempen
Chairman

3. DIRECTORS RECOMMENDATION AND INTENTIONS

3.1 Directors of Danks

As at the date of this Target's Statement, the Danks Directors are:

<i>Director</i>	<i>Position</i>
Peter T Kempen	Chairman
J Graeme Danks	Managing Director
Peter T Danks	Non-executive Director
Michael D Danks	Non-executive Director
Joseph J Barberis	Non-executive Director
David G Hendy	Non-executive Director

3.2 Directors' recommendation

After taking into account each of the matters in this Target's Statement and in the Bidder's Statement, the Directors unanimously recommend that you **accept** the Offer, in the absence of a Superior Proposal.

The reasons for the Directors' recommendation are set out in section 6.

3.3 Intentions

Each of the Directors intend to accept the Offer in respect of the Danks Shares held by them or in which they otherwise have a Relevant Interest, in the absence of a Superior Proposal. This amounts to acceptances representing 49.87% of the issued capital of Danks which includes 48.89% of the issued capital of Danks held by Investments Pty Ltd ACN 004 072 306. J Graeme Danks and Michael D Danks are each directors of Investments Pty Ltd which is the Danks family investment company.

Further, Danks' other major Shareholder, Perpetual Limited, has publicly stated that it intends to accept the offer in respect of the 13.46% of the issued capital it holds in Danks, in the absence of achieving a higher price for its stake.

4. YOUR CHOICE AS A DANKS SHAREHOLDER

The Directors unanimously recommend that you accept the Offer in the absence of a Superior Proposal.

However, you have the following three choices available to you:

4.1 Accept the Offer

You may elect to accept the Offer of \$13.50 cash per Share.

The Bidder's Statement contains details of how to accept the Offer and encloses the acceptance form which you must complete and return.

Note that there may be tax consequences for you, if you accept the Offer. Please refer to section 8 for a general outline of the tax implications of accepting the Offer.

Danks Shareholders on the Share Register as at the Dividend Record Date (being 7.00pm on 4 September 2009) will still be entitled to receive the Final Dividend of \$0.53 per Share.

4.2 Sell your Danks Shares on ASX

The Offer does not prevent you from selling your Danks Shares on ASX for cash.

The latest price for Danks Shares may be obtained from the ASX website at www.asx.com.au (ASX code: DKS). As at:

- 24 August 2009, being the last trading date prior to the announcement of the Offer, the share price closed at \$8.20; and
- 8 September 2009, being the last trading date prior to the date of this Target's Statement, the share price closed at \$13.20.

The consideration offered by the Bidder is \$13.50 cash per Share.

If you wish to sell your Danks Shares on ASX you should contact your broker for information on how to effect that sale.

Note that there may be tax consequences for you, if you sell your Danks Shares on ASX.

Further, if you were not recorded in the Share Register as at the Dividend Record Date you will not receive the Final Dividend of \$0.53 per Share.

4.3 Do nothing

If you do not wish to accept the Offer, or to sell your Danks Shares on ASX, you should do nothing.

If you decide to do nothing, you should be aware of the rights of the Bidder to compulsorily acquire your Shares, in certain circumstances. In this regard, please refer to section 7.10.

5. ANSWERS TO FREQUENTLY ASKED QUESTIONS

This section contains some frequently asked questions about the Offer. It is not intended to address all relevant issues for Danks' Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
Who is the Bidder and what is the Bidder's Statement?	The Offer is made by a joint venture entity owned 2/3 by Woolworths and 1/3 by Lowe's (through its subsidiary, WDR Delaware II Corporation). The entity is called Carboxy Pty Ltd. Information about Woolworths can be obtained from section 3.2 of the Bidder's Statement or on Woolworths' website at www.woolworthslimited.com.au. Information about Lowe's can be obtained from section 3.3 of the Bidder's Statement or on Lowe's website at www.lowes.com. The Bidder's Statement contains information on the Offer that the Bidder has made for your Danks Shares. The law requires the Bidder to send it to you.
What is a Target's Statement?	This booklet comprises a Target's Statement. Danks is required, by law, to produce the Target's Statement in response to the Offer. The Target's Statement contains information to help you decide whether to accept the Offer for your Shares.
What is being offered to me under the Offer?	The Bidder is offering to acquire all your Danks Shares for \$13.50 cash per Share. You will also be entitled to retain the fully franked final dividend of \$0.53 per Share for the year ended 30 June 2009 if you were recorded in the Share Register as at the Dividend Record Date.
Can I receive cash and scrip in Woolworths or Lowe's as an alternative?	No. The consideration being offered by the Bidder is \$13.50 cash per Share. If you accept the Offer and the Offer becomes unconditional, you will cease to be a Shareholder of Danks and you will not become a shareholder of either Woolworths or Lowe's. However, it is possible for you to become a shareholder of Woolworths or Lowe's now or in the future by purchasing shares in Woolworths on ASX or shares in Lowe's on NYSE. You should contact your broker for information on

how to effect such a purchase.

Will I be entitled to the Final Dividend?

The Final Dividend of \$0.53 per Share will be paid to Danks Shareholders on the Share Register as at 7.00pm on 4 September 2009 and will be paid on 21 September 2009. However, if you purchased your Danks Shares after 31 August 2009 you will not be entitled to receive the Final Dividend.

The Danks Board has resolved that the Final Dividend will be paid regardless of whether the Offer is successful or not.

What choices do I have as a Shareholder?

As a Danks Shareholder you can:

- accept the Offer for all the Danks Shares you hold. The Directors recommend that you **accept** the Offer, in the absence of a Superior Proposal;
- sell your Danks Shares on ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or
- reject the Offer by doing nothing. If you decide to do nothing, you should be aware of the rights of the Bidder to compulsorily acquire your Shares in certain circumstances. In this regard, please refer to section 7.10.

For more information about your choices, refer to section 4.

What are the Directors recommending?

The Directors unanimously recommend that you **accept** the Offer, in the absence of a Superior Proposal, for the reasons explained in section 6 of this Target's Statement.

The Directors intend to accept the Offer in respect of their personal shareholdings, in the absence of a Superior Proposal.

Is Investments Pty Ltd intending to accept the Offer?

Investments Pty Ltd is a major Shareholder of Danks, holding 48.89% of the issued share capital of Danks. Investments Pty Ltd has indicated that, in the absence of a Superior Proposal, it will accept the Offer. J Graeme Danks and Michael D Danks are each directors of Investments Pty Ltd which is the Danks family investment company.

How do I accept the Offer?

You should follow the instructions set out in the Bidder's Statement and the accompanying documents sent to you by the Bidder.

Please carefully read the instructions so that your

	acceptance form is accurately completed.
How do I reject the Offer?	To reject the Offer, you should do nothing and disregard all documents sent to you by the Bidder. If you decide to do nothing, you should be aware of the rights of the Bidder to compulsorily acquire your Shares in certain circumstances. In this regard, please refer to section 7.10.
If I accept the Offer now, can I withdraw my acceptance?	You may only withdraw your acceptance if the Bidder varies the Offer in a way that postpones the time the Bidder is required to satisfy its obligations by more than one month and the Offer is still subject to one or more Conditions. This will occur if the Bidder extends the Offer Period by more than one month while the Offer is still subject to Conditions.
Can I accept the Offer for only some of my Shares?	Unless you hold the Shares as trustee or nominee for, or otherwise on account of, more than one person, you cannot accept the Offer for only some Shares held.
When do I have to make a decision?	If you wish to accept the Offer, you must do this before the scheduled closing date of the Offer, which at the date of this Target's Statement was 7.00pm (Sydney time) on 20 October 2009. The Bidder may extend the Offer Period. The Directors will keep you informed if there are any material developments in relation to the Offer.
Is the Offer subject to conditions?	Yes. See section 7.4 of this Target's Statement.
What happens if I accept the Offer and the Offer Conditions are not satisfied or waived?	If the Conditions of the Offer (other than the Prescribed Occurrence Condition) are not satisfied or waived by the end of the Offer Period or, in the case of the Prescribed Occurrence Condition, it is triggered in the period up to three Business Days after the end of the Offer Period and not waived, your acceptance of the Offer will be void and cannot be enforced against you. You will not receive the consideration for each of your Danks Shares and you will be free to deal with your Danks Shares at your discretion.
How will I know when the Offer is unconditional?	The Bidder is required to advise Danks and Danks Shareholders as soon as the Conditions to the Offer are satisfied or waived. Notices from the Bidder will be available on the ASX website at www.asx.com.au (ASX code: DKS or ASX code:

	WOW).
When will I receive payment if I accept the Offer?	If all of the Conditions for the Offer are satisfied or waived, as applicable, you are expected to receive your offer consideration on or before the earlier of: • one month after the date you validly accept the Offer or, if the Offer is subject to a Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and • 21 days after the end of the Offer Period.
What happens if I accept the Offer and a Superior Proposal is made for my Danks Shares after I accept?	Once you accept the Offer for your Danks Shares, you will not be permitted to deal in your Danks Shares in any way, subject to limited rights to withdraw your acceptance. Accordingly, if you accept the Offer, you may be unable to accept a Superior Proposal if one arises after that time.
What happens if the Bidder improves the consideration offered under its Offer?	If the Bidder improves the consideration offered under its Offer, all Danks Shareholders who have accepted the Offer will be entitled to the benefit of that improved consideration (whether they accepted the Offer before or after the consideration is improved).
How will I know how many Danks Shares have been sold into the Offer?	The Bidder is required to notify ASX during the Offer Period every time there is a movement of 1% or more in its Relevant Interest in Danks Shares. The Bidder is required to notify ASX by 9.30am on the day following the relevant movement. Therefore, you can monitor the Bidder's announcements on the ASX website to determine its Relevant Interest in Danks Shares on www.asx.com.au (see ASX code: DKS or WOW).
Will Danks remain listed on ASX?	Provided the Bidder and its Associates have a Relevant Interest in 90% or more of the Danks Shares before or at the end of the Offer Period and proceeds to compulsory acquisition of the remaining Danks Shares under the Corporations Act, Danks will apply for termination of the official quotation of Danks Shares on ASX and removal from the official list of ASX (on a date to be determined by the Bidder).
What are the Bidder's intentions for running the business of Danks if their Offer is successful? Will the Danks brand continue?	The Bidder has outlined in the Bidder's Statement its intentions regarding the continuation of the Danks business and any changes that it intends to make to the business, as well as its intentions regarding the future employment of the present employees of Danks, if its Offer is successful. Please refer to section 5 of the Bidder's Statement for this

	information.
Why have the Directors not obtained the report of an independent expert?	The Directors resolved that they are well placed to make their recommendation to accept the Offer, in the absence of a Superior Proposal, without the need for an independent expert's report. There is no legal requirement for such a report to be obtained and provided to Danks Shareholders.
Will I be forced to sell my Shares?	You cannot be forced to sell your Shares unless the Bidder receives acceptances of the Offer giving it a Relevant Interest in 90% or more of all Danks Shares. Then (and subject to some other legal requirements), the Bidder will be entitled to proceed to compulsorily acquire those Shares held by Danks Shareholders who did not accept the Offer, in which case you will receive the same payment for your Shares that you would have received under the Offer, had you accepted but over a longer time frame. More information about this is contained in section 7.10.
What are the tax implications of accepting the Offer?	A general outline of the tax implications of accepting the Offer is set out in section 8. Danks Shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.
What if I have further questions?	If you still have questions after reading this Target's Statement, you may call the Link Shareholder Enquiry Centre on 1300 851 395.

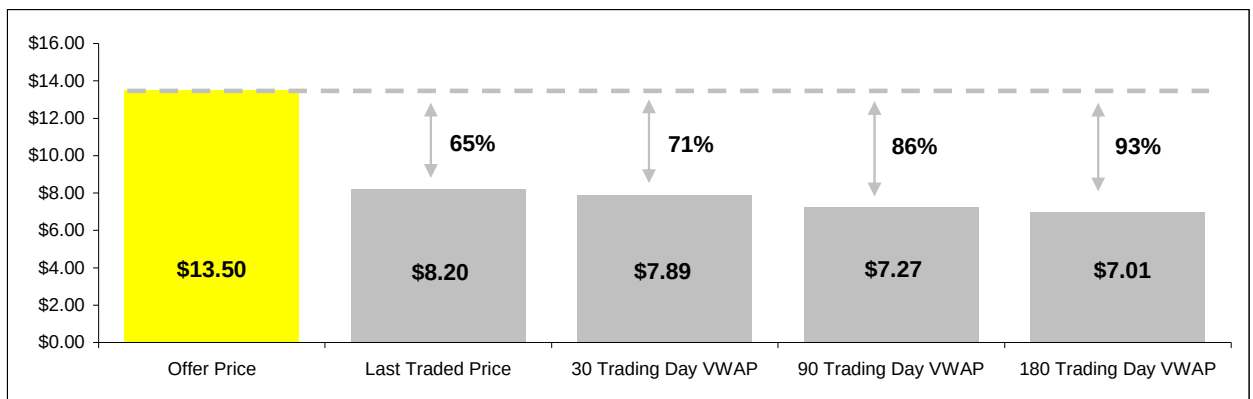
6. REASONS WHY THE DIRECTORS RECOMMEND THE OFFER

6.1 The Offer Price represents a substantial premium to recent trading prices of Danks Shares

The Offer Price of \$13.50 per Share represents a substantial premium to the recent trading prices of Danks Shares prior to the announcement of the Offer.

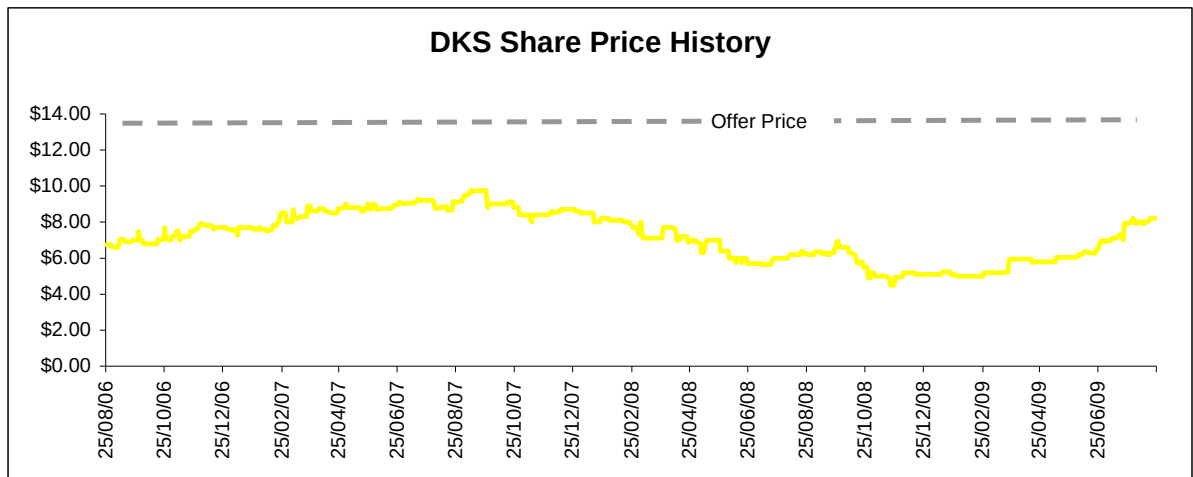
Specifically, the Offer Price represents a:

- 65% premium to the closing price of Danks Shares on 24 August 2009, being the last trading day before the Offer was announced;
- 71% premium to the 30 trading day VWAP*;
- 86% premium to the 90 trading day VWAP*; and
- 93% premium to the 180 trading day VWAP*.



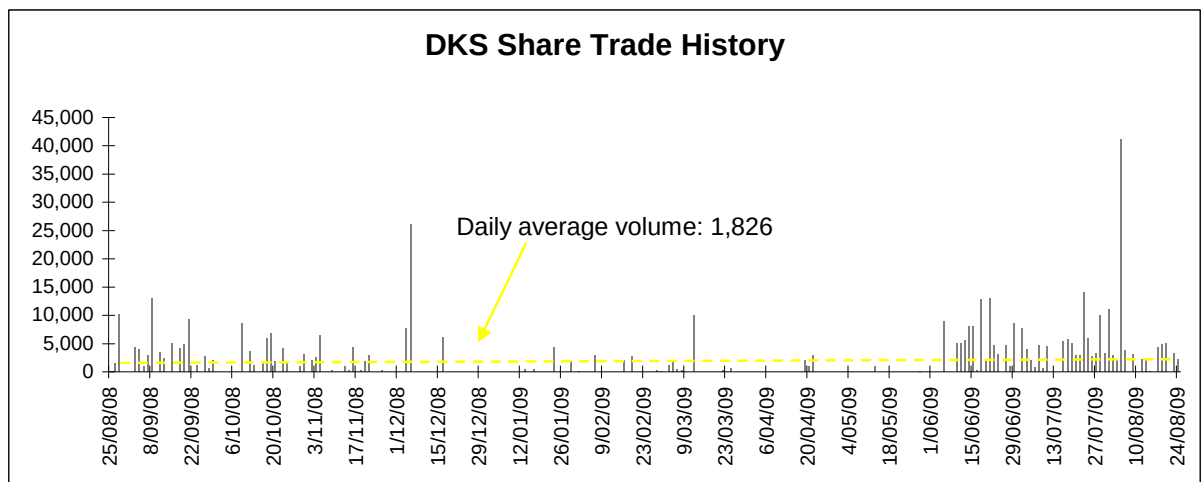
* VWAP (i.e. volume weighted average price) has been calculated as the 30, 90 and 180 trading day volume weighted average share price of Danks to 24 August 2009, being the last trading day before the Offer was announced.

Further, prior to announcement of the Offer, Danks Shares have not traded at or above \$13.50 since October 2004. The graph below sets out the share price history of Danks over the three years to 24 August 2009.



6.2 Danks Shares have low liquidity

Danks Shares have historically traded at low liquidity levels on ASX. The Directors believe that this illiquidity results in difficulties for Shareholders seeking to sell their shares at fair value. In the twelve months prior to the announcement of the Offer, 476,566 Danks Shares were traded. This volume represents 7.34% of Shares currently on issue. In that period, the two highest daily volumes were 41,099 and 26,100, as indicated in the table below.



Under the Offer, Danks Shareholders who accept the Offer will receive \$13.50 cash for every one Danks Share they hold.

6.3 Certainty of cash

The Offer Price of \$13.50 cash per Share offered to Danks Shareholders provides certainty of value and timing. Specifically, if you accept the Offer and if all of the Conditions of the Offer are satisfied or waived, as applicable:

- the payment to which you are entitled on acceptance of the Offer will be made to you on or before the earlier of:

- o one month after the date you validly accept the Offer or, if the Offer is subject to a Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
- o 21 days after the end of the Offer Period; and
- you will cease to be exposed to the risks associated with an investment in Danks, including potential share price volatility due to general share market and current market conditions.

In contrast, if the Offer lapses, the amount which Danks Shareholders will be able to realise for their Danks Shares (in terms of price and by way of future dividends), will necessarily be uncertain. Among other things, this will be subject to the performance of Danks' business from time to time and the vagaries of the share market.

6.4 Danks' share price is likely to trade below the Offer Price if the Offer is not successful

The Danks share price on ASX as at 24 August 2009, being the last trading day before the Offer was announced, was \$8.20. If the Offer is not successful and if no Superior Proposal emerges, the Directors believe that the Danks share price is likely to trade below the Offer Price of \$13.50 per Share offered by the Bidder.

6.5 No Superior Proposal has emerged

Since the announcement of the Offer on 25 August 2009 and up to the date of this Target's Statement, the Danks Board has not become aware of any other Superior Proposal from a third party and is not, therefore, in a position to provide Danks Shareholders with information in relation to the probability of a Superior Proposal arising.

6.6 Directors have carefully considered the Offer

As announced on 25 August 2009, Danks:

- announced a net profit after tax of \$7.02 million for the year ended 30 June 2009, up 75% on the previous year and a record result in the Company's 150th year of trading; and
- continues to experience strong trading conditions in the 2010 financial year.

Notwithstanding the above, the Directors consider the Offer to be attractive, recognising current market dynamics, and whilst the Board believes that Danks has a strong position in the Australian hardware market, the Offer Price of \$13.50 cash per Danks Share provides tangible value in a time of considerable market uncertainty. Further, the Directors believe that the hardware market will become increasingly competitive in the future regardless of whether the Offer is successful, noting (by way of example) Woolworths recently announced plans to enter the hardware sector in conjunction with Lowe's.

In making their recommendation, the Directors have not taken into account your individual investment objectives, financial situation or particular needs. Their

recommendation does not amount to investment advice in relation to your Danks Shares. The Directors encourage you to obtain independent legal, financial and taxation advice before deciding whether to reject or accept the Offer.

6.7 You will not incur any brokerage fees

You will not be required to pay any brokerage fees on the disposal of your Danks Shares under the Offer.

7. SUMMARY OF THE OFFER AND IMPORTANT MATTERS

The following section should be read in conjunction with the information given by the Bidder in the Bidder's Statement about the matters dealt with in this section.

7.1 Offer Price

The Bidder is making an off-market takeover bid to acquire all of your Danks Shares for \$13.50 cash per Share.

Unless you hold some of your Shares as a trustee or nominee for, or otherwise on account of, another person, you may only accept the Offer in respect of all your Shares. You cannot accept the Offer in respect of only some of your Shares.

If the Bidder improves the consideration under the Offer (which may or may not include an increase in the Offer Price), all Shareholders, whether or not they have accepted the Offer before or after the improvement in the consideration, will be entitled to the benefit of the improved consideration.

7.2 Payment terms

Under the current terms of the Offer, the Bidder will despatch payment to you for your Danks Shares by the end of whichever of the following periods ends earlier:

- (i) if the Offer is unconditional when you accept the Offer, within one month after the date you accept the Offer;
- (ii) if the Offer is subject to any of the Conditions when you accept the Offer, within one month after the date the takeover contract resulting from your acceptance of the Offer becomes unconditional; and
- (iii) 21 days after the end of the Offer Period.

Payment will be by cheque in Australian currency (or as otherwise agreed with the Bidder). The cheque will be sent to you at the address stated on the acceptance form or another address notified by you to Danks by prepaid ordinary mail or, in the case of addresses outside of Australia, by prepaid airmail.

7.3 Offer Period and valid acceptance of the Offer

The Offer is open for acceptance from 7 September 2009 to 7.00pm (Sydney time) on 20 October 2009, unless it is withdrawn or the Offer Period is extended in accordance with the Corporations Act. If you decide to accept the Offer, then your acceptance must be received by the Bidder before the end of the Offer Period.

Instructions on how to accept the Offer are set out in the Bidder's Statement and on the acceptance form which was enclosed with the Bidder's Statement. If you want to accept the Offer, please follow the instructions carefully to ensure that your acceptance is valid.

Danks Shareholders who accept the Offer give up certain rights to sell or otherwise deal with their Danks Shares, even before the Conditions to the Offer have been satisfied or waived. In particular, Shareholders who accept the Offer may lose the opportunity to benefit from any Superior Proposal made by another bidder. The Directors are not currently aware of any Superior Proposal for your Danks Shares.

7.4 Offer Conditions

The Offer is subject to a number of Conditions which are set out below.

(a) 90% minimum acceptance

At the end of the Offer Period, the Bidder and its Associates together have a Relevant Interest in at least 90% of the Danks Shares on issue.

(b) No action by a Public Authority adversely affecting the Offer

Between the Announcement Date and the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and
- (ii) no application is made to any Public Authority (other than by a member of the Woolworths Group), and no action or investigation is announced, threatened or commenced by a Public Authority,

in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which:

- (iii) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to Conditions or not) or the rights of the Bidder in respect of Danks and the Danks Shares to be acquired under the Offer; or
- (iv) requires divestiture by the Bidder of any Danks Shares, or the divestiture of any assets of the Danks Group, the Woolworths Group or otherwise.

(c) Prescribed Occurrences

Before the end of the Offer Period, no Prescribed Occurrence occurs.

(d) No material transactions or changes

Except as disclosed in any public announcement by Danks delivered to ASX prior to the Announcement Date, no member of the Danks Group has between the Announcement Date and the end of the Offer Period:

- (i) issued or agreed to issue, or authorised or proposed the issue of, any equity, debt or hybrid security (including any security convertible into shares of any class) or rights, warrants, performance rights or options to subscribe for or acquire any such securities;
- (ii) recommended, declared, paid or made, or resolved to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash, in specie or otherwise, other than the Final Dividend;
- (iii) issued or agreed to issue any debentures, or except in the ordinary course of business incurred or increased any indebtedness for a material amount in aggregate;
- (iv) implemented or entered into any scheme or arrangement or compromise (including one for a reconstruction or amalgamation of any members of the Danks Group), or a deed of company arrangement, or any analogous procedure, scheme or arrangement in any jurisdiction other than in the context of a Superior Proposal;
- (v) entered into or renewed (in either case, other than in the ordinary course of business) or materially changed the terms of any Membership Agreement or made any representations inconsistent with, or not provided for by, the terms as at the Announcement Date of any Membership Agreement;
- (vi) publicly disclosed the existence of any matter described in paragraphs (i) to (v) above; or
- (vii) entered into any contract, commitment, arrangement or agreement, passed any resolution or made any offer (which remains open for acceptance) with respect to, or publicly announced an intention to, or proposal to, do anything described in paragraphs (i) to (v) above.

(e) Third party consents

If any member of the Danks Group is a party to, is bound by, or is subject to, a material agreement, arrangement or understanding (other than any agreement, arrangement or understanding disclosed, or referred to, in the due diligence material including but not limited to leases of real property, information technology contracts and Membership Agreements) that the Danks Board is aware of, or should have been aware of, which as a result of the acquisition of Danks Shares by the Bidder under the Offer or a change in control of Danks as a result of the Offer entitles a Third Party to exercise any rights (including termination rights or pre-emptive rights), and the exercise of those rights would

have a material adverse impact on the business, assets, liabilities, financial or trading position, profitability or prospects of the Danks Group (taken as a whole), then before the end of the Offer Period the Third Party:

- (i) does not exercise, purport to exercise, or state an intention or claim a right to exercise, those rights; and
- (ii) gives its unconditional and irrevocable consent to the acquisition of Danks Shares by the Bidder or otherwise waives unconditionally and irrevocably its entitlement to exercise rights as referred to above.

(f) **Foreign Investment Review Board**

Before the end of the Offer Period:

- (i) the Treasurer of the Commonwealth of Australia or a delegate of the Treasurer of the Commonwealth of Australia issues a notice stating that the Commonwealth Government does not object to the potential acquisition by the Bidder of up to 100% of the Shares in Danks and such notice is not subject to any conditions;
- (ii) the period provided under the FATA during which the Treasurer of the Commonwealth of Australia may make an order under section 18(2) of the FATA or an interim order under section 22 of the FATA in relation to the acquisition by the Bidder of the Shares in Danks expires without such an order being made; or
- (iii) if an interim order under section 22 of the FATA is made, the subsequent period for making a final order prohibiting the acquisition by the Bidder of the Shares in Danks lapses without a final order being made.

7.5 Status of regulatory approvals

The status of Conditions 2 (No action by a Public Authority adversely affecting the Offer) and 6 (Foreign Investment Review Board) set out in sections 7.4(b) and 7.4(f) respectively will be notified by the Bidder on 13 October 2009 as set out in section 7.7.

7.6 Consequence of Conditions not being satisfied

Even if the Conditions of the Offer are not satisfied (or are triggered, in the case of the Prescribed Occurrence Condition), they may be waived by the Bidder.

If any Condition is unsatisfied (or has been triggered), the Bidder will have an option as to whether to proceed with the acquisition of Danks Shares under its Offer (i.e. by waiving the Condition) or allow the Offer to lapse with unsatisfied Conditions.

Generally speaking, the Bidder will not have to decide whether to proceed with the acquisition of Danks Shares under its Offer until the date that Woolworths is required to provide its notice of status of Conditions which, as outlined in section 7.7, can be postponed if the Offer Period is extended.

7.7 Notice of status of Conditions

The Bidder has indicated in the Bidder's Statement in section 8.10 that it will give a notice of the status of the Conditions on 13 October 2009. It will give this notice to Danks and by making an announcement on ASX at www.asx.com.au (ASX code: DKS or WOW).

The Corporations Act requires that such notice state:

- whether the Offer is free from Conditions;
- whether the Conditions have been fulfilled as at the date of the notice; and
- the voting power of the Bidder in Danks.

If the Offer Period is extended before the date the notice is required to be given, the date that the Bidder must give its notice is taken to be postponed for the same period. In this case, the Bidder is required, as soon as reasonably practicable after the extension, to notify Danks and ASX of the new date for giving the notice.

7.8 Extension of the Offer Period

The Bidder may extend the Offer Period in accordance with the Corporations Act. If the Bidder extends the Offer Period, you will receive notice of the extension, unless, at the date the notice is given to Danks the Offer has become free from Conditions.

7.9 Effect of accepting the Offer and rights of withdrawal

Accepting the Offer would (subject to the withdrawal rights discussed below):

- prevent you from accepting any higher takeover bid that may be made by a third party or any alternative transaction proposal that may be recommended by the Danks Board;
- relinquish control of your Danks Shares to the Bidder with no guarantee of payment until the Offer becomes, or is declared, unconditional – and as the Offer Period could be extended by the Bidder, this could result in further delays in payment; and
- give the Bidder the option to keep your Danks Shares (if the Conditions of its Offer are not satisfied (i.e. by waiving the Conditions)) or return your Danks Shares.

If you accept the Offer, you will have a right to withdraw your acceptance in some circumstances. Those withdrawal rights comprise general statutory withdrawal rights under the Corporations Act. In summary:

- under the Corporations Act, you may withdraw your acceptance of the Offer if the Bidder varies the Offer in a way that postpones, for more than one month, the time when the Bidder needs to meet its obligations under the Offer and the Offer is still subject to one or more Conditions. This will occur if the Bidder extends the Offer Period by more than one month while the Offer is still subject to any of the Conditions; and
- in those circumstances, you will have a period of one month after the date that notice of the extension is given to Danks to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended you may receive further statutory withdrawal rights.

In the event you become entitled to withdraw your acceptance, you will be sent a notice from the Bidder, explaining your rights in this regard.

7.10 Compulsory acquisition

The Bidder has stated in section 5.3 of the Bidder's Statement that if it becomes entitled to do so under the Corporations Act, it will proceed with compulsory acquisition of any outstanding Danks Shares in accordance with the provisions of the Corporations Act (summarised below).

(a) Compulsory acquisition post takeover bid

Part 6A.1 of the Corporations Act provides for the compulsory acquisition of outstanding shares following a successful off-market takeover bid.

To be entitled to compulsorily acquire all Danks Shares the Bidder (taken together with its Associates) must, during or at the end of the Offer Period:

- have a Relevant Interest in at least 90% (by number) of Danks Shares; and
- have acquired at least 75% (by number) of Danks Shares for which it has made an Offer.

If these thresholds are met, the Bidder will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Danks Shareholders who have not accepted the Offer. It may choose to commence compulsory acquisition as soon as the relevant thresholds are satisfied rather than wait until the Offer Period has ended.

Danks Shareholders have statutory rights to challenge compulsory acquisition, but a successful challenge will require the relevant Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for their Danks Shares. If compulsory acquisition occurs, Danks Shareholders who have their Shares compulsorily acquired are not likely to be issued their

consideration until at least one month after the compulsory acquisition notices are sent to them.

(b) General compulsory acquisition

Part 6A.2 of the Corporations Act sets out another procedure for the Bidder to compulsorily acquire Danks Shares. This procedure may be triggered as long as it acquires a full beneficial interest in at least 90% by value of Danks Shares and its voting power in Danks is at least 90%.

The Bidder would then have a period of six months to exercise general compulsory acquisition rights, which requires the acquisition to take place at a specified price. The price offered by the Bidder under this procedure would need to be considered by an independent expert who would be asked to determine whether, in its opinion, the terms proposed for the compulsory acquisition give fair value for the outstanding Shares.

If Shareholders holding more than 10% of Danks Shares object to the acquisition, the Bidder would need to approach the court for orders to the effect that the acquisition should proceed.

7.11 Exclusivity arrangements

The 'Exclusivity Period' commenced on 24 August 2009 and ends on the earlier of:

- the date the Exclusivity Deed is terminated in accordance with its terms;
- the date on which the Offer Period in respect of the Bid ends; and
- 24 November 2009.

(a) No shop

During the Exclusivity Period, Danks must not, and must ensure that its authorised persons and related persons do not, except with the prior written consent of Woolworths, solicit or invite any Alternative Proposal or initiate discussions with any third party with a view to obtaining any expressions of interest, offer or proposal from any person in relation to an Alternative Proposal.

(b) No Talk

Subject to the Fiduciary Exception (set out in section 7.11(c)), during the Exclusivity Period, Danks must not and must ensure that its authorised persons and related persons do not, except with the prior written consent of Woolworths:

- participate in any negotiations in relation to an Alternative Proposal or which may reasonably be expected to lead to an Alternative Proposal; or
- provide any information to a third party for the purposes of enabling that party to make an Alternative Proposal.

(c) Fiduciary Exception

The No Talk restriction (set out in section 7.11(b)) does not apply if the Danks Board, acting in good faith, after having obtained written advice from its legal and, if appropriate, its financial advisers, determines that:

- where there is an Alternative Proposal, the Alternative Proposal is a Superior Proposal or, where there is not yet an Alternative Proposal, the steps which the Danks Board proposes to take may reasonably be expected to lead to an Alternative Proposal which is a Superior Proposal; and
- failing to respond to the Alternative Proposal would be likely to constitute a breach of its fiduciary or statutory duties.

(d) No commitments

During the Exclusivity Period, Danks must not, and must ensure that its authorised persons and related persons do not, except with the prior written consent of Woolworths, enter into any deed, arrangement or understanding in relation to an Alternative Proposal which would have the effect of requiring Danks to abandon, or otherwise fail to proceed with the Bid unless the Danks Board determines that the Alternative Proposal is a Superior Proposal.

(e) Notice of Alternative Proposal

Subject to the Notification Exception (set out in section 7.11(f)), during the Exclusivity Period, Danks must:

- promptly notify Woolworths if it or any of its authorised persons or related persons receive any inquiry or proposal which may reasonably be expected to lead to an Alternative Proposal;
- as soon as reasonably practicable provide written notice of the identity of the party or parties involved in the inquiry or proposal; and
- provide Woolworths with regular updates on the status of any such inquiry or proposal.

(f) Notification Exception

Danks is not required to provide Woolworths Notice of Alternative Proposal if:

- Danks has determined the Fiduciary Exception applies; and
- determined in good faith, after having obtained written advice from its legal advisers, that the consequences of providing the Notice of Alternative Proposal would be likely to constitute a breach of the Danks Boards fiduciary or statutory duties.

(g) Break Fee

Under the Implementation Deed, Danks has agreed that it must pay Woolworths \$870,000 (plus any GST and without set-off or withholding) (**Break Fee**):

- if any Danks Director withdraws or changes his recommendation to Danks Shareholders to accept the Offers made under the Bid in the absence of a Superior Proposal, except in circumstances where the recommendation is withdrawn or changed because the Danks Director publicly recommends a Superior Proposal; or
- if after 25 August 2009 a Superior Proposal is announced or open for acceptance and within 9 months of 25 August 2009 that Superior Proposal or a transaction substantially similar to that Superior Proposal:
 - o is completed; or
 - o in the case of such a Superior Proposal that involves a takeover bid made under Chapter 6 of the Corporations Act, the proponent of the Superior Proposal acquires a Relevant Interest in at least 50% of Danks Shares and the Bid becomes free from any defeating conditions as that term is defined in the Corporations Act.

The Break Fee is not payable if all Conditions have been satisfied or waived by the Bidder. The Break Fee has regard to the guidelines issued by the Takeovers Panel. However, the Break Fee is not payable to the extent that a court or the Takeovers Panel determines that all or any part of the Break Fee is unlawful, involves a breach of the Danks Director's duties or constitutes unacceptable circumstances or breaches an order of the Takeovers Panel.

7.12 Intentions of the Bidder

The intentions of the Bidder (as at the date of the Bidder's Statement) in relation to Danks, its business, assets and employees are set out in section 5 of the Bidder's Statement. The statements set out in section 5 of the Bidder's Statement are statements of the Bidder's intentions current at the date of the Bidder's Statement only, which may vary as new information becomes available or circumstances change.

8. TAX IMPLICATIONS

8.1 Introduction

The following comments are intended only as a general summary of the Australian income and capital gains tax consequences to Danks Shareholders on disposing of their Danks Shares (through acceptance of the Offer) in return for cash consideration. Stamp duty and GST comments are set out in section 8.4 below. The comments set out below are relevant only to those Danks Shareholders who hold their Danks Shares on capital account. These comments relate only to Danks Shares, and not to other rights held over Danks Shares.

Certain Danks Shareholders (such as those engaged in a business of trading or investment, those who acquired their Danks Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, superannuation funds, persons who are temporary residents for Australian tax purposes or persons who acquire their Danks Shares in respect of their employment with Danks) will or may be subject to different tax consequences peculiar to their circumstances.

The following description is based upon taxation law and practice in effect as at the date of this Target's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every Danks Shareholder. Danks Shareholders should seek independent professional advice regarding the taxation consequences of disposing of their Danks Shares.

8.2 Taxation consequences of disposal of Danks Shares by Australian residents

Capital Gains Tax consequences

Acceptance of the Offer will involve the disposal by Danks Shareholders of their Danks Shares to the Bidder. The disposal of Danks Shares will constitute a Capital Gains Tax (**CGT**) event for tax purposes. The effective date of disposal for CGT purposes will be the later of the time you accept the Offer and the time the Offer becomes unconditional.

Australian resident Danks Shareholders may make a capital gain or capital loss on the disposal of their Danks Shares under the Offer. A capital gain will arise if the capital proceeds (the amount of cash received as consideration for the disposal of your Danks Shares) exceed the CGT cost base of your Danks Shares. A capital loss will arise if the capital proceeds are less than the CGT reduced cost base of your Danks Shares.

The capital proceeds from the disposal of the Danks Shares will be equal to the Offer Price of \$13.50 cash per Danks Share. The cost base and reduced cost base of Danks Shares should broadly equal the money you paid or were required

to pay to acquire your Danks Shares, plus certain other amounts associated with acquisition and disposal, such as brokerage or stamp duty.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. The net capital gain, after applying any carried forward capital losses, is included in the taxpayer's assessable income and is subject to income tax. The 'CGT Discount' may be available to reduce the taxable gain for certain Danks Shareholders (see further below).

Where a taxpayer generates a capital loss, those capital losses may only be offset against capital gains realised in the same income year or carried forward to be offset against future capital gains.

CGT Discount

Depending on their legal status (see section 8.2(a) below), a Danks Shareholder may be eligible to reduce their capital gain by applying a 'CGT Discount', provided they have held Danks Shares for at least 12 months prior to their disposal. The CGT Discount applies after a Danks Shareholder has applied capital losses against their capital gains.

Indexation

If a Danks Share was acquired (or deemed to be acquired) at or before 11.45am on 21 September 1999, the cost base of the Danks Share may be indexed for inflation, by reference to changes in the Consumer Price Index from the calendar quarter in which the Danks Share was acquired (or deemed to be acquired) until the calendar quarter ended 30 September 1999. Danks Shareholders who are individuals, complying superannuation entities or trustees of a trust must make an election if they wish to rely on indexation. Companies will be entitled to include the indexation without making an election. Indexation adjustments are taken into account only for the purposes of calculating a capital gain, not a capital loss.

Whether it is better for any given Danks Shareholder to make the indexation election or not will depend upon the particular Danks Shareholder's individual circumstances, including the cost base of their Danks Shares and whether the Danks Shareholder has any available losses. Danks Shareholders should consult their own tax advisors in this regard.

Pre CGT Shareholders

If an Australian resident Danks Shareholder acquired their Danks Shares prior to 20 September 1985 (pre-CGT Shares), they are exempt from any Australian CGT consequences on any gain or loss arising from the disposal of those shares.

(a) Individuals and Complying Superannuation Funds

A Danks Shareholder who is an individual, complying superannuation entity or trustee of a trust, and who does not or cannot elect to adjust their cost base for indexation (as described above), may choose to claim a CGT Discount if they

acquired (or are deemed to have acquired) their Danks Shares 12 months or more before the time they accept the Offer. This means that:

- in the case of an individual and a trust, only one-half of their net capital gain on those shares (after deducting available capital losses) will be taxable; and
- in the case of a complying superannuation entity, only two-thirds of their net capital gain on those shares (after deducting available capital losses) will be taxable.

(b) Companies

Danks Shareholders that are companies (other than in the capacity as a trustee) are not entitled to the CGT Discount in respect of the disposal of their Danks Shares. Any capital gain that a company makes on the disposal of its shares, to the extent that it is not offset by any capital losses of the company, will be included in its assessable income and subject to tax at the corporate tax rate of 30%.

(c) Trustees

Where no beneficiaries are presently entitled to the net income of a trust that is a Danks Shareholder, the trustee will be assessable on the net income of the trust, which will generally include the full amount of any capital gain in respect of the disposal of Danks Shares.

Where beneficiaries are presently entitled to the income of the trust, the net capital gain for the trust is determined with the benefit of the 50% discount where the shares have been held for at least 12 months (refer above). Upon distribution by the trustee, the net capital gain would be grossed up to 100% in the hands of beneficiaries. Beneficiaries that are individuals or superannuation funds should be entitled to the CGT Discount in respect of the disposal of the Danks Shares by the trust. Beneficiaries that are companies are not entitled to the CGT Discount.

Danks Shareholders that are trusts should obtain specific tax advice as to whether they are entitled to obtain the benefit of the CGT Discount and in relation to the tax consequences of distributions attributable to discounted capital gains.

8.3 Taxation consequences of disposal of Danks Shares by non-residents

Generally, if you are a non-resident Danks Shareholder and you hold your Danks Shares on capital account you will not be subject to CGT on the disposal of your Danks Shares.

Danks Shareholders who are not resident in Australia for tax purposes should also take into account the laws of their country of residence and any Double Tax

Agreement between Australia and the Danks Shareholder's country of residence in determining the tax consequences of the disposal of their Danks Shares under the Offer.

8.4 Stamp Duty and GST

No stamp duty or GST is payable by you on the sale of your Danks Shares to the Bidder pursuant to the Offer.

9. ADDITIONAL INFORMATION

9.1 ASX Announcements

Danks is a "disclosing entity" under the Corporations Act and therefore has continuous disclosure obligations under that legislation and also under the ASX Listing Rules. It is required to immediately disclose to the market through ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of Danks' Shares.

Danks has complied with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. Danks' announcements are available free of charge from the ASX website (see www.asx.com.au – ASX code: DKS).

The most recent financial information regarding Danks is the Company's Annual Financial Report for the period ended 30 June 2009, released to ASX on 25 August 2009. A copy of this document is also available free of charge from Danks on request and is also available on Danks' website at www.danks.com.au.

A list of the notices given to ASX as part of Danks' continuous disclosure obligations between 30 June 2009 and the day before the date of this Target's Statement is set out in Schedule 1.

9.2 Issued capital

As at 8 September 2009, being the last business day prior to the date of this Target's Statement, Danks' issued share capital was 6,490,079 fully paid ordinary shares.

9.3 Substantial holders

As at 8 September 2009, being the last business day prior to the date of this Target's Statement, the following persons were substantial Shareholders in Danks:

<i>Substantial holder</i>	<i>Relevant Interest in Danks' issued share capital</i>
Investments Pty Ltd *	48.89%
Perpetual Limited	13.46%

* J Graeme Danks and Michael D Danks are also directors of Investments Pty Ltd which is the Danks family investment company.

9.4 Interests and dealings in Danks Shares

As at the date of this Target's Statement, the Directors' interests in Danks Shares are set out below:

<i>Director</i>	<i>No of Shares held</i>	<i>Relevant Interest</i>
Peter T Kempen	22,000	0.34%
J Graeme Danks	21,346 + 3,172,903*	49.22%
Peter T Danks	Nil	0%
Michael D Danks	18,202 + 3,172,903*	49.17%
Joseph J Barberis	2,000	0.03%
David G Hendy	Nil	0%

* This parcel of Shares is registered in the name of Investments Pty Ltd. J Graeme Danks and Michael D Danks are each directors of Investments Pty Ltd which is the Danks family investment company.

9.5 No litigation

The Directors are not aware of any material litigation that is currently on foot.

9.6 Interests and dealings in the Bidder, Woolworths and Lowe's securities

As at 8 September 2009, being the last business day prior to the date of this Target's Statement, the Directors have a Relevant Interest in the securities in Woolworths as set out below:

<i>Name</i>	<i>Number and class of securities</i>	<i>Relevant Interest held</i>
Peter T Kempen	6,000 ordinary shares	0.0005%
David G Hendy	845 ordinary shares	0.00007%
Joseph J Barberis *	1,000 ordinary shares	0.00008%

* Joseph J Barberis holds an indirect interest in 1,000 ordinary shares in Woolworths. These shares are owned by Llaneast Pty Ltd as Trustee for Llaneast Superannuation Fund of which Joseph J Barberis is a beneficiary. These shares were acquired on 4 August 2009, i.e. within the 4 month period which ended on 8 September 2009.

As at 8 September 2009, being the last business day prior to the date of this Target's Statement, no Director had a Relevant Interest in any securities in the Bidder or Lowe's.

Except as noted above in relation to Joseph J Barberis, no other Director has acquired or disposed of a Relevant Interest in any securities in the Bidder, Woolworths or Lowe's in the 4 month period which ended on 8 September 2009.

9.7 Share dealings in the Bidder, Woolworths and Lowe's by Danks

There have been no acquisitions or disposals of shares in the Bidder, Woolworths or Lowe's by Danks in the 4 months ending on the day immediately before the day on which the Bidder's Statement was served on Danks.

9.8 Benefits and agreements

(a) Directorships

As at the date of this Target's Statement, no Director of Danks is a director of the Bidder, Woolworths or Lowe's.

(b) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Danks or a related body corporate of Danks.

(c) Agreements connected with or conditional on the Offer

Other than the Directors' interests in Danks shares disclosed in section 9.4, there are no agreements made between any Director of Danks and any other person in connection with, or conditional upon, the outcome of the Offer.

(d) Benefits from the Offer

Other than the Directors' interests in Danks shares disclosed in section 9.4, no Director has agreed to receive, or is entitled to receive, any benefit from the Bidder, Woolworths or Lowe's which is conditional on, or is related to, the Offer. As referred to in section 5.3(f)(i) of the Bidder's Statement, J Graeme Danks will remain with the Danks business and have day-to-day responsibility for managing the Danks business.

(e) Interests of Directors in contracts with Woolworths

Other than the Directors' interests in Danks shares disclosed in section 9.4, no Director has any interest in any contract entered into by the Bidder, Woolworths or Lowe's.

9.9 Consents

Minter Ellison has consented to being named in this Target's Statement as the legal advisor to Danks and has not withdrawn that consent at the date of this Target's Statement. Minter Ellison takes no responsibility for any part of this Target's Statement other than any reference to its name and should not be regarded as having made any statement in this Target's Statement, nor having authorised the issue of it.

Investments Pty Ltd has consented to the statement attributed to it in the Chairman's Letter, section 3.3 and section 5 in the form and context in which it is included and Investments Pty Ltd has not withdrawn its consent prior to the date of lodgement of this Target's Statement with ASIC.

Perpetual Limited has consented to the statement attributed to it in the Chairman's Letter and section 3.3 in the form and context in which it is included and Perpetual Limited has not withdrawn its consent prior to the date of lodgement of this Target's Statement with ASIC.

As permitted by ASIC Class Order 01/1543, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by the Bidder with ASIC or given to ASX, or announced on the Company Announcements Platform of ASX, by Woolworths. Pursuant to this class order, the consent of the Bidder is not required for the inclusion of such statements in this Target's Statement. Any Danks Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Link Shareholder Enquiry Centre on 1300 851 395.

In addition, as permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or published book, journal or comparable publication.

9.10 Early and joint dispatch of takeover documents

The Directors agreed that the Bidder could send the Bidder's Statement to Danks Shareholders earlier than would otherwise be permitted under the Corporations Act.

9.11 No other material information

This Target's Statement is required to include all the information that Danks Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in the Target's Statement; and
- only if the information is known to any Director of Danks.

The Directors are of the opinion that the only information that Danks Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in Danks' releases to ASX before the date of this Target's Statement; and
- the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

10. GLOSSARY AND INTERPRETATION

10.1 Glossary

The meanings of the terms used in this Target's Statement are set out below:

<i>Term</i>	<i>Meaning</i>
\$, A\$ or AUD	Australian dollar
Alternative Proposal	• a public announcement or commencement of a takeover bid for Danks by any entity which is not Woolworths or a related body corporate of it; • a public proposal for a change of control of Danks not involving Woolworths or a related body corporate of it, including by: - o a scheme of arrangement, merger, amalgamation, capital reconstruction, shareholder approved acquisition, capital reduction, share buy back, reverse takeover, consolidation, purchase of main undertaking or other business combination involving Danks and/or its subsidiaries which has the support of the Danks Board; - o dual listed company structure, stapled security structure or other form of synthetic merger having the same or substantially the same effect as a takeover bid for, or scheme of arrangement in respect of Danks; - o the issue by Danks to a third party of a material number of its shares or other securities as consideration for the assets or securities of another person; or - o the acquisition of all or a substantial part of the assets or business of Danks and/or its subsidiaries, or • any other proposed transaction or arrangement to which an entity which is not Woolworths or a related body corporate of it would, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms: - o directly or indirectly acquire, have a right to

	acquire or otherwise acquire an economic interest in, all or a substantial part of the business of Danks; or o acquire a Relevant Interest in 50% or more of the ordinary shares in Danks or otherwise acquire control of Danks within the meaning of section 50AA of the Corporations Act
Announcement Date	25 August 2009
ASIC	Australian Securities and Investments Commission
Associate	has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time)
ASX	ASX Limited or the financial market which it operates, as the context requires
ASX Listing Rules	the listing rules of ASX, as amended or replaced from time to time
Bid	an off-market takeover offer to be made by the Bidder for all Danks Shares under Chapter 6 of the Corporations Act for cash consideration of \$13.50 per Danks Shares subject to the defeating conditions set out in the Conditions (and no other defeating conditions) and otherwise in accordance with the terms of the Implementation Deed
Bidder	Carboxy Pty Ltd ACN 138 990 584, having its registered office at 1 Woolworths Way, Bella Vista, NSW 2153
Bidder's Statement	the bidder's statement dated 2 September 2009 and lodged with ASIC on that date
Conditions	the conditions set out in section 7.4
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Danks or Company	Danks Holdings Limited ACN 004 295 532, having its registered office at 414-426 Lower Dandenong Road, Braeside, Victoria 3195
Danks Board or Board	the board of directors of Danks
Danks Group	Danks and its subsidiaries

Danks Shares or Shares	fully paid ordinary shares in Danks
Danks Shareholder or Shareholder	a person who is registered in the Share Register as a holder of Danks Shares
Directors	The Directors of Danks, who as at the date of this Target's Statement are the Directors set out in section 3.1
Dividend Record Date or Record Date	7.00pm on 4 September 2009
Exclusivity Deed	the exclusivity deed entered into by Woolworths and Danks on 24 August 2009
Exclusivity Period	the period commencing on 24 August 2009 and ending on the earliest of: • the date the Exclusivity Deed is terminated in accordance with its terms; • the date on which the Offer Period in respect of the Bid ends; and • 24 November 2009.
FATA	The <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth)
FIRB	Foreign Investment Review Board
Final Dividend	the final, fully franked dividend of \$0.53 per Danks Share declared by Danks on 25 August 2009 and payable to all Danks Shareholders on the Share Register as at the Dividend Record Date.
Implementation Deed	the implementation deed entered into by the Bidder, Woolworths and Danks on 24 August 2009
Link Shareholder Enquiry Centre	the Shareholder information centre set up by Danks to respond to your questions about the Offer
Lowe's	Lowe's Companies Inc of 1000 Lowe's Boulevard, Mooresville, NC 28117
Membership Agreement	an agreement between any member of the Danks Group and a Third Party pursuant to which a member of the Danks Group licences or otherwise provides to that Third Party the right to use any brand of the Danks Group including "Home Timber & Hardware", "Thrifty-Link Hardware" and "Plants Plus Garden Centres"

NYSE	the New York Stock Exchange
Offer	The offer by the Bidder for Danks Shares, the terms of which are contained in section 8 of the Bidder's Statement
Offer Period	The period during which the Offer will remain open for acceptance in accordance with section 8.5 of the Bidder's Statement
Offer Price	The consideration to be paid by the Bidder to Danks Shareholders who accept the Offer, being \$13.50 per Share
Perpetual Limited	Perpetual Limited ACN 000 431 827
Prescribed Occurrence	Any of the following events: • Danks converts all or any of its Shares into a larger or smaller number of Shares; • Danks or a subsidiary of Danks resolves to reduce its capital in any way; • Danks or a subsidiary of Danks enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act; • Danks or a subsidiary of Danks issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option; • Danks or a subsidiary of Danks issues, or agrees to issue, convertible notes; • Danks or a subsidiary of Danks disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; • Danks or a subsidiary of Danks charges, or agrees to charge the whole, or a substantial part, of its business or property; • Danks or a subsidiary of Danks resolves to be wound up; • a liquidator or provisional liquidator of Danks or of a subsidiary of Danks is appointed; • a court makes an order for the winding up of Danks

	or of a subsidiary of Danks; • an administrator of Danks or of a subsidiary of Danks is appointed under section 436A, 436B or 436C of the Corporations Act; • Danks or a subsidiary of Danks executes a deed of company arrangement; or • a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Danks or of a subsidiary of Danks.
Public Authority	any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority tribunal, agency or entity and includes ASIC and ASX
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act
Share Register	the register of Shareholders of Danks maintained by or on behalf of Danks in accordance with the Corporations Act
Superior Proposal	An Alternative Proposal which: • in the determination of the Danks Board, acting in good faith, is reasonably capable of being completed, taking into account both the nature of the Alternative Proposal and the person or persons making it; and • in the determination of the Danks Board, acting in good faith, and in order to satisfy what the board considers to be its fiduciary or statutory duties would, if completed substantially in accordance with its terms, result in a transaction more favourable to the Shareholders of Danks than the Offer.
Takeovers Panel	The panel established by Part 10 of the <i>Australian Securities and Investment Commission Act 2001</i> (Cth) and having functions specified in Part 6.10, Division 2 of the Corporations Act
Target's Statement	This document, being the statement of Danks under Part 6.5 Division 3 of the Corporations Act
Third Party	a person other than a member of the Woolworths Group
VWAP	volume weighted average price

Woolworths	Woolworths Limited ACN 000 014 675, having its registered office at 1 Woolworths Way, Bella Vista, NSW 2153
Woolworths Group	Woolworths and its subsidiaries

10.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

- (a) the singular includes the plural and vice versa and words importing one gender include other genders;
- (b) terms defined in the Corporations Act as at the date of this Target's Statement have the meanings given to them in the *Corporations Act 2001* (Cth) at that date;
- (c) a reference to dollars, A\$, AUD and cents is a reference to Australian currency;
- (d) a reference to a statute of any parliament or any section, provision or schedule of a statute of any parliament includes a reference to any statutory amendment, variation or consolidation of the statute, section, provision or schedule and includes all statutory instruments issued under the statute, section, provision or schedule;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (f) a reference to a paragraph, clause, schedule or annexure is a reference to a part of this Target's Statement and a reference to this Target's Statement includes any schedules and annexures;
- (g) a reference to time is a reference to time in Melbourne, Victoria; and
- (h) headings and bold type are used for reference only.

11. AUTHORISATION

This Target's Statement has been approved by a resolution passed by the Directors of Danks. All Danks Directors voted in favour of that resolution.

Signed of and on behalf of Danks:

A handwritten signature in black ink, appearing to read 'P.M. Cooper', with a long horizontal flourish extending to the right.

Peter Cooper
Company Secretary/Chief Financial Officer

Date 4 September 2009

SCHEDULE 1 – DANKS' ASX ANNOUNCEMENTS SINCE 30 JUNE 2009

7 September 2009	Carboxy Pty Ltd Takeover Offer for Danks Holdings Limited
2 September 2009	Substantial Holder Notice 2 Sept.2009 from WOW
2 September 2009	WOW: Carboxy P L takeover offer for Danks Holdings Limited
25 August 2009	WOW: WOW to enter \$24 billion hardware sector - Presentation
25 August 2009	WOW: Woolworths to enter \$24 billion hardware sector
25 August 2009	Takeover Offer from Woolworths-Lowe's Joint Venture
25 August 2009	FY'09 Results Media Release
25 August 2009	Full Year Statutory Accounts
25 August 2009	Preliminary final report
4 August 2009	Change in substantial holding from PPT
22 July 2009	Trading Update
2 July 2009	Trading Update Clarification