



LEMARNE CORPORATION LIMITED
A.C.N. 004 834 584

CHAIRMAN'S ADDRESS AT THE 40th
ANNUAL GENERAL MEETING ON 27 OCTOBER 2010

Good morning Ladies and Gentlemen,

The challenging economic conditions and unpredictable movements in major trading currencies that prevailed last year, continued in 2009/10. Against this background, Lemarne achieved a profit before tax was \$5.1 million, but unlike last year, it was not affected by divestments but was affected by adverse currency movements. Lemarne's profit after tax was \$3.9 million, whilst the earnings per share was 44.7 cents from continuing operations and the NTA per share was \$3.77.

The Lemarne Group has a very strong balance sheet with shareholders' funds of \$32.8 million and cash on deposit of \$19.6 million.

Lemarne's sole operating unit, Lemtronics Sdn Bhd, achieved pleasing results in difficult trading conditions. It succeeded in growing its business, despite the significant downturn in the overall global electronic industry, and achieved margins well above the industry average. This reflects management's success in attracting new business and its strong focus on cost control, supply chain management, investing in new plant and equipment to improve productivity and maintaining superior levels of quality and service. Peter will tell you more about this in his presentation.

At last year's AGM I commented that Directors believed the Global Financial Crisis might expose new opportunities and that we were retaining advisers to assist us in this matter. Despite considerable efforts no opportunities have yet been identified that Directors believe will continue to provide shareholders with the returns that they have enjoyed historically.

This has been frustrating because Directors are fully aware that we have not been able to utilize our strong balance sheet to good effect. Directors are also conscious that Lemarne has a less than ideal corporate structure, unfranked dividends and a Board that is long on experience, and I hope wisdom, but short on youth..

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The Board has now established a target early in 2011 by which time we hope to be able to report to you with responses to some of these issues and provide more guidance on the way forward for Lemarne..

The Company has over many years, provided superior returns to its shareholders. Over the last 5 years the compound annual return has been 26.6% and you can rest assured that your Directors are working hard to maintain this record.

Before finishing, I would like to pay tribute to Stephen Mason who recently retired, after 28 years with the Company, to pursue his many private interests. Stephen was Company Secretary and Finance Director, and then a non executive Director since 2007. As such he has made a significant contribution to Lemarne's performance and we wish him and his family all the best in the future.

On behalf of the Board I thank all employees for another year of strong commitment and all our shareholders for their ongoing support.

I will now ask Peter to give you his operational review and comment on future prospects.

Brian Noxon
27 October 2010