

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES
ACN 093 639 064**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

Chairman's Report

State Development Fund Limited ("SDF") continues to oversee its two major investments – a 78% interest in Auspep Holdings Limited, and an effective 33.81% interest in the Burnie Airport Corporation Unit Trust through a subsidiary, Australian Regional Airports Pty Ltd.

PARENT ENTITY RESULTS AND FINANCIAL POSITION

SDF ("the parent entity") has reported a profit after income tax expense for the year of \$582K (2024: Loss of \$167K). Revenue for the year was \$868K comprising dividends of \$787K from Auspep Holdings Limited, management fees and other income of \$81K. SDF has net assets at 30 June 2025 of \$4,278M and cash on hand of \$497K.

SHARE BUY BACK

Following an enquiry from a large shareholder SDF directors initiated a share buy-back of up to 5 million shares at a price of \$0.10 per share. Under the buy-back 4,029,300 shares were brought back and this has reduced the number of shares on issue from 32.6M to 28.6M at 30 June 2025. The buy-back was financed using funds on hand.

CONSOLIDATED RESULTS AND FINANCIAL POSITION

The net profit of the SDF group attributable to members of the parent entity for the year ended 30 June 2025 is \$2.557M compared with a profit of \$1.030M for the previous year.

The net assets of the SDF group at 30 June 2025 total \$16.793 million an increase of \$2.7M from 2024. Cash and cash equivalents for the group stand at \$13.712M at 30 June 2025 compared with \$10.107M at 30 June 2024.

AUSPEP HOLDINGS LTD AND CONTROLLED ENTITIES (AUSPEP)

Auspep continued to increase sales and reached \$9.960M for the year, compared with \$6.755M in 2024. International sales were very strong. Profit after income tax for the year totalled \$3.485M significantly higher than \$1.522M in 2024. Revenue for 2026 is expected to be maintained at a similar level to 2025.

Auspep is looking to upgrade of facilities and equipment at the existing manufacturing plant at Tullamarine. Funds have been set aside to complete the upgrade.

AUSTRALIAN REGIONAL AIRPORTS PTY LTD (ARA)/BURNIE AIRPORT CORPORATION UNIT TRUST (BAC)

ARA, 69% owned by SDF, made a profit after tax of \$40K for 2025. BAC, 49% owned by ARA, is budgeting for a higher return in 2026.

There still needs to be extensive redevelopment of the airport terminals and runways in the next few years. It is expected that this will require large capital expenditure from both major shareholders. BAC is presently considering how and when this will be achieved and finances required.

On behalf of the Board, I thank you for your continuing support.

A handwritten signature in black ink, appearing to read 'John Nissen', is written over a light blue horizontal line.

John Nissen
Chairman

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES
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GENERAL INFORMATION

The financial report covers State Development Fund Limited for the year ended 30 June 2025 as a consolidated entity consisting of State Development Fund Limited and the entities it controlled. The financial report is presented in Australian dollars, which is State Development Fund Limited's functional and presentation currency. The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

State Development Fund Limited is an unlisted public company limited by shares, incorporated, and domiciled in Australia.

Its registered office and principal place of business is
Suite 319
370 St Kilda Road
Melbourne, Victoria, 3004.

A description of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on the date shown in the directors' declaration.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Your directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "consolidated entity") consisting of State Development Fund Limited (referred to hereafter as "the company") and the entities it controlled at the end of, or during, the financial year ended 30 June 2025.

Directors

The names of directors in office at any time during the whole of the financial year and up to the date of this report are:

John Andreas Nissen Colin John McKeown Heather Trump-Pool

Principal activities

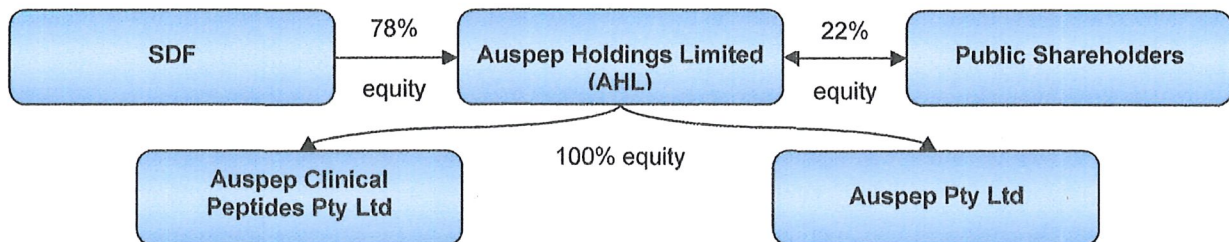
State Development Fund Limited (SDF) continues to act as a holding company providing financial and management support to its investee companies. No significant changes in the nature of the principal activities occurred during the financial year.

SDF has two major investments. They are Auspep Holdings Limited and Australian Regional Airports Pty Ltd.

Auspep Holdings Limited (AHL)

SDF owns 78% of the share capital in AHL. Its corporate structure is outlined below.

AHL Shareholding Structure



Auspep Pty Ltd was originally established in 1986 to manufacture and sell synthetic peptides. The current group of companies (Auspep) was established in 2003. Peptides are promising drug candidates because they are potent, specific and have low toxicity. Potential applications of therapeutic peptides include the treatment of cancer, diabetes, osteoporosis and more rapid repair of human wounds and tissues.

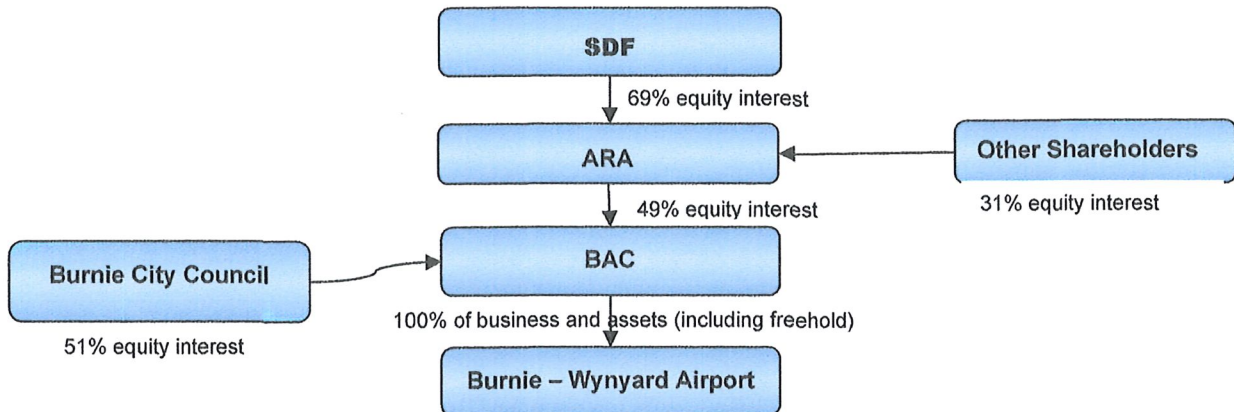
In April 2006 Auspep was granted approval from the Therapeutic Goods Administration (TGA) to produce peptide Active Pharmaceutical Ingredients (API). Manufacturing at a purpose-built facility at Tullamarine under the current Good Manufacturing Practice (cGMP) products produced are suitable for human clinical trial or as pharmaceutical raw materials. The accreditation provides significant opportunities to enable Auspep to establish itself as a leading manufacturer of, value added, cGMP grade products for both domestic and overseas markets.

Australian Regional Airports Pty Ltd (ARA)

SDF owns 69% of ARA, which in turn owns 49% of the Burnie Airport Corporation Unit Trust (BAC), the 100% owner of the business and assets of the Burnie-Wynyard Airport. This means SDF has an effective 33.81% interest in BAC.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

ARA Shareholding Structure



Australian Regional Airports Pty Ltd (ARA) (Cont'd)

BAC acquired the business and assets of the Burnie-Wynyard Airport comprising 223 hectares of land on 1 February 2002 for \$2.5 million. Revenue is generated from passenger and freight levies, landing charges and property management and development.

At 30 June 2025 the net asset value of BAC is \$6.550 million and ARA's interest in this net value is \$3.209 million.

Results from operations

The profit of the consolidated entity for the financial year after providing for income tax was \$3,319,528 (2024: Profit \$1,363,578) and after eliminating outside equity interests amounted to \$2,557,400 (2024: Profit \$1,030,345).

The revenue and results of the consolidated entity are summarised below:

	Revenue	Profit/(Loss)
	\$	\$
State Development Fund Limited (post consolidation)	2,468	(204,878)
Australian Regional Airports Pty Ltd	159,963	39,804
Auspep Holdings Limited and controlled entities	10,571,932	3,484,602
	10,734,363	3,319,528

The net assets of the consolidated entity at 30 June 2025 are \$16,793,542 (2024: \$14,092,761).

Significant changes in the state of affairs or in controlled entities

There have been no significant changes in the state of affairs of the company during the financial year and there have been no changes in controlled entities.

Options

There were no ordinary shares of the company issued on the exercise of options during or since the end of the financial year and there were no unissued ordinary shares of the company under option outstanding at the date of this report.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental issues

The consolidated entity is subject to environmental regulations in respect of manufacturing activities in Victoria. There have been no significant environmental breaches during the financial year.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Information on directors

John Andreas Nissen

Mr. Nissen had over 30 years working in the stockbroking and investment banking industry. Since 1989, Mr. Nissen has been involved in the resort hospitality industry. He is currently a director of three timeshare resorts in Australia, and chairman of two, with a combined ownership base of approximately 7,500 members. Mr. Nissen is a director and the company secretary of ARA, and a director and minority shareholder of AHL.

Colin John McKeown

Mr. McKeown completed a Bachelor of Commerce at Melbourne University in 1975 and became a Chartered Accountant in 1979. He commenced his own accounting practice in 1988 and has over 40 years' experience in the accounting profession. Mr. McKeown is a director of AHL as well as being company secretary of SDF and AHL.

Heather Trump-Pool

Ms. Trump-Pool has been involved in international investment markets and represents a significant shareholding in SDF from its inception.

Directors' Meetings

During the financial year, 4 meetings of directors were held.

Directors' attendance was as follows:

	Number eligible to attend	Number attended
Colin McKeown	4	4
John Nissen	4	4
Heather Trump-Pool	4	2

Indemnification of directors and officers

The company has not, during or since the end of the financial year, entered into any agreements to indemnify directors and officers of State development Fund Limited against any liabilities that may arise from their positions as directors and officers.

Indemnification of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of company

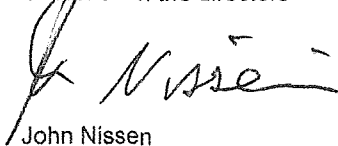
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after the directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298 (2) (a) of the Corporations Act 2001.

On behalf of the directors



John Nissen
Chairman

Dated this 26th day of November 2025

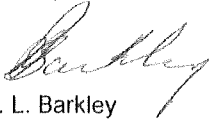
**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF STATE DEVELOPMENT FUND LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2025, there have been:

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

Barkley & Associates Pty Ltd



J. L. Barkley
Director

Dated this 26th day of November 2025

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	Consolidated Entity	
		2025 \$	2024 \$
Revenue			
Sales	2	9,645,696	6,609,583
Freight charges		314,752	145,214
		<u>9,960,448</u>	<u>6,754,797</u>
Other income			
Exchange gains		217,922	32,680
Government subsidies		325	325
Insurance recovery		10,200	-
Interest-other corporations		383,362	216,557
Other		2,143	1,616
		<u>613,592</u>	<u>251,178</u>
Total		<u>10,574,400</u>	<u>7,005,975</u>
Expenses			
Raw materials and consumables		(2,103,052)	(1,500,442)
Employee benefits expenses	3	(3,260,780)	(2,869,393)
Exchange losses		(14,257)	(36,228)
Insurance		(93,564)	(89,034)
Light and power		(134,204)	(128,667)
Loss on disposal of asset		-	(1,475)
Other expenses		(322,171)	(253,746)
		<u>(5,928,028)</u>	<u>(4,878,985)</u>
Depreciation and amortisation	3	(263,071)	(263,328)
Finance costs	3	(17,777)	(28,404)
Total		<u>(6,208,876)</u>	<u>(5,170,717)</u>
		<u>4,365,524</u>	<u>1,835,258</u>
Share of net profit of associate accounted for using the equity method		<u>159,963</u>	<u>58,565</u>
Profit before income tax expense		<u>4,525,487</u>	<u>1,893,823</u>
Income tax expense	4	(1,205,959)	(530,245)
Profit after income tax expense for the year		<u>3,319,528</u>	<u>1,363,578</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive profit for the year		<u>3,319,528</u>	<u>1,363,578</u>
Profit after tax for the year is attributable to:			
Owners of State Development Fund Limited		2,557,401	1,030,345
Non-controlling interest		762,127	333,233
		<u>3,319,528</u>	<u>1,363,578</u>
Total comprehensive profit after tax for the year is attributable to:			
Owners of State Development Fund Limited		2,557,401	1,030,345
Non-controlling interest		762,127	333,233
		<u>3,319,528</u>	<u>1,363,578</u>

The accompanying notes form part of these financial statements.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025**

	Note	Consolidated Entity	
		2025	2024
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	13,711,678	10,106,871
Receivables	6	995,018	830,161
Inventories	7	430,226	771,179
TOTAL CURRENT ASSETS		<u>15,136,922</u>	<u>11,708,211</u>
NON-CURRENT ASSETS			
Receivables	6	79,982	29,283
Investments	8	-	-
Investments accounted for using the equity method	9	-	-
Property, plant, and equipment	10	674,620	724,292
Right-of-use assets	11	134,379	268,757
Intangibles	12	3,437,339	3,437,339
Deferred tax asset	13	92,752	72,421
TOTAL NON-CURRENT ASSETS		<u>4,419,071</u>	<u>4,532,092</u>
TOTAL ASSETS		<u>19,555,993</u>	<u>16,240,303</u>
CURRENT LIABILITIES			
Trade and other payables	14	790,488	757,416
Unearned revenue	15	315,429	149,344
Lease liabilities	16	150,373	133,894
Employee benefits	17	609,435	557,998
Income tax liabilities	18	838,994	336,125
TOTAL CURRENT LIABILITIES		<u>2,704,719</u>	<u>1,934,777</u>
NON-CURRENT LIABILITIES			
Lease liabilities	16	-	150,373
Employee benefits	17	57,732	62,392
TOTAL NON-CURRENT LIABILITIES		<u>57,732</u>	<u>212,765</u>
TOTAL LIABILITIES		<u>2,762,451</u>	<u>2,147,542</u>
NET ASSETS		<u>16,793,542</u>	<u>14,092,761</u>
SHAREHOLDERS EQUITY			
Contributed equity	19	6,197,627	6,600,557
Retained earnings		7,093,270	4,535,869
TOTAL PARENT ENTITY INTEREST		<u>13,290,897</u>	<u>11,136,426</u>
TOTAL NON-CONTROLLING INTERESTS	20	3,502,645	2,956,335
TOTAL EQUITY		<u>16,793,542</u>	<u>14,092,761</u>

The accompanying notes form part of these financial statements.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025**

Consolidated Entity

	Contributed Equity \$	Retained Earnings \$	Total \$	Non- Controlling Interests \$	Total Equity \$
Balance as at 30 June 2023	6,600,557	3,466,771	10,067,328	2,758,283	12,825,611
Profit for the year	-	1,030,345	1,030,345	333,233	1,363,578
Comprehensive profit for the year	-	1,030,345	1,030,345	333,233	1,363,578
Transactions with owners in their capacity as owners					
Acquisition of minority interests	-	38,753	38,753	(135,181)	(96,428)
Balance as at 30 June 2024	6,600,557	4,535,869	11,136,426	2,956,335	14,092,761
Profit for the year	-	2,557,401	2,557,401	762,127	3,319,528
Comprehensive profit for the year	-	2,557,401	2,557,401	762,127	3,319,528
Transactions with owners in their capacity as owners					
Dividends	-	-	-	(215,817)	(215,817)
Share buy back	(402,930)	-	(402,930)	-	(402,930)
Balance as at 30 June 2025	6,197,627	7,093,270	13,290,897	3,502,645	16,793,542

The accompanying notes form part of these financial statements.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	Consolidated Entity	
		2025 \$	2024 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers and others (inclusive of GST)		10,413,413	6,670,049
Payments to suppliers and employees (inclusive of GST)		(5,595,628)	(5,153,237)
		<u>4,817,785</u>	<u>1,516,812</u>
Government subsidies and rebates		325	325
Interest received		366,469	210,798
Other income received		10,200	-
Trust distributions		58,565	351,914
Interest paid		(17,777)	(28,404)
Income tax paid		(723,421)	(239,012)
		<u>4,512,146</u>	<u>1,812,433</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		-	(96,428)
Payment for plant and equipment		(79,020)	(185,263)
		<u>(79,020)</u>	<u>(281,691)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Advances received from or paid to related parties		(69,817)	(50,614)
Dividends paid		(203,901)	-
Lease payments		(147,254)	(147,254)
Share buy back		(402,930)	-
		<u>(828,319)</u>	<u>(197,868)</u>
Net cash used in financing activities		<u>(828,319)</u>	<u>(197,868)</u>
Net increase in cash held		3,604,807	1,332,874
Cash at beginning of financial year		<u>10,106,871</u>	<u>8,773,997</u>
Cash at end of financial year	5	<u>13,711,678</u>	<u>10,106,871</u>

The accompanying notes form part of these financial statements.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current period.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

(b) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards-Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit orientated entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(z).

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 26.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of subsidiaries of State Development Fund Limited ('parent entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended. State Development Fund Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to variable returns from its involvement with the entity and the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the consolidated entity.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Principles of consolidation (Cont'd)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income and statement of financial position of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities, and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

(d) Foreign currency translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Receivables and payables in foreign currencies at balance date are converted at the rates of exchange ruling at that date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(e) Revenue recognition

Revenue is recognised when the performance obligation is satisfied by transferring a promised good or service to a customer. An asset or service is transferred when the customer obtains control of that asset or service. When a performance obligation is satisfied, the amount of revenue recognised is the amount of the transaction price that is allocated to that performance obligation. Where a part or all of the transaction price is variable, revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur.

Sale of goods

Revenue from the sale of goods is recognised at the point of time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest income is recognised as interest accrues using the effective interest rate method.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

Government grants and subsidies

Government grants and subsidies are recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Other revenue

Other revenue income is recognised when it is received or when the right to receive payment is established.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and the adjustment recognised in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, high liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(j) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, and an appropriate portion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Inventory in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Investments

Investments are initially recognised at fair value less any allowance for impairment.

(l) Investments accounted for using the equity method

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate less any impairment loss. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate, equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from investment is recognised in profit and loss.

(m) Investments in subsidiaries

In the separate financial statements of State Development Fund Limited, investments in subsidiaries that are not classified as held for sale or included in a disposal group classified as held for sale are accounted for at cost.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Property, plant, and equipment

Property, plant, and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Class of Property, Plant and Equipment	Depreciation Rates	Depreciation Basis
Buildings	2.5%	Straight line
Leasehold improvements	15%	Straight line
Plant and equipment	0%-33%	Straight line
Motor vehicles	22.5%	Straight line

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(o) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received or any initial direct costs incurred.

Right-of-use assets are amortised on a straight-line basis over the unexpired period of the lease term or the estimated useful life of the asset, whichever is the shorter.

(p) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gain or loss arising from de-recognition of an intangible asset is measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

(q) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash generating unit.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are generally paid within 30 days of recognition.

(s) Unearned revenue

These amounts represent deposits received from customers before manufacture of products or laboratory services are completed. The revenue for these goods and services is not recognised until earned.

(t) Lease liabilities

Leases are capitalised with an asset and liability established at the present value of minimum lease payments. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(u) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liabilities for annual leave and long service leave, not expected to be settled within 12 months of the reporting date, are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(v) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(x) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

(y) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the statement of financial position are shown exclusive of GST receivable or payable.

Cash flows are presented on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the tax authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(z) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(i) Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

(ii) Allowance for impairment of inventories

The allowance for impairment of inventories assessment requires a degree of estimation and judgement. The level of allowance is assessed by taking into account recent sales experience, the ageing of inventories, and other factors that affect inventory obsolescence.

iii) Employee benefits provision

As discussed in note 1(u), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(z) Critical accounting judgements, estimates and assumptions (Cont'd)

(iv) Goodwill

The consolidated entity tests annually whether goodwill has suffered any impairment. The estimated cash flows to be generated from the GMP manufacturing plant at Tullamarine are based on current market evidence of future estimates of revenue streams with an appropriate discount rate applied.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

The directors are confident the estimates are appropriate in the current market however if these cash flows are not realised there is a risk that the carrying value of goodwill would be impaired.

(v) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Other than the above, no key assumptions have been made concerning the future and there are no other key sources of estimation uncertainty at the balance date that the directors consider have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTE 2: REVENUE

Sales from contracts with customers

Manufactured products

Customer services

Other sales

Total

Manufactured products

Customer services

Other sales

Total

Consolidated Entity

2025

	Local	Overseas	Total
	\$	\$	\$

	1,200,335	7,842,445	9,042,780
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	564,121	16,358	580,479
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	16,972	5,465	22,437
--	--------	-------	--------

	1,781,428	7,864,268	9,645,696
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2024

	Local	Overseas	Total
	\$	\$	\$

	1,682,698	4,586,627	6,269,325
--	-----------	-----------	-----------

	314,610	10,386	324,996
--	---------	--------	---------

	15,262	-	15,262
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	2,012,570	4,597,013	6,609,583
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**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

		Consolidated Entity	
		2025	2024
		\$	\$
NOTE 3: ITEMS INCLUDED IN PROFIT AND LOSS			
Profit before income tax expense has been determined after:			
Employee related expenses			
Short-term employee benefits		2,964,718	2,589,741
Superannuation contributions		296,062	279,652
		<u>3,260,780</u>	<u>2,869,393</u>
Amortisation and depreciation			
- buildings	10	5,849	5,849
- leasehold improvements	10	148	601
- plant and equipment	10	121,113	116,243
- motor vehicles	10	1,582	6,256
- right-of-use assets	11	134,379	134,379
		<u>263,071</u>	<u>263,328</u>
Finance costs			
- interest-right-of-use assets		17,777	28,385
- interest-other		-	19
		<u>17,777</u>	<u>28,404</u>
Auditor's remuneration			
- audit		28,750	50,209
The auditors provided no other services.			
NOTE 4: INCOME TAX EXPENSE			
Major components of income tax expense for the years ended 30 June 2025 and 2024 are:			
Current income tax		1,226,290	566,872
Deferred income tax		(20,331)	(36,627)
		<u>1,205,959</u>	<u>530,245</u>
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:			
Profit before income tax expense		<u>4,525,487</u>	<u>1,893,823</u>
Prima facie income tax payable on profit before income tax at rates 30% (2024 – 30%):		1,357,646	568,147
Add/(Subtract):			
Tax effect of:			
Tax rate differential of subsidiary subject to tax rate of 25% (2024-25%)		(232,258)	(101,469)
Non-allowable items		247	125
Trust distributions assessable/ (not assessable)		19,838	18,195
Changes in temporary differences		(977)	(253)
Tax losses not booked		61,463	45,500
Income tax expense attributable to profit from ordinary activities		<u>1,205,959</u>	<u>530,245</u>

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Consolidated Entity

2025 2024
\$ \$

NOTE 5: CASH AND CASH EQUIVALENTS

CURRENT

Cash on hand	902	902
Cash at bank	3,710,776	5,105,969
Cash on deposit	10,000,000	5,000,000
	13,711,678	10,106,871

NOTE 6: RECEIVABLES

CURRENT

Trade receivables	844,341	747,270
Trust distributions	79,982	29,282
Sundry receivables	70,695	53,609
	995,018	830,161

Trade receivables are subject to normal terms of trade which provide for settlement within 30 days. The carrying values of receivables approximate fair values due to their short-term nature.

NON-CURRENT

Trust distributions	79,982	29,283
	79,982	29,283

NOTE 7: INVENTORIES

CURRENT

Raw materials	73,256	76,251
Work in progress	114,239	492,490
Finished goods	242,631	202,438
	430,226	771,179

NOTE 8: INVESTMENTS

NON-CURRENT

Shares-Unlisted-at fair value	-	-
Less: Write off of investment	-	-
	-	-

This investment was written off in full in 2024.

NOTE 9: INVESTMENT IN ASSOCIATE ACCOUNTED FOR USING THE EQUITY METHOD

NON-CURRENT

Investment - at fair value	781,748	781,748
Less: Provision for diminution in value	(781,748)	(781,748)
	-	-

Interest in Associate

Australian Regional Airports Pty Ltd holds 49% (2024: 49%) of the issued Units in the Burnie Airport Corporation Unit Trust (Trustee: Burnie Airport Corporation Pty Ltd).

Burnie Airport Corporation Pty Ltd owns and operates Burnie Wynyard regional airport in North-West Tasmania.

The directors have reviewed the long-term outlook on the cash flows currently being generated and future projections for the airport operations. The directors' valuation is based on a small surplus for the airport operations in the foreseeable future. On this basis it has been decided to keep an equity valuation at 30 June 2025 of \$NIL (2024: \$NIL).

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

	Consolidated Entity	
	2025	2024
	\$	\$
NOTE 10: PROPERTY PLANT AND EQUIPMENT		
NON-CURRENT		
Buildings		
At cost	233,966	233,966
Less accumulated depreciation	(38,012)	(32,163)
	195,954	201,803
Leasehold Improvements		
At cost	1,685,339	1,659,039
Less accumulated depreciation	(1,659,039)	(1,658,891)
	26,300	148
Plant and Equipment		
At cost	2,751,276	2,698,556
Less accumulated depreciation	(2,302,919)	(2,181,806)
	448,357	516,750
Motor Vehicles		
At cost	85,995	85,995
Less accumulated depreciation	(81,986)	(80,404)
	4,009	5,591
Total		
At cost	4,756,576	4,677,556
Less accumulated depreciation	(4,081,956)	(3,953,264)
	674,620	724,292
Reconciliation of movements		
Buildings		
Balance at beginning of year	201,803	207,653
Depreciation expense	(5,849)	(5,849)
Rounding	-	(1)
Carrying amount at end of year	195,954	201,803
Leasehold Improvements		
Balance at beginning of year	148	749
Additions	26,300	-
Depreciation expense	(148)	(601)
Carrying amount at end of year	26,300	148
Plant and Equipment		
Balance at the beginning of the year	516,750	447,730
Additions	52,720	185,263
Depreciation expense	(121,113)	(116,243)
Carrying amount at end of year	448,357	516,750
Motor Vehicles		
Balance at beginning of year	5,591	13,322
Disposal	-	(1,475)
Depreciation	(1,582)	(6,256)
Carrying amount at end of year	4,009	5,591

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

	Consolidated Entity	
	2025	2024
	\$	\$
NOTE 11: RIGHT-OF-USE ASSETS		
NON-CURRENT		
Property		
At present value	403,136	403,136
Less accumulated amortisation	<u>(268,757)</u>	<u>(134,379)</u>
	<u>134,379</u>	<u>268,757</u>
Reconciliation of movements		
Balance at beginning of year	268,757	403,136
Additions	-	-
Amortisation	<u>(134,378)</u>	<u>(134,379)</u>
Carrying amount at end of year	<u>134,379</u>	<u>268,757</u>

The consolidated entity leases land and buildings for manufacturing and warehouse facilities, and offices, under 2 agreements which terminate on 30 June 2026. Annual escalation clauses are included in the leases. Options exist to extend these arrangements for a further three-year period. The consolidated entity has no other leasing arrangements.

NOTE 12: INTANGIBLES

NON-CURRENT

Goodwill

At cost	<u>3,437,339</u>	<u>3,437,339</u>
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The goodwill relates to the investment in Auspep Holdings Limited and its controlled entities.

NOTE 13: DEFERRED TAX ASSET

NON-CURRENT

The deferred tax asset consists of:

Temporary differences		
Accruals	6,750	7,150
Accelerated tax depreciation	(64,334)	(79,366)
Right-of-use asset-amortisation and interest (net)	(3,999)	(3,877)
Employee benefits	166,792	155,098
Revenue not assessable	(14,413)	(10,190)
Unrealised foreign exchange fluctuations	1,956	3,606
	<u>92,752</u>	<u>72,421</u>
Reconciliation of movements		
Opening balance	72,421	35,794
Increase/ (decrease) in current tax expense	<u>20,331</u>	<u>36,627</u>
Carrying amount at end of year	<u>92,752</u>	<u>72,421</u>

The deferred tax asset will only be obtained if:

- a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realized;
- b) The conditions for deductibility imposed by tax legislation continued to be complied with; and
- c) No changes in tax legislation adversely affect the consolidated entity in realizing the benefit.

NOTE 14: TRADE AND OTHER PAYABLES

CURRENT

Unsecured

Trade payables	278,356	257,690
Other payables	406,460	324,237
Advances from related parties (note 22)	105,672	175,489
	<u>790,488</u>	<u>757,416</u>

The carrying amounts of trade and other payables are assumed to approximate fair values due to their short-term nature.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

	Consolidated Entity	
	2025	2024
	\$	\$
NOTE 15: UNEARNED REVENUE		
CURRENT		
Customer deposits	315,429	149,344
NOTE 16: LEASE LIABILITIES		
CURRENT		
Lease liabilities	150,373	133,894
NON-CURRENT		
Lease liabilities	-	150,373
	150,373	284,267
Future lease payments		
Future lease payments are due as follows:		
Within one year	156,221	151,671
One to five years	-	156,221
	156,221	307,892
NOTE 17: EMPLOYEE BENEFITS		
CURRENT		
Employee Benefits	609,435	557,998
NON-CURRENT		
Employee benefits	57,732	62,392
Aggregate employee benefits	667,167	620,390
NOTE 18: INCOME TAX		
CURRENT		
Provision for income tax	838,994	336,125
NOTE 19: ISSUED CAPITAL		
28,604,700 (2024: 32,634,000) ordinary shares fully paid	6,197,627	6,600,557
Reconciliation of movements		
	No of Shares	
Opening balance	32,634,000	6,600,557
Shares buy back	(4,029,300)	(402,930)
Closing balance	28,604,700	6,600,557

During the year directors initiated a share buy-back of up to 5 million shares at a price of \$0.10 per share. Under the buy-back 4,029,300 shares were brought back and this has reduced the number of shares on issue from 32.6M to 28.6M at 30 June 2025.

The fully paid ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

NOTE 20: NON-CONTROLLING INTERESTS

Contributed equity	1,117,509	1,117,509
Retained earnings	2,385,136	1,838,826
Outside equity interest	3,502,645	2,956,335

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Consolidated Entity	
2025	2024
\$	\$

NOTE 21: FRANKING ACCOUNT BALANCE

Franking credits available for subsequent financial years

	3,273,756	2,706,783
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The balance represents State Development Fund Limited's franking credits and its share of franking credits currently held in its controlled entities, and no adjustments have been made for:

- a) franking credits that will arise from the payment of the amount of the provision for income tax at 30 June 2025,
- b) franking debits that will arise from the payment of dividends recognised as a liability at 30 June 2025, and
- c) franking debits that will arise from the receipt of dividends recognised as receivables at 30 June 2025.

NOTE 22: RELATED PARTY DISCLOSURES

Directors

The directors of the company during the year were:

John Nissen	Colin McKeown	Heather Trump-Pool
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Key management personnel compensation

Key management personnel comprise directors and other persons having authority and responsibility for planning, directing, and controlling the activities of the consolidated entity.

Short-term employee benefits	599,923	471,688
Superannuation contributions	52,083	44,684
Total remuneration	652,006	516,372

Director-related entity transactions

Directors and former directors of the company have advanced funds to State Development Fund Limited over the years to fund its short-term liquidity. At 30 June 2025 the balance owing to directors was \$105,672 (2024: \$175,489). The terms and conditions of the loans are that they will be either repaid by State Development Fund Limited on an interest free basis or converted into equity at the director's discretion. The conversion into equity must be approved by members at a general meeting and at a price on par with the next round of capital raisings.

Other related party transactions

At 30 June 2025, State Development Fund Limited owed \$10,397 (2024: 23,789) to Australian Regional Airports Pty Ltd. State Development Fund Limited charged interest of \$591 (2024: \$6,018) during the year. No fixed terms have been made in respect of the balance owing. State Development Fund Limited charged management and accounting fees of \$48,000 (2024: \$36,000) to Australian Regional Airports Pty Ltd during the year.

NOTE 23: CREDIT FACILITIES

At 30 June 2025 the parent entity had no credit facilities in place (2024 \$NIL).

NOTE 24: EXPENDITURE COMMITMENTS

The consolidated entity has no capital expenditure commitments as at 30 June 2025 (2024 \$Nil).

NOTE 25: SUBSEQUENT EVENTS

No matters or circumstances have arisen since 30 June 2025 that has significantly affected the consolidated entity's operations, the results or state of affairs of the consolidated entity, or may do so in future years.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

NOTE 26: PARENT ENTITY INFORMATION

Parent Entity
2025 2024
\$ \$

Set out below is the supplementary information about the parent entity:

Statement of comprehensive income

Revenue	868,241	73,959
Expenses	<u>(285,937)</u>	<u>(241,571)</u>
Profit/ (Loss) before income tax	582,304	(167,612)
Income tax expense	-	-
Total comprehensive income	<u>582,304</u>	<u>(167,612)</u>

Statement of financial position

<i>Current assets</i>		
Cash and cash equivalents	497,379	377,377
Receivables	-	1,660
Total current assets	<u>497,379</u>	<u>379,037</u>
<i>Non-current assets</i>		
Investments	3,962,950	3,962,950
Property, plant, and equipment	<u>218,296</u>	<u>225,309</u>
Total non-current assets	<u>4,181,246</u>	<u>4,188,259</u>
Total assets	<u>4,678,625</u>	<u>4,567,296</u>
<i>Current liabilities</i>		
Trade and other payables	(294,930)	(293,158)
Advances-directors	<u>(105,672)</u>	<u>(175,489)</u>
Total current liabilities	<u>(400,602)</u>	<u>(468,647)</u>
Total liabilities	<u>4,278,023</u>	<u>4,098,649</u>
<i>Equity</i>		
Contributed equity	6,197,627	6,600,557
Accumulated losses	<u>(1,919,604)</u>	<u>(2,501,908)</u>
Total equity	<u>4,278,023</u>	<u>4,098,649</u>

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2025 and 30 June 2024.

Capital commitments - Property, plant, and equipment

The parent entity had no capital commitments for property, plant, and equipment as at 30 June 2025 and 30 June 2024.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment.

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Entity Name	Entity Type	Place formed/ Country of Incorporation	Ownership Interest (%)	Tax Residency
Auspep Holdings Limited	Body Corporate	Australia	78%	Australia
Auspep Clinical Peptides Pty Ltd	Body Corporate	Australia	78%	Australia
Auspep Pty Ltd	Body Corporate	Australia	78%	Australia
Australian Regional Airports Pty Ltd	Body Corporate	Australia	69%	Australia

**STATE DEVELOPMENT FUND LIMITED
AND CONTROLLED ENTITIES**

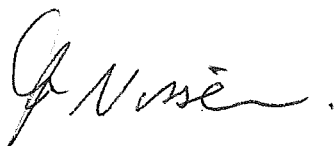
DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards – Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- 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
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of the directors made pursuant to Section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



John Nissen
Chairman

Dated this 26th day of November 2025



BARKLEY

& ASSOCIATES PTY LTD

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STATE DEVELOPMENT FUND LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of State Development Fund Limited (the company) and its controlled entities (the Consolidated entity) which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in net assets and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the consolidated entity disclosure statement and the directors' declaration.

In our opinion:

The accompanying financial report of the Consolidated entity is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June, 2025 and of its financial performance for the year then ended: and
- (ii) 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 Consolidated entity 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 (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 company, 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.

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

The directors are responsible for the other information. The other information comprises the information included in the Consolidated entity's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover 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 Consolidated entity 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 and for such internal control as the directors determine is necessary to enable the preparation of the 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 Consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

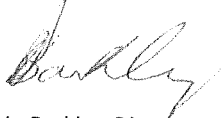
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 skepticism 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 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 Consolidated entity'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 Consolidated entity'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 Consolidated entity 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 representation.

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.

BARKLEY & ASSOCIATES PTY LTD



J.L. Barkley CA
2A Bellevue Arcade
Highton Vic 3216

Dated this 26th day of November, 2025