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DESANE Group Holdings Limited

# ANNUAL REPORT

A Year of Change
A Future in Focus




2025

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

*The consolidated financial statements were authorised for issue by the Directors on 25 August 2025. The Directors have the power to amend and reissue the consolidated financial statements.*

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

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# Business Overview

## A year defined by progress, trust, and sustainable financial growth.

**Desane Group Holdings Limited (ASX: DGH or Desane) is pleased to announce its full year results for the year ended 30 June 2025 (FY25).**

**Portfolio Update**

In February 2025, Desane agreed terms with Brisbane City Council for a five (5) year lease extension to June 2030 for premises at 16 Industrial Avenue, WACOL BRISBANE QLD. **The lease extension will net Desane approximately $4.5m in rental income over the lease period.**

In March 2025, Desane advised Inner West Council of the physical commencement of development consent at 159 Allen Street, Leichhardt. This follows legal advice from Desane's planning lawyer confirming actions taken by Desane had resulted in the development consent commencing and therefore not lapsing in September 2026.

In April 2025, Desane agreed terms with Signature Orthopaedics for a **seven (7) year lease extension to November 2032** for premises at 7 Sirius Road, LANE COVE NSW. The lease extension will net Desane approximately **$5.0m in rental income over the lease period.**

**6.2m valuation uplift**

During FY25, independent valuations were completed for four (4) of the Group's commercial property assets, resulting in a **$6.2m valuation uplift.** The four properties revalued were:

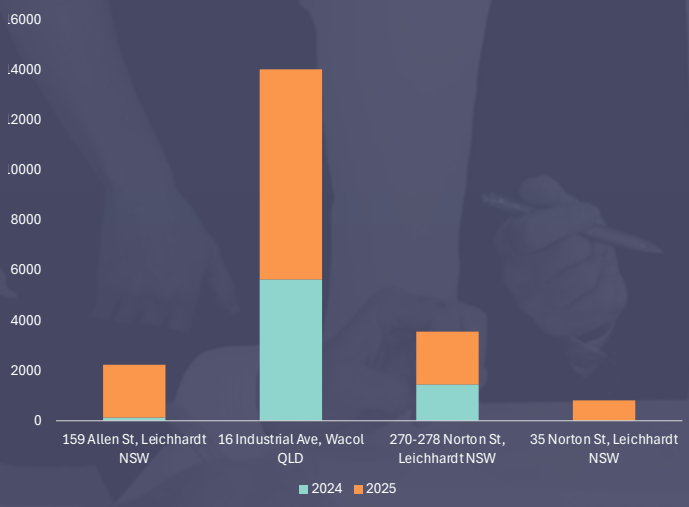
- 159 Allen Street, LEICHHARDT NSW
- 35 Norton Street, LEICHHARDT NSW
- 270-278 Norton Street, LEICHHARDT NSW
- 16 Industrial Avenue, WACOL BRISBANE QLD

Planning was well underway for the delivery of the Thornton Penrith Industrial Project during the financial year. Development approval for forty-four (44) industrial units will be achieved by late 2025 with construction expected to commence in first quarter 2026.

Rick Montrone, CEO of Desane said:

*"Investment demand for quality commercial property assets combined with market rental growth and extended lease transactions have flowed through to the capital values of our properties. The uplift in valuation for the four property investment assets further reflects the diligent work our property team has undertaken in securing medium to long-term leases and recurring rental income for the Group and its shareholders."*

### Positive valuation movement



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# A Year In Change
# A Future in Focus

## Core Business Segments of Desane Group Holdings

### Key Financial Highlights:

EBIT of
**$5.4m**

NPAT of
**$3.3m**

NTA per share of
**$1.70 – up 5%**
over the corresponding period

Total Group assets of
**$104.8m – up 3%**
over the corresponding period

Total Rental income
**$2.3m – up 2.5%**
over the corresponding period

### Solid Balance Sheet

As of 30 June 2025, Desane's total group assets of **$104.8m** comprised the following:

| commercial property assets: | cash, financial assets and other assets: |
|---|---|
| 94% | 6% |

The Group's commercial property assets continue to achieve significant medium to long term returns.

### Cash Management

Cash Position:

Desane's cash position continues to be strong, with

**$5.5m**

in cash and financial assets.

# Chairman's Report

**Your Board remains confident the current medium-term strategies of investment and cash shepherding will continue to result in ongoing Group asset growth and further earnings for shareholders.**



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It gives me great pleasure to introduce the Annual Report of Desane Group Holdings Limited for 2025.

I report to shareholders that the Group's earnings before interest and tax, for the financial year ending 30 June 2025, was **$5.4m** and the Group's total assets are now **$104.8m.** The Group's **net tangible assets (NTA) now stand at $1.70 per security**, an increase of 5% over the previous corresponding year.

The Group has again achieved a sound financial result, again notably, with further asset revaluations. The continuing focus of the Group on maintaining its significant cash reserves and ongoing prudent management of existing property assets has resulted in the financial soundness of the overall Group. The current cash and financial assets stand at a significant $5.5m, enabling the Group to act upon opportunities during the financial year and especially over the forthcoming financial year as they have arisen.

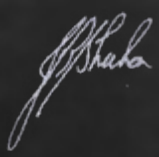
As mentioned in previous reports, the Group´s traditional base of industrial, warehousing, and logistics properties have continued to perform well, reflecting the solidifying new patterns of employment. The growth of the overall workforce and the concomitant low unemployment rate strongly suggests that prudent property investment in traditional industrial and warehousing uses will continue to benefit from such employment patterns. Yet again, the continuing preference for working from home for many individuals in the workforce at least for a few days each week has impacted upon suburban and near coastal-based services. The growth in remote employment has noticeably increased the demand for investment in logistics properties, a mirror of substantial changes in not only delivery patterns but also crucial purchasing preferences of employers and employees. Further, a westward shift in employment locations in Greater Sydney has gained further impetus from the approaching inauguration of Western Sydney Airport with well-located warehousing and logistics properties being sought after by prospective owner occupiers and obviously investors. This is especially evident in the continuing increase in overall cash flow from the Group's leased properties, some of which focus on the sector whilst also providing a robust and steadily rising capital value. As I mentioned earlier, this increase in capital value is notable with the **Group's total assets rising to $104.8m.**

Yet again, this financial year has evidenced a surprisingly resilient Australian economy with domestic expenditure growing regardless of community concerns over inflationary trends in basic goods. The tardiness of the Reserve Bank to lower official cash rates as fast as many commentators anticipated suggests the Australian economy remains arguably more vigorous and indeed healthier than expected. Further interest rate reductions will clearly be based on a complex mixture of regional and domestic concerns.

Finally, I can report to shareholders that this annual report is the 38th such report of Desane Group Holdings Limited. Your Company has continued to maintain its profitability due to the input of its senior management and the invaluable contribution of its current Board members. Both the Board and the senior management of the Group recognise that mindful measured decision making in the next financial year will continue to ensure the profitability of the Company. Such an approach has served the shareholders well in the past and will continue to be the touchstone which distinguishes Desane Group Holdings Limited.

Your Board remains confident the current medium-term strategies of investment and cash shepherding will continue to result in ongoing Group asset growth and further earnings for shareholders. I congratulate both the team comprising the Group executives and the dedicated employees of Desane Group Holdings Limited for their professional management of the Group.

Finally, I would like to welcome those shareholders who have recently joined the Company. I and the Board look to a rewarding and fruitful association with those new shareholders during the coming years.



Professor John Sheehan AM
CHAIRMAN

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# CEO Report

**There is no doubt that the post COVID period has presented significant disruptive factors to the property sector, placing huge constraints on workers and business. Put simply commercial buildings are becoming harder to lease particularly without significant capital expenditure from landlords.**

It is with great pleasure that I present the CEOs report for Desane Group Holdings Limited for the financial year 2025 – my first full year in this position. In the 2024 Annual Report, I outlined that management was acutely aware of the Company's current opportunities and challenges in the year that lay ahead. I am therefore pleased to report the Company navigated to a full year net profit after tax for FY25 of $3.3 million. Over the same corresponding period, the Company increased its Net Tangible Asset (NTA) per share to $1.70 – **up 5%**.

This is a pleasing result and is - in large part - due to the Desane executive team's efforts including our Chief Financial Officer, Jack Sciara.

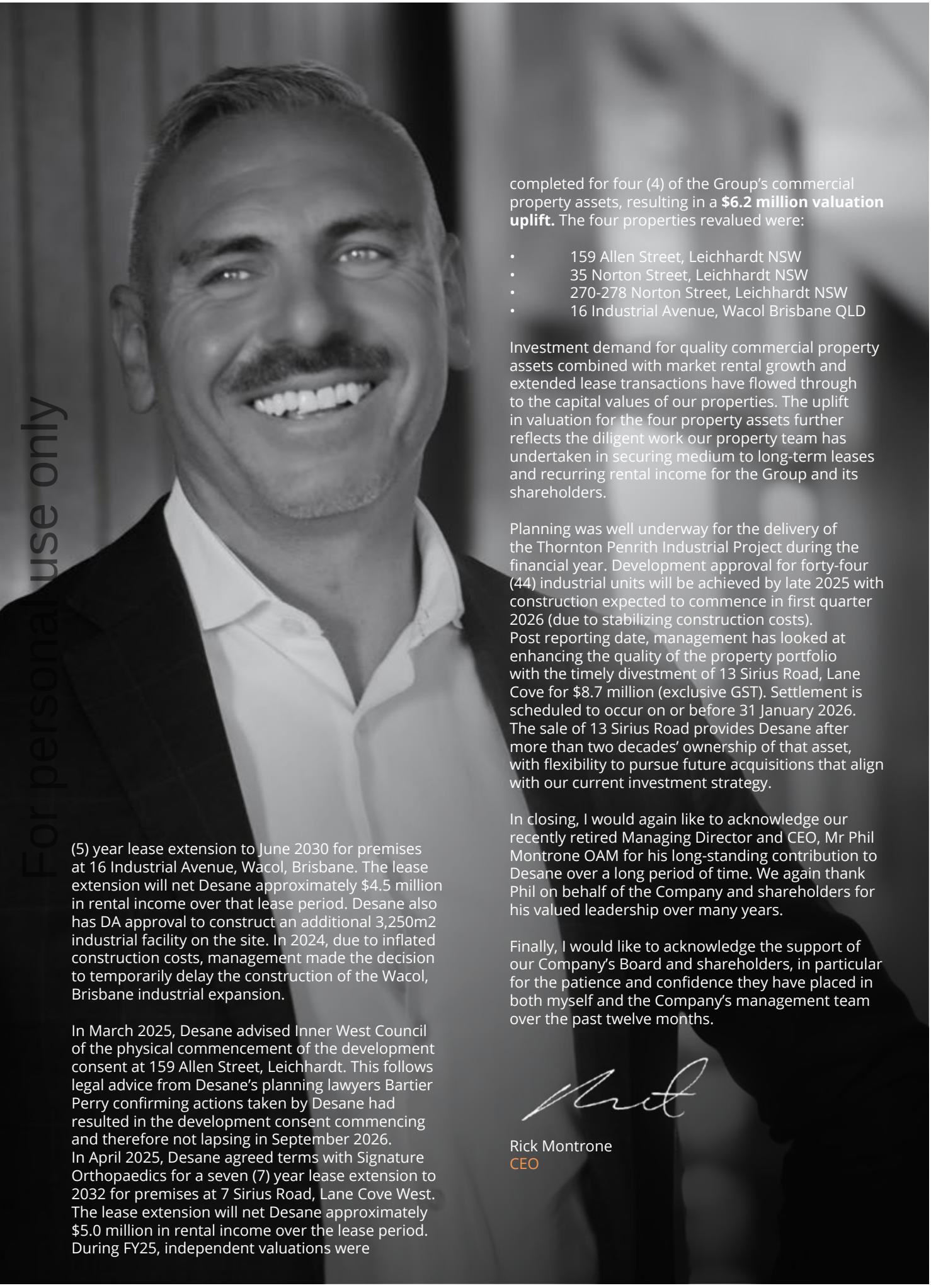
Key Financial Highlights

- Earnings Before Interest and Tax (EBIT) of $5.4 million
- Total Group Assets of $104.8 million – **up 3%** over the previous period
- Total Rental Income of $2.3 million – **up 2.5%** over the previous period

There is no doubt that the post COVID period has presented significant disruptive factors to the property sector, placing huge constraints on workers and business. Work from home and flexible work arrangements have seen a significant dampening impact to long term investment in new premises for many organisations. Put simply commercial buildings are becoming harder to lease particularly without significant capital expenditure from landlords.
The post COVID period has also been significantly impacted by construction cost increases. Cumulative cost increases of around 30-37% have been typical in the construction industry, driven by factors like supply chain disruptions, increased material costs and persistent labour shortages. While the pace of cost increases has shown some signs of slowing, it remains elevated compared to pre-pandemic levels.

The Australian property industry is only just starting to recover from these impacts and it may be a few more years until we return to the stronger economic conditions that existed before 2019. When I took on the role of Desane CEO at the end of last year, I wrote that I was committed to steering Desane towards continued long term growth. To this end, management reviewed its entire property portfolio to ensure it was effectively getting the most from each of its property assets.

I believe that during FY25, management has delivered on its strategy of delivering a strengthened balance sheet as well as a return to predictable income through effective lease management.
By way of example, in February 2025, Desane agreed terms with Brisbane City Council for a five



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(5) year lease extension to June 2030 for premises at 16 Industrial Avenue, Wacol, Brisbane. The lease extension will net Desane approximately $4.5 million in rental income over that lease period. Desane also has DA approval to construct an additional 3,250m2 industrial facility on the site. In 2024, due to inflated construction costs, management made the decision to temporarily delay the construction of the Wacol, Brisbane industrial expansion.

In March 2025, Desane advised Inner West Council of the physical commencement of the development consent at 159 Allen Street, Leichhardt. This follows legal advice from Desane's planning lawyers Bartier Perry confirming actions taken by Desane had resulted in the development consent commencing and therefore not lapsing in September 2026.
In April 2025, Desane agreed terms with Signature Orthopaedics for a seven (7) year lease extension to 2032 for premises at 7 Sirius Road, Lane Cove West. The lease extension will net Desane approximately $5.0 million in rental income over the lease period.
During FY25, independent valuations were completed for four (4) of the Group's commercial property assets, resulting in a **$6.2 million valuation uplift.** The four properties revalued were:

- 159 Allen Street, Leichhardt NSW
- 35 Norton Street, Leichhardt NSW
- 270-278 Norton Street, Leichhardt NSW
- 16 Industrial Avenue, Wacol Brisbane QLD

Investment demand for quality commercial property assets combined with market rental growth and extended lease transactions have flowed through to the capital values of our properties. The uplift in valuation for the four property assets further reflects the diligent work our property team has undertaken in securing medium to long-term leases and recurring rental income for the Group and its shareholders.

Planning was well underway for the delivery of the Thornton Penrith Industrial Project during the financial year. Development approval for forty-four (44) industrial units will be achieved by late 2025 with construction expected to commence in first quarter 2026 (due to stabilizing construction costs).
Post reporting date, management has looked at enhancing the quality of the property portfolio with the timely divestment of 13 Sirius Road, Lane Cove for $8.7 million (exclusive GST). Settlement is scheduled to occur on or before 31 January 2026. The sale of 13 Sirius Road provides Desane after more than two decades' ownership of that asset, with flexibility to pursue future acquisitions that align with our current investment strategy.

In closing, I would again like to acknowledge our recently retired Managing Director and CEO, Mr Phil Montrone OAM for his long-standing contribution to Desane over a long period of time. We again thank Phil on behalf of the Company and shareholders for his valued leadership over many years.

Finally, I would like to acknowledge the support of our Company's Board and shareholders, in particular for the patience and confidence they have placed in both myself and the Company's management team over the past twelve months.

Rick Montrone
CEO

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# Property Portfolio

**Building Momentum.**
**Creating Value.**





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# 91 Thornton Dr **Penrith**

Future development opportunities are firmly on the horizon. This 1.2 hectare site, with an 88-metre frontage to Thornton Drive, is strategically positioned within 400 metres of Penrith Railway Station and 500 metres from Westfield Penrith Plaza and the Penrith CBD.

Development plans have been lodged with the local authority for an industrial strata subdivision comprising forty four (44) industrial warehouse units. Approval is expected in late 2025 and construction for the project to commence in quarter one 2026.

.



*Artist Impression*

**01**



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*Artist Impression*




*Artist Impression*

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# 322 Norton St
# Leichhardt

The property is located approximately 5 kilometres from the Sydney CBD and is zoned E1 Local Centre. The property is situated 200 metres from Leichhardt North Light Rail Station and is in walking distance to public transport as well as vibrant cafes, restaurants and the local shopping precinct.

Plans for the construction of a 9-unit, mixed use development have been placed on hold due to rising costs of construction. In its place, a proposal for minor refurbishment to the existing premises on the basis of a pre-commitment lease to a medium to long term commercial tenant.



*Artist Impression*

02



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*Artist Impression*



*Artist Impression*

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# 270-278 Norton St **Leichhardt**

**This 929m² E1 Local Centre zoned property in Sydney's Inner West continued to perform strongly, underpinned by a secure and diversified tenant base.**

The asset delivered a valuation uplift during the year, reinforcing both the strength of the local market and the quality of the income streams.

Looking ahead, the property's 1.5:1 floor space ration (FSR) under the Inner West LEP provides long term upside, with potential future uses including residential development (subject to council approval).

This positions the asset as both a dependable income generator and a compelling value add growth opportunity in a tightly held market.

**03**



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# 159 Allen St **Leichhardt**

159 Allen Street is a 2,782m$^2$, R1 General Residential zoned property. It is located approximately 5 kilometres from the Sydney CBD, less than 200 metres from Hawthorne Light Rail Station and is a rare residential development opportunity in Sydney's city fringe.

The property is a short distance to local schools, amenities and other public services including the University of Sydney and the Royal Prince Alfred Hospital at Camperdown. Desane has attained development approval from the Inner West Council for a 5-storey apartment complex, comprising 46 residential apartments.




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# 05 35 Norton St Leichhardt

This 436m² E1- Local Centre zoned property on Norton Street continues to deliver steady income for the Company as well as a compelling long-term value add opportunity.

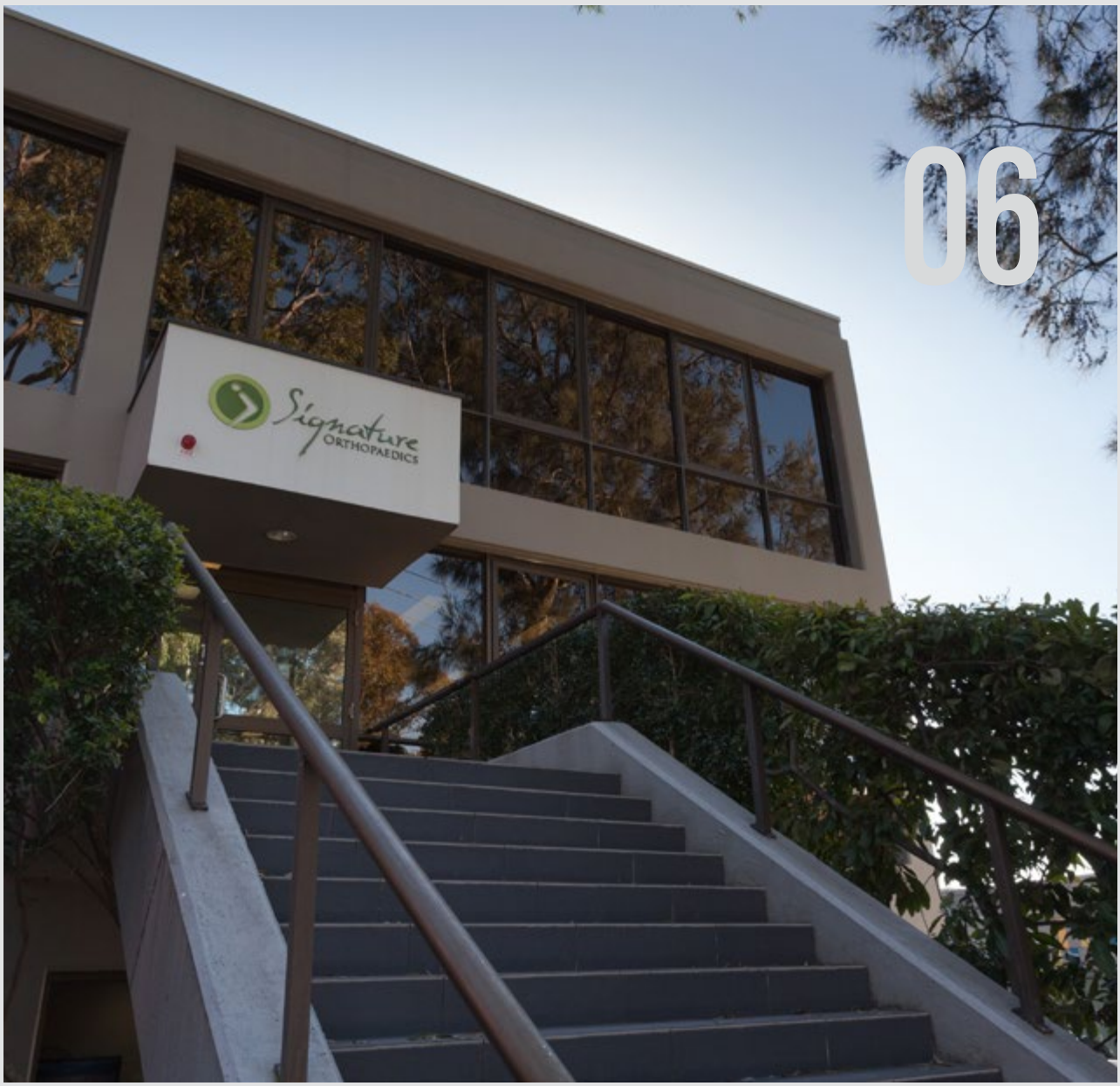
Having achieved full occupancy, this asset is generating $0.2million gross annual rental income. Importantly, the property recorded a valuation uplift during the year highlighting the area's resiliency and growth potential, responding to Inner West Council's "A Fairer Future" plan to concentrate 31,000 new homes around existing town centres and transport hubs. Strategically positioned the property is well placed to benefit from future increases in density and urban renewal initiatives including the Parramatta Road Corridor Urban Transformation Strategy (PRCUTS).

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# 7 Sirius Rd
# Lane Cove

**This 2,700m² industrial facility in Lane Cove West continues to perform strongly, supported by the tenant's recent renewal of a long term lease agreement with the Group.**

This commitment underscores the strength of the relationship and ensures a reliable income stream well into the future. Strategically located just 12 kilometres from the Sydney CBD and within 100 metres of another Desane-owned industrial property, the asset creates operational efficiencies and strengthens our presence in one of Sydney's most tightly held industrial precincts.



# 13 Sirius Rd
# Lane Cove

Our 2,181m$^2$ high tech industrial facility in Lane Cove West combines a solid building with tenant focused amenity including 50 secure basement parking spaces.

Post reporting date, management has agreed to the sale of the property for $8.7 million (exclusive of GST). Settlement is scheduled to occur on or before 31 January 2026.

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07






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# 16 Industrial Ave **Brisbane**

**An exceptional industrial asset, this 21,750m² property continues to strengthen and deliver to the Group's income streams.**

Featuring a 5,039m² warehouse, ample on-site parking and superior truck accessibility, the property is fully leased to a high quality local government tenant on a long term basis, ensuring a dependable income stream.

Importantly, Desane has also secured development approval for the construction of an additional 3,250m² warehouse facility to the rear of the property – unlocking significant future growth potential and reinforcing the asset's strategic value.

Despite securing construction terms, recent escalation of construction costs have meant management made the decision to temporarily delay the construction of the additional warehouse facility.

**08**





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*Artist Impression*



*Artist Impression*

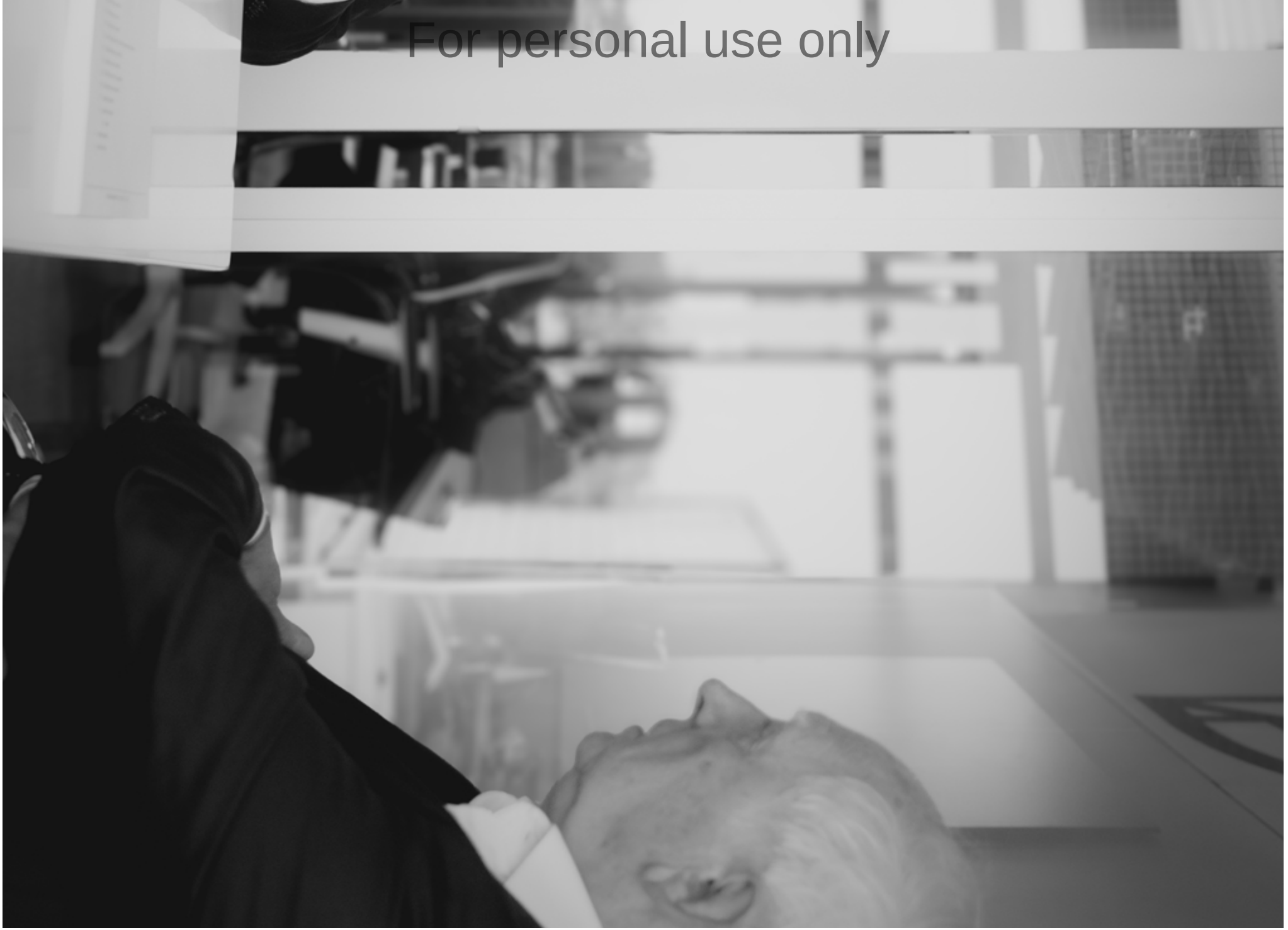
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# Directors' Report

**The Directors of Desane Group Holdings Limited ("Desane" and "the Company") present their report, together with the financial report of the Company and its controlled entities for the financial year ended 30 June 2025.**



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## Prof. John B Sheehan AM

**Independent Non-Executive Director & Chairman**

**Expertise & Experience**

Prof. Sheehan, a Life Fellow member of the Australian Property Institute (NSW division), has over 30 years' experience and expertise in property compensation law, town and country planning and environmental law. He has been a board member since the Company's incorporation in 1987 and was appointed as Chairman in 1992, which he currently serves.

**Special responsibilities**

Chairman of the Remuneration & Nomination Committee

Chairman of the Environmental, Occupational Health and Safety Committee

Member of the Risk Management & Audit Committee

Member of the Finance & Operations Committee

**Interest in Desane**

Ordinary shares 179,305



## Rick Montrone

**CEO (Appointed 30 July 2024)**

**Expertise & Experience**

Mr Montrone has over 20 years' experience in property investment, acquisitions, developments, management, leasing, sales and project management. Mr Montrone is a licensed real estate agent and an associate member of the Australian Property Institute. Mr Montrone has been a board member since 2015 and was appointed as Managing Director on 30 July 2024.

**Special responsibilities**

Member of the Risk Management & Audit Committee

Member of the Finance & Operations Committee

Member of the Environmental, Occupational Health & Safety Committee

**Interest in Desane**

Ordinary shares 303,721

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## Jack Sciara

**Director**
**(Appointed 30 July 2024)**
**Joint Company Secretary**

**Expertise & Experience**

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

**Special responsibilities**

Chief Financial Officer

Joint Company Secretary

**Interest in Desane**

Ordinary shares 103,000



## Kylie Ichsan

**Joint Company Secretary**
**(appointed 30 July 2024)**

**Expertise & Experience**

Mrs Ichsan joined Desane in 2019 and has over 20 years' experience in a variety of financial positions including retail, events, community health, financial and corporate accounting. Her role covers performing critical financial year reports, budgets and transactions. Mrs Ichsan was appointed as Joint Company Secretary on 30 July 2024. She is also responsible for investor relations, ASX compliance, corporate governance and reporting financial results to the Board and the market. Kylie is a member of CPA Australia.

**Special responsibilities**

Financial Accountant

**Interest in Desane**

Ordinary shares 4,244



## Peter Krejci

**Independent**
**Non-Executive Director**

**Expertise & Experience**

Mr Krejci has over 25 years' experience and expertise in corporate management and is a founding Principal of BRI Ferrier. His professional experience covers financial services, property and construction, retail, logistics, manufacturing and mining. Mr Krejci was appointed as a board member in 2019.

**Special responsibilities**

Chairman of the Risk Management & Audit Committee

Member of the Remuneration & Nomination Committee

Member of the Finance & Operations Committee

Member of the Environmental, Occupational Health & Safety Committee

**Interest in Desane**

Ordinary shares 25,000

### Meetings Of Directors

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

| Director | Directors' Meetings and Finance & Operations Committee Meetings | | Risk Management & Audit Committee Meetings | |
|---|---|---|---|---|
| | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held |
| J B Sheehan | 12 | 12 | 2 | 2 |
| R Montrone | 12 | 12 | 2 | 2 |
| P Krejci | 12 | 12 | 2 | 2 |
| J Sciara (appointed as Director 30 July 2024) | 11 | 12 | - | 2 |
| J Sciara * | 1 | 12 | | |
| K Ichsan * | 12 | 12 | | |
| P Montrone (retired 30 July 2024) | 1 | 12 | - | 2 |

| Director | Remuneration & Nomination Committee Meetings | | Environmental & Occupational Health & Safety Committee | |
|---|---|---|---|---|
| | No. of Meetings Attended | No. of Meetings Held | No. of Meetings Attended | No. of Meetings Held |
| J B Sheehan | 1 | 1 | 1 | 1 |
| R Montrone | - | 1 | 1 | 1 |
| P Krejci | 1 | 1 | 1 | 1 |
| J Sciara * | 1 | 1 | 1 | 1 |
| K Ichsan * | 1 | 1 | 1 | 1 |
| P Montrone (retired 30 July 2024) | - | 1 | 1 | 1 |

**As company Secretary*



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### Principal Activities

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

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

### Operating and Financial Review

The Group recorded a consolidated statutory net profit after tax for the year of $3.3m (2024: $1.65m).

Statutory net profit after tax has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, which comply with International Financial Reporting Standards.

Operating & Financial Review



$3.3m 2025

$1.65m 2024

| | 2025 $ '000 | 2024 $ '000 |
|---|---|---|
| The profit of the consolidated group, after providing for income tax amounted to | **3,316** | 1,643 |

A summary of consolidated financial results by operational segments is set out below:

| | Total Revenue | | Segment Result | |
|---|---|---|---|---|
| | **2025 $'000** | 2024 $'000 | **2025 $'000** | 2024 $'000 |
| Property investment – rental | **2,262** | 2,206 | **66** | (354) |
| Property management and services | **65** | 41 | **65** | 41 |
| Property investment – net revaluations | **6,188** | 3,228 | **6,188** | 3,228 |
| Interest income | **264** | 714 | **264** | 714 |
| | **8,779** | 6,189 | **6,583** | 3,629 |
| Less: Unallocated expenses | | | **(1,835)** | (1,325) |
| Operating profit | | | **4,748** | 2,304 |
| Income tax (expense)/benefit attributable to operating profit | | | **-** | (289) |
| Deferred tax attributable to operating profit | | | **(1,432)** | (372) |
| Operating profit after income tax attributable to members of Desane Group Holdings Limited | | | **3,316** | 1,643 |

## Financial Review

### Financial Results



Desane delivered a sound financial result for the 2025 financial year, underpinned by improved operational revenues and stable operational expense levels. The Group's property portfolio has continued its year-on-year growth, reflecting strength in both asset management and market conditions.

The commercial and industrial property market remained robust, contributing to a revaluation of the Wacol, QLD asset to **$18.9 million,** representing an **18% increase** from the previous corresponding period.

### Assets



Additional assets in Leichhardt, NSW, were also independently revalued during the year:

- **35 Norton Street:** $4.8 million
- **270–278 Norton Street:** $9.9 million
- **159 Allen Street:** $25.0 million (as previously reported in HY25)

### Objectives



Diligent and proactive management of the Group's assets and lease portfolio supported a **2.5% growth in rental income** and a **3.0% increase in total assets,** bringing the Group's total assets to **$104.8 million.**

**Outlook**

Looking ahead to FY26, Desane will maintain its focus on three core strategic objectives:

1.Pursuing strategic investment acquisitions that enhance return on equity (ROE) and strengthen recurring rental income streams.

2.Assessing and advancing the development pipeline to ensure projects deliver maximum value and align with market demand.

3.Reviewing capital management strategies with the aim of driving growth and delivering sustainable dividends to shareholders.

## Dividends Paid or Recognised

| | 2025 | 2024 |
|---|---|---|
| | $ '000 | $ '000 |
| Dividends paid or declared for payment are as follows: | | |
| No dividend was declared for the full year ended 30 June 2025 | - | - |

### Dividend Reinvestment Plan (DRP)

The DRP has been suspended until further notice.

### Significant Changes in State of Affairs

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

### Likely Developments

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

### Environmental Regulation

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

### Occupational Health and Safety Regulations

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

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

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

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

## AUDITED REMUNERATION REPORT

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

### Remuneration Policy

The remuneration policy of Desane Group Holdings Limited has been designed to align director and executive objectives with shareholder and business objectives. The board of Desane Group Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

### Approach to Remuneration

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

The Group's current remuneration framework includes:

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

### Fixed Remuneration

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

### Incentive Schemes (Discretionary Remuneration)

### Short Term Incentives

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

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

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

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

For the financial year ended 30 June 2025, there was no approval or payment of an STI bonus to KMP (2024: $- ).

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

| | **2025** | 2024 | 2023 |
|---|---|---|---|
| NPAT for the year at 30 June | **$3.32m** | $1.65m | $1.31m |
| Dividends paid per share (cents) | **-** | - | - |
| Closing share price at 30 June | **$0.83** | $0.95 | $0.88 |
| Earnings/(loss) per share (cents) at 30 June | **8.11** | 4.02 | 3.22 |
| Ordinary shares on issue at 30 June | **40,909,990** | 40,909,990 | 40,909,990 |
| NTA per share at 30 June | **$1.70** | $1.62 | $1.58 |

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### Executive Agreements

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

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

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

| Name | Commencement Date | Term of Agreement & Notice Period | Base Salary Including Superannuation $'000 | Termination Payments / Benefits $'000 |
|---|---|---|---|---|
| R Montrone | 2-Nov-03 | No fixed term & 12 months | 441 | - |
| J Sciara | 3-Sep-01 | No fixed term & 12 months | 265 | - |

### Non-Executive Directors

Total compensation for all non-executive directors, last voted on at the 2015 Annual General Meeting, is not to exceed $300,000 per annum. Currently, non-executive directors are compensated to a total of $0.2m per annum (2024: $0.2m), inclusive of superannuation. The 2025 non-executive director fees are 52.3% (2024: 50.1%) of the aggregate maximum sum approved by shareholders.

The base fee for the Chairman is $90,846 per annum and $66,325 per annum for other non-executive directors. Base fee cover all main board activities and membership of all board committees. Non-executive directors are not provided with retirement benefits apart from statutory superannuation if applicable.

### Details of Remuneration for year ended 30 June 2025

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

| | Short Term Benefits | | | |
|---|---|---|---|---|
| | Salary & Fees $'000 | STI Cash Bonus $'000 | Superannuation $'000 | Total $'000 |
| **Directors** | | | | |
| John B. Sheehan (non-executive) | 91 | - | - | 91 |
| Peter Krejci (non-executive) | 59 | - | 7 | 66 |
| Rick Montrone | 395 | - | 46 | 441 |
| Jack Sciara | 238 | - | 27 | 265 |
| **Directors - Retired** | | | | |
| Phil Montrone *(retired 30 July 2024)* | 440 | - | 50 | 490 |
| **Joint Company Secretary** | | | | |
| Kylie Ichsan | 118 | - | 14 | 132 |
| | 1,341 | - | 144 | 1,485 |

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### Indemnifying Officers or Auditor

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

The company paid a premium of $42,680 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 2025.

### 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 2025.

| | $ '000 |
|---|---|
| Taxation services | - |

### Auditor's Independence Declaration

The lead auditor's Independence Declaration for the year ended 30 June 2025, has been received and can be found on page 34 of the Financial Report.

### ASIC Class Order 98/100 Rounding of Amounts.

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

### Corporate Governance Statement

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

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors, at Sydney, this 25th day of August 2025.



J B Sheehan

Director
Sydney



R Montrone

Director
Sydney

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GCC Business & Assurance Pty Ltd

GPO Box 4566, Sydney NSW 2001
Telephone: (02) 9231 6166

Suite 807, 109 Pitt Street, Sydney NSW 2000

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

As the lead auditor for the audit of the Desane Group Holdings Limited and its controlled entitles for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

GCC Business & Assurance Pty Ltd.

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

**Jing Shu**
**Director**
Sydney, 1 August 2025

Liability limited by a scheme approved under Professional Standards Legislation

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# Financial Statements



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

*for the year ended 30 June 2025*

| | Note | Consolidated Group 2025 $'000 | 2024 $'000 |
|---|---|---|---|
| **Continuing Operations** | | | |
| Revenue | 2 | **2,327** | 2,247 |
| Other income | 2a | **264** | 714 |
| Gain/(loss) on revaluation of investment properties | 2 | **6,188** | 3,228 |
| Employee benefits expense | | **(1,029)** | (1,248) |
| Employee retirement benefit expense | | **(490)** | - |
| Depreciation and amortisation expense | | **(38)** | (48) |
| Finance costs | | **(682)** | (862) |
| Other expenses from ordinary activities | | **(1,792)** | (1,727) |
| Profit before income tax | | **4,748** | 2,304 |
| Income tax expense | 4 | **-** | (289) |
| Income tax deferred | 4 | **(1,432)** | (372) |
| Profit from continuing operations | | **3,316** | 1,643 |
| Other comprehensive income | | **-** | - |
| **Net Profit (after income tax)** | | **3,316** | 1,643 |
| Profit attributable to minority equity interest | | **-** | - |
| Profit attributable to members of the parent entity | | **3,316** | 1,643 |
| **Earnings per Share:** | | | |
| Overall Operations | | | |
| Basic earnings per share (cents per share) | 8 | **8.11** | 4.02 |
| Diluted earnings per share (cents per share) | 8 | **8.11** | 4.02 |
| Continuing Operations | | | |
| Basic earnings per share (cents per share) | | **8.11** | 4.02 |
| Diluted earnings per share (cents per share) | | **8.11** | 4.02 |

*The accompanying notes form part of these financial statements.*

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# Consolidated Statement of Financial Position

*As at 30 June 2025*

| | Note | Consolidated Group 2025 $'000 | 2024 $'000 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 9 | **4,634** | 3,458 |
| Trade and other receivables | 10 | **224** | 331 |
| Other current assets | 11 | **523** | 486 |
| Other financial assets | 12 | **891** | 5,116 |
| **Total Current Assets** | | **6,272** | 9,391 |
| **Non-current Assets** | | | |
| Inventory – development property | 13 | **4,485** | 4,417 |
| Investment properties | 14 | **91,556** | 84,785 |
| Property, plant and equipment | 15 | **2,221** | 2,287 |
| Other assets | 11 | **270** | 91 |
| Other financial assets | 12 | **-** | 680 |
| **Total Non-current Assets** | | **98,532** | 92,260 |
| **Total Assets** | | **104,804** | 101,651 |
| **Current Liabilities** | | | |
| Trade and other payables | 16 | **725** | 884 |
| Borrowings | 17 | **-** | 5,900 |
| Provisions | 18 | **26** | 345 |
| **Total Current Liabilities** | | **751** | 7,129 |
| **Non-current Liabilities** | | | |
| Trade and other payables | 16 | **20** | 2 |
| Borrowings | 17 | **12,800** | 8,000 |
| Provisions | 19 | **31** | 66 |
| Deferred tax liability | 22 | **21,506** | 20,074 |
| **Total Non-current Liabilities** | | **34,357** | 28,142 |
| **Total Liabilities** | | **35,108** | 35,271 |
| **Net Assets** | | **69,696** | 66,380 |
| **Equity** | | | |
| Issued capital | 20 | **21,213** | 21,213 |
| Retained earnings | 21 | **48,483** | 45,167 |
| **Total Equity** | | **69,696** | 66,380 |

*The accompanying notes form part of these financial statements.*

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## Consolidated Statement of Changes in Equity
*For the year ended 30 June 2025*

| | Issued Capital | Retained Earnings | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Balance at 1 July 2024** | **21,213** | **45,167** | **66,380** |
| **Shares issued during the year** | **-** | **-** | **-** |
| **Profit attributable to members of the parent entity** | **-** | **3,316** | **3,316** |
| | **21,213** | **48,483** | **69,696** |
| **Dividends paid or recognised for the year** | **-** | **-** | **-** |
| **Balance at 30 June 2025** | **21,213** | **48,483** | **69,696** |

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

*The accompanying notes form part of these financial statements.*

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# Consolidated Statement of Cash Flows

*For the year ended 30 June 2025*

| | Note | Consolidated Group 2025 Inflows (Outflows) $'000 | 2024 Inflows (Outflows) $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | **2,637** | 2,626 |
| Payments to suppliers and employees | | **(3,226)** | (1,749) |
| Interest received | | **275** | 786 |
| Finance costs | | **(654)** | (852) |
| **Net cash provided by (used in) operating activities** | 29 | **(968)** | 811 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | **(10)** | (4) |
| Purchase of development properties | | **(68)** | (35) |
| Purchase of investment properties | | **-** | (3,715) |
| Purchase of financial assets | | **(6,200)** | (1,000) |
| Proceeds from sale of financial assets | | **10,105** | 5,074 |
| Capital costs of investment properties | | **(583)** | (369) |
| **Net cash provided by (used in) investing activities** | | **3,244** | (49) |
| **Cash flows from financing activities** | | | |
| New borrowings | | **2,500** | - |
| Repayment of borrowings | | **(3,600)** | - |
| **Net cash provided by (used in) financing activities** | | **(1,100)** | - |
| **Net increase/(decrease) in cash held** | | **1,176** | 762 |
| Cash at beginning of financial year | | **3,458** | 2,696 |
| **Cash at end of financial year** | 9 | **4,634** | 3,458 |

*The accompanying notes form part of these financial statements.*

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*Artist Impression*

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## Note 1: Summary of Significant Accounting Policies

### Basis of Preparation

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

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

The financial statements were authorised for issue on 25 August 2025 by the directors of the Company.

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards, as issued by IASB.

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

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

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

### Accounting Policies

#### a. Principles of Consolidation

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

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

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

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

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

#### b. Income Tax

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

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

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

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

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

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

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

*Tax Consolidation*

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

### c. Inventories

*Development Property*

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

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

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

### d. Property, Plant and Equipment

*Property*

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

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## Note 1: Summary of Significant Accounting Policies (continued)

accumulated impairment losses and accumulated depreciation for buildings.

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

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

*Plant and Equipment*

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

Plant and equipment are measured on a cost basis.

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

*Depreciation*

The depreciable amount of plant and equipment is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of profit and loss.

### e. Investment Properties

Investment properties, comprising freehold office and industrial complexes, are held to generate long-term rental yields and capital gains. All tenant leases are on an arm's length basis. The fair value model is applied to all investment property and each property is reviewed at each reporting date.

The fair value is defined as the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Each property is independently valued at least every three years by registered valuers who have recognised and appropriate professional qualifications, and recent experience in the location and category of investment property being valued. Changes to fair value are recorded in the statement of profit and loss as revenue from non operating activities. Acquired investment properties are recognised in the statement of financial position when control of the property is attained and the Group derives the benefits of ownership.

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

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

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

### f. Leases

Leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of

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the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

## g. Financial Instruments

The Group has adopted AASB 9: Financial Instruments.

*Initial recognition and measurement*

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

Financial instruments, except for trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component, or if the practical expedient was applied as specified in AASB 15.63.

*Classification and subsequent measurement*

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

The Group has interests in the following financial assets:

*(i) Held-to-maturity investments*

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

## h. Impairment of Assets

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

## i. Employee Benefits

*Short-term Employee Benefits*

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

Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

*Other Long-term Employee Benefits*

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

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of

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## Note 1: Summary of Significant Accounting Policies (continued)

financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### j. Provisions

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

### k. Cash and Cash Equivalents

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

### l. Revenue and Other Income

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

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

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment. The Group derives revenue from investing in properties for rental and capital appreciation over time.
Revenue from sale of properties held for resale and non-current property or other assets is brought to account when control over the property is transferred to the purchaser, often on the signing of an unconditional contract of sale if the significant risks and rewards and effective control over the property passes to the purchaser at this point.

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

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

### m. Trade and Other Receivables

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

### n. Trade and Other Payables

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

### o. Borrowing Costs

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

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

### p. Goods and Services Tax (GST)

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

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

### q. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in the presentation in the financial year. When the Group retrospectively applies an accounting policy and makes a retrospective restatement or reclassifies items in its financial statement, an additional (third)

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statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

### r. Rounding of Amounts

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

### s. Critical Accounting Estimates and Judgements

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

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

*(i) Impairment – property valuations*

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

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

*ii) Impairment – general*

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

### t. New and Amended Policies Adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2025.


*Artist Impression*

## Note 2: Revenue and Other Income

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| **Revenue from Continuing Operations** | | |
| Property rental income | **2,262** | 2,206 |
| Property management fees and services | **65** | 41 |
| **Total Revenue from Continuing Operations** | **2,327** | 2,247 |
| **Other Revenue** | | |
| a. Interest revenue from: | | |
| - other persons | **264** | 714 |
| **Total Other Revenue** | **264** | 714 |
| **Total Revenue** | **2,591** | 2,961 |
| **Other Income** | | |
| Property investment – net revaluations | **6,188** | 3,228 |
| **Total Other Income** | **6,188** | 3,228 |

## Note 3: Profit for the Year

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

| | | Consolidated Group | |
|---|---|---|---|
| | Note | **2025** | 2024 |
| | | **$'000** | $'000 |
| **Expenses** | | | |
| Auditor's remuneration | 6 | **67** | 94 |
| Depreciation of plant and equipment | | **38** | 48 |
| Finance costs: | | | |
| - External | | **682** | 862 |
| Transfer to/(from) provisions for: | | | |
| - Employee entitlements | | **(66)** | (33) |
| Direct property expenditure from investment property generating rental income | | **1,151** | 1,109 |

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## Note 4: Income Tax Expense

a. The components of tax expense comprise:

| | Note | Consolidated Group 2025 $'000 | 2024 $'000 |
|---|---|---|---|
| Current tax | | - | 289 |
| Deferred tax | 22 | 1,432 | 372 |
| | | 1,432 | 661 |

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

| | Consolidated Group 2025 $'000 | 2024 $'000 |
|---|---|---|
| Prima facie tax payable on profit from ordinary activities before income tax at 30% (2024: 30%) | | |
| - consolidated group | 1,424 | 691 |
| Add: | | |
| Tax effect of: | | |
| - adjustment for prior year tax provision | - | (54) |
| - other accruals/provisions | 24 | 23 |
| - other non-allowable items | 1 | 1 |
| - other items not included in taxable income | (17) | - |
| Income tax attributable to entity | 1,432 | 661 |
| The applicable weighted average effective tax rates | 30.20% | 28.70% |

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## Note 5: Key Personnel Compensation

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

**Prof. John B. Sheehan AM**
Chairman (non-executive director)
**Mr Rick Montrone**
Managing Director (appointed 30 July 2024)
**Mr Peter Krejci**
Director (non-executive)
**Mr Jack Sciara**
Director (appointed 30 July 2024),
Joint Company Secretary and Chief Financial Officer
**Mrs Kylie Ichsan**
Joint Company Secretary (appointed 30 July 2024),
and Financial Accountant
**Mr Phil Montrone OAM**
Retired Managing Director (retired 30 July 2024)



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## Note 5: Key Personnel Compensation (continued)

### 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

| 2025<br>Key Personnel | Salary & Fees<br>$'000 | Superannuation<br>$'000 | Short Term Incentives<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **John B. Sheehan** | **91** | **-** | **-** | **91** |
| **Peter Krejci** | **59** | **7** | **-** | **66** |
| **Rick Montrone** | **395** | **46** | **-** | **441** |
| **Jack Sciara** | **238** | **27** | **-** | **265** |
| **Kylie Ichsan** | **118** | **14** | **-** | **132** |
| **Retired Key Personnel** | | | | |
| **Phil Montrone # (retired 30 July 2024)** | **440** | **50** | **-** | **490** |
| | **1,341** | **144** | **-** | **1,485** |

| 2024<br>Key Personnel | Salary & Fees<br>$'000 | Superannuation<br>$'000 | Short Term Incentives<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| John B. Sheehan | 88 | - | - | 88 |
| Peter Krejci | 58 | 6 | - | 64 |
| Phil Montrone | 252 | 28 | - | 280 |
| Rick Montrone | 386 | 42 | - | 428 |
| Jack Sciara | 214 | 24 | - | 238 |
| | 998 | 100 | - | 1,098 |

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### d. Shareholdings

Number of shares held by parent entity directors and specified executives

| Key Personnel | Balance 30.06.24 '000 | Net Change Other* '000 | Balance 30.06.25 '000 |
|---|---|---|---|
| John B. Sheehan | 179 | - | 179 |
| Rick Montrone | 304 | - | 304 |
| Peter Krejci | - | 25 | 25 |
| Jack Sciara | 103 | - | 103 |
| Kylie Ichsan | 3 | 1 | 4 |
| | 589 | 26 | 615 |

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

## Note 6: Auditors' Remuneration

| | Consolidated Group 2025 $'000 | 2024 $'000 |
|---|---|---|
| Remuneration of the auditor for the parent entity: | | |
| **GCC Business Assurance Pty Ltd** | | |
| - auditing or reviewing the financial report | **67** | 90 |
| - taxation services | **-** | 4 |
| | **67** | 94 |

## Note 7: Dividends

| | Consolidated Group 2025 $'000 | 2024 $'000 |
|---|---|---|
| **Dividends paid** | | |
| a. No dividend was declared for full year ended 30 June 2025 | **-** | - |
| b. The Group has $288,847 (2024 - $nil) franking credits available. | | |

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## Note 8: Earnings per Share

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| Reconciliation of earnings used in the calculation of earnings per share | | |
| Operating profit after income tax | **3,316** | 1,643 |

Reconciliation of weighted average numbers of ordinary shares used in the calculation of earnings per share

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | **40,909,990** | 40,909,990 |
| Basic earnings per share (cents per share) | **8.11** | 4.02 |
| Diluted earnings per share (cents per share) | **8.11** | 4.02 |

**Conversion, call, subscription or issue after 30 June 2025**

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

## Note 9: Current Assets – Cash and Cash Equivalents

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| Cash at bank and in hand | **634** | 458 |
| Interest bearing short term deposits | **4,000** | 3,000 |
| | **4,634** | 3,458 |

The effective interest rate on cash at bank was 1.1% (2024 – 1.3%).

**The effective interest rate on short term bank deposits was an average of 4.03% (2024 – 4.45%). These deposits have a weighted average maturity of 90 days.**

**Reconciliation of cash**

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

| | | |
|---|---|---|
| Cash as above | **4,634** | 3,458 |
| Less: Bank overdraft (refer to note 17) | **-** | - |
| | **4,634** | 3,458 |

## Note 10: Current Assets – Trade and Other Receivables

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| Trade receivables | **224** | 331 |

## Note 11: Other Assets

### (a) Current Assets

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| Prepayments and GST receivables | **523** | 486 |

### (b) Non-Current Assets

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| Formation costs | **2** | 2 |
| Lease rental incentive | **241** | - |
| Lease payment plan | **27** | 89 |
| | **270** | 91 |

## Note 12: Other Financial Assets

### (a) Current

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| **Held-to-maturity investments** | | |
| Fixed interest securities | **891** | 5,116 |

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## Note 12: Other Financial Assets (continued)

### (b) Non-Current

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| **Held-to-maturity investments** | | |
| Fixed interest securities | **-** | 680 |

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

**These securities have a weighted average maturity of 365 days.**

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

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| 322 Norton Street, Leichhardt – acquisition cost | **3,379** | 3,379 |
| 322 Norton Street, Leichhardt – development costs | **1,106** | 1,038 |
| | **4,485** | 4,417 |

## Note 14: Non-current Assets – Properties

| Investment properties: | Note | Consolidated Group | |
|---|---|---|---|
| | | **2025** | 2024 |
| | | **$'000** | $'000 |
| 13 Sirius Road, Lane Cove NSW | **14a** | **8,724** | 8,700 |
| 7 Sirius Road, Lane Cove NSW | **14b** | **10,530** | 10,500 |
| 91 Thornton Drive, Penrith NSW | **14c** | **13,713** | 13,541 |
| 159 Allen Street, Leichhardt NSW | **14d** | **25,008** | 23,024 |
| 16 Industrial Avenue, Wacol QLD | **14e** | **18,909** | 16,021 |
| 270-278 Norton Street, Leichhardt NSW | **14f** | **9,902** | 9,220 |
| 35 Norton Street, Leichhardt NSW | **14g** | **4,770** | 3,779 |
| | | **91,556** | 84,785 |

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### Valuation overview

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

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

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

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

a. The directors' valuation, as at 30 June 2025. An independent valuation was undertaken in June 2024 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.

b. The directors' valuation as at 30 June 2025. An independent valuation was undertaken in June 2024 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.

c. The directors' valuation, as at 30 June 2025. An independent valuation was undertaken in February 2024 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.

d. The directors' valuation as at 30 June 2025. An independent valuation was undertaken in December 2024 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.

e. The directors' valuation as at 30 June 2025. An independent valuation was undertaken in April 2025 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.

f. The directors' valuation as at 30 June 2025. An independent valuation was undertaken in April 2025 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.

g. The directors' valuation as at 30 June 2025. An independent valuation was undertaken in April 2025 by a certified practicing valuation company. The directors have based the value on the valuation report, together with current direct comparison market sales evidence.

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### Operational Overview

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

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



## Note 14: Non-Current Assets- Properties (continued)

### Investment Properties

2025

| | Acquisition Cost | Construction Cost | Other Capital Costs | Revaluation | Carrying Value 30.06.2025 |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| 13 Sirius Rd, Lane Cove NSW | 2,900 | 672 | 1,446 | 3,706 | 8,724 |
| 7 Sirius Rd, Lane Cove NSW | 2,950 | 1,137 | 373 | 6,070 | 10,530 |
| 91 Thornton Dr, Penrith NSW | 4,149 | - | 1,214 | 8,350 | 13,713 |
| 159 Allen St, Leichhardt NSW | 22,280 | - | 614 | 2,114 | 25,008 |
| 16 Industrial Ave, Wacol QLD | 10,073 | - | 468 | 8,368 | 18,909 |
| 270-278 Norton St, Leichhardt NSW | 7,688 | - | 88 | 2,126 | 9,902 |
| 35 Norton St, Leichhardt NSW | 3,715 | - | 229 | 826 | 4,770 |
| | 53,755 | 1,809 | 4,432 | 31,560 | 91,556 |

2024

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

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

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| Suite 4, 26-32 Pirrama Road, Pyrmont – land and buildings | **1,834** | 1,834 |
| Less: Accumulated depreciation | **-** | - |
| | **1,834** | 1,834 |
| Capital works – Suite 4 | **352** | 352 |
| Less: Accumulated depreciation | **(89)** | (76) |
| | **263** | 276 |
| Depreciable plant and equipment | **11** | 21 |
| Less: Accumulated depreciation | **(3)** | (11) |
| | **8** | 10 |
| Leasehold improvements | **104** | 104 |
| Less: Accumulated depreciation | **(17)** | (14) |
| | **87** | 90 |
| Office furniture and equipment – at cost | **53** | 73 |
| Less: Accumulated depreciation | **(24)** | (39) |
| | **29** | 34 |
| Motor vehicle – at cost | **69** | 106 |
| Less: Accumulated depreciation | **(69)** | (64) |
| | **-** | 42 |
| In-house software | **23** | 23 |
| Less: Accumulated depreciation | **(23)** | (22) |
| | **-** | 1 |
| Total non-current assets | **2,221** | 2,287 |

***Movements in Carrying Amounts***

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

| | Land and Buildings | Capital Works | Leasehold Improvements | Plant & Equipment | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Consolidated Group** | | | | | |
| Balance at the beginning of year | **1,834** | **276** | **90** | **87** | **2,287** |
| Additions | **-** | **-** | **-** | **9** | **9** |
| Disposals/write offs | **-** | **-** | **-** | **(37)** | **(37)** |
| Depreciation expense | **-** | **(13)** | **(3)** | **(22)** | **(38)** |
| Carrying amount at the end of the year | **1,834** | **263** | **87** | **37** | **2,221** |

## Note 16: Trade and Other Payables

### (a) Current

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| **Unsecured liabilities** | | |
| Trade payables | **725** | 884 |

### (b) Non-Current

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| **Unsecured liabilities** | | |
| Trade payables – rental bonds held | **20** | 2 |

## Note 17: Borrowings

### (a) Current

| | Note | Consolidated Group | |
|---|---|---|---|
| | | **2025** | 2024 |
| | | **$'000** | $'000 |
| **Secured:** | | | |
| Bank overdraft | a | - | - |
| **Secured Liabilities – Bank Loans** | | | |
| Finance for property 13 Sirius Road, Lane Cove | | - | 2,950 |
| Finance for property 7 Sirius Road, Lane Cove | 17i | - | 2,950 |
| | | - | 5,900 |

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

### (b) Non-Current

| | Note | Consolidated Group | |
|---|---|---|---|
| | | **2025** | 2024 |
| | | **$'000** | $'000 |
| **Secured Liabilities – Bank Loans** | | | |
| Finance for property 7 Sirius Road, Lane Cove | 17i | **4,800** | - |
| Finance for property 16 Industrial Avenue, Wacol | 17ii | **8,000** | 8,000 |
| | | **12,800** | 8,000 |

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i. First mortgage finance secured over 7 Sirius Road, Lane Cove property (note 14b). During FY25 a further $1.85m was borrowed against the security of this property. The term is 37 months and the variable interest is currently 3.76% pa. Covenants imposed by mortgagor require total debt not to exceed 51% of the property value and the EBITDA is required to exceed interest expense by at least 1.5 times.

ii. First mortgage finance secured over 16 Industrial Avenue, Wacol property (note 14e). Covenants imposed by mortgagor require total debt not to exceed 51% of the property value and the EBITDA is required to exceed interest expense by at least 1.5 times. The maturity of the loan is 31 March 2027.

### Maturity Schedule

| | Interest Rates (average) | Consolidated Group 2025 $'000 | 2024 $'000 |
|---|---|---|---|
| 31 July 2028 | 5.71% pa | **4,800** | 5,900 |
| 31 March 2027 | 5.71% pa | **8,000** | 8,000 |
| | | **12,800** | 13,900 |

## Note 18: Current Liabilities – Provisions

| | Consolidated Group 2025 $'000 | 2024 $'000 |
|---|---|---|
| Current income tax | **-** | 289 |
| Employee entitlements* | **26** | 56 |
| | **26** | 345 |

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

| | Consolidated Group 2025 No | 2024 No |
|---|---|---|
| Number of employees at year end | **7** | 7 |

## Note 19: Non-Current Liabilities – Provisions

| | Consolidated Group 2025 $'000 | 2024 $'000 |
|---|---|---|
| Employee long service leave entitlement* | **31** | 66 |

** Movement represents provision set aside.*

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## Note 19: Non-Current Liabilities – Provisions (continued)

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

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

## Note 20: Issued Capital

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| 40,909,990 (2024: 40,909,990) Ordinary Shares fully paid | **21,213** | 21,213 |

| | Consolidated Group | | Consolidated Group | |
|---|---|---|---|---|
| | **2025** | 2024 | **2025** | 2024 |
| | **Shares** | Shares | **$'000** | $'000 |
| **Ordinary Shares Fully Paid** | | | | |
| At beginning of the year | **40,909,990** | 40,909,990 | **21,213** | 21,213 |
| Ordinary Shares fully paid at reporting period | **40,909,990** | 40,909,990 | **21,213** | 21,213 |

### a. Movements in Ordinary Share Capital of the Company

No shares were issued during 2025: nil (2024: nil).

### b. Authorised Capital

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

### c. Capital Management

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

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

There are no externally imposed capital requirements.

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

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

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## Note 21: Retained Earnings

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| Retained earnings at beginning of financial year | **45,167** | 43,524 |
| Net profit attributable to members of parent entity | **3,316** | 1,643 |
| Retained earnings at end of financial year | **48,483** | 45,167 |







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## Note 22: Deferred Taxes

| | Note | Consolidated Group 2025 $'000 | 2024 $'000 |
|---|---|---|---|
| **Non-current** | | | |
| Deferred tax liability comprises: | | | |
| Tax allowances relating to property and equipment | | **12,575** | 12,524 |
| Revaluation of investment properties | | **9,468** | 7,612 |
| Deferred tax asset attributable to tax and capital losses | | **(499)** | - |
| Provisions | | **(38)** | (62) |
| | | **21,506** | 20,074 |
| **Reconciliation** | | | |
| **Gross Movement** | | | |
| The overall movement in the deferred tax account is as follows: | | | |
| Opening balance | | **20,074** | 19,702 |
| Charge to statement of profit and loss | 4 | **1,432** | 372 |
| Closing balance | | **21,506** | 20,074 |
| **Deferred Tax Liability** | | | |
| *Tax allowance relating to property, plant and equipment* | | | |
| Opening balance | | **12,524** | 14,457 |
| Charged to the statement of profit and loss | | **51** | (1,933) |
| Closing balance | | **12,575** | 12,524 |
| *Revaluation of investment properties* | | | |
| Opening balance | | **7,612** | 6,644 |
| Net revaluation during the current period | | **1,856** | 968 |
| Closing balance | | **9,468** | 7,612 |
| **Deferred Tax Assets** | | | |
| *Tax and capital losses* | | | |
| Opening balance | | **-** | (1,314) |
| Prior year adjustment | | **-** | - |
| Tax and capital losses utilised | | **(499)** | (1,314) |
| Closing balance | | **(499)** | - |
| *Provisions* | | | |
| Opening balance | | **(62)** | (85) |
| Credited to statement of profit and loss | | **24** | 23 |
| Closing balance | | **(38)** | (62) |

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## Note 23: Financial Instruments

### a. Financial Risk Management

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

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

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

Liquidity Risk

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

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

Interest Rate Risk

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

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2025, approximately 100% of the Group's debt is with a floating interest rate and any balance is fixed interest rate debt.

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

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

### b. Credit Risk Exposure

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

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

### c. Net Fair Values

On Statement of Financial Position:

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

Off Statement of Financial Position:

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

## Note 23: Financial Instruments (continued)

### d. Carrying Amount and Net Fair Values

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

| 2025 | Note | Floating Interest Maturing within 1-5 years $'000 | Fixed Interest Maturing within 1 year $'000 | Fixed Interest Maturing within 1-5 years $'000 | Non-Interest Bearing $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| **Cash and deposits** | **9** | **-** | **4,634** | **-** | **-** | **4,634** |
| **Receivables** | **10, 11** | **-** | **-** | **-** | **1,017** | **1,017** |
| **Other financial assets** | **12** | **-** | **891** | **-** | **-** | **891** |
| | | **-** | **5,525** | **-** | **1,017** | **6,542** |
| **Weighted average interest rates** | | **-%** | **2.40%** | **-** | **-** | **2.40%** |
| **Financial Liabilities** | | | | | | |
| **Trade and other creditors** | **16** | **-** | **-** | **-** | **745** | **745** |
| **Interest bearing liabilities** | **17** | **12,800** | **-** | **-** | **-** | **12,800** |
| | | **12,800** | **-** | **-** | **745** | **13,545** |
| **Weighted average interest rate** | | **5.71%** | **-%** | **-%** | **-%** | **5.71%** |
| **Net financial assets (liabilities)** | | **(12,800)** | **5,525** | **-** | **272** | **(7,003)** |

| 2024 | Note | Floating Interest Maturing within 1-5 years $'000 | Fixed Interest Maturing within 1 year $'000 | Fixed Interest Maturing within 1-5 years $'000 | Non-Interest Bearing $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| Financial Assets | | | | | | |
| Cash and deposits | 9 | - | 3,458 | - | - | 3,458 |
| Receivables | 10, 11 | - | - | - | 908 | 908 |
| Other financial assets | 12 | - | 5,116 | 680 | - | 5,796 |
| | | - | 8,574 | 680 | 908 | 10,162 |
| Weighted average interest rates | | 0.00% | 4.70% | 7.00% | 0.00% | 4.70% |
| Financial Liabilities | | | | | | |
| Trade and other creditors | 16 | - | - | - | 886 | 886 |
| Interest bearing liabilities | 17 | 13,900 | - | - | - | 13,900 |
| | | 13,900 | - | - | 886 | 14,786 |
| Weighted average interest rate | | 6.30% | 0.00% | 0.00% | 0.00% | 6.30% |
| Net financial assets (liabilities) | | (13,900) | 8,574 | 680 | 22 | (4,624) |

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Sensitivity Analysis

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

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

There are no financial liabilities maturing over 5 years.

| | Consolidated Group | |
|---|---|---|
| | Profit | Equity |
| | $'000 | $'000 |
| Year ended 30 June 2025 | **+/- 256** | **+/-256** |

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

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

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

Held to Maturity Investments

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

## Note 24: Related Party Transactions

All transactions are under normal commercial terms and conditions.

The Group's main related parties are as follows:

i. *Key management personnel:*

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

ii. *Other related parties:*

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

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## Note 24: Related Party Transactions (continued)

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

### a. Controlled Entities

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

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| Desane Properties Pty Ltd: Dividend paid | **1,850** | 1,350 |

### b. Directors

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

- Rick Montrone
- John Blair Sheehan
- Peter Krejci
- Jack Sciara
- Phil Montrone (retired 30 July 2024)

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

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

Trafalgar Contracting Pty Ltd, which is a company owned by Mr Rick Montrone's uncle, has provided maintenance and project management services totalling $50,490 at properties owned by the Group on an arm's length basis. Trafalgar Contracting Pty Ltd has a lease, at arm's length, for premises at 159 Allen Street, Leichhardt.

Mr Jack Sciara provided professional tax services to the Group for the amount of $8,600 on an arm's length basis. Mr Jack Sciara's spouse and daughter have been employed by Desane Group Holdings Limited on a part time and casual basis respectively, as administration assistants for the accounting and finance department. Their employment is on an arm's length basis.

Mr Rick Montrone's spouse was paid $22,424 on market terms, for the design and production of annual financial report, as well as the AGM presentation and ongoing website maintenance.

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

## Note 25: Commitments for Expenditure

There are no contractual commitments.

## Note 26: Superannuation Commitments

In the case of employees of the holding company and controlled entities, the company contributed 11.5% of each member's salary into the fund nominated by each member. Group companies contribute a minimum amount equal to 11.5% of each member's salary, plus the cost of the insurance coverage, if required, to insure the provision of all benefits to the Fund. The benefits provided by the accumulation fund are based on the contributions and income thereon held by the Fund on behalf of the member. The 11.5% contribution made by group companies is legally enforceable.

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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 $163,007 (2024 - $127,267), parent entity $147,171 (2024 - $84,803).

## Note 27: Contingent Liabilities

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

The shareholders' funds as at 30 June 2025, in the controlled entities concerned were:

| | 2025 $'000 | 2024 $'000 |
|---|---|---|
| 159 Allen Street Leichhardt Pty Ltd – net assets | **949** | (768) |
| Desane Properties Pty Limited – net assets | **59,482** | 57,933 |

### b. 7 Sirius Road Property

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

### c. 16 Industrial Avenue Property

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

## Note 28: Operating Segments- Consolidated Group

### Segment Information

Identification of Reportable Segments

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

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

Types of Operations and Services by Segment

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

i. Property Development

Development projects (residential, commercial or industrial).

ii. Property Investment

Rental income from prime real estate investments.

iii. Property Project Management and Resale

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

iv. Property Services

Property and related services.

Accounting Policies Adopted

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

Segment Assets

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

Segment Liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment.

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## Note 28: Operating Segments – Consolidated Group (continued)

Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated Items

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

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

*Geographical Segments*

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

*Inter-segment Transactions*

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

| 2025 | Property Investment | Property Development | Property Services | Plant and Equipment | Other | Consolidated Group |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| External sales | 2,262 | - | 65 | - | 264 | 2,591 |
| Other segments | - | - | - | - | - | - |
| Total revenue | 2,262 | - | 65 | - | 264 | 2,591 |
| Segment result | 6,936 | - | 65 | - | 264 | 7,265 |
| Unallocated expenses | | | | | | (1,835) |
| Finance costs | | | | | | (682) |
| Profit/(loss) before income tax | | | | | | 4,748 |
| Income tax expense | | | | | | (1,432) |
| Profit/(loss) after income tax | | | | | | 3,316 |

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| 2025 Segment Assets | Property Investment | Property Development | Property Services | Plant and Equipment | Other | Consolidated Group |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| 2024 opening balance | 84,785 | 4,417 | - | 2,287 | 10,162 | 101,651 |
| **Unallocated Assets** | | | | | | |
| Deferred tax assets | | | | | | - |
| **Segment Asset Increases/(Decreases) for the Period** | | | | | | |
| Acquisitions | - | - | - | 9 | - | 9 |
| Proceeds from sale | - | - | - | (37) | - | (37) |
| Revaluations/(devaluations) | 6,188 | - | - | - | - | 6,188 |
| Capital expenditures | 583 | - | - | - | - | 583 |
| Development expenditures | - | 68 | - | - | - | 68 |
| Depreciation and capital allowance | - | - | - | (38) | - | (38) |
| Net movement in other segments | - | - | - | - | (3,620) | (3,620) |
| | 91,556 | 4,485 | - | 2,221 | 6,542 | 104,804 |
| **Unallocated Assets** | | | | | | - |
| **Deferred Tax Assets** | | | | | | - |
| **Total Group Assets** | | | | | | 104,804 |

| 2025 Segment Liabilities | Property Investment | Property Development | Property Services | Plant and Equipment | Other | Consolidated Group |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| 2024 opening balance | 13,900 | - | - | - | 21,371 | 35,271 |
| **Unallocated Liabilities** | | | | | | |
| **Segment Liabilities Increases/ (Decreases) for the Period** | | | | | | |
| New Borrowings | 2,500 | - | - | - | - | 2,500 |
| Repayment of Borrowings | (3,600) | - | - | - | - | (3,600) |
| Net movement in other segments | - | - | - | - | (495) | (495) |
| | 12,800 | - | - | - | 20,876 | 33,676 |
| **Unallocated Liabilities** | | | | | | |
| **Deferred Tax Liabilities** | | | | | | 1,432 |
| **Total Group Liabilities** | | | | | | 35,108 |

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## Note 28: Operating Segments – Consolidated Group (continued)

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

| 2024<br>Segment Assets | Property Investment | Property Development | Property Services | Plant and Equipment | Other | Consolidated Group |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| 2023 opening balance | 77,473 | 4,382 | - | 2,331 | 14,576 | 98,762 |
| **Unallocated Assets** | | | | | | |
| Deferred tax assets | - | - | - | - | - | - |
| **Segment Asset Increases/ (Decreases) for the Period** | | | | | | |
| Acquisitions | 3,715 | - | - | 4 | - | 3,719 |
| Revaluations/(devaluations) | 3,228 | - | - | - | - | 3,228 |
| Capital expenditures | 369 | 35 | - | - | - | 404 |
| Development expenditures | - | - | - | - | - | - |
| Depreciation and capital allowance | - | - | - | (48) | - | (48) |
| Net movement in other segments | - | - | - | - | (4,414) | (4,414) |
| | 84,785 | 4,417 | - | 2,287 | 10,162 | 101,651 |
| **Unallocated Assets** | | | | | | |
| **Deferred Tax Assets** | | | | | | |
| **Total Group Assets** | | | | | | 101,651 |

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| 2024<br>Segment Liabilities | Property Investment | Property Development | Property Services | Plant and Equipment | Other | Consolidated Group |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| 2023 opening balance | 13,900 | - | - | - | 20,125 | 34,025 |
| **Unallocated Liabilities** | | | | | | |
| **Segment Liabilities Increases/ (Decreases) for the Period** | | | | | | |
| New Borrowings | - | - | - | - | - | - |
| Net movement in other segments | - | - | - | - | 827 | 827 |
| | 13,900 | - | - | - | 20,952 | 34,852 |
| **Unallocated Liabilities** | | | | | | |
| **Deferred Tax Liabilities** | | | | | | 372 |
| **Total Group Liabilities** | | | | | | 35,224 |

## Note 29: Cash Flow Information

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

| | Consolidated Group | |
|---|---|---|
| | 2025 | 2024 |
| | $'000 | $'000 |
| Profit/(loss) after income tax | **3,316** | 1,643 |
| **Non-cash flows in profit/(loss)** | | |
| Depreciation and amortisation | **38** | 48 |
| (Gain)/loss on asset revaluation | **(6,188)** | (3,228) |
| **Changes in assets and liabilities** | | |
| (Increase)/decrease in trade receivables | **107** | 45 |
| (Increase)/decrease in prepayments | **(37)** | 14 |
| (Decrease)/increase in trade payments and accruals | **(159)** | 620 |
| (Decrease)/increase in other payables | **-** | - |
| (Decrease)/increase in provisions | **(65)** | (34) |
| Increase/(decrease) in deferred taxes payable | **1,432** | 372 |
| Transfer to financing activities | **588** | 1,331 |
| Cash flow from operations | **(968)** | 811 |

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## Note 29: Cash Flow Information (continued)

### Credit Standby Arrangements with Banks

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| Credit facility | **100** | 100 |
| Amount utilised | **-** | - |

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

### Loan Facilities with Financial Institutions

| | Consolidated Group | |
|---|---|---|
| | **2025** | 2024 |
| | **$'000** | $'000 |
| Loan facilities | **12,800** | 13,900 |
| Amount utilised | **(12,800)** | (13,900) |

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

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## Note 30: Parent Entity Disclosures

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

| | Note | Parent Entity 2025 $'000 | 2024 $'000 |
|---|---|---|---|
| **STATEMENT OF COMPREHENSIVE INCOME** | | | |
| **Result of Parent Entity** | | | |
| Profit for the period | | **49** | 26 |
| Other comprehensive income | | **-** | - |
| Total profit and comprehensive income for the period | | **49** | 26 |
| **STATEMENT OF FINANCIAL POSITION** | | | |
| **Current Assets** | | | |
| Cash | | **7** | 10 |
| Trade and other receivables | | **13** | - |
| Other assets | | **38** | 36 |
| **Non-current Assets** | | | |
| Trade and other receivables – loans to controlled entities | ii | **9,311** | 9,320 |
| Investment – controlled entities | i | **490** | 490 |
| Property, plant and equipment | | **30** | 78 |
| **Total Assets** | | **9,889** | 9,934 |
| **Current Liabilities** | | | |
| Trade and other payables | | **77** | 87 |
| Short term provisions | | **26** | 82 |
| **Non-current Liabilities** | | | |
| Long term provisions | | **31** | 59 |
| **Total Liabilities** | | **134** | 228 |
| **Net Assets** | | **9,755** | 9,706 |
| **Total Equity** | | | |
| Issued capital | | **21,213** | 21,213 |
| Retained earnings/(accumulated losses) | | **(11,458)** | (11,507) |
| **Total Equity** | | **9,755** | 9,706 |

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## Note 30: Parent Entity Disclosures (continued)

### i. Controlled Entities

Investments in controlled entities are unquoted and comprise:

| Controlled Entities | Class of Shares | Parent Entity 2025 Holding % | 2025 Investment $'000 | Parent Entity 2024 Holding % | 2024 Investment $'000 |
|---|---|---|---|---|---|
| Desane Properties Pty Ltd | Ordinary | **100** | **490** | **100** | **490** |
| 159 Allen Street Leichhardt Pty Ltd | Ordinary | **100** | **-** | **100** | **-** |
| | | | **490** | | **490** |

All controlled entities are incorporated in Australia. Desane Properties Pty Ltd declared a dividend of $1,850,000 out of retained profits (2024: $1,350,000). 159 Allen Street Leichhardt Pty Ltd declared a dividend of $nil (2024: $nil).

Contribution to profit/(loss) after tax:

| | 2025 $'000 | 2024 $'000 |
|---|---|---|
| Desane Group Holdings Limited | **(1,801)** | (1,324) |
| Desane Properties Pty Limited | **3,400** | 3,161 |
| 159 Allen Street Leichhardt Pty Ltd | **1,717** | (194) |
| | **3,316** | 1,643 |

### ii. Loans to Controlled Entities

| | 2025 $'000 | 2024 $'000 |
|---|---|---|
| Desane Properties Pty Limited | **(14,723)** | (14,472) |
| 159 Allen Street Leichhardt Pty Ltd | **24,034** | 23,792 |
| | **9,311** | 9,320 |

**Guarantees**

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

**Capital Commitments**

Desane Group Holdings has no capital commitments to note.

**Contractual Commitments**

At 30 June 2025, Desane Group Holdings Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment or any other affairs (2024: Nil).

## Note 31: Events after the Reporting Date

Contracts have been exchanged for the sale of 13 Sirius Road, LANE COVE NSW for $8.7m (exclusive of GST). Settlement scheduled to occur on or before 31 January 2026.

## Note 32: Economic Dependency

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

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## Directors' Declaration

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

1. The financial statements and notes, as set out on pages 35 to 71 are in accordance with the *Corporations Act 2001* and;

    a. Comply with Australian Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

    b. Give a true and fair view of the financial position as at 30 June 2025 and of the performance for the year ended on that date of the consolidated group;

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3. The directors have been given the declarations required by a 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer.

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



**J B Sheehan**

Director
Sydney



**R Montrone**

Director
Sydney

25 August 2025

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GCC Business & Assurance Pty Ltd

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

**REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS**

**Report on the Financial Report**

***Opinion***

We have audited the financial report of Desane Group Holdings Limited and controlled entities ("the Group") which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies information and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

***Basis for Opinion***

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

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

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

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 202. These matters were addressed in the context of our audit of the financial report as a whole,and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Liability limited by a scheme approved under Professional Standards Legislation

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| Description of Key Audit Matter | How Our Audit Addressed the Key Audit Matter |
|---|---|
| **1. Valuation of Investment Properties** – non current refer note 1(e) and note 14 to the consolidated financial statements.<br><br>**$,000**<br>13 Sirius Road, Lane Cove NSW 8,724<br>7 Sirius Road, Lane Cove NSW 10,530<br>91 Thornton Drive, Penrith 13,713<br>159 Allen Street, Leichhardt NSW 25,008<br>16 Industrial Avenue, Wacol QLD 18,909<br>270-278 Norton Street, Leichhardt 9,902<br>35 Norton Street, Leichhardt 4,770<br><br>During the year, independent valuations were undertaken for 159 Allen Street, 16 Industrial Avenue, 270-278 Norton Street and 35 Norton Street.<br><br>The other properties were valued by the directors based on the methodologies used by independent valuations undertaken by a firm of licensed valuers.<br><br>Commercial property valuations are sensitive to the key assumptions applied in valuations. In particular, rates of capitalisation of net rental income, the inputs to determine discounted cash flow outcomes, assessing other factors which may currently add or detract from the value of a property and appropriately assessing market sales evidence in the property sector and location under review. | Our procedures included, but were not limited to the following:<br><br>1. We confirmed that the independent valuations were undertaken in accordance with both International Financial Reporting Standards (IFRS) 13 and the Australian Property Institute Standards to determine the fair value of the properties.<br><br>2. We considered the valuation methods used by the directors to ensure their approach and methodologies accorded with the industry norm for valuations of this nature and that all commonly accepted valuation methods had been considered.<br><br>3. The professional memberships of the independent valuers were confirmed.<br><br>4. We checked the continued reliability of the underlying assumptions used in the valuations to support lease agreements and market research. To assist with this, we contacted valuers directly.<br><br>5. We compared the inputs in the valuations, including capitalisation rates, discount rates and rental yields to historical data and available industry data for their current relevance and applicability. The relative sensitivity of the inputs was discussed with the Directors.<br><br>6. We met with the Directors and management to ascertain their assessment of current factors which may affect the values. We reviewed evidence of comparable market sales for reasonableness.<br><br>7. We considered the adequacy of the disclosures in the financial statements.<br><br>We confirmed that the directors' valuations were in accordance with generally acceptable market valuations with the key assumptions being within the range of current market data. We found the disclosures in the financial statements to be adequate. |

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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

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of the Directors for the Financial Report***

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

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

***Auditor's Responsibility for the Audit of the Financial Report***

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 30 to 31 of the directors' report for the year ended 30 June 2025. In our opinion, the remuneration report of Desane Group Holdings Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

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

GCC Business & Assurance Pty Ltd
*Authorised Audit Company*

Jing Shu
Director
Sydney
Dated: 25 August 2025

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The shareholder information set out below was applicable as at 8 August 2025.

## 1. SHAREHOLDING

Distribution of equitable securities:

| Category (size of holding) | Number of Ordinary Shares* | Number of Holders of Ordinary Shares | % of Issued Capital |
|---|---|---|---|
| 1 - 1,000 | 30,796 | 126 | 0.08 |
| 1,001 - 5,000 | 296,889 | 115 | 0.73 |
| 5,001 - 10,000 | 366,859 | 47 | 0.90 |
| 10,001 - 100,000 | 4,311,253 | 112 | 10.54 |
| 100,001 - and over | 35,904,193 | 56 | 87.76 |
| **Rounding** | | | (0.01) |
| **Total** | 40,909,990 | 456 | 100.00 |

There were 99 holders of less than a marketable parcel of ordinary shares.

** The number of Ordinary Shares on issue as at 30 June 2025 was 40,909,990.*

## 2. TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

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

| | Name | Ordinary Shares | % Held to Issued Capital |
|---|---|---|---|
| 1 | Cupara Pty Ltd | 6,270,878 | 15.33 |
| 2 | Mansfield Holdings Pty Ltd | 5,800,632 | 14.18 |
| 3 | J P Morgan Nominees Australia Pty Limited | 4,499,201 | 11.00 |
| 4 | Montevans Pty Ltd <M & M Super A/C> | 2,210,400 | 5.40 |
| 5 | Horrie Pty Ltd <Horrie Superannuation A/C> | 2,210,294 | 5.40 |
| 6 | Glencairn Pty Limited | 1,470,000 | 3.59 |
| 7 | Citicorp Nominees Pty Limited | 1,054,155 | 2.58 |
| 8 | PFPT Management Pty Ltd <Pellarini Super Fund A/C> | 938,831 | 2.29 |
| 9 | Cordato Partners (Superannuation) Pty Ltd <Cordato Partners S/F A/C> | 790,409 | 1.93 |
| 10 | BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient> | 625,968 | 1.53 |
| 11 | Dotnric Pty Ltd <Famiglia di Riccardo S/F A/C> | 593,579 | 1.45 |
| 12 | John & Judith Pty Ltd <Joju Superannuationfund A/C> | 582,677 | 1.42 |
| 13 | Keiser Investments Pty Ltd <Gann Family Retirement A/C> | 556,158 | 1.36 |
| 14 | Hillmorton Custodians Pty Ltd <The Lennox Unit A/C> | 552,051 | 1.35 |
| 15 | Oakmount Nominees Pty Ltd <Narromine Super Fund A/C> | 330,000 | 0.81 |
| 16 | Woodtrone Pty Ltd <Woodtrone Superannuation A/C> | 303,721 | 0.74 |
| 17 | Waratah Property Services (No 1) Pty Ltd <Rayner Family S/F A/C> | 303,105 | 0.74 |
| 18 | Whimplecreek Pty Ltd <Stawell Family A/C> | 290,000 | 0.71 |
| 19 | Joe Scardino & Felicia Scardino | 273,555 | 0.67 |
| 20 | Mocorb Pty Ltd <BMC Superannuation Fund A/C> | 266,800 | 0.65 |
| | | **29,922,414** | **73.14** |

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## 3. SUBSTANTIAL SHAREHOLDERS

Substantial holders in the Company are set out below :

| | Ordinary Number | Ordinary % |
|---|---|---|
| Cupara Pty Ltd | 6,270,878 | 15.33 |
| Mansfield Holdings Pty Ltd | 5,800,632 | 14.18 |
| Greig & Harrison Pty Ltd | 4,624,331 | 11.30 |
| Phoenix Portfolios Pty Ltd | 4,560,206 | 12.36 |
| Montevans Pty Ltd <M & M Super A/C> | 2,729,374 | 6.67 |

The above information is based on the most recently lodged ASIC Form 604 submitted by each substantial shareholder.

## 4. VOTING RIGHTS

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

### Ordinary Shares

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

There are no other classes of equity securities.

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## Company Particulars

### Directors & Key Personnel

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

### Principal Registered Office in Australia

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

### Other Company Details

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

### Share Register

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

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street, Adelaide SA 5000
Postal Address: GPO Box 2975, Melbourne VIC 3001
Telephone enquiries within Australia: 1300-556-161
Telephone enquiries outside Australia: 61-3-9415-4000
Website: www.computershare.com
Please advise the share registrar if you have a new postal address.

### Auditor

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

### Securities Exchange Listing

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

### Notice of Annual General Meeting

The Annual General Meeting of Desane Group Holdings Limited will be held at Canada Bay Club, The William Room, 8 William Street, Five Dock NSW 2046 on Wednesday 12th November 2025, commencing at 10.30 am.