



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

CHAIRMAN'S ADDRESS AT THE 41st
ANNUAL GENERAL MEETING ON 24 NOVEMBER 2011

Good morning,

In 2010/11 Lemarne achieved sound results despite a number of unexpected challenges. Peter will enlarge on the year's operations and results in his report.

I want to focus on the outcomes following from the carrying of the two resolutions at the, just concluded, Extraordinary General Meeting.

Finalisation of the sale of Lemtronics is scheduled to be completed on 30 November 2011 when US \$16 million will be paid to Lemarne and US \$4 million will be paid into the escrow account. Final adjustments to the sale price will be made upon completion of the Lemtronics' accounts for the 5 months to 30 November 2011 which are to be audited by KPMG.

Upon completion, Lemarne will pay \$3.25 per share as an unfranked dividend on 9 January 2012 to those members on the register at 7 pm on 16 December 2011..

Directors have determined that this is the most transparent and fair way to proceed, recognizing that some shareholders will sell on market prior to the dividend being paid, while others with different tax positions and/or investment objectives will remain shareholders and receive the dividend. Thus the market will determine the share price at various times rather than the Directors setting a subjective buy-back price and volume of shares to be bought back.

We urge shareholders to take expert advice in determining which course they should pursue.

In the meantime Lemarne will continue to investigate how best to maximize future returns to shareholders following completion of the above transactions.. This may, for example, entail relaunching Lemarne as a new entity by way of a backdoor listing. We

expect to have a number of possibilities to consider and are aiming to have a proposal available for shareholders to consider prior to end of this financial year.

However if we are unsuccessful, then it may be possible and desirable to pay a further dividend of 25 cents per share around June 2012 and at least 30 cents per share around December 2012. However this is entirely dependent on the full release of the first tranche of US\$ 2 million from the escrow account in May 2012 and the full release of the second tranche of US\$ 2 million in November 2012..

The last year has been a particularly challenging time and I would like, on behalf of Directors and shareholders, to thank all staff and particularly Peter and Kathy at Lemarne, and Kong Hoe and Siew Peng at Lemtronics for managing our operations in their usual, very professional manner while simultaneously responding to Paramit and its advisers while they conducted the most comprehensive and indepth due diligence we have ever experienced.

I will now ask Peter to present his review of operations before we take questions from the floor.

Brian Noxon
Chairman
24 November 2011



Lemarne Corporation Limited

Managing Director's Operational Review

41st Annual General Meeting

Thursday 24 November 2011

Australian Institute of Management House
181 Fitzroy Street
Melbourne

Good morning Ladies and Gentlemen,

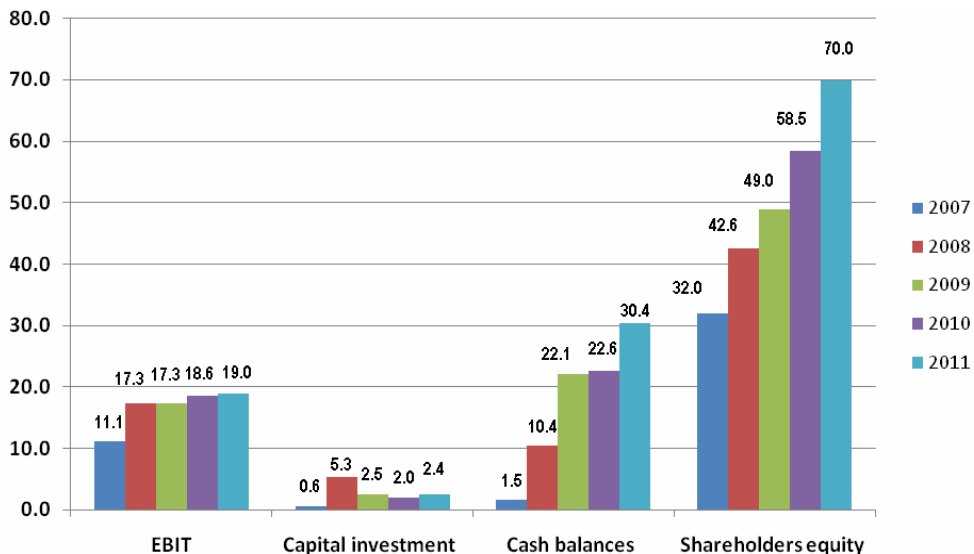
Welcome to Lemarne's 41st Annual General Meeting.

Lemarne's operating performance in the 2010/2011 financial year, as for the previous financial year, reflected the results achieved by Lemtronics Sdn Bhd, Lemarne's sole operating unit.

- EBIT MYR 19.0 million compared to 18.6 million in 2009/2010.
- Cash balances of MYR 30.4 million at 30 June 2011.
- Shareholders' equity increased from MYR 58.5 million in 2009/2010 to MYR 70.0 million in 2010/2011.

Lemtronics has achieved strong results over the last five years and it has established itself as a high quality, low volume, high mix, electronic manufacturing services (EMS) company, albeit in niche markets.

Exhibit 1: Lemtronics Performance (Millions - MYR)



The management team has significantly upgraded the financial, administration and manufacturing processes enabling the company to retain close control of its receivables and inventories, resulting in the business operating with a positive cash flow and no debt.

Lemtronics continued to invest in plant and equipment with MYR 2.4 million being invested in 2010/2011; the investment in plant and equipment over the last five years totalled MYR 12.8 million.

Lemarne's results in 2010/2011 were in line with those achieved in 2009/2010. The key operating results included:

- EBIT of \$5.15 million in 2010/2011 compared to \$5.16 million in the previous year.
- Operating profit after tax totalled \$3.72 million whereas in 2009/2010 it totalled \$3.86 million.
- Earnings per share was 43.2 cents vs 44.7 cents previous year
- Net tangible asset backing per ordinary share 3.62 vs 3.77 previous year.

Exhibit 2: Lemarne Group Financial Performance – Millions \$AUD

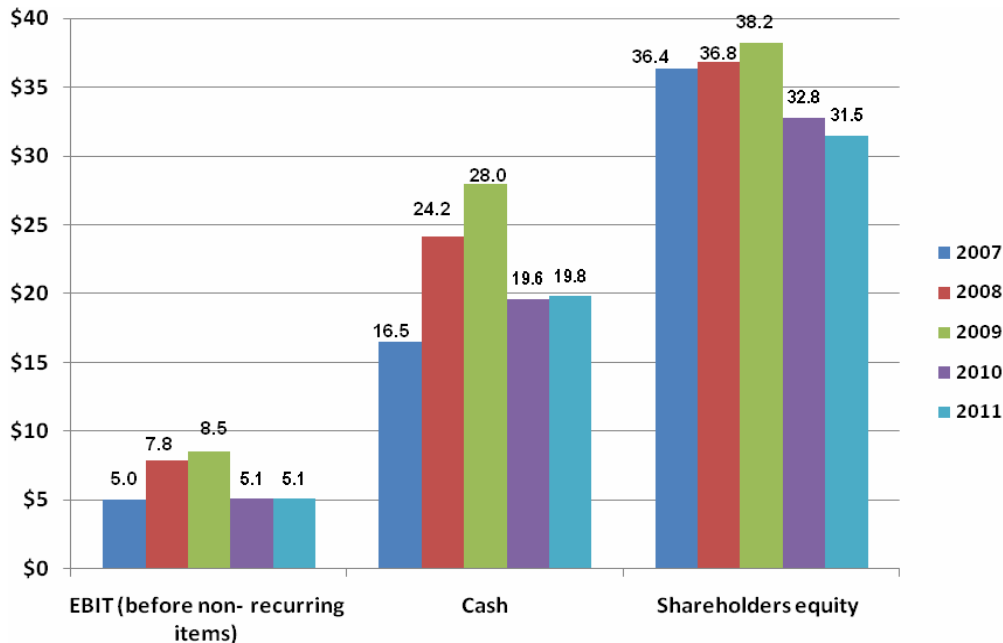
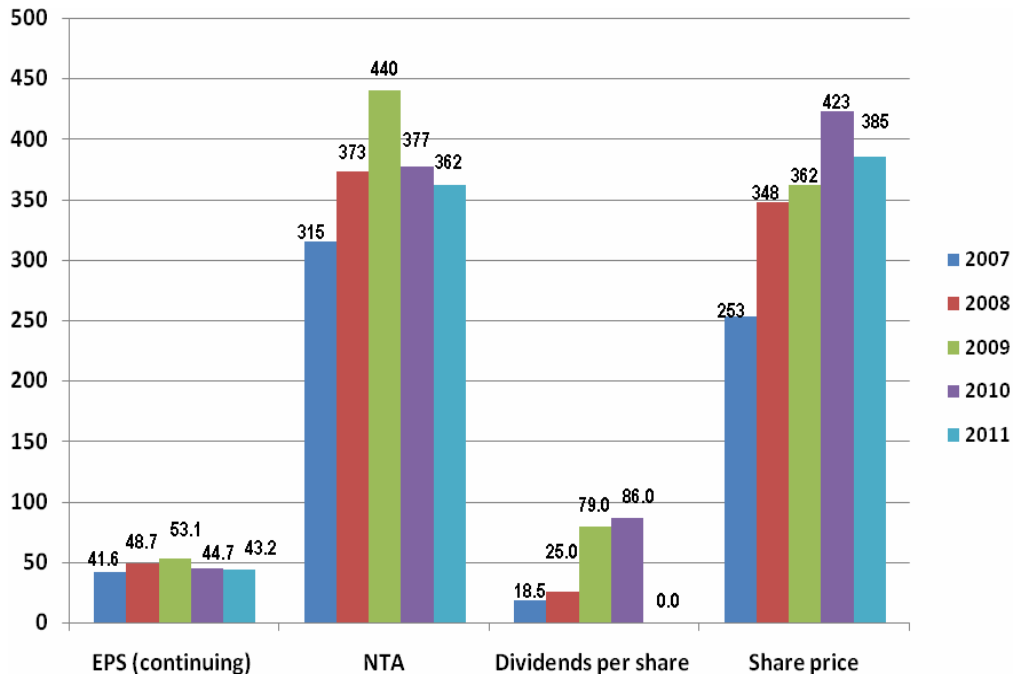


Exhibit 3: Lemarne Group Financial Performance – Cents per share



2010/2011 was a year characterised by challenges in the economic environment in Europe and USA, combined with continued volatility in trading currencies, particularly for the Euro, US Dollar and

Australian Dollar, which are the currencies which have the greatest impact on Lemtronics and Lemarne's results. In spite of these factors the company posted a steady trading performance.

The decision to divest Lemtronics evolved over a 2 year period culminating in the recent decision that it was in the best interests of Lemarne shareholders and employees in Lemtronics, that the offer from Paramit Corporation Limited, a USA based electronic manufacturing services company, to acquire Lemtronics for US\$ 20 million excluding cash and debt, be accepted, subject to shareholder approval, which has now been received.

The Explanatory Statement issued to shareholders in October, provided a background to the electronic services market, in which Lemtronics operates and the rationale behind the decision to accept the offer from Paramit Corporation Ltd. Paramit is a leading provider of electronic medical device and instrument manufacturing services. Its customer base includes many of the fastest growing, most innovative, companies in the medical device industry.

Paramit is seeking to expand its operations in Asia and Europe and the merger of Lemtronics and Paramit will result in an electronic manufacturing services company with a stronger presence in several global niche markets and with the critical mass to more fully exploit the capabilities of the combined businesses.

The divestment of Lemtronics represents a major defining milestone in Lemarne's history as an investment company. Lemarne has always focussed on maximising its returns to shareholders without undue risk or exposure. Over the last five years, Lemarne has returned some A\$ 23 million to its shareholders, approximately \$2.09 per share and at the same time its share price has increased by some 52% from \$2.53 per share to \$3.85 per share. The sale of Lemtronics, which has been within the Lemarne group since 1988, brings this strategy to a successful conclusion for shareholders.

Over the next six months, Lemarne will be actively exploring opportunities for the company to generate further returns for its shareholders,

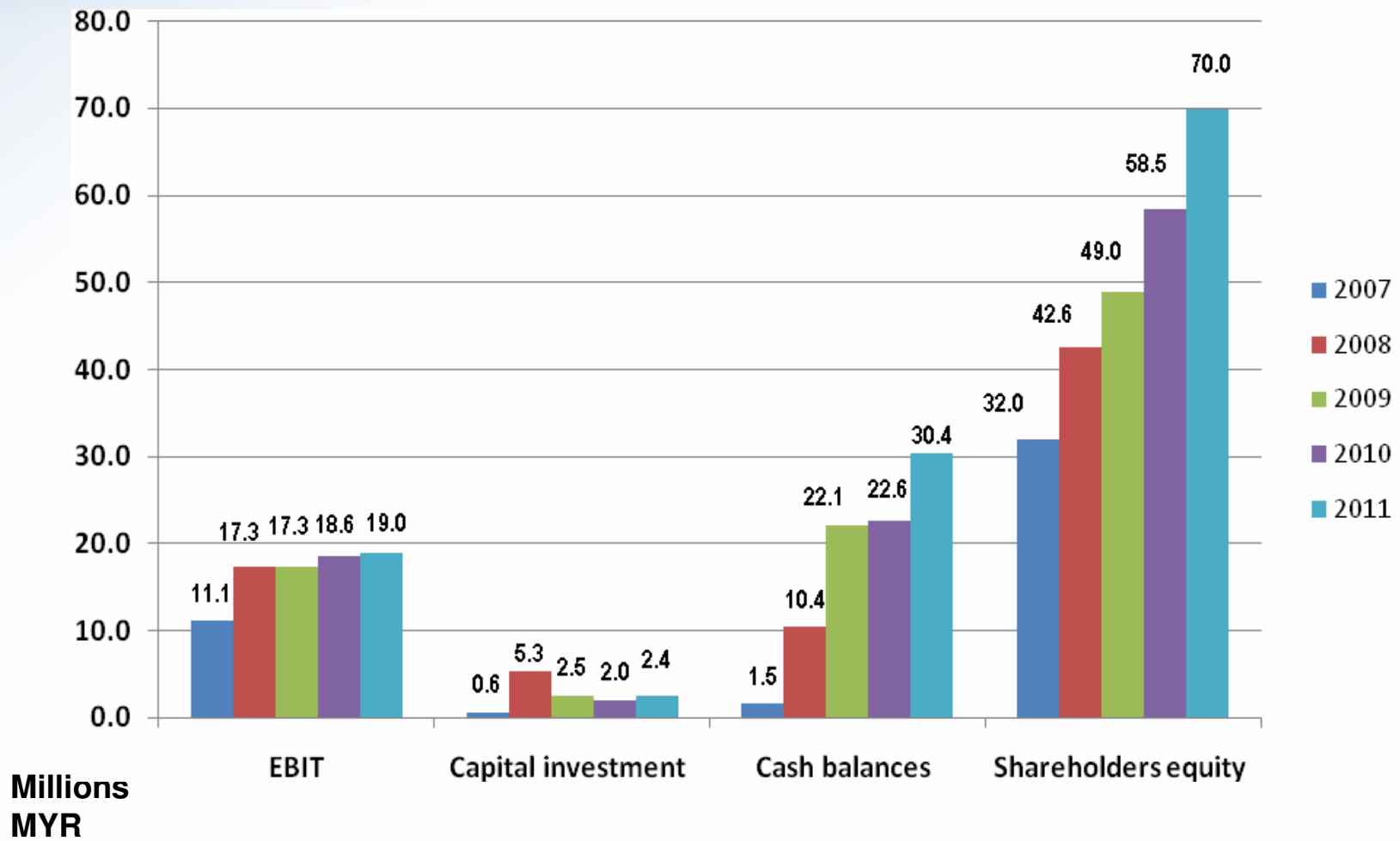
Peter Murphy
Managing Director
24 November 2011

LEMARNE CORPORATION LIMITED



Annual General Meeting 2011

Lemtronics Performance



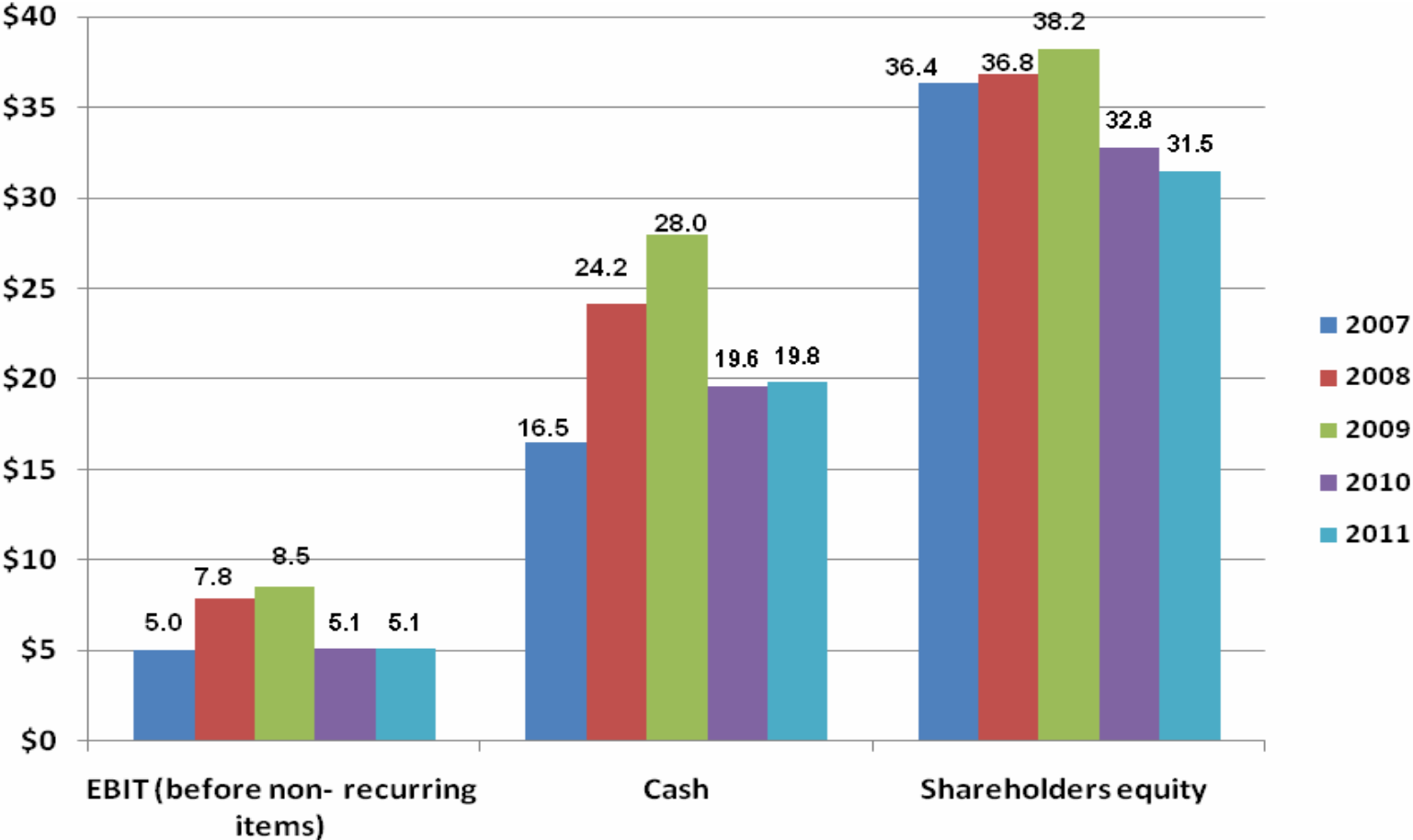
NB: Excludes Fine Pearl (holding company) expenses

LMC Group Performance June 2011



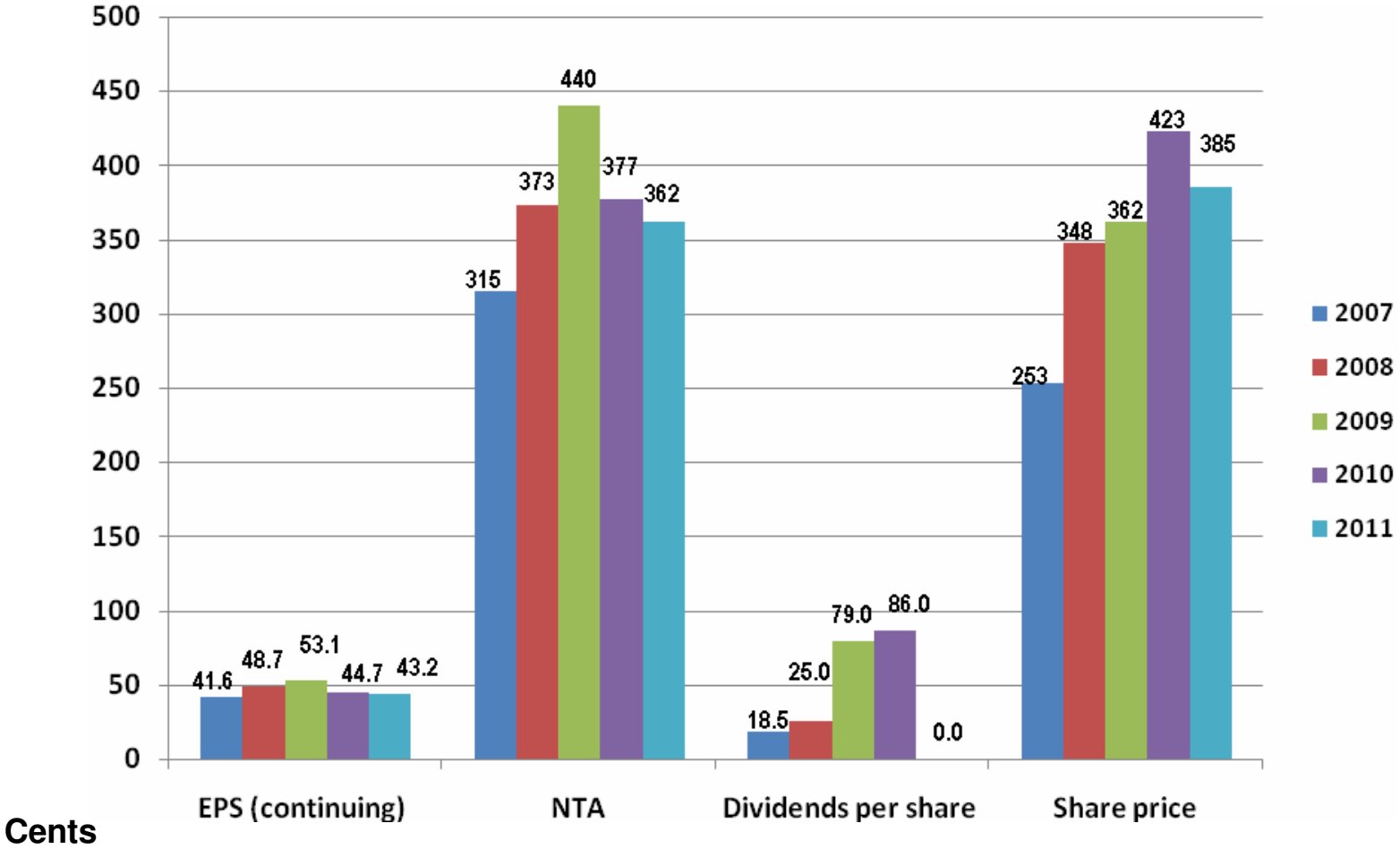
- **Profit before tax \$5.15 m vs \$5.16m last year.**
- **Profit after tax \$3.72 m vs \$3.86 m last year.**
- **Shareholder funds \$31.5 million at 30 June 2011 with cash on deposit totalling \$19.8 million**
- **Earnings per share from continuing operations 43.2 cents per share.**
- **Net tangible asset backing per share \$3.62 per share.**

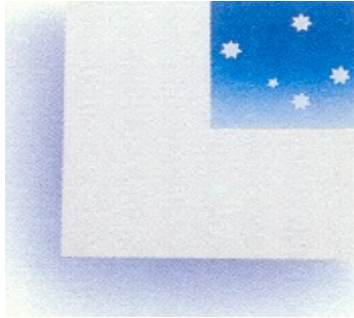
LMC Group Financial Performance



Millions
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LMC Group Financial Performance





LEMARNE CORPORATION LIMITED

**Annual General Meeting
2011**

thank you