

3rd October 2006

The Manager Companies
Australian Stock Exchange (Sydney) Limited
Level 5
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Letter to Shareholders

Please find attached a copy of a letter being sent to all shareholders. The letter will be sent together with our Company's 2006 Annual Report. The 2006 Annual Report was previously submitted to the Australian Stock Exchange (Sydney) Limited on 29 September 2006.

In accordance with clause 4.7, I wish to confirm that the Desane 2006 Annual Report and the attached letter are being sent today to all security holders of the company.

Yours faithfully,
DESANE GROUP HOLDINGS LIMITED



JOHN BARTHOLOMEW
Company Secretary

29 September 2006

Dear Shareholder

2006 Annual Report

Please find enclosed our 2006 Annual Report.

Our Annual General Meeting will be held at the Auditorium of Staging Connections, located at 68-72 Lilyfield Road, Rozelle NSW on Thursday, 26 October 2006 at 10.00 am. (Ask reception for directions.) There is ample street parking and a bus stop at the front of the meeting address.

The Notice of this year's Annual General Meeting, together with a proxy form was mailed out to you on 13 September 2006.

The Directors wish to thank you for your continuing support of Desane and look forward to meeting you at the Annual General Meeting.

Yours faithfully,
DESANE GROUP HOLDINGS LIMITED



JOHN BARTHOLOMEW
Company Secretary