

ASX and Media release

26 August 2024

DESANE GROUP FULL YEAR RESULTS – 30 JUNE 2024

Desane Group Holdings Limited (ASX: **DGH** or **Desane**) is pleased to announce its full year results for the year ended 30 June 2024 (FY24). This financial year, the Group achieved a statutory net profit after tax (NPAT) of **\$1.65m**.

Result Commentary

- EBIT of **\$3.16m**
- NPAT of **\$1.65m**
- NTA per share of **\$1.62** – up 3% over the corresponding period
- Total Group assets of **\$101.65m** – up 3% over the corresponding period
- Total Rental income **\$2.20m** – up 12.3% over the corresponding period

Group Asset Snapshot

As of 30 June 2024, Desane's total group assets of \$101.65m comprised the following:

- 89% industrial and commercial property assets
- 11% cash, financial assets and other assets

The Group's industrial and commercial property assets, and the approved residential development properties, combined with the 1.2ha property asset located in the western Sydney suburb of Penrith, should continue to achieve significant medium to long term returns for shareholders.

Cash & Debt Position

Desane's cash position continues to be strong, with **\$9.3m in cash and financial assets**. The Company's diversified \$5.8m loan portfolio, secured by first registered mortgages against quality property assets, is yielding **an average of 7.5% pa interest revenue**.

This financial year, Desane sought to de-leverage in the face of rising interest rates. In July 2024, \$3.6m was repaid to the Commonwealth Bank and security released on 13 Sirius Road, Lane Cove. Total borrowings for the Group now stand at **\$10.3m** secured against two (2) of the Company's assets. Seven (7) property assets remain unencumbered.

Portfolio Update

As part of Desane's stated intention to grow the investment property portfolio, together with the need to acquire suitable replacement assets to satisfy the 2018 CGT deferral, Desane completed the acquisition of another commercial property located at 35 Norton Street, Leichhardt for \$3.8m this financial year.

The 436m² property zoned E1 Local Centre will generate approximately \$0.2m gross revenue for the Group once fully leased. The property falls within the Draft Parramatta Road Corridor Urban Transformation Strategy (PRCUTS) being led by the NSW Government and Inner West Council for increased density along Parramatta Road.

Desane's management team had previously secured a private ruling with the Australian Taxation Office (ATO) to defer the payment of \$13.9m of capital gains tax brought about by the involuntary sale of 68-72 Lilyfield Road, Rozelle in 2018. The CGT deferral period ended on 30 June 2024. Desane utilised approximately 90% of the deferral by acquiring similar replacement assets during that period in difficult market conditions.

Desane continues to consolidate and review its property asset base during the financial year. At reporting date, there were no other significant events that occurred within its property portfolio.

Retirement of Managing Director

Mr Phil Montrone OAM advised the Board of his intention to retire as Managing Director and CEO of the Company effective 30 July 2024. In acknowledging Mr Montrone's long-standing contribution to Desane, the Chairman, Professor John Sheehan AM, said:

"Phil has made an enormous contribution to the stability and growth of Desane. His Management and knowledge of the property sector has been instrumental in transforming the Company from a building contracting company to a \$100m property group. We thank Phil on behalf of the Company and shareholders for his valued leadership over many years."

Mr Montrone's retirement will enable generational change, with the appointment of Mr Rick Montrone (49) as his replacement. Mr Rick Montrone has served as Director and Head of Property at Desane since 2015.

Managing Director, Mr Rick Montrone, in acknowledging the retirement of Mr Phil Montrone, said:

“Phil leaves the Company well-positioned for management to carry on the consolidation of the existing asset portfolio to its highest and best use. We thank Phil for his leadership over many years, particularly during difficult economic times with the global inflationary impact of the pandemic, rising interest rates and geo-political instability.”

For further information, please visit www.desane.com.au or please contact:

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ABOUT DESANE:

Desane Group Holdings Limited is a leading property investment and development company, based in Sydney, Australia. Integrity, work ethic and a commitment to excellence underpins the basis of Desane's long term vision of ensuring maximum value for its shareholders.

Appendix 4E Preliminary Final Report

This full year final report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

Results for announcement to the market

For the year ended 30 June 2024

(Comparative figures being the year ended 30 June 2023)

	Year Ended 30 June 2024 \$A'000	Year ended 30 June 2023 \$A'000	Change
Revenue			
Property investment – rental	2,206	1,964	12.3%
Property and project management	41	40	0.0%
Profit/(loss) from ordinary activities after tax	1,643	1,317	24.8%
Net profit/(loss) for the period attributable to members	1,643	1,317	24.8%

Dividend information

No final dividend has been declared or proposed in respect of the full year ended 30 June 2024.

Dividend Reinvestment Plan (DRP)

The DRP has been suspended until further notice.

	Current Period	Previous corresponding period
Earnings per security (EPS)		
Basic EPS	4.02 cents	3.22 cents
Diluted EPS	4.02 cents	3.22 cents
Net tangible assets per security		
Net tangible asset backing per Ordinary Share	\$1.62	\$1.58

For a brief explanation of any of the figures reported above, please refer to the Director's Report in the Full Year Financial Report.

This information should be read in conjunction with the 30 June 2024 Full Year Financial Report and the attached media release for commentary and explanation of the results.

The accounts were reviewed by the Company's auditors, whose report is attached as part of the Full Year Financial Report for the year ended 30 June 2024.

All documents comprise the information required under listing rule 4.3A.



FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024



Desane Group Holdings Limited ABN 61 003 184 932 and its controlled entities.

CONTENTS

	PAGE NO
Directors' Report	1 – 8
Auditor's Independence Declaration	9
Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14 – 46
Directors' Declaration	47
Independent Audit Report to the Members	48 – 52
Shareholder Information	53 – 54
Company Particulars	55

These consolidated financial statements are the financial statements of the consolidated entity consisting of Desane Group Holdings Limited and its controlled entities.

The consolidated financial statements were authorised for issue by the Directors on 26 August 2024. The Directors have the power to amend and reissue the consolidated financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: desane.com.au

The Directors of Desane Group Holdings Limited ("Desane" and "the Company") present their report, together with the financial report of the Company and its controlled entities for the financial year ended 30 June 2024.

Directors and Directors' Interests

Prof. John B Sheehan AM, Independent Non-Executive Director and Chairman		
Expertise and experience	Prof. Sheehan, a Life Fellow member of the Australian Property Institute (NSW division), has over 30 years' experience and expertise in property compensation law, town and country planning and environmental law. He has been a board member since the Company's incorporation in 1987 and was appointed as Chairman in 1992, which he currently serves.	
Special responsibilities	Chairman of the Remuneration & Nomination Committee Chairman of the Environmental, Occupational Health and Safety Committee Member of the Risk Management & Audit Committee Member of the Finance & Operations Committee	
Interests in Desane	Ordinary shares	179,305

Mr Phil Montrone OAM, Managing Director (retired 30 July 2024)		
Expertise and experience	Mr P Montrone has over 30 years' experience and expertise in property investment, acquisitions, development and project management. He has been a significant board member since the Company's incorporation in 1987 and was appointed as Managing Director in 1987, which he currently serves.	
Special responsibilities	Member of the Risk Management & Audit Committee Member of the Finance & Operations Committee Member of the Environmental, Occupational Health & Safety Committee	
Interests in Desane	Ordinary shares	14,596,076

Mr Rick Montrone, Director (appointed Managing Director 30 July 2024)		
Expertise and experience	Mr R Montrone, who was appointed as Director in 2015, has over 20 years' experience in property investment, acquisitions, developments, management, leasing, sales and project management. Mr Montrone is a licensed real estate agent and an associate member of the Australian Property Institute.	
Special responsibilities	Member of the Risk Management & Audit Committee Member of the Finance & Operations Committee Member of the Environmental, Occupational Health & Safety Committee	
Interests in Desane	Ordinary shares	303,721

Mr Peter Krejci, Independent Non-Executive Director		
Expertise and experience	Mr Krejci has over 25 years' experience and expertise in corporate management and is a founding Principal of BRI Ferrier. His professional experience covers financial services, property and construction, retail, logistics, manufacturing and mining. Mr Krejci was appointed as a board member on 8 July 2019.	
Special responsibilities	Chairman of the Risk Management & Audit Committee Member of the Remuneration & Nomination Committee Member of the Finance & Operations Committee Member of the Environmental, Occupational Health & Safety Committee	
Interests in Desane	Ordinary shares	Nil

Company Secretary

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

Mr Jack Sciara, Company Secretary		
Expertise and experience	Mr J Sciara joined Desane in 2001 and has over 25 years' experience and expertise in corporate accounting and taxation. Jack was appointed as Company Secretary in 2016. His role in the Company includes developing financial and tax strategies for the Group, investor relations, ASX compliance and corporate governance and overseeing the financial operations and financial reporting of all controlled entities. Jack is a member of the Institute of Public Accountants and a registered Tax Practitioner.	
Special responsibilities	Chief Financial Officer and Company Secretary (appointed Director 30 July 2024)	
Interests in Desane	Ordinary shares	103,000

Meetings of Directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the company during the financial year are:

Director	Directors' Meetings and Finance & Operations Committee Meetings		Risk Management & Audit Committee Meetings	
	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held
J B Sheehan	12	12	2	2
P Montrone	12	12	2	2
R Montrone	11	12	2	2
P Krejci	12	12	2	2
J Sciara	12*	12	2*	2
	Remuneration & Nomination Committee Meetings		Environmental & Occupational Health & Safety Committee Meetings	
	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held
J B Sheehan	1	1	1	1
P Montrone	-	1	1	1
R Montrone	-	1	1	1
P Krejci	1	1	1	1
J Sciara	1*	1	1*	1

* As Company Secretary

Principal Activities

There were no significant changes in the principal activities of the Company during the financial year, which were:

- Property investment; and
- Property development (residential and mixed use).

Operating and Financial Review

The Group recorded a consolidated statutory net profit after tax for the year of \$1.65m (2023: \$1.31m). Statutory net profit after tax has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, which comply with International Financial Reporting Standards.

	2024 \$'000	2023 \$'000		
The profit of the consolidated group, after providing for income tax amounted to	1,643	1,317		
A summary of consolidated financial results by operational segments is set out below:				
	Total Revenue 2024 \$'000	2023 \$'000	Segment Result 2024 \$'000	2023 \$'000
Property investment – rental	2,206	1,964	(354)	(316)
Property management and services	41	40	41	40
Property investment – net revaluations	3,228	2,504	3,228	2,504
Interest income	714	984	714	984
	6,189	5,492	3,629	3,212
Less: Unallocated expenses			(1,325)	(1,307)
Operating profit			2,304	1,905
Income tax (expense)/benefit attributable to operating profit			(289)	-
Deferred tax attributable to operating profit			(372)	(588)
Operating profit after income tax attributable to members of Desane Group Holdings Limited			1,643	1,317

Financial Review

Desane achieved a sound financial result for the 2024 financial year. The Group's operational revenues improved whilst expenses have remained steady. The Group's property portfolio has continued to grow year on year.

As a result of a continued strong western Sydney industrial market, the Penrith asset has been independently valued to \$13.5m, as reported in the Group's HY24 results, representing an increase of 35% on the previous corresponding period.

Furthermore, in consequence of diligent and prudent management of the Group's property leases, the Group achieved an increase of 12.3% in rental income.

The Group's total assets now stand at \$101.7m.

Despite the continued challenging economic climate ahead, Desane will continue to focus on three main objectives into the new financial year and beyond:

1. Strategic investment acquisitions which will bolster ROE and rental income streams;
2. Evaluate its development projects with an eye to achieving maximum value outcomes; and
3. Review capital management strategies to ensure capacity to grow and continued shareholder dividends.

Capital Gains Tax Deferral

Following the involuntary sale of the Rozelle property in September 2018, as part of the compulsory acquisition by Roads and Maritime Services, a Capital Gains Tax (CGT) event was triggered for approximately \$13.9m.

Desane's management secured a private ruling with the Australian Taxation Office (ATO) to defer the payment of the \$13.9m CGT until 30 June 2024, allowing Desane ample time to acquire suitable replacement assets.

The CGT deferral period ended on 30 June 2024. Desane utilised approximately 90% of the deferral by acquiring similar replacement assets during that period in difficult market conditions. Included in the deferred tax liability of \$20.1m is approximately \$11.9m of CGT remaining from the involuntary sale of the Rozelle property.

Dividends Paid or Recognised

	2024 \$'000	2023 \$'000
Dividends paid or declared for payment are as follows:		

No dividend was declared for the full year ended 30 June 2024	-	-
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Dividend Reinvestment Plan (DRP)

The DRP has been suspended until further notice.

Significant Changes in State of Affairs

There was no significant change in the state of affairs of the Group.

Events Subsequent to Balance Date

In July 2024, Desane repaid \$3.6m of its bank debt facility.

On 30 July 2024, the following Board and KMP changes were announced:

- The Managing Director / CEO, Phil Montrone, announced his retirement;
- Rick Montrone, Executive Director / Head of Property, was appointed as Managing Director / CEO;
- Jack Sciara, Chief Financial Officer / Company Secretary, was appointed as Executive Director / Chief Financial Officer / Joint Company Secretary; and
- Kylie Ichsan, Financial Accountant, was appointed Financial Accountant / Joint Company Secretary.

Likely Developments

The Group continues to pursue its strategy of focusing on its core operations, utilising a strengthened statement of financial position to provide support to grow and develop these operations.

Environmental Regulation

The consolidated group complies with all relevant legislation and regulations in respect to environmental matters. No matters have arisen during the year in connection with Desane's obligations pursuant to Commonwealth and State environmental regulations.

Occupational Health and Safety Regulations

The consolidated group complies with all relevant legislation and regulations in respect to occupational health and safety matters.

Desane's workplace environment and practices are regularly reviewed to ensure that the safety of its staff and visitors is a priority.

All staff members being given the option and equipment to work from home and all Board members being given the option to attend Board meetings remotely.

All properties owned and managed by Desane, both in NSW and QLD, also adhere to Occupational Health and Safety requirements. Staff members and contractors (on behalf of Desane) attending properties ensured that all site safety measures were followed.

AUDITED REMUNERATION REPORT

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

Remuneration Policy

The remuneration policy of Desane Group Holdings Limited has been designed to align director and executive objectives with shareholder and business objectives. The board of Desane Group 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.

Approach to Remuneration

The Group is committed to applying fair and equitable remuneration practices, taking into account the Company's corporate strategy, objectives and shareholder returns.

The Group's current remuneration framework includes:

1. Fixed remuneration
2. Incentive schemes
3. Executive agreements

Fixed Remuneration

Fixed remuneration includes a base salary, statutory superannuation and all other statutory entitlements. Fixed remunerations are reviewed annually by the Remuneration Committee and are based upon performance, qualification, experience and current market practices. The Remuneration Committee accesses external independent advice if required.

Incentive Schemes (Discretionary Remuneration)

Short Term Incentives

A discretionary Short Term Incentive ("STI") cash bonus may be offered to executives and key management personnel ("KMP") at the discretion of the Remuneration Committee. STIs align the achievement of strategic short term objectives for the long term benefit of the Company and its shareholders. The total potential STI available is set at a level that provides sufficient incentive to the executive to achieve the operational targets at a cost to the Group that is reasonable.

Approved STIs depend on the extent to which specific targets set by the Board at the beginning of the financial year (or shortly thereafter) are achieved. The targets consist of a number of Key Performance Indicators ("KPI") which are linked to the Company's strategic business objectives such as (but not limited to):

- Dividends paid;
- Earnings before interest and tax ("EBIT");
- Net profit after tax ("NPAT");
- Operational performance; and
- Net tangible asset ("NTA") per share.

On an annual basis, after consideration of the Group's performance against KPIs, the remuneration committee determines the amount, if any, of the STI to be paid to KMP.

For the financial year ended 30 June 2024, there was no approval or payment of an STI bonus to KMP (2023: \$-).

Consequences of Performance on Shareholder Wealth

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee have regard to the following indices in respect of the current and previous financial years.

	2024	2023	2022
NPAT for the year at 30 June	\$1.65m	\$1.31m	\$4.64m
Dividends paid per share (cents)	-	-	-
Closing share price at 30 June	\$0.95	\$0.88	\$1.100
Earnings/(loss) per share (cents) at 30 June	4.02	3.22	11.35
Ordinary shares on issue at 30 June	40,909,990	40,909,990	40,909,990
NTA per share at 30 June	\$1.62	\$1.58	\$1.55

Executive Agreements

Executive agreements are formal legal agreements between the Company and all executives and KMP. The agreements are executed in line with the Corporations Act and will define terms of employment, role and responsibilities, performance expectations, specify termination payment arrangements, provide provisions for performance related bonuses and ensure transparency for the Company and its shareholders.

Executive agreements are generally reviewed every three years (unless required earlier) by the executive, KMP and the Remuneration Committee to ensure that they are adequate and updated if required.

Termination benefits are within the limits set by the *Corporations Act 2001* such that they do not require shareholder approval.

Name	Commencement Date	Term of Agreement & Notice Period	Base Salary Including Superannuation \$'000	Termination Payments / Benefits \$'000
P Montrone	1 September 1987	No fixed term & 12 months	401	-
R Montrone	2 November 2003	No fixed term & 12 months	428	-
J Sciara	3 September 2001	No fixed term & 12 months	238	-

Non-Executive Directors

Total compensation for all non-executive directors, last voted on at the 2015 Annual General Meeting, is not to exceed \$300,000 per annum. Currently, non-executive directors are compensated to a total of \$0.2m per annum (2023: \$0.1m), inclusive of superannuation. The 2024 non-executive director fees are 50.1% (2023: 48%) of the aggregate maximum sum approved by shareholders.

The base fee for the Chairman is \$88,200 per annum and \$63,814 per annum for other non-executive directors. Base fee cover all main board activities and membership of all board committees. Non-executive directors are not provided with retirement benefits apart from statutory superannuation if applicable.

Details of Remuneration for year ended 30 June 2024

The remuneration for each director and the executive officer of the consolidated entity receiving the highest remuneration during the year was as follows:

	Salary & Fees \$'000	Short Term Benefits		Total \$'000
		STI Cash Bonus \$'000	Superannuation \$'000	
Directors				
John B. Sheehan (non-executive)	88	-	-	88
Peter Krejci (non-executive)	58	-	6	64
Phil Montrone	252	-	28	280
Rick Montrone	386	-	42	428
Chief Financial Officer/Company Secretary				
Jack Sciara	214	-	24	238
	998	-	100	1,098

Indemnifying Officers or Auditor

The company or consolidated group has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

The company paid a premium of \$41,548 to insure the directors of the company and controlled entities. The policy provides cover for individual directors and officers of the company, in respect of claims made and notified to the insurer during the policy period for losses and expenses incurred in defence of claims for any alleged wrongful acts arising out of their official capacities. It will also reimburse the company for any liability it has to indemnify the directors or officers for such losses.

It is noted that the company's Constitution allows an officer or auditor of the company to be indemnified by the company against any liability incurred by him in his capacity of officer or auditor in defending any proceedings in which judgement is given in his favour.

Options

No options have been granted over unissued shares during the financial year and there are no outstanding options at 30 June 2024.

Non-audit Services

The board of directors, in accordance with the advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2024.

	\$'000
Taxation services	<u>4</u>

Auditor's Independence Declaration

The lead auditor's Independence Declaration for the year ended 30 June 2024, has been received and can be found on page 9 of the Financial Report.

ASIC Class Order 98/100 Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

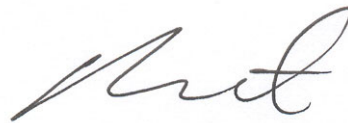
Corporate Governance Statement

Desane is committed to implementing sound standards of corporate governance. The Group has taken into consideration the ASX Corporate Governance Council's Corporate Governance principles and Recommendations (4th Edition) ("ASX Recommendations"). The Group's corporate governance statement outlines the key principles and practices of the Company. A copy of the Group's Corporate Governance Statement has been placed on the Group's website under the About Us tab in the Corporate Governance Section - desane.com.au/about/corporate-governance/

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors, at Sydney, this 26th day of August 2024.



J B Sheehan
Director
Sydney



R Montrone
Director
Sydney

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO DIRECTORS OF DESANE GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES**

As the lead auditor for the audit of the Desane Group Holdings Limited and its controlled entities for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

GCC Business & Assurance Pty Ltd.

GCC BUSINESS & ASSURANCE PTY LIMITED
(Authorised Audit Company No. 307963)



Juebin Chen
Director
Sydney, 21 August 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2024

	Note	Consolidated Group 2024 \$'000	2023 \$'000
Continuing Operations			
Revenue	2	2,247	2,004
Other income	2a	714	984
Gain/(loss) on revaluation of investment properties	2	3,228	2,504
Employee benefits expense		(1,248)	(1,209)
Depreciation and amortisation expense		(48)	(44)
Finance costs		(862)	(677)
Other expenses from ordinary activities		(1,727)	(1,657)
Profit before income tax		2,304	1,905
Income tax expense	4	(289)	-
Income tax deferred	4	(372)	(588)
Profit from continuing operations		1,643	1,317
Other comprehensive income		-	-
Net Profit (after income tax)		1,643	1,317
Profit attributable to minority equity interest		-	-
Profit attributable to members of the parent entity		1,643	1,317
Earnings per Share:			
Overall Operations			
Basic earnings per share (cents per share)	8	4.02	3.22
Diluted earnings per share (cents per share)	8	4.02	3.22
Continuing Operations			
Basic earnings per share (cents per share)		4.02	3.22
Diluted earnings per share (cents per share)		4.02	3.22

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	Consolidated Group 2024 \$'000	2023 \$'000
Current Assets			
Cash and cash equivalents	9	3,458	2,696
Trade and other receivables	10	331	376
Other current assets	11	486	500
Other financial assets	12	5,116	10,690
Total Current Assets		9,391	14,262
Non-current Assets			
Inventory – development property	13	4,417	4,382
Investment properties	14	84,785	77,473
Property, plant and equipment	15	2,287	2,331
Other assets	11	91	134
Other financial assets	12	680	180
Total Non-current Assets		92,260	84,500
Total Assets		101,651	98,762
Current Liabilities			
Trade and other payables	16	884	264
Borrowings	17	5,900	13,900
Provisions	18	345	104
Total Current Liabilities		7,129	14,268
Non-current Liabilities			
Trade and other payables	16	2	2
Borrowings	17	8,000	-
Provisions	19	66	53
Deferred tax liability	22	20,074	19,702
Total Non-current Liabilities		28,142	19,757
Total Liabilities		35,271	34,025
Net Assets		66,380	64,737
Equity			
Issued capital	20	21,213	21,213
Retained earnings	21	45,167	43,524
Total Equity		66,380	64,737

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

Consolidated Group

	Issued Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2023	21,213	43,524	64,737
Shares issued during the year	-	-	-
Profit attributable to members of the parent entity	-	1,643	1,643
	21,213	45,167	66,380
Dividends paid or recognised for the year	-	-	-
Balance at 30 June 2024	21,213	45,167	66,380

	Issued Capital \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2022	21,213	42,207	63,420
Shares issued during the year	-	-	-
Profit attributable to members of the parent entity	-	1,317	1,317
	21,213	43,524	64,737
Dividends paid or recognised for the year	-	-	-
Balance at 30 June 2023	21,213	43,524	64,737

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 June 2024

	Note	Consolidated Group 2024 Inflows (Outflows) \$'000	2023 Inflows (Outflows) \$'000
Cash flows from operating activities			
Receipts from customers		2,626	2,131
Payments to suppliers and employees		(1,749)	(3,680)
Interest received		786	848
Finance costs		(852)	(677)
Net cash provided by (used in) operating activities	29	811	(1,378)
Cash flows from investing activities			
Purchase of property, plant and equipment		(4)	(54)
Purchase of development properties		(35)	(27)
Purchase of investment properties		(3,715)	-
Purchase of financial assets		(1,000)	(180)
Proceeds from sale of financial assets		5,074	2,577
Capital costs of investment properties		(369)	(301)
Net cash provided by (used in) investing activities		(49)	2,015
Cash flows from financing activities			
Dividends paid by parent entity		-	-
New borrowings		-	-
Rental bonds received		-	-
Net cash provided by (used in) financing activities		-	-
Net increase/(decrease) in cash held		762	637
Cash at beginning of financial year		2,696	2,059
Cash at end of financial year	9	3,458	2,696

The accompanying notes form part of these financial statements.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

The financial report covers the economic entity of Desane Group Holdings Limited and its controlled entities. The separate financial statements of the parent entity, Desane Group Holdings Limited, have not been presented within this financial report, as permitted by the Corporations Act, 2001. Desane Group Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The consolidated financial statements are presented in Australian dollars, which is the functional currency for the parent company and its controlled entities.

The financial statements were authorised for issue on 26 August 2024 by the directors of the Company.

The financial statements are a general purpose financial report, that have been prepared in accordance with the Corporations Act, 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board ("AASB") and the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards, as issued by IASB.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The accounting policies set out below have been consistently applied to all years presented.

Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent entity controlled by Desane Group Holdings Limited and all of its controlled entities. Desane Group Holdings Limited controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A list of controlled entities is contained in note 30 to the financial statements. All controlled entities have a 30 June financial year end.

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

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Non-controlling interests, being the equity in a controlled entity not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Note 1: Summary of Significant Accounting Policies (continued)

b. Income Tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using the applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amount expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on the temporary differences arising between the tax base of the assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or a liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets or liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that the net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Desane Group Holdings Limited and its wholly owned Australian controlled entities have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the controlled entities are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income.

c. Inventories

Development Property

Land held for development and sale is measured at the lower of cost and net realisable value. Net realisable value is determined on the basis of like sales in the location and assess likelihood of full recovery of costs on the ultimate sale of the property. Costs include the cost of acquisition, development, borrowing costs and holding costs until the completion of development. Gains and losses are recognised in the statement of profit and loss on the signing of an unconditional contract of sale if significant risks and rewards and effective control over the property passes to the purchaser at this point.

Inventory is classified as current when development is expected to be developed and available for sale in the next twelve months, otherwise it will be classified as non-current.

Note 1: Summary of Significant Accounting Policies (continued)

If applicable, the carrying value will include revaluations applied to the asset during the period the property was classified as an investment property.

d. Property, Plant and Equipment

Property

Freehold land and buildings are carried 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 accumulated impairment losses and accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

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

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

Plant and equipment are measured on a 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 that 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.

Depreciation

The depreciable amount of plant and equipment is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor vehicles	15%
Plant and equipment	2.5%-33%
Office and computer equipment	10%-33%

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

An asset's carrying value 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 consolidated statement of profit and loss.

e. Investment Properties

Investment properties, comprising freehold office and industrial complexes, are held to generate long-term rental yields and capital gains. All tenant leases are on an arm's length basis. The fair value model is applied to all investment property and each property is reviewed at each reporting date. The fair value is defined as the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Each property is independently valued at least every three years by registered valuers who have recognised and appropriate professional qualifications, and recent experience in the location and category of investment property being valued. Changes to fair value are recorded in the statement of profit and loss as revenue from non operating activities. Acquired investment properties are recognised in the statement of financial position when control of the property is attained and the Group derives the benefits of ownership.

Note 1: Summary of Significant Accounting Policies (continued)

Investment properties under construction are measured at the lower of fair value and net realisable value. Cost includes the cost of acquisition, development and interest on financing during development. Interest and other holding charges after practical completion are expensed as incurred.

Investment properties are maintained at a high standard and, as permitted by accounting standards, the properties are not depreciated.

Rental revenue from the leasing of investment properties is recognised in the statement of profit and loss and other comprehensive income in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the properties. All tenant leases are on an arm's length basis.

f. Leases

Leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the lease term.

g. Financial Instruments

The Group has adopted AASB 9: Financial Instruments.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value through profit or loss, or amortised cost using the effective interest method, or cost.

The Group has interests in the following financial assets:

(i) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. Interest income is recognised in profit or loss when received. On maturity, the financial asset is derecognised and re-classified as cash at bank.

h. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit and loss.

Note 1: Summary of Significant Accounting Policies (continued)

i. Employee Benefits

Short-term Employee Benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

j. 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.

k. 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 statement of financial position.

Note 1: Summary of Significant Accounting Policies (continued)

I. Revenue and Other Income

The Group has applied AASB 15: Revenue from Contracts with Customers.

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

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment. The Group derives revenue from investing in properties for rental and capital appreciation over time.

Revenue from sale of properties held for resale and non-current property or other assets is brought to account when control over the property is transferred to the purchaser, often on the signing of an unconditional contract of sale if the significant risks and rewards and effective control over the property passes to the purchaser at this point.

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. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

m. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

n. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred.

p. 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 Tax 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 statement of financial position 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 financial activities, which are disclosed as operating cash flows.

q. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in the presentation in the financial year. When the Group retrospectively applies an accounting policy and makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

r. Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100. Accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000.

s. Critical Accounting Estimates and Judgements

The preparation of the financial reports requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial reports. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the results of which form the basis of the carrying value of assets and liabilities. The resulting accounting estimates may differ from actual results under different assumptions and conditions.

Key estimates and assumptions that have a risk of causing adjustment with the next financial year to the carrying amounts of assets and liabilities recognised in these financial reports are:

(i) *Impairment – property valuations*

Critical judgements are made by the Group in respect of the fair values of investment properties. The fair value of these investments are reviewed regularly by management with reference to external independent property valuations and market conditions existing at reporting date, using generally accepted market practices.

The critical assumptions underlying management's estimates of fair values are those relating to the passing rent, market rent, occupancy, capitalisation rate, direct comparison to market sales evidence, terminal yield and discount rate. If there is any change in these assumptions or economic conditions, the fair value of the property investments may differ. Assumptions used in valuation of property investments are disclosed in note 14.

(ii) *Impairment – general*

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group the property sector or the economy in general that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

t. New and Amended Policies Adopted by the Group

- *AASB 2020-: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The Group has adopted this standard for the year ended 30 June 2024.

- *AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*

AASB 2022-6 amends AASB101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group has adopted the amendment for the current year ended 30 June 2024 (note 17).

Notes to the Financial Statements
For the year ended 30 June 2024

Note 2: Revenue and Other Income

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Revenue from Continuing Operations		
Property rental income	2,206	1,964
Property management fees and services	41	40
Total Revenue from Continuing Operations	2,247	2,004
Other Revenue		
a. Interest revenue from:		
- other persons	714	984
Total Other Revenue	714	984
Total Revenue	2,961	2,988
Other Income		
Property investment – net revaluations	3,228	2,504
Total Other Income	3,228	2,504

Note 3: Profit for the Year

Profit before income tax from continuing operations includes the following specific expenses:

	Note	Consolidated Group	
		2024	2023
		\$'000	\$'000
Expenses			
Auditors' remuneration	6	94	89
Depreciation of plant and equipment		48	44
Finance costs:			
- External		862	677
Transfer to/(from) provisions for:			
- Employee entitlements		(33)	(66)
Direct property expenditure from investment property generating rental income		1,109	889

Note 4: Income Tax Expense

a. The components of tax expense comprise:

	Note	Consolidated Group	
		2024	2023
		\$'000	\$'000
Current tax		289	-
Deferred tax	22	372	588
		661	588

Note 4: Income Tax Expense (continued)

- b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:

	Note	Consolidated Group 2024 \$'000	2023 \$'000
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2023: 30%)			
- consolidated group		691	572
Add:			
Tax effect of:			
- adjustment for prior year tax provision		(54)	-
- other accruals/provisions		23	27
- other non-allowable items		1	1
- other items not included in taxable income		-	(12)
Income tax attributable to entity		661	588
The applicable weighted average effective tax rates		28.7%	30.8%

Note 5: Key Personnel Compensation

- a. Names and position held of economic and parent entity key personnel in office at any time during the financial year are:

Key Personnel	Position
Prof. John B. Sheehan AM	Chairman (non-executive director)
Mr Phil Montrone OAM	Managing Director (retired 30 July 2024)
Mr Peter Krejci	Director (non-executive)
Mr Rick Montrone	Director – Head of Property (appointed Managing Director 30 July 2024)
Mr Jack Sciarra	Company Secretary and Chief Financial Officer (appointed Executive Director 30 July 2024)

- b. **Compensation Practices**

The board's policy for determining the nature and amount of compensation of key personnel for the group is as follows:

The compensation structure for key personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and the overall performance of the company. Employment is on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement key personnel are paid employee benefit entitlements accrued to the date of retirement.

The company may terminate any employee without cause by providing adequate written notice or making payment in lieu of notice based on the individual's annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

All remuneration packages are set at levels that are intended to attract and retain executives capable of managing the economic entity's operations. Refer note 5c.

Notes to the Financial Statements
For the year ended 30 June 2024

Note 5: Key Personnel Compensation (continued)

c. Key Personnel Compensation

2024

Key Personnel	Salary & Fees \$'000	Superannuation \$'000	Short Term Incentives \$'000	Total \$'000
John B. Sheehan	88	-	-	88
Peter Krejci	58	6	-	64
Phil Montrone #	252	28	-	280
Rick Montrone	386	42	-	428
Jack Sciara	214	24	-	238
	998	100	-	1,098

Refer to note 31.

2023

Key Personnel	Salary & Fees \$'000	Superannuation \$'000	Short Term Incentives \$'000	Total \$'000
John B. Sheehan	88	-	-	88
Peter Krejci	58	6	-	64
Phil Montrone	260	27	-	287
Rick Montrone	423	44	-	467
Jack Sciara	214	22	-	236
	1,043	99	-	1,142

d. Shareholdings

Number of shares held by parent entity directors and specified executives.

Key Personnel	Balance 30.06.23 '000	Net Change Other* '000	Balance 30.06.24 '000
John B. Sheehan	179	-	179
Phil Montrone	14,596	-	14,596
Rick Montrone	304	-	304
Peter Krejci	-	-	-
Jack Sciara	203	(100)	103
	15,282	(100)	15,182

* "Net Change Other" refers to shares purchased or sold during the financial year.

Note 6: Auditors' Remuneration

Remuneration of the auditor for the parent entity:

GCC Business Assurance Pty Ltd

- auditing or reviewing the financial report
- taxation services

	Consolidated Group 2024 \$'000	2023 \$'000
	90	85
	4	4
	94	89

Notes to the Financial Statements
For the year ended 30 June 2024

Note 7: Dividends

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Dividends paid		
a. No dividend was declared for full year ended 30 June 2024	-	-
b. The Group has \$- (2023 - \$nil) franking credits available.		

Note 8: Earnings per Share

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Reconciliation of earnings used in the calculation of earnings per share		
Operating profit after income tax	<u>1,643</u>	<u>1,317</u>
Reconciliation of weighted average numbers of ordinary shares used in the calculation of earnings per share		
	Consolidated Group	
	2024	2023
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<u>40,909,990</u>	<u>40,909,990</u>
Basic earnings per share (cents per share)	<u>4.02</u>	<u>3.22</u>
Diluted earnings per share (cents per share)	<u>4.02</u>	<u>3.22</u>

Conversion, call, subscription or issue after 30 June 2024

There has been no conversion to, calls of, or subscription for ordinary shares since the reporting date and before the completion of these accounts.

Notes to the Financial Statements
For the year ended 30 June 2024

Note 9: Current Assets – Cash and Cash Equivalents

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Cash at bank and in hand	458	696
Interest bearing short term deposits	3,000	2,000
	<u>3,458</u>	<u>2,696</u>

The effective interest rate on cash at bank was 1.3% (2023 – 1.0%).

The effective interest rate on short term bank deposits was an average of 4.45% (2023 – 3.0%). These deposits have a weighted average maturity of 90 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:

Cash as above	3,458	2,696
Less: Bank overdraft (refer to note 17)	-	-
	<u>3,458</u>	<u>2,696</u>

Note 10: Current Assets – Trade and Other Receivables

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Trade receivables	331	376

Note 11: Other Assets

(a) Current Assets

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Prepayments and GST receivables	486	500
	<u>486</u>	<u>500</u>

(b) Non-Current Assets

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Formation costs	2	2
Lease payment plan	89	132
	<u>91</u>	<u>134</u>

Notes to the Financial Statements
For the year ended 30 June 2024

Note 12: Other Financial Assets

(a) Current

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Held-to-maturity investments		
Fixed interest securities	5,116	10,690
	<u>5,116</u>	<u>10,690</u>

(b) Non-Current

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Held-to-maturity investments		
Fixed interest securities	680	180
	<u>680</u>	<u>180</u>

The effective interest rate on fixed interest securities is an average of 7.5% pa.

These securities have a weighted average maturity of 365 days.

Note 13: Non-Current Assets – Inventory (Development Property)

	Consolidated Group	
	2024	2023
	\$'000	\$'000
322 Norton Street, Leichhardt – acquisition cost	3,379	3,379
322 Norton Street, Leichhardt – development costs	1,038	1,003
	<u>4,417</u>	<u>4,382</u>

Note 14: Non-current Assets – Properties

Investment properties:

	Note	Consolidated Group 2024 \$'000	2023 \$'000
13 Sirius Road, Lane Cove NSW	14a	8,700	8,715
7 Sirius Road, Lane Cove NSW	14b	10,500	10,528
91 Thornton Drive, Penrith NSW	14c	13,541	10,000
159 Allen Street, Leichhardt NSW	14d	23,024	23,022
16 Industrial Avenue, Wacol QLD	14e	16,021	16,000
270-278 Norton Street, Leichhardt NSW	14f	9,220	9,208
35 Norton Street, Leichhardt NSW	14g	3,779	-
		84,785	77,473

Valuation overview

The basis of the directors' valuation of the investment properties (non-current) is a fair market value as defined in note 1e.

In arriving at their opinion, the directors have reviewed and adopted the following three approaches and methodologies:

1. Capitalisation of current net rental income;
2. Discounted cash flow ("DCF"); and
3. Direct comparison to market sales evidence.

The properties are being valued independently at least every three years. The Group has no restrictions on the realisability of an investment property nor any contractual obligations to construct, develop, perform, repair or enhance an investment property.

- a. The directors' valuation, as at 30 June 2024. An independent valuation was undertaken in June 2024 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.
- b. The directors' valuation as at 30 June 2024. An independent valuation was undertaken in June 2024 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.
- c. The directors' valuation, as at 30 June 2024. An independent valuation was undertaken in February 2024 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.
- d. The directors' valuation as at 30 June 2024. An independent valuation was undertaken in December 2021 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.
- e. The directors' valuation as at 30 June 2024. An independent valuation was undertaken in March 2022 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.
- f. The directors' valuation as at 30 June 2024. An independent valuation was undertaken in January 2023 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.
- g. Valued at cost expenditure as at 30 June 2024. The purchase of the property was settled in February 2024.

Operational Overview

Rental income from investment properties is recognised in the consolidated statement of profit or loss.

Direct operating expenses from investment properties generating rental income and from investment properties not generating rental income are recognised in the consolidated statement of profit or loss.

Notes to the Financial Statements
For the year ended 30 June 2024

Note 14: Non-current Assets – Properties (continued)

Investment Properties

2024

	Acquisition Cost \$'000	Construction Cost \$'000	Other Capital Costs \$'000	Revaluation \$'000	Carrying Value 30.06.2024 \$'000
13 Sirius Rd, Lane Cove NSW	2,900	672	1,422	3,706	8,700
7 Sirius Rd, Lane Cove NSW	2,950	1,137	343	6,070	10,500
91 Thornton Dr, Penrith NSW	4,149	-	1,042	8,350	13,541
159 Allen St, Leichhardt NSW	22,280	-	605	139	23,024
16 Industrial Ave, Wacol QLD	10,073	-	289	5,659	16,021
270-278 Norton St, Leichhardt NSW	7,688	-	82	1,450	9,220
35 Norton St, Leichhardt NSW	3,715	-	64	-	3,779
	53,755	1,809	3,847	25,374	84,785

2023

	Acquisition Cost \$'000	Construction Cost \$'000	Other Capital Costs \$'000	Revaluation \$'000	Carrying Value 30.06.2023 \$'000
13 Sirius Rd, Lane Cove NSW	2,900	672	1,313	3,830	8,715
7 Sirius Rd, Lane Cove NSW	2,950	1,137	339	6,101	10,527
91 Thornton Dr, Penrith NSW	4,149	-	885	4,966	10,000
159 Allen St, Leichhardt NSW	22,280	-	603	139	23,022
16 Industrial Ave, Wacol QLD	10,073	-	268	5,659	16,000
270-278 Norton St, Leichhardt NSW	7,688	-	71	1,450	9,209
	50,040	1,809	3,479	22,145	77,473

Notes to the Financial Statements
For the year ended 30 June 2024

Note 15: Non-current Assets – Property, Plant and Equipment

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Suite 4, 26-32 Pirrama Road, Pyrmont – land and buildings	1,834	1,834
Less: Accumulated depreciation	-	-
	<u>1,834</u>	<u>1,834</u>
Capital works – Suite 4	352	352
Less: Accumulated depreciation	(76)	(62)
	<u>276</u>	<u>290</u>
Depreciable plant and equipment	21	21
Less: Accumulated depreciation	(11)	(10)
	<u>10</u>	<u>11</u>
Leasehold improvements	104	104
Less: Accumulated depreciation	(14)	(12)
	<u>90</u>	<u>92</u>
Office furniture and equipment – at cost	73	145
Less: Accumulated depreciation	(39)	(104)
	<u>34</u>	<u>41</u>
Motor vehicle – at cost	106	106
Less: Accumulated depreciation	(64)	(48)
	<u>42</u>	<u>58</u>
In-house software	23	23
Less: Accumulated depreciation	(22)	(18)
	<u>1</u>	<u>5</u>
Total non-current assets	<u>2,287</u>	<u>2,331</u>

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Capital Works	Leasehold Improvements	Plant & Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated Group					
Balance at the beginning of year	1,834	290	91	116	2,331
Additions	-	-	-	4	4
Disposals/write offs	-	-	-	-	-
Depreciation expense	-	(13)	(3)	(32)	(48)
Carrying amount at the end of the year	<u>1,834</u>	<u>277</u>	<u>88</u>	<u>88</u>	<u>2,287</u>

Notes to the Financial Statements
For the year ended 30 June 2024

Note 16: Trade and Other Payables

(a) Current

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Unsecured liabilities		
Trade payables	884	264
	884	264

(b) Non-Current

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Unsecured liabilities		
Trade payables – rental bonds held	2	2

Note 17: Borrowings

(a) Current

	Note	Consolidated Group	
		2024	2023
		\$'000	\$'000
Secured:			
Bank overdraft	a	-	-
Secured Liabilities – Bank Loans			
Finance for property 13 Sirius Road, Lane Cove	17i	2,950	2,950
Finance for property 7 Sirius Road, Lane Cove	17ii	2,950	2,950
Finance for property 16 Industrial Avenue, Wacol	17iii	-	8,000
		5,900	13,900

a. Bank overdraft secured over Lane Cove properties (refer to note 29).

(b) Non-Current

	Note	Consolidated Group	
		2024	2023
		\$'000	\$'000
Secured Liabilities – Bank Loans			
Finance for property 16 Industrial Avenue, Wacol	17iii	8,000	-
		8,000	-

- i. First mortgage finance secured over 13 Sirius Road, Lane Cove property (note 14a). Covenants imposed by mortgagor require total debt not to exceed 50% of the property value and the EBITDA is required to exceed interest expense by at least 2.0 times. The loan was due to mature on 27 July 2024. In July 2024, \$2,950,000 was repaid and the first mortgage security released.
- ii. First mortgage finance secured over 7 Sirius Road, Lane Cove property (note 14b). Covenants imposed by mortgagor require total debt not to exceed 50% of the property value and the EBITDA is required to exceed interest expense by at least 2.0 times. The loan was due to mature on 27 July 2024. In July 2024, \$650,000 was repaid, reducing the loan facility to \$2,300,000 and the loan facility was renewed for 12 months. The new loan covenants imposed by the mortgagor require total debt not to exceed 50% of the property value and the EBITDA is required to exceed interest expense by at least 1.5 times.

Note 17: Borrowings (continued)

- iii. First mortgage finance secured over 16 Industrial Avenue, Wacol property (note 14e). Covenants imposed by mortgagor require total debt not to exceed 50% of the property value and the EBITDA is required to exceed interest expense by at least 2.0 times. The maturity of the loan is 31 March 2027.

Maturity Schedule

	Interest Rates (average)	Consolidated Group 2024 \$'000	2023 \$'000
27 July 2024	6.32% pa	5,900	5,900
31 March 2027	6.32% pa	8,000	8,000
		13,900	13,900

Note 18: Current Liabilities – Provisions

	Consolidated Group 2024 \$'000	2023 \$'000
Current income tax	289	-
Employee entitlements*	56	104
	345	104

* Movement represents net increase (decrease) in provision set aside.

	Consolidated Group 2024 No	2023 No
Number of employees at year end	7	7

Note 19: Non Current Liabilities – Provisions

	Consolidated Group 2024 \$'000	2023 \$'000
Employee long service leave entitlement*	66	53

* Movement represents provision set aside.

The provision for employee entitlements represents amounts accrued for annual leave and long service leave.

The current position for the employee entitlement includes the total amount accrued for annual leave entitlement and long service leave that have been vested due to employees having completed the required period of service.

Notes to the Financial Statements
For the year ended 30 June 2024

Note 20: Issued Capital

	Consolidated Group	
	2024	2023
	\$'000	\$'000
40,909,990 (2023: 40,909,990) Ordinary Shares fully paid	21,213	21,213

	Consolidated Group		Consolidated Group	
	2024	2023	2024	2023
	Shares	Shares	\$'000	\$'000
Ordinary Shares Fully Paid				
At beginning of the year	40,909,990	40,909,990	21,213	21,213
Ordinary Shares fully paid at reporting period	40,909,990	40,909,990	21,213	21,213

a. Movements in Ordinary Share Capital of the Company

No shares were issued during 2024: nil (2023: nil).

b. Authorised Capital

500,000,000 Ordinary Shares of no par value.

c. Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no significant changes in the strategy adopted by management to control and manage the capital of the Group since the prior year.

Note 21: Retained Earnings

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Retained earnings at beginning of financial year	43,524	42,207
Net profit attributable to members of parent entity	1,643	1,317
Retained earnings at end of financial year	45,167	43,524

Notes to the Financial Statements
For the year ended 30 June 2024

Note 22: Deferred Taxes

	Note	Consolidated Group 2024 \$'000	2023 \$'000
Non-current			
Deferred tax liability comprises:			
Tax allowances relating to property and equipment		12,524	14,457
Revaluation of investment properties		7,612	6,644
Deferred tax asset attributable to tax and capital losses		-	(1,314)
Provisions		(62)	(85)
		<u>20,074</u>	<u>19,702</u>

Reconciliation

Gross Movement

The overall movement in the deferred tax account is as follows:

Opening balance		19,702	19,114
Charge to statement of profit and loss	4	372	588
Closing balance		<u>20,074</u>	<u>19,702</u>

Deferred Tax Liability

Tax allowance relating to property, plant and equipment

Opening balance		14,457	14,405
Charged to the statement of profit and loss		(1,933)	52
Closing balance		<u>12,524</u>	<u>14,457</u>

Revaluation of investment properties

Opening balance		6,644	5,892
Net revaluation during the current period		968	752
Closing balance		<u>7,612</u>	<u>6,644</u>

Deferred Tax Assets

Tax and capital losses

Opening balance		(1,314)	(1,072)
Prior year adjustment		-	-
Tax and capital losses utilised		(1,314)	(242)
Closing balance		<u>-</u>	<u>(1,314)</u>

Provisions

Opening balance		(85)	(111)
Credited to statement of profit and loss		23	26
Closing balance		<u>(62)</u>	<u>(85)</u>

Capital Gains Tax Deferral

Following the involuntary sale of the Rozelle property in September 2018, as part of the compulsory acquisition by Roads and Maritime Services, a Capital Gains Tax (CGT) event was triggered for approximately \$13.9m.

Desane's management secured a private ruling with the Australian Taxation Office (ATO) to defer the payment of the \$13.9m CGT until 30 June 2024, allowing Desane ample time to acquire suitable replacement assets. The CGT deferral period ended on 20 June 2024.

Included in the deferred tax liability of \$20.1m is approximately \$11.9m of CGT remaining from the involuntary sale of the Rozelle property. Approximately \$2.0m CGT has been included in the income tax as at 30 June 2024.

Note 23: Financial Instruments

a. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, mortgage loans with banking institutions, accounts receivable and payable, and loans to and from controlled entities.

Desane's Board of Directors and management are responsible for the monitoring and managing of financial risk exposures on a monthly basis.

The main risks the group is exposed to through its financial instruments are liquidity risk and interest rate risk.

Liquidity Risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Desane manages this risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Obtaining funding from a variety of sources; and
- Investing surplus cash with major financial institutions.

Interest Rate Risk

Exposure to interest rate risks arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2024, approximately 100% of the Group's debt is with a floating interest rate and any balance is fixed interest rate debt.

The group entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods are set out in the following table (note 23d). For interest rates applicable to each class of asset or liability, refer to individual notes to the financial statements. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

The contractual maturities of the financial liabilities are set out below. The amounts represent the future undiscounted principal and interest cash flows relating to the amounts drawn at reporting date.

b. Credit Risk Exposure

The credit risk on financial assets of the consolidated entity which has been recognised in the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts.

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

c. Net Fair Values

On Statement of Financial Position:

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

Off Statement of Financial Position:

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 30. No material losses are anticipated in respect of any of these contingencies.

Notes to the Financial Statements
For the year ended 30 June 2024

Note 23: Financial Instruments (continued)

d. Carrying Amount and Net Fair Values

There is no material difference between the carrying amounts and the net fair values of financial assets and liabilities.

2024	Note	Floating Interest Maturing within 1-5 years \$'000	Fixed Interest Maturing within 1 year \$'000	Fixed Interest Maturing within 1-5 years \$'000	Non-Interest Bearing \$'000	Total \$'000
Financial Assets						
Cash and deposits	9	-	3,458	-	-	3,458
Receivables	10, 11	-	-	-	908	908
Other financial assets	12	-	5,116	680	-	5,796
		-	8,574	680	908	10,162
Weighted average interest rates		0.0%	4.7%	7.0%	0.0%	4.7%
Financial Liabilities						
Trade and other creditors	16	-	-	-	886	886
Interest bearing liabilities	17	13,900	-	-	-	13,900
		13,900	-	-	886	14,786
Weighted average interest rate		6.3%	0.0%	0.0%	0.0%	6.3%
Net financial assets (liabilities)		(13,900)	8,574	680	22	(4,624)
2023						
	Note	Floating Interest Maturing within 1-5 years \$'000	Fixed Interest Maturing within 1 year \$'000	Fixed Interest Maturing within 1-5 years \$'000	Non-Interest Bearing \$'000	Total \$'000
Financial Assets						
Cash and deposits	9	-	2,696	-	-	2,696
Receivables	10, 11	-	-	-	1,009	1,009
Other financial assets	12	-	10,690	180	-	10,870
		-	13,386	180	1,009	14,575
Weighted average interest rates		-	7.0%	7.0%	-	5.8%
Financial Liabilities						
Trade and other creditors	16	-	-	-	266	266
Interest bearing liabilities	17	13,900	-	-	-	13,900
		13,900	-	-	266	14,166
Weighted average interest rate		6.05%				6.05%
Net financial assets (liabilities)		(13,900)	13,386	180	743	409

Note 23: Financial Instruments (continued)

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposure to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by change in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

The net effective variable interest rate borrowings (floating interest rate) expose the Group to interest rate risk which will impact future cash flows and interest charges, are indicated in the above figures. All interest bearing liabilities and their weighted interest rate is shown in note 23(d).

There are no financial liabilities maturing over 5 years.

	Consolidated Group Profit \$'000	Equity \$'000
Year ended 30 June 2024	+/- 206	+/- 206

- interest rate sensitivity calculated at an average of +/- 2%pa.

	Consolidated Group Profit \$'000	Equity \$'000
Year ended 30 June 2023	+/- 278	+/- 278

- interest rate sensitivity calculated at an average of +/- 2%pa.

Held to Maturity Investments

There is an inherent risk associated with investments in fixed interest securities, however, the risks are mitigated by ensuring funds invested are secured with a first registered mortgage security, the term of the investment is for a period of 12 months or less, and the secured property asset has a loan-to-value-ratio (LVR) of less than 50% based on an independent valuation completed by a registered and qualified property valuer.

Note 24: Related Party Transactions

All transactions are under normal commercial terms and conditions.

The Group's main related parties are as follows:

i. *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

ii. *Other related parties:*

Other related parties include entities controlled by the parent entity and entities over which key management personnel have control.

Note 24: Related Party Transactions (continued)

Related parties of Desane Group Holdings Limited (parent entity) fall into the following categories:

a. Controlled Entities

Information relating to controlled entities is set out in note 30. Other transactions between related parties consist of:

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Desane Properties Pty Ltd: Dividend paid	1,350	1,300

b. Directors

The names of the persons who were directors of the parent entity during the financial year are as follows:

- Phil Montrone
- John Blair Sheehan
- Rick Montrone
- Peter Krejci

Information on the remuneration of directors and executives is set out in note 5.

The Managing Director and all executives are permanent employees of Desane Group Holdings Limited.

Trafalgar Contracting Pty Ltd, which is a company owned by Mr Phil Montrone's brother, has provided maintenance and project management services totalling \$48,045 at properties owned by the Group on an arm's length basis. Trafalgar Contracting Pty Ltd has a lease, at arm's length, for premises at 159 Allen Street, Leichhardt.

Mr Jack Sciara provided professional tax services to the Group for the amount of \$4,900 on an arm's length basis. Mr Jack Sciara's spouse and daughter have been employed by Desane Group Holdings Limited on a part time and casual basis respectively, as administration assistants for the accounting and finance department. Their employment is on an arm's length basis.

Mr Rick Montrone's spouse was paid \$30,750 on market terms, for the design and production of annual financial report, as well as the AGM presentation and ongoing website maintenance.

Other than the above transactions, no director has entered into a material contract since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Note 25: Commitments for Expenditure

There are no contractual commitments.

Note 26: Superannuation Commitments

In the case of employees of the holding company and controlled entities, the company contributed 11.0% of each member's salary into the fund nominated by each member. Group companies contribute a minimum amount equal to 11.0% of each member's salary, plus the cost of the insurance coverage, if required, to insure the provision of all benefits to the Fund. The benefits provided by the accumulation fund are based on the contributions and income thereon held by the Fund on behalf of the member. The 11.0% contribution made by group companies is legally enforceable.

The company and its controlled entities have a legally enforceable obligation to contribute to the funds.

The directors are not aware of any other changes in circumstances which would have a material impact on the overall financial position of the funds.

Employer contributions to the plans; consolidated \$127,267 (2023 - \$119,670), parent entity \$84,803 (2023 - \$75,501).

Note 27: Contingent Liabilities

- a. The parent entity has given a letter of support to each of its two controlled entities, to the effect that it will not require repayment of the loan funds advanced in the coming year (refer note 30(ii)).

The shareholders' funds as at 30 June 2024, in the controlled entities concerned were:

	2024 \$'000	2023 \$'000
159 Allen Street Leichhardt Pty Ltd – net assets	(768)	(575)
Desane Properties Pty Limited – net assets	57,933	56,121

b. 7 Sirius Road Property

The parent entity has guaranteed the repayment of the first mortgage finance secured over the 7 Sirius Road property (note 17).

c. 13 Sirius Road Property

The parent entity has guaranteed the repayment of the first mortgage finance secured over the 13 Sirius Road property (note 17).

d. 16 Industrial Avenue Property

The parent entity has guaranteed the repayment of the first mortgage finance secured over the 16 Industrial Avenue property (note 17).

Note 28: Operating Segments – Consolidated Group

Segment Information

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating systems where the segments are considered to have similar economic characteristics and are also similar to the operations and or services provided by the segment.

Types of Operations and Services by Segment

Revenue is derived by the industry segments from the following activities:

- i. Property Development
Development projects (residential, commercial or industrial).
- ii. Property Investment
Rental income from prime real estate investments.
- iii. Property Project Management and Resale
Property project management and resale of commercial, industrial and residential properties, principally in Sydney metropolitan areas.
- iv. Property Services
Property and related services.

Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors, with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment Assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment Liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated Items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Net gains on disposal of available for sale investments;
- Impairment of assets and other non recurring items of revenue or expenses;
- Income tax expense;
- Deferred tax assets and liabilities;
- Current tax liabilities;
- Other financial liabilities;
- Retirement benefit obligations; and
- Administration expenses.

Note 28: Operating Segments – Consolidated Group (continued)

Geographical Segments

The consolidated group operates in one geographical segment being New South Wales, Australia.

Inter-segment Transactions

Inter-segment pricing is based on what would be realised in the event the sale was made to an external party at arm's-length basis.

2024	Property Investment \$'000	Property Development \$'000	Property Services \$'000	Plant and Equipment \$'000	Other \$'000	Consolidated Group \$'000
External sales	2,206	-	41	-	714	2,961
Other segments	-	-	-	-	-	-
Total revenue	<u>2,206</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>714</u>	<u>2,961</u>
Segment result	<u>3,736</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>714</u>	<u>4,491</u>
Unallocated expenses						(1,325)
Finance costs						<u>(862)</u>
Profit/(loss) before income tax						2,304
Income tax expense						<u>(661)</u>
Profit/(loss) after income tax						<u>1,643</u>

2024

Segment Assets

	Property Investment \$'000	Property Development \$'000	Property Services \$'000	Plant and Equipment \$'000	Other \$'000	Consolidated Group \$'000
2023 opening balance	77,473	4,382	-	2,331	14,576	98,762
Unallocated Assets						
Deferred tax assets	-	-	-	-	-	-
Segment Asset Increases/(Decreases) for the Period						
Acquisitions	3,715	-	-	4	-	3,719
Revaluations/(devaluations)	3,228	-	-	-	-	3,228
Capital expenditures	369	35	-	-	-	404
Development expenditures	-	-	-	-	-	-
Depreciation and capital allowance	-	-	-	(48)	-	(48)
Net movement in other segments	-	-	-	-	(4,414)	(4,414)
	<u>84,785</u>	<u>4,417</u>	<u>-</u>	<u>2,287</u>	<u>10,162</u>	<u>101,651</u>

Unallocated Assets

Deferred Tax Assets

Total Group Assets						<u>101,651</u>
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Notes to the Financial Statements
For the year ended 30 June 2024

Note 28: Operating Segments – Consolidated Group (continued)

2024

Segment Liabilities	Property Investment \$'000	Property Development \$'000	Property Services \$'000	Plant and Equipment \$'000	Other \$'000	Consolidated Group \$'000
2023 opening balance	13,900	-	-	-	20,125	34,025
Unallocated Liabilities						
Segment Liabilities Increases/(Decreases) for the Period						
New Borrowings					827	827
Net movement in other segments						
	13,900	-	-	-	20,952	34,852
Unallocated Liabilities						
Deferred Tax Liabilities						372
Total Group Liabilities						35,224

2023	Property Investment \$'000	Property Development \$'000	Property Services \$'000	Plant and Equipment \$'000	Other \$'000	Consolidated Group \$'000
External sales	1,964	-	40	-	984	2,988
Other segments	-	-	-	-	-	-
Total revenue	1,964	-	40	-	984	2,988
Segment result	2,865	-	40	-	984	3,889
Unallocated expenses						(1,307)
Finance costs						(677)
Profit/(loss) before income tax						1,905
Income tax expense						(588)
Profit/(loss) after income tax						1,317

2023

Segment Assets	Property Investment \$'000	Property Development \$'000	Property Services \$'000	Plant and Equipment \$'000	Other \$'000	Consolidated Group \$'000
2022 opening balance	74,668	4,355	-	2,321	16,279	97,623
Unallocated Assets						-
Deferred tax assets						
Segment Asset Increases/(Decreases) for the Period						
Acquisitions				54		54
Revaluations/(devaluations)	2,504					2,504
Capital expenditures	301	27				328
Development expenditures						
Depreciation and capital allowance				(44)		(44)
Net movement in other segments					(1,703)	(1,703)
	77,473	4,382	-	2,331	14,576	98,762
Unallocated Assets						
Deferred Tax Assets						-
Total Group Assets						98,762

Notes to the Financial Statements
For the year ended 30 June 2024

Note 28: Operating Segments – Consolidated Group (continued)

2023

Segment Liabilities	Property Investment \$'000	Property Development \$'000	Property Services \$'000	Plant and Equipment \$'000	Other \$'000	Consolidated Group \$'000
2022 opening balance	13,900				20,303	34,203
Unallocated Liabilities						
Segment Liabilities Increases/(Decreases) for the Period						
New Borrowings					(766)	(766)
Net movement in other segments						
	13,900				19,537	33,437
Unallocated Liabilities						
Deferred Tax Liabilities						588
Total Group Liabilities						<u>34,025</u>

Note 29: Cash Flow Information

a. Reconciliation of Cash Flow from Operations with Profit After Income Tax

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Profit/(loss) after income tax	1,643	1,317
Non-cash flows in profit/(loss)		
Depreciation and amortisation	48	44
(Gain)/loss on asset revaluation	(3,228)	(2,504)
Changes in assets and liabilities		
(Increase)/decrease in trade receivables	45	(5)
(Increase)/decrease in prepayments	14	(101)
(Decrease)/increase in trade payments and accruals	620	(616)
(Decrease)/increase in other payables	-	-
(Decrease)/increase in provisions	(34)	(66)
Increase/(decrease) in deferred taxes payable	372	588
Transfer to financing activities	1,331	(35)
Cash flow from operations	<u>811</u>	<u>(1,378)</u>

Credit Standby Arrangements with Banks

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Credit facility	100	100
Amount utilised	-	-

Bank overdraft facility is arranged with one bank and the general terms and conditions are set and agreed annually. Interest rates are variable and subject to adjustment. Please refer to note 17.

Loan Facilities with Financial Institutions

	Consolidated Group	
	2024	2023
	\$'000	\$'000
Loan facilities	13,900	13,900
Amount utilised	(13,900)	(13,900)

For more details on the loan facilities, please refer to note 17.

Note 30: Parent Entity Disclosures

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Accounting Standards.

		Parent Entity	
	Note	2024 \$'000	2023 \$'000
STATEMENT OF COMPREHENSIVE INCOME			
Result of Parent Entity			
Profit for the period		26	46
Other comprehensive income		-	-
Total profit and comprehensive income for the period		26	46
STATEMENT OF FINANCIAL POSITION			
Current Assets			
Cash		10	7
Other assets		36	36
Non-current Assets			
Trade and other receivables – loans to controlled entities	ii	9,320	9,258
Investment – controlled entities	i	490	490
Property, plant and equipment		78	105
Total Assets		9,934	9,896
Current Liabilities			
Trade and other payables		87	19
Short term provisions		141	197
Total Liabilities		228	216
Net Assets		9,706	9,680
Total Equity			
Issued capital		21,213	21,213
Retained earnings/(accumulated losses)		(11,507)	(11,533)
Total Equity		9,706	9,680

Note 30: Parent Entity Disclosures (continued)

i. Controlled Entities

Investments in controlled entities are unquoted and comprise:

Controlled Entities	Class of Shares	Holding %	Parent Entity		Investment \$'000
			2024	2023	
			Investment \$'000	Holding %	
Desane Properties Pty Ltd	Ordinary	100	490	100	490
159 Allen Street Leichhardt Pty Ltd	Ordinary	100	-	100	-
			<u>490</u>		<u>490</u>

All controlled entities are incorporated in Australia. Desane Properties Pty Ltd declared a dividend of \$1,350,000 out of retained profits (2023: \$1,300,000). 159 Allen Street Leichhardt Pty Ltd declared a dividend of \$nil (2023: \$nil). Desane Contracting Pty Ltd was closed down during the year.

Contribution to profit/(loss) after tax:

	2024 \$'000	2023 \$'000
Desane Group Holdings Limited	(1,324)	(1,254)
Desane Properties Pty Limited	3,161	2,878
Desane Contracting Pty Limited	-	(53)
159 Allen Street Leichhardt Pty Ltd	(194)	(254)
	<u>1,643</u>	<u>1,317</u>

ii. Loans to Controlled Entities

	2024 \$'000	2023 \$'000
Desane Properties Pty Limited	(14,472)	(14,536)
159 Allen Street Leichhardt Pty Ltd	23,792	23,794
	<u>9,320</u>	<u>9,258</u>

Guarantees

Desane Group Holdings Limited has not entered into any guarantees, in the current or previous financial year, in relation to the above debts of its controlled entities.

Capital Commitments

Desane Group Holdings has no capital commitments to note.

Contractual Commitments

At 30 June 2024, Desane Group Holdings Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment or any other affairs (2023: Nil).

Note 31: Events after the Reporting Date

In July 2024, Desane repaid \$3.6m of its bank debt facility.

On 30 July 2024, the following Board and KMP changes were announced:

- The Managing Director / CEO, Phil Montrone, announced his retirement (refer to note 31(a);
 - Rick Montrone, Executive Director / Head of Property, was appointed as Managing Director / CEO;
 - Jack Sciara, Chief Financial Officer / Company Secretary, was appointed as Executive Director / Chief Financial Officer / Joint Company Secretary; and
 - Kylie Ichsan, Financial Accountant, was appointed Financial Accountant / Joint Company Secretary.
- (a) Together with his accumulated employee entitlements (fully provided in these financial statements), it was resolved to waive the period of notice and pay Mr Phil Montrone a termination benefit of \$360,000 in August 2024.

Note 32: Economic Dependency

A portion of all the Group's investment properties are under financial loans.

Directors' Declaration

In accordance with a resolution of the directors of Desane Group Holdings Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 46 are in accordance with the *Corporations Act 2001* and;
 - a. Comply with Australian Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. Give a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the consolidated group;
2. 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; and
3. The directors have been given the declarations required by a 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Board of Directors.



J B Sheehan
Director
Sydney



R Montrone
Director
Sydney

26 August 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESANE GROUP HOLDINGS LIMITED

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Report on the Financial Report

Opinion

We have audited the financial report of Desane Group Holdings Limited and controlled entities ("the Group") which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies information and the directors' declaration.

In our opinion, the accompanying financial report of the Desane Group Holdings Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2024. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter	How Our Audit Addressed the Key Audit Matter												
1. Valuation of Investment Properties – non current refer note 1(e) and note 14 to the consolidated financial statements. \$,000 <table> <tr> <td>13 Sirius Road, Lane Cove NSW</td><td>8,700</td></tr> <tr> <td>7 Sirius Road, Lane Cove NSW</td><td>10,500</td></tr> <tr> <td>91 Thornton Drive, Penrith NSW</td><td>13,541</td></tr> <tr> <td>159 Allen Street, Leichhardt NSW</td><td>23,024</td></tr> <tr> <td>16 Industrial Avenue, Wacol QLD</td><td>16,021</td></tr> <tr> <td>270-278 Norton Street, Leichhardt NSW</td><td>9,220</td></tr> </table> The properties were valued by the directors based on the methodologies used by independent valuations undertaken by a firm of licensed valuers. During the year, independent valuations were undertaken for the Lane Cove properties in June 2024 and in February 2024 for the Penrith property. Commercial property valuations are sensitive to the key assumptions applied in valuations. In particular, rates of capitalisation of net rental income, the inputs to determine discounted cash flow outcomes and in appropriately assessing market sales evidence in the property sector and location under review.	13 Sirius Road, Lane Cove NSW	8,700	7 Sirius Road, Lane Cove NSW	10,500	91 Thornton Drive, Penrith NSW	13,541	159 Allen Street, Leichhardt NSW	23,024	16 Industrial Avenue, Wacol QLD	16,021	270-278 Norton Street, Leichhardt NSW	9,220	Our procedures included, but were not limited to the following: 1. We confirmed that the independent valuations were undertaken in accordance with both International Financial Reporting Standards (IFRS) 13 and the Australian Property Institute Standards to determine the fair value of the properties. 2. We considered the valuation methods used by the directors to ensure their approach and methodologies accorded with the industry norm for valuations of this nature and that all commonly accepted valuation methods had been considered. 3. The professional membership of the independent valuers was confirmed. 4. We checked the continued reliability of the underlying assumptions used in the valuations to supporting lease agreements and other documents. 5. We compared the inputs in the valuations, including capitalisation rates, discount rates and rental yields to historical data and available industry data for their current relevance and applicability. The relative sensitivity of the inputs was discussed with the directors. 6. We reviewed the Directors' and management's assessment and evidence of comparable market sales for reasonableness. 7. We considered the adequacy of the disclosures in the financial statements. We confirmed that the directors' valuations were in accordance with generally acceptable market valuations with the key assumptions being within the range of current market data. We found the disclosures in the financial statements to be adequate.
13 Sirius Road, Lane Cove NSW	8,700												
7 Sirius Road, Lane Cove NSW	10,500												
91 Thornton Drive, Penrith NSW	13,541												
159 Allen Street, Leichhardt NSW	23,024												
16 Industrial Avenue, Wacol QLD	16,021												
270-278 Norton Street, Leichhardt NSW	9,220												

Description of Key Audit Matter	How Our Audit Addressed the Key Audit Matter
2. Fixed Interest Securities (refer note 12) \$,000 Current 5,616 Non-current <u>180</u> <u><u>5,796</u></u> The fixed interest securities represent loan advances to property investment businesses via designated facilitating financial institutions. Desane's due diligence protocols include requirement of an independent valuation of the underlying property, executed loan agreements, fixed first registered mortgage security and satisfactory loan to the value of the property ratio.	Our procedures included, but were not limited to the following: 1. We confirmed all balances with the financial institutions concerned. 2. We checked the allocation between current and non-current in the financial statements. 3. We spoke to management at each financial institution to assess recoverability of the loans. 4. We verified key documentation including independent valuations, loan agreements and first mortgage registrations. 5. We assessed the reasonableness of loan to valuation ratio. Balances appear fairly stated at 30 June 2024.

Information Other than the Financial Report and the Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 7 of the directors' report for the year ended 30 June 2024. In our opinion, the remuneration report of Desane Group Holdings Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australia Auditing Standards.

GCC Business & Assurance Pty Ltd.

GCC Business & Assurance Pty Ltd
Authorised Audit Company



Juebin Chen
Director
Sydney
Dated: 26 August 2024

Shareholder Information

The shareholder information set out below was applicable as at 5 August 2024.

1. SHAREHOLDING

Distribution of equitable securities:

Category (size of holding)	Number of Ordinary Shares*	Number of Holders of Ordinary Shares	% of Issued Capital
1 - 1,000	30,793	126	0.08
1,001 - 5,000	301,287	117	0.74
5,001 - 10,000	362,274	47	0.89
10,001 - 100,000	4,462,412	116	10.91
100,001 - and over	35,753,224	56	87.39
Rounding			(0.01)
Total	40,909,990	462	100.00

There were 92 holders of less than a marketable parcel of ordinary shares.

* The number of Ordinary Shares on issue as at 30 June 2024 was 40,909,990.

2. TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The names of the 20 largest security holders are listed below:

Name	Ordinary Shares	% Held to Issued Capital
1. Cupara Pty Ltd	11,270,878	27.55
2. J P Morgan Nominees Australia Pty Limited	4,499,201	11.00
3. Montevans Pty Ltd <M & M Super A/C>	2,610,400	6.38
4. Horrie Pty Ltd <Horrie Superannuation A/C>	2,210,294	5.40
5. Glencairn Pty Limited	1,470,000	3.59
6. Citicorp Nominees Pty Limited	1,065,153	2.60
7. PFPT Management Pty Ltd <Pellarini Super Fund A/C>	938,831	2.29
8. Cordato Partners (Superannuation) Pty Ltd <Cordato Partners S/F A/C>	790,409	1.93
9. Dotnric Pty Ltd <Famiglia di Riccardo S/F A/C>	593,579	1.45
10. John & Judith Pty Ltd <Joju Superannuationfund A/C>	582,677	1.42
11. Keiser Investments Pty Ltd <Gann Family Retirement A/C>	556,158	1.36
12. Hillmorton Custodians Pty Ltd <The Lennox Unit A/C>	552,051	1.35
13. BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	418,163	1.02
14. Mansfield Holdings Pty Ltd	400,632	0.98
15. Est Mr Peter Howells	354,953	0.87
16. Oakmount Nominees Pty Ltd <Narromine Super Fund A/C>	330,000	0.81
17. Woodtrone Pty Ltd <Woodtrone Superannuation A/C>	303,721	0.74
18. Waratah Property Services (No 1) Pty Ltd <Rayner Family S/F A/C>	302,005	0.74
19. Whimplecreek Pty Ltd <Stawell Family A/C>	280,000	0.68
20. Joe Scardino & Felicia Scardino	273,555	0.67
	29,802,660	72.85

3. SUBSTANTIAL SHAREHOLDERS

Substantial holders in the Company are set out below:

	Ordinary Number	%
Cupara Pty Ltd	10,246,252	28.27
Greig & Harrison Pty Ltd	4,624,331	11.30
Phoenix Portfolios Pty Ltd	4,560,206	12.36
Montevans Pty Ltd <M & M Super A/C>	2,729,374	6.67

4. VOTING RIGHTS

The voting rights attaching to each class of shares are set out below:

Ordinary Shares

No restrictions. Every member present or by proxy shall have one vote per share and upon a poll, each share shall have one vote.

There are no other classes of equity securities.

Directors & Key Personnel

Prof. John Blair Sheehan AM – Chairman (non-executive director)
Phil Montrone OAM – Managing Director
Rick Montrone – Director
Peter Krejci – Director (non-executive)
Jack Sciara – Company Secretary and Chief Financial Officer

Principal Registered Office in Australia

Suite 4, 26-32 Pirrama Road, Pyrmont NSW 2009

Other Company Details

Postal address: PO Box 331, Leichhardt NSW 2040
Telephone: (02) 9555-9922
E-mail Address: info@desane.com.au
Website: desane.com.au

Share Register

Shareholders with questions about their shareholdings should contact Desane's external share registrar:

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street, Adelaide SA 5000
Postal Address: GPO Box 2975, Melbourne VIC 3001
Telephone enquiries within Australia: 1300-556-161
Telephone enquiries outside Australia: 61-3-9415-4000
Website: www.computershare.com

Please advise the share registrar if you have a new postal address.

Auditor

GCC Business & Assurance Pty Ltd
Suite 807, 109 Pitt Street, Sydney NSW 2000

Bankers

Commonwealth Bank of Australia

Securities Exchange Listing

Desane Group Holdings Limited shares are listed on the Australian Securities Exchange. The ASX code is **DGH**.

Notice of Annual General Meeting

The Annual General Meeting of Desane Group Holdings Limited will be held at Suite 2, Upper Deck, 26-32 Pirrama Road, Pyrmont NSW on Thursday, 14 November 2024, commencing at 10.30 am.