

Media Announcement

25 August 2008

MITRE 10 WELL POSITIONED TO TACKLE INCREASED COMPETITION

Mitre 10 is well positioned to tackle increased competition following today's announcement by Woolworths that it plans to enter the hardware sector through a joint venture with US interests and the proposed acquisition of Danks Holding Limited.

The Mitre 10 Chief Executive Officer, Mark Burrowes, said the Woolworths announcement could potentially result in further growth for the Group, as independently-owned Home Hardware and Thrifty Link stores supplied by Danks that did not want to be part of a national supermarket chain could be encouraged to join the Mitre 10 network.

Mr Burrowes said Mitre 10, which has around 500 stores nationally, had undergone a major restructure over the past six months and was well placed to grow its strong and vibrant network of independent hardware and home improvement retailer outlets.

He said Mitre 10 store owners were fiercely independent and proud of the personal and expert services they offered customers at both retail and wholesale levels. Over the last fifty years Mitre 10 has developed into an Australian iconic brand, a significant player in the hardware industry and an integral part of local communities, around the nation.

"Our business plan has always assumed the possible entry into the sector of a second supermarket chain such as Woolworths, so this news today does not come as a surprise," he said.

"In preparing for such a move, we have been in serious discussions for some time around equity investment in the Group in order to improve our balance sheet and provide even greater value to our shareholders, and we will continue down this path.

"The transformation program approved by the Board is paying off: we have taken considerable costs out of the business, further improved our inventory systems, stabilised our accounts and worked hard at strengthening relations with suppliers.

"As a result, Mitre 10 achieved its forecast for FY09 and we have experienced our strongest second-half earnings before interest and tax (before one-off costs) in the last six years.

"We are cash flow positive and we have started the 2010 financial year exceeding our net profit after tax expectations.

"We are well placed to take on this new challenge."

The Mitre 10 group has more than 6,000 employees, many of whom are employed in regional and rural areas.

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For further enquiries contact:
Carolyn Rogers
Communications Manager

Tel: 03 9703 4519
Mob: 0407 869 083
Email: crogers@mitre10.com.au