

26 August 2009

The Manager Companies
Australian Stock Exchange (Sydney) Limited
20 Bridge Street
SYDNEY NSW 2000

DESANE GROUP HOLDINGS LIMITED

Preliminary Final Report

For the year ended 30 June 2009

OPERATING RESULT

Desane Group Holdings Limited (“**Desane**”, the “**Company**” or the “**Group**”) advises that the net operating accounting result for the financial year ended 30 June 2009, was an after tax loss of \$2,675,759. This accounting loss occurred as a result of the \$6,057,531 property devaluation for the properties owned by the Group. The accounts were prepared as required according to International Financial Reporting Standards (“**IFRS**”).

Notwithstanding the tough economic conditions which have prevailed during the financial year, the Group achieved an **underlying after tax profit of \$1,482,109**, before property devaluations. This was a pleasing result against a background of across-the-board property devaluations. The Group has achieved 100% occupancy for all the properties it owns and manages and has also achieved a **revenue increase of 11% for the financial year**.

During the financial year, Desane has refinanced 80% of its borrowings, on a long term basis with Australian banks, achieving an average interest rate of sub 5.5% on these borrowings. The savings achieved through the refinancing will **contribute positively** to the Group’s future profits.

NET TANGIBLE ASSETS

The Company’s net tangible asset is now **77 cents per share**, after accounting for deferred tax on the Group’s property investment revaluations. Desane’s total property and other assets now stand at **\$44.5 million**.

DIVIDEND

The Board of Directors has resolved to recommend to shareholders a **final dividend of 2 cents per share unfranked** for the 2009 financial year. The Board is pleased to advise that it expects future dividends to be at least partially franked.

APPENDIX 4E

The Preliminary Final Report for the year ended 30 June 2009 is attached. This report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

The financial data prepared by the Company upon which the attached report is based are drawn up in accordance with applicable Accounting Standards and Urgent Issues Group Consensus Views as if that financial data were prepared in compliance with the Act.

PROPERTY PORTFOLIO

This financial year, the property investment division has continued to consolidate its Sydney based property assets. The Group has, for the most part of the financial year, maintained **100% occupancy**.

i. LANE COVE (Sirius Road)

This **2,400m² high-tech** property is leased to two major Australian corporations on a **long term** basis. The building is a two-level commercial property with 50 basement security parking spaces. This property will continue to show significant rental increases and profit returns to the Group in future years.



ii. LANE COVE (Orion Road)

This **8,000m² five unit industrial complex** is occupied by five large Australian and international corporations, all with medium to long term leases. This property is performing well and will continue to show significant rental increases and profit returns to the Company in future years.



iii. ROZELLE (Lilyfield Road Multimedia Centre)

The **8,000m² Multimedia Industrial Park**, located 3 kilometres from the Sydney CBD, in the suburb of Rozelle, is fully leased to blue chip national tenants. This property is performing well, being in a prime Sydney location. The close proximity of the property to the Anzac Bridge and the Sydney Cross City Tunnel, linking the eastern suburbs to the inner western suburbs of Sydney, should ensure continuing strong capital improvements for this property. Desane has a 70% co-ownership interest in this property. The co-ownership agreement is scheduled to terminate in July 2011.



iv. JG EVANS BUSINESS CENTRE, LIDCOMBE (Nicholas Street)

The **4,000m² JG Evans Business Centre** in the Sydney suburb of Lidcombe, in close proximity of the Olympic precinct, is 100% leased to long term national tenants. Of the seven industrial strata units, three units have been sold, with the remaining four units being considered for sale, depending on market conditions.



v. LANE COVE (Burns Bay Road)

Lane Cove Council has approved the Draft Local Environment Plan for its local government area and is now in the process of completing the Draft Development Control Plan. Our property has been approved for rezoning to High Density Residential R4 with a proposed floor space ratio of 2:1. The directors have been informed that the rezoning is progressing through the NSW Department of Planning for final approval. Subject to final approval, Desane believes that the target value



of **\$35 million to \$40 million** is possible. This property is composed of **12,000m² of land** and includes approximately **8,000m² of industrial building**. The property is fully leased to Australian medical and technology companies. Desane has a 50% interest in this property.

vi. ROZELLE BAY COMMERCIAL CENTRE (Lilyfield Road)

This prime inner Sydney **2,000m² commercial property** is located 3 kilometres from the Sydney CBD, at the western exit of the Anzac Bridge, 100 metres from Victoria Road and the Lilyfield Light Rail Station, and directly across the road from Desane's existing multimedia centre. Desane is proposing to construct a **3,000m² four storey mixed commercial building**, with 56 basement security car parking spaces. In view of the uncertainty surrounding commercial property, Desane has leased the existing building for a period of 12 months, thus postponing its development until market conditions improve.



PROPERTY MANAGEMENT

Desane will continue to be a significant Sydney based **commercial and industrial landlord** and will continue to increase its property holdings as the opportunities arise. The Company currently has over **\$44.5 million** of properties and other assets and it manages an additional **\$18.8 million** of industrial properties in the Sydney metropolitan area.

The Company has retained the property management rights in the properties it owns in joint venture with other corporations. The property management division is continuing to perform well.

The following companies are the medium to long term tenants of the properties owned and/or managed by the Group: **Staging Connections; Arrow Scientific; Talman Computers; The Wool Exchange; Sagem Australasia; Chamberlain Australia; Geometric Surveyors; Pentel; JAV IT Group; PMP Digital; M-Wave Computers; Rodi Clothing; Supreme Foods; Luxury Beverages; Eupharma; Prime BioSeparation; Phebra; ServicePoint Australia; AstraGrace; Pop Impact; Optimed; Sydney Coach Charter; and Sydney Metro.**



FUTURE PROSPECTS

Independent property market indicators are forecasting continuing uncertainty over the next two years for properties located in the Sydney region. Desane is well placed to take advantage of the predicted market conditions. It will continue to closely monitor the Australian property market in order to take advantage of future investment opportunities. It is intended that the Group will not only deal directly in properties but will also continue to be involved in joint venture projects with local and overseas corporations and institutions and may acquire equity in established enterprises which are considered to be of sound potential.

The Company has not engaged in any speculative investment and has not engaged in any activities outside its expertise of property investment and property services and continues to develop its skills and systems to meet its long-term objectives.

The Board looks forward to a tough but successful year for Desane in 2010.

Yours faithfully,

DESANE GROUP HOLDINGS LIMITED

JOHN BARTHOLOMEW
Company Secretary

ABOUT DESANE:

Desane Group Holdings Limited is a significant Sydney based landlord. The areas we specialise in are property investment, property services and property management. Desane owns \$44.5 million of properties and other assets and manages a further \$18.8 million of industrial and commercial properties in the Sydney region. Our medium term objective is to increase our property holdings to \$100 million.

Appendix 4E

Preliminary final report Period ending on or after 30 June 2009

Name of entity

DESANE GROUP HOLDINGS LIMITED

ABN or equivalent company reference

61 003 184 932

Half yearly (tick)

Preliminary final (tick)

Financial year ended ('current period')

30 JUNE 2009

Results for announcement to the market

\$A'000

Revenues from ordinary activities	up/down	11.5%	to	3,179
Profit (loss) from ordinary activities after tax attributable to members	up/down	460%	to	(2,676)
Net profit (loss) for the period attributable to members	up/down	460%	to	(2,676)
Dividends (distributions)	Amount per security	Franked amount per security		
Final Dividend	2¢	0.000¢		
Previous Corresponding Period	2¢	0.857¢		
Record Date	16 NOVEMBER 2009			
Brief Explanation of any of the figures reported above				
<ul style="list-style-type: none"> The final dividend at 2 cents per share unfranked (2008 – 2 cents fully franked) has been recommended on ordinary shares. 				

Dividends

Date the dividend (distribution) is payable

27 NOVEMBER 2009

Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)

16 NOVEMBER 2009

If it is a final dividend, has it been declared?

NO

Amount per security

	Amount per security	Franked amount per security	Amount per security of foreign source dividend
Final dividend: Current year	2¢	0.000¢	-¢
Previous year	2¢	0.857¢	-¢
Interim dividend: Current year	-¢	- ¢	-¢
Previous year	-¢	-¢	-¢

Total dividend (distribution) per security (interim *plus* final)

	Current Period	Previous corresponding period
Ordinary securities	2¢	2¢
Preference securities	-¢	-¢

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per Ordinary security	77 cents	89 cents

Control gained over entities having material effect

Name of entity (or group of entities)

NOT APPLICABLE

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired

\$-

Date from which such profit has been calculated

Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

\$-

Loss of control of entities having material effect

Name of entity (or group of entities) NOT APPLICABLE

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$-
Date to which the profit (loss) in item 14.2 has been calculated	
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$-
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$-

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
Profit (loss) from ordinary activities before tax	397	1,668
Income tax on ordinary activities	(582)	(459)
Profit (loss) from ordinary activities after tax	(185)	1,209
Extraordinary items net of tax	-	-
Net profit (loss)	(185)	1,209
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	(185)	1,209

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
Equity accounted associates and joint venture entities				
Samvoni Pty Ltd / Tuta Properties Pty Ltd	50%	50%	1,076	786
Lilyfield Road Joint Venture	70%	70%	(1,261)	423
Total			(185)	1,209
Other material interests				
Total			(185)	1,209

Comments by directors

1. The company anticipates that it will pay a dividend next year.

Annual meeting

The annual meeting will be held as follows:

Place	68-72 Lilyfield Rd ROZELLE
Date	4 NOVEMBER 2009
Time	10.00 AM
Approximate date the annual report will be available	4 OCTOBER 2009

Compliance statement

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.
2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts to which one of the following applies.
(Tick one)

<input checked="" type="checkbox"/> The accounts have been audited. A copy of the Auditor's Report is attached.	<input type="checkbox"/> The accounts have been subject to review.
<input type="checkbox"/> The accounts are in the process of being audited or subject to review.	<input type="checkbox"/> The accounts have <i>not</i> yet been audited or reviewed.
5. The entity has a formally constituted audit committee.



Sign here: Date: 26 AUGUST 2009
Company Secretary

Print name: JOHN BARTHOLOMEW

This is Annexure A of 64 pages referred to in form 388, Copy of financial statements and reports.

John Bartholomew Date: 26 August 2009

DESANE GROUP HOLDINGS LIMITED

ABN 61 003 184 932

FINANCIAL REPORT

30 JUNE 2009

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DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932
Company Particulars

Directors

John Blair Sheehan – Chairman
Phil Montrone – Managing Director
Antonio Gelonesi – Non-Executive Director

Chief Financial Officer and Company Secretary

John William Bartholomew

Principal Registered Office in Australia

Level 1, 89 Moore Street, Leichhardt NSW 2040

Other Company Details

Postal Address: PO Box 331, Leichhardt NSW 2040
Telephone: (02) 9569-0344
Facsimile: (02) 9550-9363
E-mail Address: info@desane.com.au
Website : www.desane.com.au

Share and Loan Registers

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

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street, Adelaide SA 5000
Postal Address: GPO Box 1903, Adelaide SA 5001
Enquiries within Australia: 1300-556-161
Enquiries outside Australia: 61-3-9615-4000
Email: web.queries@computershare.com.au
Website: www.computershare.com

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

Auditor

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

Solicitors

Cordato Partners
Level 5, 49 York Street, Sydney NSW 2000

Bankers

Commonwealth Bank of Australia

Stock Exchange Listing

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

Notice of Annual General Meeting

The Annual General Meeting of Desane Group Holdings Limited will be held at the Staging Connections Theatre Room, 68-72 Lilyfield Road, Rozelle NSW on Wednesday, 4 November 2009, commencing at 10.00 am.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities Chairman's Report

I present to shareholders the 2009 Desane Group Holdings Limited Annual Report.

The Group's accounts were prepared as required under the International Financial Reporting Standards (IFRS). The impact of the global financial crisis on Australian property values has resulted in a decrease of the Group's net tangible assets. Notwithstanding the impact of the devaluation, the Group's operating profit, before the devaluations, has increased. Therefore, Directors have decided to recommend a **dividend of 2 cents per share** (unfranked).

In my 2008 annual report, I indicated a continuing focus on resources stock which would divert investment funds from the property sector to these stocks. This trend has now abated, however investment funds have tended to be directed towards financial securities which are the beneficiary of the Commonwealth Government guarantee. It is of concern that property values have fallen, but it has to be recognised that Australian property, as an investment vehicle, remains much more robust than in other parts of the world.

The commercial and industrial properties held by the Group remain **fully let** and indeed sought after by prospective tenants. The reduction in official lending rates has meant that the Company has been able to substantially reduce the interest costs on its borrowings, whilst the return from commercial/industrial properties is at an historic high. There are continuing indications that the areas of metropolitan Sydney in which the individual properties in the Group portfolio are situated remain sought after by both tenants and prospective purchasers.

The rezoning of the 12,100m² industrial waterfront complex in Lane Cove to high density residential is drawing closer to approval. The Directors anticipate that full rezoning approval will be obtained during the 2009/2010 financial year. The successful rezoning of this property will ensure a significant increase in net tangible assets for the Group.

This financial year, the Group has maintained its rental income from properties held in the Group's portfolio and it expects rental increases in the current financial year. As previously stated, it is important to note that **all available floor space in the Group's rental properties is leased**. The Group has been markedly successful in refinancing debt secured over these properties, an indication of the significant strength of the Group's property portfolio, even in somewhat sobering times.

Your Board is confident that the market for quality, commercial and industrial properties will become more firm, and that capitalisation rates, whilst subdued, still remain remarkably firm for quality property in the commercial and industrial market. The volatility in the equity markets suggests that increasingly funds will flow into direct property investment, and there is already evidence of this occurring in the retail market especially freestanding shopping centres.

Your Board remains confident that the Group's strategies implemented will result in asset growth for the 2010 financial year, as the property market continues to strengthen as anticipated. The conservative decision making style of your Board and the professional support of the Group Executive has ensured that all of the properties owned and or managed by the Group are fully leased on a medium to long term basis, to robust quality tenants. I congratulate both the Group Executive and the employees of Desane Group Holdings Limited for their efforts over the past year in somewhat turbulent times, which have not greatly impacted upon the Company.

Finally, I would like to welcome those shareholders who have recently joined the Company. The Board looks forward to a long association with those new shareholders during the coming years.



JOHN SHEEHAN
Chairman

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities Corporate Governance Statement for the Year Ended 30 June 2009

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2009.

However, the company's framework is largely consistent with the ASX's recommendations, exceeds them in some areas and, due to the size of the organisation, is not practical to meet some other requirements.

Board Composition

The Desane Board of Directors is responsible for the overall Corporate Governance of the economic entity including its strategy, direction and oversight of the Company's operations on behalf of the shareholders. The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The names of the directors of the company are:

Mr John Sheehan	(non executive Chairman)
Mr Phil Montrone	(Managing Director /CEO)
Mr Antonio Gelonesi	(non executive Director)

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- Less than 10% of company shares are held by the director of any entity or individual directly or indirectly associated with the director;
- No sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- None of the director's income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Mr Sheehan and Mr Gelonesi pass all the criteria to be considered independent directors.

Each director has the right to seek independent professional advice in carrying out his duties at Desane's expense. However, written approval of the Chairman must be obtained prior to incurring any expense on behalf of the company.

In view of the small size and stability of the board, it is not considered necessary to have a nomination committee.

Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- Act honestly and in good faith;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflict of interest;
- Comply with the law;
- Encourage the reporting and investigating of unlawful and unethical behaviour; and
- Comply with the share trading policy outlined in the code of conduct.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Trading Policy

The company's policy regarding directors and employees trading in its securities is set by the board of directors. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities' prices.

Audit Committee

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

Performance Evaluation

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees. This review is on a continuing basis and the performance of individual directors is assessed by the Chairman, having regard to the broader Board review findings and after feedback received from the directors and management.

Board Roles and Responsibilities

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the annual general meeting of Desane Group Holdings Limited, to lodge questions to be responded by the Board and/or the Managing Director, and are able to appoint proxies.

Risk Management

The Board considers the identification and management of key risks associated with the business as vital to maximise shareholder wealth. A continuing of the business's risk profile is undertaken and reviewed by the Board covering all aspects of the business from the operational level through to strategic level risks. The Managing Director has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is continually being monitored and reviewed. The worsening economic environment has emphasised the importance of managing and reassessing its key business risks.

Performance Evaluation

Due to the size and composition of the board, a formalised annual evaluation of the board was not deemed necessary. The performance criteria and goals of the board are subject to continual review. The contributions of all directors are considered to be of a high level and adequate to discharge their duties in full.

Remuneration Policy

The remuneration policy, which sets the terms and conditions for the chief executive officer and other senior executives, was developed by the remuneration committee, and was approved by the board. All executives receive a base salary, superannuation, fringe benefits and retirement benefits. The remuneration committee reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The amount of remuneration for all directors and the highest paid executive, including all monetary and non-monetary components, are detailed in Note 5 to the financial report. All remuneration paid to executives is valued at the cost to the company and expensed.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the highest calibre executives to run the economic entity. This structure should reward them for performance which results in long term growth and shareholder value.

Remuneration Committee

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report.

There are no schemes for retirement benefits other than statutory superannuation for non executive directors.

Other Information

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's website at www.desane.com.au.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities

Directors' Report

The Directors present their report, together with the financial statements of the company and its controlled entities for the financial year ended 30 June 2009.

Directors

The names of directors in office at any time during or since the end of the year are:

Phil Montrone
John Blair Sheehan
Antonio Gelonesi

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

Company Secretary

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

Mr John W Bartholomew (64) – Associate of the CPA. Over the past 21 years, Mr Bartholomew has performed various roles for Desane Group Holdings Limited, in the property investment, property management and financial management of the Desane Group of companies. Mr Bartholomew was appointed Company Secretary on 18 November 1989 for the Desane Group of companies.

Principal Activities

The principal activities of the consolidated group during the financial year were:

- Property investment
- Property project management and resale
- Property services

There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

Operating Results

	2009 \$'000	2008 \$'000
The profit/(loss) of the consolidated group, after providing for income tax amounted to	<u>(2,676)</u>	<u>743</u>

Dividends Paid or Recommended

Dividends paid or declared for payment are as follows:

Ordinary dividend of \$0.02, 100% franked, per share paid on 28 November 2008, recommended in last year's report		\$ 563
Ordinary dividend of \$0.02 unfranked, per share recommended by the Directors from retained earnings	\$ 570	

**DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
Directors' Report (Continued)**

Review of Operations

The overall results of the entity for the 2008/2009 year were satisfactory. All properties are now fully leased and this has impacted favourably on the current results.

The directors report a full financial year loss of \$2,675,759. The operating profit of the year ended 30 June 2008 was \$742,636.

A summary of consolidated revenues and results by significant industry segments is set out below:

	Total Revenue		Segment Result	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$
Equipment hire	101	101	5	57
Property management	129	129	129	129
Property services	87	27	87	27
Property investment – rental	2,325	2,332	582	539
Property investment – net revaluations	(6,058)	(260)	(6,058)	(260)
Project management	500	250	500	250
Interest received	37	12	37	12
Share of net profits and revaluation gains of associates	<u>1,076</u>	<u>786</u>	<u>1,076</u>	<u>786</u>
	<u>(1,803)</u>	<u>3,377</u>	<u>(3,642)</u>	<u>1,540</u>
Less: Unallocated expenses			<u>(760)</u>	<u>(741)</u>
Operating profit/(loss)			<u>(4,402)</u>	799
Income tax attributable to operating profit/(loss)			<u>1,726</u>	<u>(56)</u>
Operating profit/(loss) after income tax attributable to members of Desane Group Holdings Limited			<u>(2,676)</u>	<u>743</u>

a. Property Investment

This financial year, the property investment division has continued to consolidate its Sydney based property assets. The Group has, for the most part of the financial year, maintained **100% occupancy**.

i. LANE COVE (Sirius Road)

This **2,400m² high-tech property** is leased to two major Australian corporations on a **long term** basis. The building is a two-level commercial property with 50 basement security parking spaces. This property will continue to show significant rental increases and profit returns to the Group in future years.

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b. Property Management

Desane will continue to be a significant Sydney based **commercial and industrial landlord** and will continue to increase its property holdings as the opportunities arise. The Company currently has over **\$44.2 million** of properties and other assets and it manages an additional **\$18.8 million** of industrial properties in the Sydney metropolitan area.

The Company has retained the property management rights in the properties it owns in joint venture with other corporations. The property management division is continuing to perform well.

The following companies are the medium to long term tenants of the properties owned and/or managed by the Group: ***Staging Connections; Arrow Scientific; Talman Computers; The Wool Exchange; Sagem Australasia; Chamberlain Australia; Geometric Surveyors; Pentel; JAV IT Group; PMP Digital; M-Wave Computers; Rodi Clothing; Supreme Foods; Luxury Beverages; Eupharma; Prime BioSeparation; Phebra; ServicePoint Australia; AstraGrace; Pop Impact; Optimed; Sydney Coach Charter; and Sydney Metro.***

c. Future Prospects

Independent property market indicators are forecasting continuing uncertainty over the next two years for properties located in the Sydney region. Desane is well placed to take advantage of the predicted market conditions. It will continue to closely monitor the Australian property market in order to take advantage of future investment opportunities. It is intended that the Group will not only deal directly in properties but will also continue to be involved in joint venture projects with local and overseas corporations and institutions and may acquire equity in established enterprises which are considered to be of sound potential.

The Company has not engaged in any speculative investment and has not engaged in any activities outside its expertise of property investment and property services and continues to develop its skills and systems to meet its long-term objectives.

Financial Position

Since incorporation, the group has continued to invest in quality properties to secure its long term success.

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

Significant Changes in State of Affairs

In the opinion of the directors, there are no significant changes in the state of affairs of the consolidated group that occurred during the financial year under review not otherwise disclosed in this report or the consolidated accounts.

After Balance Date Events

At the date of this report and in the opinion of the directors, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Future Developments, Prospects and Business Strategies

The company's medium-term objective is to own and manage **\$100 million of properties** which have strong long-term tenants. Where appropriate, Desane will enter into joint ventures with other property investors. Desane's property investment activities will be supported by the company's expanding cash flow from the property rental and the property service operations.

The current strategy of continuous improvement and an adherence to quality control in existing markets are expected to assist in the achievement of the group's long term goals.

Environmental Issues

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. No matters have arisen during the year in connection with Desane's obligations pursuant to Commonwealth and State occupational health and safety regulations.

**DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
Directors' Report (Continued)**

Information on Directors

John B Sheehan (60) Chairman (Non-executive)

Qualifications Diploma of Town and Country Planning (University of Sydney), Diploma of Urban Studies (Macquarie University), Master of Environmental Law (University of Sydney), Registered Valuer, Chartered Town Planner and Chartered Surveyor.
LFAPI, FRICS, MRTPI, MPIA

Experience Appointed Chairman 1992. Board member since incorporation in 1987. Currently Chairman of all controlled entities of Desane Group Holdings Limited. Currently serving at the University of Technology Sydney, as Deputy Director, Asia-Pacific Centre for Complex Real Property Rights and also as Adjunct Professor, Faculty of Design, Architecture and Building. Chairman, Joint Australian Property Institute NSW & QLD, Carbon Property Rights Committee. Director of Sarasan Pty Limited (since incorporation in 1991). Past President and Life Fellow of Australian Property Institute, NSW Division.

Interest in Shares and Options 132,517 Ordinary Shares in Desane Group Holdings Limited.

Special Responsibilities Mr Sheehan is a Member of the Risk Management and Audit Committee, Chairman of the Remuneration Committee and Chairman of the Environmental, Occupational Health and Safety Committee.

Directorships held in other listed entities Nil.

Antonio Gelonesi (47) Director (Non-executive)

Qualifications Bachelor of Science (Sydney)

Experience Board member since 1995. Director of Desane Group Holdings Limited. Executive Chairman of GreenHouse Capital Limited. Non Executive Chairman of Immogenics Australia Limited. Non Executive Chairman of EnviroCapitalCorp Asia. Associate Director of Deloitte Denmark, Global Climate Change Strategy. Former Treasurer of Banca Monte Paschi and Credit Lyonnais. Twenty six (26) years' banking and finance experience.

Interest in Shares and Options 164,932 Ordinary Shares in Desane Group Holdings Limited.

Special Responsibilities Mr Gelonesi is the Chairman of the Risk Management and Audit Committee, Member of the Remuneration Committee and Environmental, Occupational Health and Safety Committee.

Directorships held in other listed entities Nil.

**DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
Directors' Report (Continued)**

Phil Montrone (57) Managing Director (Executive)

Experience Board Member since incorporation in 1987. Appointed Managing Director of Desane Group Holdings Limited and its controlled entities in 1987. Director of Cupara Pty Ltd. Director of Mansfield Holdings Pty Ltd. Past Director of the Co-operative Federation of NSW Ltd. Served a term as Board Member of the Sydney Bicentennial Park Authority and President of the Police Community Youth Clubs Federation of NSW.

Interest in Shares and Options 10,910,250 Ordinary Shares in Desane Group Holdings Limited.

Special Responsibilities Mr Montrone is a Member of the Environmental, Occupational Health and Safety Committee.

Directorships held in other listed entities Nil.

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 by providing a fixed remuneration component and offering specific long term incentives based on the consolidated group's financial results. 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.

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

- The remuneration policy, setting the terms and conditions for the executive director and other senior executives, was developed by the Remuneration Committee and approved by the board.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.
- The Remuneration Committee reviews executive packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

At present, there are no bonuses or incentive schemes in place. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, and can recommend changes to the committee's recommendations. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth and shareholder wealth.

The executive director and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. They can, however, choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities Directors' Report (Continued)

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in bonus issues.

Performance-based Remuneration

The remuneration policy does not provide for a performance based component of the executive director and executives' remuneration.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between the shareholders and directors and executives. The company believes this policy to have been effective in increasing shareholder wealth over the past 10 years.

The following table shows the gross revenue, profits and dividends for the last five financial years for the listed entity, as well as the share price at the end of the respective financial years. Analysis of the actual figures shows an increase in revenues, as well as maintenance of the dividends paid to shareholders.

Year Ended	2005 \$	2006 \$	2007 \$	2008 \$	2009 \$
Dividends paid/payable	531,487	681,862	818,234	563,264	570,440
Share price at year-end ⁽¹⁾	\$1.00	84.5 cents	77 cents	48 cents	49 cents
Revenue	2,985,340	1,924,258	2,362,543	2,851,075	3,179,016
Net profit/(loss) ⁽²⁾	1,809,017	1,687,301	1,668,366	742,636	(2,675,759)

⁽¹⁾ Adjusted for bonus share issues.

⁽²⁾ Adjusted for AIFRS.

**DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
Directors' Report (Continued)**

Details of Remuneration for year ended 30 June 2009

At present, there are no bonuses or incentive schemes in place for the directors and executives. 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 and Commissions \$'000	Super- annuation Contribution \$'000	Non-cash Benefits \$'000	Total \$'000
Directors				
John B. Sheehan	48	-	-	48
Antonio Gelonesi	35	-	-	35
Phil Montrone	<u>188</u>	<u>57</u>	-	<u>245</u>
	<u>271</u>	<u>57</u>	-	<u>328</u>
Specified Executives				
John Bartholomew	<u>103</u>	-	-	<u>103</u>

Options Issued as Part of Remuneration for the Year Ended 30 June 2009

The remuneration policy does not provide for the issue of options to directors and executives as part of their remuneration.

Employment Contracts of Directors and Senior Executives

The Managing Director and all executives (with the exception of Mr Bartholomew who is employed under contract) are permanent employees of Desane Group Holdings Limited.

**DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
Directors' Report (Continued)**

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		Audit Committee	
	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held
J B Sheehan	12	12	3	3
P Montrone	12	12	3*	3
A Gelonesi	10	12	3	3
	Environmental & Occupational Health & Safety Committee		Remuneration Committee	
	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held
J B Sheehan	2	2	1	1
P Montrone	2	2	1	1
A Gelonesi	2*	2	1	1

* *By Invitation*

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 has paid a premium of \$13,558 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 2009.

Proceedings on Behalf of Company

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

**DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
Directors' Report (Continued)**

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 2009.

\$

Taxation services -

Auditor's Independence Declaration

The lead auditor's Independence Declaration for the year ended 30 June 2009, has been received and can be found on page 17 of the Directors' Report.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/1000 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

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, 2009.



J B Sheehan
Director



P Montrone
Director

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009, there have been:

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

GCC Business & Assurance Pty Ltd.

GCC BUSINESS & ASSURANCE PTY LTD
(Authorised Audit Company)



CHANG CHOW
Director

26 August 2009

Suite 807, 109 Pitt Street, Sydney NSW 2000

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
Income Statement for the Year Ended 30 June 2009

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CLASSIFICATION OF EXPENSES BY NATURE					
Revenue	2	3,179	2,851	800	1,620
Employee benefits expense		(489)	(456)	(489)	(456)
Depreciation and amortisation expense		(105)	(18)	(15)	(18)
Profit from sale of investments		-	-	-	-
Gain/(loss) on revaluation of investment properties		(6,058)	(260)	-	-
Finance costs		(1,364)	(1,354)	6	(6)
Other expenses from ordinary activities		(641)	(750)	(262)	(261)
Share of net profits and revaluation gains of associates	12	<u>1,076</u>	<u>786</u>	-	-
Profit/(loss) before income tax		(4,402)	799	40	879
Income tax expense	4	<u>1,726</u>	<u>(56)</u>	-	-
Profit/(loss) from continuing operations		(2,676)	743	40	879
Profit/(loss) attributable to minority equity interest		-	-	-	-
Profit/(loss) attributable to members of the parent entity		<u>(2,676)</u>	<u>743</u>	<u>40</u>	<u>879</u>
Overall Operations					
Basic earnings per share (cents per share)	8	(9.38)	3.00		
Diluted earnings per share (cents per share)	8	(9.38)	3.00		
Continuing Operations					
Basic earnings per share (cents per share)		(9.38)	3.00		
Diluted earnings per share (cents per share)		(9.38)	3.00		

The accompanying notes form part of these financial statements.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
Balance Sheet as at 30 June 2009

	Notes	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current Assets					
Cash	9	47	43	20	3
Trade and other receivables	10	1,734	1,144	-	-
Other current assets	11	222	85	9	9
Non-current assets classified as held for sale	12	<u>10,840</u>	<u>19,634</u>	<u>-</u>	<u>-</u>
Total Current Assets		<u>12,843</u>	<u>20,906</u>	<u>29</u>	<u>12</u>
Non-current Assets					
Trade and other receivables	13	-	-	12,176	12,516
Investments	14	30,638	26,919	515	515
Property, plant and equipment	15	662	767	11	27
Deferred tax assets	24	344	-	-	-
Intangible assets		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-current Assets		<u>31,644</u>	<u>27,686</u>	<u>12,702</u>	<u>13,058</u>
Total Assets		<u>44,487</u>	<u>48,592</u>	<u>12,731</u>	<u>13,070</u>
Current Liabilities					
Trade and other payables	16	528	566	115	85
Financial liabilities	16	6,704	16,686	-	-
Short term provisions	17	<u>588</u>	<u>593</u>	<u>588</u>	<u>593</u>
Total Current Liabilities		<u>7,820</u>	<u>17,845</u>	<u>703</u>	<u>678</u>
Non-current Liabilities					
Trade and other payables	18	66	104	17	22
Financial liabilities	19	14,575	4,160	-	-
Employee benefits	20	20	10	20	10
Deferred tax liabilities	24	<u>-</u>	<u>1,382</u>	<u>-</u>	<u>-</u>
Total Non-current Liabilities		<u>14,661</u>	<u>5,656</u>	<u>37</u>	<u>32</u>
Total Liabilities		<u>22,481</u>	<u>23,501</u>	<u>740</u>	<u>710</u>
Net Assets		<u>22,006</u>	<u>25,091</u>	<u>11,991</u>	<u>12,360</u>
Equity					
Issued capital	21	11,174	11,013	11,174	11,013
Reserves		-	-	-	-
Retained earnings	22	<u>10,832</u>	<u>14,078</u>	<u>817</u>	<u>1,347</u>
Total Equity		<u>22,006</u>	<u>25,091</u>	<u>11,991</u>	<u>12,360</u>

The accompanying notes form part of these financial statements.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
Statement of Changes in Equity as at 30 June 2009

Consolidated Group

	Issued Capital \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Total \$'000
Balance at 1 July 2007	10,391	13,898	-	24,289
Shares issued during the year	622	-	-	622
Profit/(loss) attributable to members of parent entity	-	743	-	743
Dividends paid or provided for	11,013	14,641	-	25,654
	-	(563)	-	(563)
Balance at 30 June 2008	<u>11,013</u>	<u>14,078</u>	-	<u>25,091</u>
Balance at 1 July 2008	11,013	14,078	-	25,091
Shares issued during the year	161	-	-	161
Profit/(loss) attributable to members of parent entity	-	(2,676)	-	(2,676)
Dividends paid or provided for	11,174	11,402	-	22,576
	-	(570)	-	(570)
Balance at 30 June 2009	<u>11,174</u>	<u>10,832</u>	-	<u>22,006</u>

The accompanying notes form part of these financial statements.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
Statement of Changes in Equity as at 30 June 2009

Parent Entity

	Ordinary \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Total \$'000
Balance at 1 July 2007	10,391	1,031	-	11,422
Shares issued during the year	622	-	-	622
Profit attributable to members of parent entity	-	879	-	879
Transfers to retained earnings	-	-	-	-
	<u>11,013</u>	<u>1,910</u>	<u>-</u>	<u>12,923</u>
Dividends paid or provided for	-	(563)	-	(563)
Balance at 30 June 2008	<u>11,013</u>	<u>1,347</u>	<u>-</u>	<u>12,360</u>
Balance at 1 July 2008	11,013	1,347	-	12,360
Shares issued during the year	161	-	-	161
Profit attributable to members of parent entity	-	40	-	40
Transfers to retained earnings	-	-	-	-
	<u>11,174</u>	<u>1,387</u>	<u>-</u>	<u>12,561</u>
Dividends paid or provided for	-	(570)	-	(570)
Balance at 30 June 2009	<u>11,174</u>	<u>817</u>	<u>-</u>	<u>11,991</u>

The accompanying notes form part of these financial statements.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
Cash Flow Statement for the year ended 30 June 2009

	Notes	Consolidated Group		Parent Entity	
		2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000	2009 Inflows (Outflows) \$'000	2008 Inflows (Outflows) \$'000
Cash flows from operating activities					
Receipts from customers		2,707	2,006	-	-
Payments to suppliers and employees		(1,555)	(1,121)	(723)	(698)
Dividend from associated entity		-	-	800	1,620
Interest received		37	12	-	-
Finance costs		(1,364)	(1,353)	6	(5)
Net cash provided by (used in) operating activities	31	<u>(175)</u>	<u>(456)</u>	<u>83</u>	<u>917</u>
Cash flows from investing activities					
Purchase of property, plant and equipment		-	(14)	-	(14)
Proceeds from sale of property investments		655	-	-	-
Purchase of property and investments		(561)	(2,799)	-	-
Reduction of other non-current assets		(38)	-	-	-
Net cash provided by (used in) investing activities		<u>56</u>	<u>(2,813)</u>	<u>-</u>	<u>(14)</u>
Cash flows from financing activities					
Proceeds from issue of shares		161	622	161	622
Dividends paid by parent entity		(563)	(818)	(563)	(818)
(Loans to related parties)/repaid		-	156	340	(728)
Loans from related parties/(repaid)		-	-	(4)	4
Loans from unrelated entities/(repaid)		233	20	-	-
Loans to associated parties		91	150	-	-
Proceeds from borrowings		701	2,853	-	-
Repayment of borrowings		(500)	-	-	-
Net cash provided by (used in) financing activities		<u>123</u>	<u>2,983</u>	<u>(66)</u>	<u>(920)</u>
Net increase/(decrease) in cash held		4	(286)	17	(17)
Cash at beginning of financial year		<u>43</u>	<u>329</u>	<u>3</u>	<u>20</u>
Cash at end of financial year	9	<u><u>47</u></u>	<u><u>43</u></u>	<u><u>20</u></u>	<u><u>3</u></u>

The accompanying notes form part of these financial statements.

Note 1: Statement of Significant Accounting Policies

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

The financial report covers the economic entity of Desane Group Holdings Limited and controlled entities, and Desane Group Holdings Limited as an individual parent entity. Desane Group Holdings Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out 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 Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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.

Basis of Preparation

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

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a. Principles of Consolidation

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

A list of controlled entities is contained in Note 14 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 subsidiaries 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.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b. Income Tax

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

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.

Note 1: Statement of Significant Accounting Policies (continued)

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 subsidiaries 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 subsidiaries 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. Non-current Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. Profits are brought to account on the settlement of a contract of sale.

d. 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.

Note 1: Statement of Significant Accounting Policies (continued)

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	5-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 income statement. When revalued assets are not sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Investment Property

Investment property, comprising freehold office and industrial complexes, is held to generate long-term rental yields. 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 balance sheet date. The fair value is defined as the price at which the property could be exchanged between knowledgeable, willing parties in an arms length transaction. Changes to fair value are recorded in the income statement as revenue from non operating activities.

Investment properties under construction are measured at the lower of cost 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 income statement in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the properties.

f. 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. 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 income statement.

Note 1: Statement of Significant Accounting Policies (continued)

g. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the group's share of post acquisition reserves of its associates.

h. Interests in Joint Ventures

The consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations is included in the appropriate items of the consolidated financial statements. Details of the consolidated group's interest are shown at Note 23.

The consolidated group's interest in joint venture entities is brought to account using the equity method of accounting in the consolidated financial statements.

i. Employee Benefits

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

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 balance sheet.

l. Revenue

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

Revenue from investment properties is recognised on an accruals basis or straight-line basis in accordance with lease agreements.

Revenue from sale of properties held for resale and non-current property or other assets is brought to account on the settlement of a contract of sale.

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).

Note 1: Statement of Significant Accounting Policies (continued)

m. 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 borrowing costs are written off over 5 years or over the period of the loan, whichever is the lesser.

n. 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 balance sheet are shown inclusive of GST.

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

o. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in the presentation in the financial year.

p. Rounding of Amounts

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

q. Critical Accounting Estimates and Judgements

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

r. New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. Details of those future requirements, if applicable, and their impact on the Group will be:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:
 - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
 - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
 - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;

Note 1: Statement of Significant Accounting Policies (continued)

- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
 - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
 - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
 - where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.
- The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.
 - AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
 - AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
 - AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.
 - AASB 2001-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.
 - AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.

Note 1: Statement of Significant Accounting Policies (continued)

- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarified how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners be measured at the lower of carrying value and fair value less costs to distribute.
- AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks are rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Group.
- AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Group.
- AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 2: Revenue

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Operating Activities					
Equipment hire		101	101	-	-
Property services		87	27	-	-
Property project management		500	250	-	-
Property rental income		2,325	2,332	-	-
Property management fees		129	129	-	-
Dividend received/receivable	2a	-	-	800	1,620
Interest received	2b	37	12	-	-
Total Revenue		3,179	2,851	800	1,620
Non-operating Activities					
Gain on sale of investment property		-	-	-	-
Gain/(loss) on revaluation of investment properties		(6,058)	(260)	-	-
Other Income		(6,058)	(260)	-	-
a. Dividend revenue from:					
- wholly owned subsidiaries		-	-	800	1,620
- associated entities		-	-	-	-
- other corporations		-	-	-	-
Total dividend revenue		-	-	800	1,620
b. Interest revenue from:					
- associated entities		-	-	-	-
- other related parties		37	2	-	-
- other persons		-	10	-	-
Total interest revenue		37	12	-	-

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 3: Profit for the Year

Profit before income tax has been determined after:

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
a. Expenses					
Auditors' remuneration	6	58	52	29	20
Depreciation of plant and equipment		15	18	15	18
Finance costs:					
- External		1,364	1,354	(6)	6
- Related entities		-	-	-	-
Transfer to/(from) provisions for:					
- Employee entitlements		(2)	6	(2)	6
Rental expenses relating to operating leases		27	23	27	23
Direct property expenditure from investment property generating rental income		122	83	-	-

b. Significant Revenue and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

Consideration on sale of property	480	-	-	-
Carrying amount of net assets sold	(480)	-	-	-
Net gain on the sale of plant and equipment	-	-	-	-

Note 4: Income Tax Expense

a. The components of tax expense comprise:

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current tax		-	-	-	-
Deferred tax		(1,809)	56	-	-
Recoupment of prior year tax losses		83	-	-	-
	24	(1,726)	56	-	-

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2008: 30%)		(1,320)	240	12	264
Tax effect of permanent differences:					
- accounting profit on sale of properties		-	-	-	-
- other non-allowable items		-	-	-	-
Income tax after adjusting for permanent differences		(1,320)	240	12	264
- unfranked dividend received from controlled entity		-	-	(240)	(486)
- share of net profit of associated entity netted directly		(323)	(49)	-	-
- tax losses transferred (from)/to controlled entities		-	-	228	217
- tax losses not recognised		(128)	(105)	-	-
- share of net profit of joint venture netted directly		(35)	(36)	-	-
- movement in provisions		(3)	6	-	5
- recoupment of prior year tax losses		83	-	-	-
Income tax attributable to entity		(1,726)	56	-	-
The applicable weighted average effective tax rates		(39.21%)	7.00%	-%	-%

Note 5: Key Personnel Compensation

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

Key Personnel	Position
Mr John B. Sheehan	Chairman - Non-executive
Mr Phil Montrone	Managing Director – Executive
Mr Antonio Gelonesi	Director – Non-executive
Mr John W Bartholomew	Chief Financial Officer

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.

c. Key Personnel Compensation

2009

Key Personnel	Salary, Fees and Commissions \$'000	Super- annuation Contribution \$'000	Non-cash Benefits \$'000	Total \$'000
John B. Sheehan	48	-	-	48
Antonio Gelonesi	35	-	-	35
Phil Montrone	188	57	-	245
John W. Bartholomew	<u>103</u>	<u>-</u>	<u>-</u>	<u>103</u>
	<u>374</u>	<u>57</u>	<u>-</u>	<u>431</u>

2008

Key Personnel	Salary, Fees and Commissions \$'000	Super- annuation Contribution \$'000	Non-cash Benefits \$'000	Total \$'000
John B. Sheehan	48	-	-	48
Antonio Gelonesi	35	-	-	35
Phil Montrone	128	88	-	216
John W. Bartholomew	<u>96</u>	<u>-</u>	<u>-</u>	<u>96</u>
	<u>307</u>	<u>88</u>	<u>-</u>	<u>395</u>

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 5: Key Personnel Compensation (continued)

d. Shareholdings

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

Key Personnel	Balance 01.07.08	Received as Compensation	Options Exercised	Net Change Other*	Balance 30.06.09
John B. Sheehan	132,517	-	-	-	132,517
Antonio Gelonesi	164,932	-	-	-	164,932
Phil Montrone	10,821,370	-	-	88,880	10,910,250
John Bartholomew	<u>494,609</u>	<u>-</u>	<u>-</u>	<u>5,550</u>	<u>500,159</u>
	<u>11,613,428</u>	<u>-</u>	<u>-</u>	<u>94,430</u>	<u>11,707,858</u>

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

Note 6: Auditors' Remuneration

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Remuneration of the auditors for the parent entity:				
DFK – Richard Hill Pty Ltd:				
- auditing or reviewing the financial report	5	-	5	-
- taxation services	-	-	-	-
GCC Business Assurance Pty Ltd:				
- auditing or reviewing the financial report	53	49	24	17
- taxation services	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>
	<u>58</u>	<u>52</u>	<u>29</u>	<u>20</u>

Note 7: Dividends

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Distributions paid				
Ordinary dividend paid of 2 cents per share fully franked (2007: 3 cents unfranked)	<u>563</u>	<u>818</u>	<u>563</u>	<u>818</u>
a. Proposed ordinary dividend of 2 cents per share unfranked (2008: 2 cents fully franked)	<u>570</u>	<u>563</u>	<u>570</u>	<u>563</u>

b. The group has a total \$25,136 (2008 - \$267,857) franking credits (franked to 30%) available before the dividends for 2009 are provided.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 8: Earnings per Share

	Consolidated Group	
	2009 \$'000	2008 \$'000
Reconciliation of earnings used in the calculation of earnings per share		
Operating profit/(loss) after income tax	<u>(2,676)</u>	<u>743</u>
	Consolidated Group	
	2009	2008
Reconciliation of weighted average numbers of ordinary shares used in the calculation of earnings per share		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<u>28,521,997</u>	<u>28,163,187</u>
Basic earnings per share (dollars per share)	<u>(0.938)</u>	<u>0.030</u>
Diluted earnings per share (dollars per share)	<u>(0.938)</u>	<u>0.030</u>

Conversion, call, subscription or issue after 30 June 2009

There has been no:

- a. conversion to, calls of, or subscription for ordinary shares; or
- b. issues of potential ordinary shares;

since the reporting date and before the completion of these accounts.

Note 9: Current Assets – Cash

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and in hand	47	43	20	3
Short term bank deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>47</u>	<u>43</u>	<u>20</u>	<u>3</u>

Reconciliation of cash

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

Cash as above	63	43	20	3
Less: Bank overdraft	<u>(16)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>47</u>	<u>43</u>	<u>20</u>	<u>3</u>

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 10: Current Assets – Trade and Other Receivables

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade receivables	142	47	-	-
Amounts receivable from:				
- Dividend receivable from associated entity	625	625	-	-
- Associated entity	855	268	-	-
- Loan to associated entity	112	204	-	-
	<u>1,734</u>	<u>1,144</u>	<u>-</u>	<u>-</u>

Note 11: Current Assets – Other Current Assets

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Prepayments	220	83	9	9
Security deposit	2	2	-	-
	<u>222</u>	<u>85</u>	<u>9</u>	<u>9</u>

Note 12: Current Assets – Non-current assets classified as held for sale

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Multimedia Centre, Lilyfield Road, Rozelle	12a	-	11,694	-	-
Unit 2/1-3 Nicholas Street, Lidcombe	12b	510	575	-	-
Less deposit taken		(5)	-	-	-
Shares in unlisted associated companies – equity accounted	12c	8,266	7,190	-	-
Unit 1/1-3 Nicholas Street, Lidcombe	12b	-	575	-	-
Less deposit taken		-	(400)	-	-
Unit 7/1-3 Nicholas Street, Lidcombe	12b	530	-	-	-
Less deposit taken		(36)	-	-	-
Unit 5/1-3 Nicholas Street, Lidcombe	12b	1,575	-	-	-
Unit 6/1-3 Nicholas Street, Lidcombe	12b	480	-	-	-
Sold and settled 30.06.2009		<u>(480)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>10,840</u>	<u>19,634</u>	<u>-</u>	<u>-</u>

- a. The Lilyfield Road Co-ownership Agreement was signed on 30 June 2009 and will expire 15 July 2011. The directors' valuation, as at 30 June 2009, is based on an independent valuation undertaken in March 2009 by Cushman & Wakefield, a certified practicing valuation company.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 12: Current Assets – Non-current assets classified as held for sale (continued)

- b. Unit 1, 1-3 Nicholas Street, Lidcombe, was settled in September 2008 for \$575,000. Unit 2, 1-3 Nicholas Street, Lidcombe, valued at \$510,000, is being sold. A deposit has been taken to the value of \$5,000 with the settlement of the sale to occur in February 2010. Unit 7, 1-3 Nicholas Street, Lidcombe, valued at \$530,000 is being sold. A deposit has been taken to the value of \$35,954 with settlement to occur in January 2010. Unit 5, 1-3 Nicholas Street, Lidcombe, is valued at \$1,574,000, based on the directors' valuation as at 30 June 2009. Unit 6, 1-3 Nicholas Street, Lidcombe, is valued at \$480,000 and was sold and settled on 30 June 2009.
- c. The carrying value of the investment in the associated company. The directors' valuation of \$28,000,000 as at 30 June 2009, of the company's underlying investment property at Burns Bay Road, Lane Cove. The directors' fair market value assessment is based on the size of the site, the current available lettable area, the alternative commercial uses available for the property and the status of the company's application to have the property rezoned from industrial special 4(c) to high density residential R4 and an independent valuation which was undertaken in August 2008 by Woodbury Bell, a certified practicing valuation company. This property is expected to be rezoned and sold in the 2009/2010 financial year, therefore reclassified as a current asset. Refer to paragraph a(v) of the Directors' Report.

Interests are held in the following unlisted associated companies:

i.	Name	Principal Activity	Shares	Ownership Interest Consolidated		Carrying Amount of Investment Consolidated	
				2009	2008	2009 \$'000	2008 \$'000
	Samvoni Pty Ltd	Owner of investment property at Lane Cove	Ord	50%	50%	<u>8,266</u>	<u>7,190</u>

A controlled entity acquired a 50% ownership and voting interest in Samvoni Pty Ltd. The underlying investment property was valued by the directors as at 30 June 2009. Refer to note 12c for valuation methodology.

- ii. Movements during the year in equity accounted investment in associated companies:

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the financial year	7,190	7,029	-	-
Share of associated companies operating results after income tax	1,076	786	-	-
Dividend revenue from associated company	-	(625)	-	-
Balance at the end of the year	<u>8,266</u>	<u>7,190</u>	-	-

- iii. Equity attributable to associates:

Issued capital	-	-	-	-
Retained earnings	(3,711)	(3,287)	-	-
Asset revaluation reserve	11,977	10,477	-	-

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 12: Current Assets – Non-current assets classified as held for sale (continued)

iv. Summarised presentation of share of aggregate assets, liabilities and performance of associates:

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current assets	16,354	12,527	-	-
Non current assets	-	<u>1,985</u>	-	-
Total assets	16,354	<u>14,512</u>	-	-
Current liabilities	8,088	4,587	-	-
Non current liabilities	-	<u>2,735</u>	-	-
Total liabilities	8,088	<u>7,322</u>	-	-
Net equity	8,266	<u>7,190</u>	-	-
Operating profit/(loss) before income tax	37	(1,864)	-	-
Gain from the revaluation of investment property	<u>1,500</u>	<u>2,987</u>	-	-
Operating result before income tax	1,537	1,123	-	-
Income tax expense	<u>(461)</u>	<u>(337)</u>	-	-
Operating result after income tax	1,076	<u>786</u>	-	-

The associated entities have no contingent liabilities nor capital commitments.

Note 13: Non-current Assets – Trade and Other Receivables

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Loans to controlled entities	13a, 13b	-	-	12,176	<u>12,516</u>
		-	-	12,176	<u>12,516</u>

- The loan from the parent entity is partly secured by a Deed of Debenture of \$2,000,000 over a controlled entity's assets.
- No interest has been charged on the loans to controlled entities and there are no fixed terms for repayment.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 14: Non-current Assets - Investments

a. The investments included in the accounts comprise:

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
i. Shares in controlled entities	14b	-	-	515	515
ii. Investment property					
Rozelle Bay Commercial Centre	14ab	5,036	4,506	-	-
Investment property Multimedia Centre Lilyfield Road	14aa	10,150	-	-	-
Investment property Orion Road	14ae	9,505	12,069	-	-
Investment property Sirius Road	14ac	4,242	5,423	-	-
Investment property Nicholas Street	14ad	1,705	4,921	-	-
		<u>30,638</u>	<u>26,919</u>	<u>515</u>	<u>515</u>

Valuation of Investment Properties

The basis of the directors' valuation of land and buildings is a fair market value as defined in Note 1e. The directors' methodology includes capitalisation of current rental income streams and comparison to market transactions in the surrounding locality. The properties are being independently valued at least every three years. The group has no restrictions on the realisability of an investment property nor any contractual obligations to purchase, construct, develop, perform repairs or enhance an investment property.

- The directors' valuation, as at 30 June 2009, is based on an independent valuation undertaken in March 2009 by Cushman & Wakefield, a certified practicing valuation company. The Co-ownership Agreement expires in July 2011.
- This property is held at cost, plus capitalised borrowing cost.
- Directors' valuation, as at 30 June 2009.
- The directors' valuation, as at 30 June 2009 for Unit 4/1-3 Nicholas Street, Lidcombe, is based on an independent valuation taken in April 2009 by MVS Pty Ltd. The directors' valuation, as at 30 June 2009 for Unit 3/1-3 Nicholas Street, Lidcombe, is based on the sales of Unit 2 and Unit 7 at 1-3 Nicholas Street, Lidcombe.
- The directors' valuation, as at 30 June 2009, is based on an independent valuation undertaken in December 2008 by ANZ Bank Certified Valuer.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 14: Investments (continued)

Investment Properties

2009

	Acquisition Cost \$'000	Construction Cost \$'000	Interest Capitalised \$'000	Other Capital Costs \$'000	Units Sold/ to be Sold \$'000	Revaluation \$'000	Carrying Value 30.06.2009 \$'000
Multimedia Centre Joint Venture, Lilyfield Road, Rozelle	1,681	5,241	-	94	-	3,134	10,150
Orion Road, Lane Cove	8,197	908	-	110	-	290	9,505
Sirius Road, Lane Cove	2,900	672	-	312	-	358	4,242
Nicholas Street, Lidcombe	3,050	3,607	128	255	(3,934)	(1,401)	1,705
Rozelle Bay Commercial Centre	<u>4,049</u>	<u>558</u>	<u>449</u>	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>5,036</u>
	<u>19,877</u>	<u>10,986</u>	<u>577</u>	<u>751</u>	<u>(3,934)</u>	<u>2,381</u>	<u>30,638</u>

2008

	Acquisition Cost \$'000	Construction Cost \$'000	Interest Capitalised \$'000	Other Capital Costs \$'000	Units Sold/ to be Sold \$'000	Revaluation \$'000	Carrying Value 30.06.2008 \$'000
Multimedia Centre Joint Venture, Lilyfield Road, Rozelle	-	-	-	-	-	-	-
Orion Road, Lane Cove	8,197	908	-	92	-	2,872	12,069
Sirius Road, Lane Cove	2,900	672	-	276	-	1,575	5,423
Nicholas Street, Lidcombe	3,050	3,356	177	437	(1,150)	(950)	4,920
Rozelle Bay Commercial Centre	<u>4,049</u>	<u>87</u>	<u>173</u>	<u>198</u>	<u>-</u>	<u>-</u>	<u>4,507</u>
	<u>18,196</u>	<u>5,023</u>	<u>350</u>	<u>1,003</u>	<u>(1,150)</u>	<u>3,497</u>	<u>26,919</u>

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 14: Investments (continued)

b. Investments in controlled entities are unquoted and comprise:

Controlled Entities	Class of Shares	2009		2008	
		% Holding	Investment \$'000	% Holding	Investment \$'000
Desane Properties Pty Ltd	Ordinary	100	490	100	490
Desane Estates Pty Ltd	Ordinary	100	-	100	-
Desane Contracting Pty Ltd	Ordinary	100	25	100	25
Desane Hire Services Pty Ltd	Ordinary	100	-	100	-
Provision for diminution in value			-		-
			<u>515</u>		<u>515</u>

All controlled entities are incorporated in Australia. Desane Properties Pty Ltd declared a dividend of \$800,000 out of retained profits (2008: \$1,550,000). Desane Hire Services Pty Ltd did not declare a dividend (2008: \$70,000). Desane Contracting Pty Ltd did not declare a dividend out of retained profits (2008: \$nil). The other controlled entity also did not declare or pay a dividend during the year. Desane Estates Pty Ltd has now been deregistered.

Contribution to profit after tax:

	2009 \$'000	2008 \$'000
Desane Group Holdings Limited	(760)	(741)
Desane Properties Pty Limited	(1,918)	1,418
Desane Contracting Pty Limited	(3)	(3)
Desane Hire Services Pty Limited	<u>5</u>	<u>69</u>
	<u>(2,676)</u>	<u>743</u>

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Land and Buildings				
Leasehold improvements – at cost	82	82	82	82
Less: Accumulated depreciation	<u>(82)</u>	<u>(80)</u>	<u>(82)</u>	<u>(80)</u>
Total land and buildings	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Plant and equipment	740	740	-	-
Less: Accumulated depreciation	<u>(89)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>651</u>	<u>740</u>	<u>-</u>	<u>-</u>
Office furniture and equipment – at cost	59	76	59	76
Less: Accumulated depreciation	<u>(50)</u>	<u>(62)</u>	<u>(50)</u>	<u>(62)</u>
	<u>9</u>	<u>14</u>	<u>9</u>	<u>14</u>
Motor vehicles – at cost	59	59	59	59
Less: Accumulated depreciation	<u>(57)</u>	<u>(48)</u>	<u>(57)</u>	<u>(48)</u>
	<u>2</u>	<u>11</u>	<u>2</u>	<u>11</u>
Total non-current assets	<u><u>662</u></u>	<u><u>767</u></u>	<u><u>11</u></u>	<u><u>27</u></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:

	Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
Consolidated Group:			
Balance at the beginning of year	2	765	767
Additions	-	-	-
Depreciation expense	<u>(2)</u>	<u>(103)</u>	<u>(105)</u>
Carrying amount at the end of the year	<u><u>-</u></u>	<u><u>662</u></u>	<u><u>662</u></u>
Parent Entity:			
Balance at the beginning of year	2	25	27
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	<u>(2)</u>	<u>(14)</u>	<u>(16)</u>
Carrying amount at the end of the year	<u><u>-</u></u>	<u><u>11</u></u>	<u><u>11</u></u>

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 16: Current Liabilities – Trade and Other Payables

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Unsecured liabilities					
Trade payables		490	521	96	69
Sundry payables and accrued expenses		<u>38</u>	<u>45</u>	<u>19</u>	<u>16</u>
		<u>528</u>	<u>566</u>	<u>115</u>	<u>85</u>
Secured liabilities:					
Finance for investment property –					
Loan from associated entity					
Burns Bay Road, Lane Cove	a	2,271	2,039	-	-
Orion Road, Lane Cove	c	-	5,700	-	-
Lilyfield Road Joint Venture	b	-	4,550	-	-
1-3 Nicholas Street, Lidcombe	d	383	383	-	-
47-51 Lilyfield Road, Rozelle	e	2,470	2,470	-	-
1-3 Nicholas Street, Lidcombe	f	1,580	-	-	-
1-3 Nicholas Street, Lidcombe	g	-	840	-	-
Sirius Road, Lane Cove	h	-	704	-	-
		<u>6,704</u>	<u>16,686</u>	<u>-</u>	<u>-</u>

- a. The associate entity has given a first mortgage finance secured over Burns Bay Road, Lane Cove property. This loan will be repaid from the settlement funds from the sale of the property.
- b. First mortgage finance secured over respective joint venture asset.
- c. First mortgage finance secured over Orion Road, Lane Cove property.
- d. First mortgage finance secured over Unit 3, 1-3 Nicholas Street, Lidcombe.
- e. First mortgage finance secured over 47-51 Lilyfield Road, Rozelle property. Desane has received confirmation from the present mortgagor that they intend to offer renewal of this loan when it matures in the 2009/2010 financial year.
- f. First mortgage finance secured over Unit 5, 1-3 Nicholas Street, Lidcombe. This loan will be repaid from the settlement funds from the sale of the property in the 2009/2010 financial year.
- g. First mortgage finance secured over Unit 4, 1-3 Nicholas Street, Lidcombe.
- h. First mortgage finance secured over Sirius Road, Lane Cove property.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 17: Current Liabilities – Provisions

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Dividends	570	563	570	563
Employee entitlements*	<u>18</u>	<u>30</u>	<u>18</u>	<u>30</u>
	<u>588</u>	<u>593</u>	<u>588</u>	<u>593</u>

* Movement represents decrease in provision.

	Consolidated Group		Parent Entity	
	2009 No	2008 No	2009 No	2008 No
Number of employees at year end	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

Note 18: Non Current Liabilities – Trade and Other Payables

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Loans from controlled entities	-	-	17	22
Security deposits	<u>66</u>	<u>104</u>	<u>-</u>	<u>-</u>
	<u>66</u>	<u>104</u>	<u>17</u>	<u>22</u>

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 19: Non-Current Liabilities – Long Term Borrowings

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Unsecured Liabilities					
Loan from associated entity	20iii	-	-	-	-
Secured Liabilities					
Finance for Lilyfield Road Joint Venture	20i	5,250	-	-	-
Finance for investment property Lidcombe	20ii	-	1,960	-	-
Finance for investment property Orion Road	20iv	5,700	-	-	-
Finance for investment property Sirius Road, Lane Cove	20v	2,905	2,200	-	-
Finance for investment property Lidcombe	20vi	<u>720</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>14,575</u>	<u>4,160</u>	<u>-</u>	<u>-</u>

- i. First mortgage finance secured over respective joint venture assets (note 14aa).
- ii. First mortgage finance secured over Lidcombe property (note 14ad).
- iii. The associate entity has given a first mortgage finance secured over Burns Bay Road, Lane Cove property (note 12c).
- iv. First mortgage finance secured over Orion Road, Lane Cove property (note 14ae).
- v. First mortgage finance secured over Sirius Road, Lane Cove property (note 14ac).
- vi. First mortgage finance secured over Unit 4, 1-3 Nicholas Street, Lidcombe.

Note 20: Non-Current Liabilities – Provisions

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Employee long service leave entitlement *	<u>20</u>	<u>10</u>	<u>20</u>	<u>10</u>

* Movement represents amount set aside during the year.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 21: Issued Capital

	Parent Entity	
	2009 \$'000	2008 \$'000
28,521,997 (2008: 28,163,187) Ordinary shares fully paid	<u>11,174</u>	<u>11,013</u>

	Parent Entity		Parent Entity	
	2009 Shares	2008 Shares	2009 \$'000	2008 \$'000
Ordinary shares - fully paid	28,163,187	27,274,467	11,013	10,391
Share Purchase Plan	21ai 358,810	888,720	161	622
Bonus issue	-	-	-	-
	<u>28,521,997</u>	<u>28,163,187</u>	<u>11,174</u>	<u>11,013</u>

a. Movements in Ordinary Share Capital of the Company

Date	Details	Number of Shares	Issue Price Cents	\$'000
31.12.08	Share Purchase Plan	358,810	\$0.45	161
24.12.07	Share Purchase Plan	888,720	\$0.70	622

Ordinary Shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

- i Shares totalling 358,810 (888,720 – 2008) were issued during 2009 under the Share Purchase Plan at \$0.45.

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 includes 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 changes in the strategy adopted by management to control the capital of the Group since the prior year.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 22: Retained Earnings

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Retained earnings at beginning of financial year	14,078	13,898	1,347	1,031
Net profit attributable to members of parent entity	(2,676)	743	40	879
Dividends provided for or paid	<u>(570)</u>	<u>(563)</u>	<u>(570)</u>	<u>(563)</u>
Retained earnings at end of financial year	<u>10,832</u>	<u>14,078</u>	<u>817</u>	<u>1,347</u>

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 23: Interest in Joint Venture

In September 1996, a controlled entity entered into a co-ownership arrangement called Lilyfield Road Joint Venture to purchase and develop a property for industrial use. The controlled entity has a 70% interest in the property assets and a 70% interest in the output (being commercial rentals) of this joint venture. The co-ownership arrangement was renewed in November 2008 and is now scheduled to terminate in July 2011. Voting is by unanimous resolution by all joint venture members. The share of net assets employed in the joint venture, is included in the controlled entity's balance sheet under the following classifications:

	Consolidated Group		Parent Entity		
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current Assets					
Cash		-	3	-	-
Trade and other receivables		137	26	-	-
Unsecured loans to joint venture partners		-	-	-	-
Investment property		-	11,694	-	-
Non-current assets – investment property		10,150	-	-	-
Total Assets		<u>10,287</u>	<u>11,723</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Trade and other payables		49	63	-	-
Short-term borrowings		15	4,550	-	-
Non-Current Liabilities					
Trade and other payables		-	2	-	-
Deferred tax liability		1,629	2,057	-	-
Long-term borrowings		5,250	-	-	-
Total Liabilities		<u>6,943</u>	<u>6,672</u>	<u>-</u>	<u>-</u>
Equity		<u>3,344</u>	<u>5,051</u>	<u>-</u>	<u>-</u>
Output		<u>835</u>	<u>815</u>	<u>-</u>	<u>-</u>
Net operating profit/(loss) before income tax		404	405	-	-
Gain/(loss) from the revaluation of investment property		(1,544)	140	-	-
Income tax applicable to operating profit		(121)	(122)	-	-
Net profit/(loss) after income tax of joint venture		<u>(1,261)</u>	<u>423</u>	<u>-</u>	<u>-</u>

Refer note 12a for details of valuation methodology. The joint venture has no contingent liabilities or commitments.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 24: Tax Liabilities

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Non Current					
Deferred tax liability comprises:					
Tax allowances relating to property and equipment		833	777	-	-
Revaluation of investment properties		713	2,451	-	-
Future income tax benefit attributable to tax and capital losses		(2,041)	(2,060)	-	-
Provisions		(22)	(26)	-	-
Other		173	240	-	-
		<u>(344)</u>	<u>1,382</u>	<u>-</u>	<u>-</u>
Reconciliation					
Gross Movement					
The overall movement in the Deferred tax account is as follows:					
Opening balance		1,382	1,326	-	-
Charge to income statement	4	<u>(1,726)</u>	<u>56</u>	<u>-</u>	<u>-</u>
Closing balance		<u>(344)</u>	<u>1,382</u>	<u>-</u>	<u>-</u>

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 24: Tax Liabilities (continued)

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Deferred Tax Liability				
<i>Tax allowance relating to property and equipment</i>				
Opening balance	777	664	-	-
Adjustment to previous year's provision	-	-	-	-
Charged to the income statement	<u>56</u>	<u>113</u>	-	-
Closing balance	<u>833</u>	<u>777</u>	-	-
<i>Revaluation of investment properties</i>				
Opening balance	2,451	2,529	-	-
Net revaluation during the current period	(1,738)	(78)	-	-
Transfers on property sale	-	-	-	-
Closing balance	<u>713</u>	<u>2,451</u>	-	-
<i>Deferred tax assets attributable to tax and capital losses</i>				
Opening balance	(2,060)	(2,036)	-	-
Capital losses utilised	-	-	-	-
Adjustment to previous year's provision	19	(24)	-	-
Tax losses recognised	-	-	-	-
Closing balance	<u>(2,041)</u>	<u>(2,060)</u>	-	-
<i>Provisions</i>				
Opening balance	(26)	(19)	-	-
Credited to income statement	<u>4</u>	<u>(7)</u>	-	-
Closing balance	<u>(22)</u>	<u>(26)</u>	-	-
<i>Other</i>				
Opening balance	240	188	-	-
Charged to income statement	<u>(67)</u>	<u>52</u>	-	-
Closing balance	<u>173</u>	<u>240</u>	-	-
Total deferred tax (asset)/liability	<u><u>(344)</u></u>	<u><u>1,382</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 25: Financial Instruments

a. Financial Risk Management

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

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. 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.

An associated entity which is equity accounted has financed an investment property at a fixed interest rate of 7.17%.

2009	Note	Floating Interest Rate \$'000	Fixed Interest Maturing 1 Year or Less \$'000	1-5 Years \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets						
Cash and deposits	9	-	-	-	47	47
Receivables	10, 11	<u>750</u>	-	-	<u>1,206</u>	<u>1,956</u>
		<u>750</u>	-	-	<u>1,253</u>	<u>2,003</u>
Weighted average interest rate		7.00%	0.00%	0.00%		
Financial Liabilities						
Trade and other creditors	16, 18	-	-	-	594	594
Interest bearing liabilities	16, 19	<u>11,230</u>	<u>6,704</u>	<u>3,345</u>	-	<u>21,279</u>
		<u>11,230</u>	<u>6,704</u>	<u>3,345</u>	<u>594</u>	<u>21,873</u>
Weighted average interest rate		4.95%	7.91%	5.96%		
Net financial assets (liabilities)		<u>(10,480)</u>	<u>(6,704)</u>	<u>(3,345)</u>	<u>659</u>	<u>(19,870)</u>

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 25: Financial Instruments (continued)

2008	Note	Floating Interest Rate \$'000	Fixed Interest 1 Year or Less \$'000	Maturing 1-5 Years \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets						
Cash and deposits	9	-	-	-	43	43
Receivables	10, 13	-	-	-	1,144	1,144
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,187</u>	<u>1,187</u>
Weighted average interest rate						
		0.00%	0.00%	0.00%		
Financial Liabilities						
Trade and other creditors	16, 18	-	-	-	670	670
Interest bearing liabilities	16, 19	704	15,982	4,160	-	20,846
		<u>704</u>	<u>15,982</u>	<u>4,160</u>	<u>670</u>	<u>21,516</u>
Weighted average interest rate						
		8.26%	7.86%	6.70%		
Net financial assets (liabilities)						
		<u>(704)</u>	<u>(15,982)</u>	<u>(4,160)</u>	<u>517</u>	<u>(20,329)</u>

b. Credit Risk Exposure

The credit risk on financial assets of the consolidated entity which has been recognised on 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 Balance Sheet:

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

Off Balance Sheet:

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.

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.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 26: Related Party Transactions

All transactions are under normal commercial terms and conditions.

Related parties of Desane Group Holdings Limited fall into the following categories:

a. Ultimate Parent Company

Information relating to controlled entities is set out in notes 12 and 13. Other transactions between related parties consist of:

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Desane Properties Pty Limited:				
Dividend paid	-	-	800	1,550
Desane Hire Services Pty Limited:				
Dividend paid	-	-	-	70
Desane Contracting Pty Limited:				
Dividend paid	-	-	-	-

b. Associated Companies

Administration fee received from Samvoni Pty Ltd	15	15	-	-
Lilyfield Road Joint Venture	12	12	-	-
Asset management fee	500	250	-	-
Interest received from Tuta Properties Pty Ltd	37	3	-	-
Interest paid to Tuta Properties Pty Ltd	202	156	-	-

c. Directors

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

- Phil Montrone
- John Blair Sheehan
- Antonio Gelonesi

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

During the year, Mansfield Holdings Pty Limited, of which Phil Montrone is a director, purchased a factory unit in the Nicholas Street, Lidcombe complex. The purchase price was \$530,000. The transaction was conducted on an arms length basis and based on an independent valuation.

Other than the above transaction, 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. The directors participate in bonus and other share issues under the same terms and conditions as other shareholders. Particulars of directors' interests in ordinary shares and options are disclosed in the Directors' Report.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 27: Commitments for Expenditure

Capital Expenditure

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Not later than one year	30	-	-	-	-
Later than one year but not more than two years		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note 28: Superannuation Commitments

In the case of the employees of the holding company, the company contributed 9% of each member's salary into the fund nominated by each member. Group companies contribute a minimum amount equal to 9% 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 9% 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, \$40,632 (2008 - \$35,917) parent entity \$40,632 (2008 - \$35,917).

Note 29: Contingent Liabilities

- a. The parent entity has given a letter of support to each of its four controlled entities, to the effect that it will not require repayment of the loan funds advanced in the coming year (note 13).

The shareholders' funds as at 30 June 2009, in the controlled entities concerned were:

	2009 \$'000	2008 \$'000
Desane Estates Pty Limited - net assets	-	-
Desane Hire Services Pty Limited - net assets	7	2
Desane Contracting Pty Limited - net assets	16	19
Desane Properties Pty Limited - net assets	<u>10,595</u>	<u>11,485</u>

b. Lilyfield Road Joint Venture

First mortgage security over the property of the Joint Venture has been provided to finance borrowings of \$7,500,000 as at 30 June, 2009. In addition, the parent entity together with the other Joint Venturer have unconditionally guaranteed, jointly and severally, the secured loan.

c. Lidcombe Property

The parent entity has guaranteed the repayment of the first mortgage finance secured over the Lidcombe property (note 19).

d. Orion Road Property

The parent entity has guaranteed the repayment of the first mortgage finance secured over the Orion Road property (note 19).

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 30: Segment Reporting – Consolidated Group

2009

	Property Investment \$'000	Property project management and resale \$'000	Property services \$'000	Other \$'000	Consolidated Group \$'000
External sales	2,325	629	87	138	3,179
Other segments	-	-	-	-	-
Total revenue	<u>2,325</u>	<u>629</u>	<u>87</u>	<u>138</u> <i>(note 30b)</i>	<u>3,179</u>
Segment result	<u>1,878</u>	<u>629</u>	<u>87</u>	<u>(6,015)</u> <i>(note 30b)</i>	(3,421)
Unallocated expenses					(693)
Finance costs					(1,364)
Share of net profits of associates					<u>1,076</u>
Profit/(loss) before income tax					(4,402)
Income tax expense					<u>1,726</u>
Profit/(loss) after income tax					(2,676)
Segment assets	<u>42,357</u>	<u>855</u>	-	<u>650</u>	43,862
Unallocated assets					<u>625</u>
Total assets					<u>44,487</u>
Segment liabilities	<u>21,279</u>	-	-	<u>594</u>	21,873
Unallocated liabilities					<u>608</u>
Total liabilities					<u>22,481</u>

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 30: Segment Reporting – Consolidated Group (continued)

2008

	Property Investment \$'000	Property project management and resale \$'000	Property services \$'000	Other \$'000	Consolidated Group \$'000
External sales	2,332	379	27	113	2,851
Other segments	-	-	-	-	-
Total revenue	<u>2,332</u>	<u>379</u>	<u>27</u>	<u>113</u>	<u>2,851</u>
				(note 30b)	
Segment result	<u>1,893</u>	<u>379</u>	<u>27</u>	<u>(191)</u>	2,108
Unallocated expenses					(741)
Finance costs					(1,354)
Share of net profits of associates					<u>786</u>
Profit before income tax					799
Income tax expense					<u>(56)</u>
Profit after income tax					<u>743</u>
Segment assets	<u>47,812</u>	<u>-</u>	<u>-</u>	<u>740</u>	48,552
Unallocated assets					<u>40</u>
Total assets					<u>48,592</u>
Segment liabilities	<u>22,052</u>	<u>-</u>	<u>-</u>	<u>738</u>	22,790
Unallocated liabilities					<u>711</u>
Total liabilities					<u>23,501</u>

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

i. Property Project Management and Resale

Property project management and resale of commercial, industrial and residential properties, principally in Sydney.

ii. Property Services

Property and related services.

iii. Property Investment

Rental income from prime real estate investments.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 30: Segment Reporting – Consolidated Group (continued)

b. Revenue - other is comprised of:

	2009		2008	
	Revenue \$'000	Profit \$'000	Revenue \$'000	Profit \$'000
Formwork equipment hire	101	5	101	57
Revaluation of investment properties	-	(6,057)	-	(260)
Interest received	<u>37</u>	<u>37</u>	<u>12</u>	<u>12</u>
	<u>138</u>	<u>(6,015)</u>	<u>113</u>	<u>(191)</u>

c. Geographical Segments

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

d. Compilation of Segmental Information

The above segmental information has been compiled in a consistent manner to prior years. The division of the group's results and assets into industry segments (the sole management reporting segment) has been ascertained by reference to direct identification of assets and revenue/cost centres and where interrelated segmental assets and costs exist, an allocation has been calculated on a pro-rata basis of the identifiable assets and/or costs. Intersegment pricing is on an arms-length basis.

DESANE GROUP HOLDINGS LIMITED ABN 61 003 184 932 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note 31: Cash Flow Information

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

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Profit/(loss) after income tax	(2,676)	743	40	879
Non-cash flows in profit/(loss):				
Depreciation and amortisation	105	20	15	18
Gain/(loss) on asset revaluation	6,058	260	-	-
Share of associated companies net profit after income tax and dividends	(1,076)	(786)	-	-
Share of joint venture entity net profit before income tax	-	-	-	-
(Profit)/loss on sale of plant and equipment	-	26	-	-
Changes in assets and liabilities:				
(Increase)/decrease in trade receivables	(682)	(220)	-	-
(Increase)/decrease in other receivables	-	(625)	-	-
(Increase)/decrease in prepayments	(138)	14	-	(3)
(Decrease)/increase in trade payables and accruals	(30)	39	31	17
(Decrease)/increase in other payables	(7)	11	-	-
(Decrease)/increase in provisions	(3)	6	(3)	6
Increase/(decrease) in deferred taxes payable	(1,726)	56	-	-
Cash flow from operations	<u>(175)</u>	<u>(456)</u>	<u>83</u>	<u>917</u>

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 18 to 60 are in accordance with the *Corporations Act 2001* and:
 - a. Comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. Give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and consolidated group;
2. The Managing Director and Chief Financial Officer have each declared that:
 - a. The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. The financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. The financial statements and notes for the financial year give a true and fair view; and
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



J B Sheehan
Director



P Montrone
Director

Sydney
26 August 2009

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF DESANE GROUP HOLDINGS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Desane Group Holdings Limited (the company) and Desane Group Holdings Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Audit Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Desane Group Holdings Limited on 25 August 2009, would be in the same terms it provided to the directors as at the date of this auditor's report.

GCC Business & Assurance Pty Ltd

ABN 61 105 044 862

GPO Box 4566, Sydney NSW 2001

Telephone: (02) 9231 6166

Facsimile: (02) 9231 6155

Suite 807, 109 Pitt Street, Sydney NSW 2000

Auditors' Opinion

In our opinion:

- a. the financial report of Desane Group Holdings Limited and Desane Group Holdings Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 13 of the report of the directors for the year ended 30 June 2009. The directors of the company 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 Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Desane Group Holdings Limited for the year ended 30 June 2009, complies with s 300A of the *Corporations Act 2001*.

GCC Business & Assurance Pty Ltd.

GCC BUSINESS & ASSURANCE PTY LTD
(Authorised Audit Company)



CHANG CHOW
Director

Sydney
26 August 2009

Shareholder Information

The shareholder information set out below was applicable as at 4 August 2009. Shareholder information should be read in conjunction with the 2009 financial report.

1. SHAREHOLDING

a. Distribution of shareholders:

Category (size of holding)	Ordinary
1 - 1,000	58
1,001 - 5,000	113
5,001 - 10,000	68
10,001 - 100,000	200
100,001 - and over	<u>44</u>
	<u>483</u>

b. There were 58 holders of less than a marketable parcel of ordinary shares.

c. The percentage of the total holding of the twenty largest holders of each class of shares was:

Ordinary shares	60.27%
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2. TWENTY LARGEST SHAREHOLDERS

The names of the 20 largest holders of each class of shares listed below:

Name	Ordinary Shares	% Held to Issued Capital
1. Cupara Pty Ltd	9,218,980	32.32%
2. Montevans Pty Ltd (M & M Super Fund A/C)	907,533	3.18%
3. Shayana Pty Ltd (Hateley Super Fund A/C)	779,230	2.73%
4. Cordato Partners (Superannuation) Pty Ltd	730,293	2.56%
5. PFPT Management Pty Ltd (Pellarini Super Fund A/C)	679,020	2.38%
6. TMB Nominees Pty Limited	529,602	1.86%
7. Mansfield Holdings Pty Ltd	514,649	1.80%
8. Mandel Pty Ltd (Mandel Super Fund A/C)	440,000	1.54%
9. Cordato Partners (Superannuation) Pty Ltd	390,460	1.37%
10. ANZ Nominees Limited (Cash Income A/C)	379,772	1.33%
11. Mrs Mitsuko Sunshine Luestner	345,535	1.21%
12. Pebadore Pty Ltd (Weller Family S/Fund A/C)	300,000	1.05%
13. Mr Arthur David Cooper & Mrs Helen Therese Cooper <Athlete's Foot Key ESSF A/C>	266,045	0.93%
14. Mr Ian Garnsey Everingham & Mrs Christine Mary Everingham <Rosebank Staff S/F A/C>	266,045	0.93%
15. Mamaris Pty Limited (Mamaris Pty Limited S/F A/C)	266,045	0.93%
16. Paul Moynihan Pty Limited <Moynihan Family S/F A/C>	266,044	0.93%
17. Joe Scardino & Felicia Scardino	257,178	0.90%
18. Laraine Enterprises Pty Ltd (Super Fund A/C)	227,601	0.80%
19. HSBC Custody Nominees (Australia) Limited	226,450	0.79%
20. Goldlink Growthplus Limited	<u>208,806</u>	<u>0.73%</u>
	<u>17,199,288</u>	<u>60.27%</u>

DESANE GROUP HOLDINGS LIMITED and Controlled Entities

Shareholder Information (Continued)

3. SUBSTANTIAL SHAREHOLDERS

An extract of the Company's Register of Substantial Shareholders is set out below:

	Ordinary Number	%
Cupara Pty Ltd	9,218,980	32.32%

4. VOTING RIGHTS

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

a. Ordinary Shares

No restrictions. On a show of hands, every member present or by proxy shall have one vote and upon a poll, each share shall have one vote.