



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

**TO:** Australian Stock Exchange  
Company Announcements Office

**DATE:** 26 August 2008

**RE:** **RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR ENDED 30 JUNE 2008**

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**HIGHLIGHTS**

- Operating profit before tax from continuing operations increased to \$9.2 million
- Shareholder funds \$36.8 million at 30 June 2008 with cash on deposit totalling \$24.2 million
- Earnings per share from continuing operations 73.4 cents
- Net tangible asset backing per share increased to \$3.73 per share from \$3.15 per share last year
- Final franked dividend of 12.5 cents per share bringing total dividends for the year to 25 cents per share.

2007/2008 was a year of consolidation for the Lemarne Group with the focus being placed on its continuing core businesses, Lemtronics and C10. These operations performed strongly and the Group posted sales revenues in the order of \$66 million. Profits before tax and before losses on disposal of businesses were \$7.8 million compared to \$5.9 million in the previous year.

In January 2008 Lemarne Healthcare Pty Ltd was divested and in April 2008 the ValueNet business was also sold. The sale of these businesses coupled with the cash generating activities of the Group's continuing businesses, resulted in the funds on deposit as at 30 June 2008 totalling \$24.2 million. The continuing operations of the Group generated profits before tax of approximately \$9.2 million compared to \$8.8 million in the previous year. These businesses continue to post strong profits and cash flows, and it is in these areas that Lemarne will focus its attention. The Company has an ungeared balance sheet, significant funds on deposit and a strong order book.

Further investments were made in Lemtronics with the purchase of new manufacturing equipment and this coupled with an upgrading of the company's operations resulted in Lemtronics posting a net profit before tax of \$5.8 million. C10 operated profitably and posted a profit before tax of \$1.9 million which was in line with the results the previous year which includes the operating losses for the ValueNet business.

## Dividends

In March 2008 an interim fully franked dividend of 12.5 cents per share was paid and the Directors have declared a final dividend of 12.5 cents per share to be paid on 20 October 2008 which is in line with the Company's long held policy of maximizing its return to shareholders.

## Future

Barring any further major changes in the global economy, it is expected that the Lemarne Group will continue its growth in profits and revenues in 2008/2009.

PETER A. MURPHY  
Managing Director

KATHY KOTSIPOULOS  
Company Secretary

# Appendix 4E

## Preliminary final report

Name of entity

**LEMARNE CORPORATION LIMITED**

ABN or equivalent company  
reference

**72 004 834 584**

Half yearly  
(tick)

Preliminary  
final (tick)

Half year/financial year ended ('current period')

**30 JUNE 2008**

### Results for announcement to the market

*Extracts from this report for announcement to the market (see note 1).*

\$A'000

Revenues from ordinary activities – continuing operations	up/down	5%	to	60,772
Profit (loss) from ordinary activities after tax attributable to members	up/down	48%	to	3,177
Profit (loss) from extraordinary items after tax attributable to members	gain (loss) of			
Net profit (loss) for the period attributable to members	up/down	48%	to	3,177
<b>Dividends (distributions)</b>	Amount per security	Franked amount per security		
Final dividend ( <i>Preliminary final report only</i> )	12.5¢	12.5¢		
Interim dividend ( <i>Half yearly report only</i> )				
Previous corresponding period	10¢	10¢		
<p><sup>†</sup>Record date for determining entitlements to the dividend, <span style="border: 1px solid black; padding: 2px;">10 October 2008</span></p> <p>Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:</p> <p>The final dividend was declared after 30 June 2008 and is therefore not provided for in the accounts for the year ended 30 June 2008. It is payable on 20 October 2008.</p>				

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated	
		2008	2007
		\$000	\$000
Revenue	1	60,394	62,607
Cost of sales		<u>(45,738)</u>	<u>(48,238)</u>
Gross profit		14,656	14,369
Other operating income	1	378	1,135
Distribution expenses		(2,886)	(3,910)
Administrative expenses		(4,183)	(3,895)
Impairment of goodwill and property, plant and equipment/investment		(7)	(3)
Other operating expenses		<u>( 16)</u>	<u>( 13)</u>
<b>Results from operating activities</b>		<b>7,942</b>	<b>7,683</b>
Financial income		1,319	1,268
Financial expenses		<u>( 47)</u>	<u>( 117)</u>
<b>Net financing (costs)/income</b>		<b>1,272</b>	<b>1,151</b>
<b>Profit/(loss) from ordinary activities before income tax expense</b>		<b>9,214</b>	<b>8,834</b>
Income tax expense		<u>(2,161)</u>	<u>(1,252)</u>
<b>Profit/(loss) after tax but before profit and loss of discontinued operation and gain on discontinued operation</b>		<b>7,053</b>	<b>7,582</b>
Profit/(loss) from discontinued operation net of tax		<u>(3,876)</u>	<u>(1,441)</u>
<b>Profit/(loss) for the year</b>		<b><u>3,177</u></b>	<b><u>6,141</u></b>
Attributable to:			
- Equity holders of the parent		<u>3,177</u>	<u>6,141</u>
<b>Profit for the year</b>		<b><u>3,177</u></b>	<b><u>6,141</u></b>
<b>Earnings per share:</b>			
Basic earnings per share from all operations (cents)	6	33.1	52.7
Basic earnings per share from continuing operations (cents)	6	73.4	65.0
Diluted earnings per share from all operations (cents)	6	33.1	52.7
Diluted earnings per share from continuing operations (cents)	6	73.4	65.0

**BALANCE SHEETS AS AT 30 JUNE 2008**

	Note	<b>Consolidated</b>	
		<b>2008</b>	<b>2007</b>
		<b>\$000</b>	<b>\$000</b>
<b>Assets</b>			
Cash and cash equivalents		24,175	16,834
Trade and other receivables		10,150	10,895
Inventories		5,503	7,080
Prepayments and deposits		<u>523</u>	<u>428</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>40,351</u></b>	<b><u>35,237</u></b>
Property, plant and equipment		3,765	5,481
Deferred tax assets		425	491
Intangible assets		297	6,086
Other		<u>-</u>	<u>6</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>4,487</u></b>	<b><u>12,064</u></b>
<b>TOTAL ASSETS</b>		<b><u>44,838</u></b>	<b><u>47,301</u></b>
<b>Liabilities</b>			
Bank overdraft		1	357
Trade and other payables		5,598	5,796
Loans and borrowings		143	2,781
Employee benefits		1,030	1,047
Income tax payable		262	72
Provisions		103	63
Deferred income		<u>314</u>	<u>322</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>7,451</u></b>	<b><u>10,438</u></b>
Loans and borrowings		231	111
Deferred tax liabilities		168	153
Employee benefits		<u>179</u>	<u>238</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>578</u></b>	<b><u>502</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>8,029</u></b>	<b><u>10,940</u></b>
<b>NET ASSETS</b>		<b><u>36,809</u></b>	<b><u>36,361</u></b>
<b>Equity</b>			
Issued capital	3	4,178	3,677
Reserves	3	(1,773)	(704)
Retained earnings	3	<u>34,404</u>	<u>33,388</u>
<b>TOTAL EQUITY</b>		<b><u>36,809</u></b>	<b><u>36,361</u></b>

Statement of Cash Flows For the Financial Year Ended 30 June 2008

	Note	Consolidated	
		2008	2007
		\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		67,289	71,346
Cash paid to suppliers and employees		(58,219)	(68,734)
Cash generated from operations		9,070	2,612
Dividends received		-	74
Interest received		1,230	1,059
Interest paid		(60)	(158)
Income taxes paid		(1,331)	( 690)
<b>Net cash from operating activities</b>		<b><u>8,909</u></b>	<b><u>2,897</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments/disposal of subsidiary (net of cash disposed)		5,886	5,526
Proceeds from sale of property, plant and equipment		31	101
Payments for other expenditure/acquisition of controlled entities/business (net of cash)		(157)	(6)
Acquisition of property, plant and equipment		(1,997)	(1,181)
Payments for disposal of business/controlled entity		( 936)	(1,243)
<b>Net cash from/(to) investing activities</b>		<b><u>2,827</u></b>	<b><u>3,197</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	3	501	186
Share buy-back	3	-	(14,594)
Proceeds from borrowings		416	741
Repayment of borrowings		(2,759)	(421)
Dividends paid - members of parent entity	4	(2,161)	(3,018)
<b>Net cash from/(to) financing activities</b>		<b><u>4,003</u></b>	<b><u>(17,106)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,733</b>	<b>(11,012)</b>
<b>Cash at the beginning of the financial year</b>		16,477	27,483
Effect of exchange rate fluctuations on cash held		( 35)	6
<b>Cash at the end of the financial year</b>	5	<b><u>24,175</u></b>	<b><u>16,477</u></b>

**Notes to the condensed consolidated statement of financial performance**

	Note	Consolidated 2008 \$000	2007 \$000
<b>1. <u>REVENUE</u></b>			
<b>Revenue from continuing operations</b>			
Sale of goods revenue		<u>60,394</u>	<u>62,607</u>
<u>Other income</u>			
Dividends received		-	74
Other		375	385
Net gain on disposal of non-current assets:			
- plant and equipment		3	22
- shares held for trading		<u>-</u>	<u>653</u>
Total other income		<u>378</u>	<u>1,134</u>
<b>Total revenues from continuing operations</b>		<b><u>60,772</u></b>	<b><u>63,741</u></b>
<b>Revenues from discontinuing operations</b>			
Revenue from sale of goods		<u>5,216</u>	<u>8,406</u>
<u>Other income</u>			
Other income		<u>-</u>	<u>113</u>
Total other income		<u>-</u>	<u>-</u>
Net gain on sale of controlled entity		<u>-</u>	<u>622</u>
<b>Total revenues from discontinuing operations</b>		<b><u>5,216</u></b>	<b><u>9,141</u></b>
<b>Total revenues</b>		<b><u>65,988</u></b>	<b><u>72,882</u></b>

	Consolidated	
	2008	2007
	\$000	\$000
<b>2. <u>PROFIT/(LOSS) FROM OPERATIONS</u></b>		
(a) Items included in profit/(loss) from discontinuing operations before income tax expense:		
Revenue from sale of controlled entity/business	6,150	-
Cost of disposal	(9,212)	<u>622</u>
Net profit/(loss) on disposal	(3,062)	622
(b) Profit from continuing operations before income tax has been arrived at after charging/(crediting) the following specific expenses:		
<u>Impairment losses</u>		
Property, plant and equipment	7	3
Stock obsolescence provisions	<u>51</u>	<u>( 540)</u>
	58	697
Other expenses:		
<u>Personnel expenses</u>		
Wages and salaries	6,255	6,233
Contributions to defined contribution superannuation funds	258	205
Other associated personnel expenses	1,575	1,757
Increase in liability for annual leave	61	5
Increase in liability for long service leave	16	20
Share based payments	(71)	68
Terminations benefits	<u>145</u>	<u>-</u>
	<u>8,239</u>	<u>8,288</u>
<u>Depreciation of non-current assets:</u>		
Plant and equipment	<u>687</u>	<u>783</u>
<u>Amortisation of non-current assets:</u>		
Leasehold property	<u>36</u>	<u>38</u>
	<u>38</u>	<u>38</u>
<b>Total depreciation and amortisation</b>	<b><u>723</u></b>	<b><u>821</u></b>

	Consolidated	
	2008	2007
	\$000	\$000
2. <b><u>PROFIT/(LOSS) FROM OPERATIONS</u></b>		
<b><u>(CONTINUED)</u></b>		
(b) Profit from continuing operations before income tax has been arrived at after charging/(crediting) the following specific expenses (cont):		
<u>Other expense items</u>		
Movement in provision for doubtful debts (impaired receivables)	(33)	184
Movement in stock obsolescence provision	51	(540)
Movement in warranty provision	47	-
Net foreign exchange loss/(gain)	(189)	(75)
Operating lease rentals	204	195
Net profit/(loss)loss on disposal of property, plant and equipment	1	23

3. **CAPITAL AND RESERVES**

**Reconciliation of movement in capital and reserves**

	Share capital \$000	Trans- lation reserve \$000	Options granted reserve \$000	Retained earnings \$000	Total equity \$000
Balance at 1 July 2007	3,677	(1,134)	430	33,388	36,361
Total recognised income and expense	-	(964)	-	3,177	2,213
Amortisation of options	-	-	7	-	7
Cancellation of options	-	-	(112)	-	(112)
Shares issued	501	-	-	-	501
Dividends to shareholders	-	-	-	( 2,161)	( 2,161)
Balance at 30 June 2008	<u>4,178</u>	<u>(2,098)</u>	<u>325</u>	<u>34,404</u>	<u>36,809</u>

**Share capital**

The consolidated entity recorded the following amount within shareholders' equity as a result of the issue of ordinary shares.

For the year ended 30 June 2008

	<b>Share Capital</b> 30 June 2008 \$000	30 June 2007 \$000
Issue of ordinary shares from the exercise of options under the Key Executive Option Plan	<u>501</u>	<u>186</u>
	<b>Ordinary Shares</b> 30 June 2008 No.	30 June 2007 No.
On issue at 1 July	9,606,214	14,674,977
Issued for cash	187,500	125,000
Share buy-back	<u>-</u>	<u>(5,193,763)</u>
On issue at 30 June fully paid	<u>9,793,714</u>	<u>9,606,214</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Lemarne Corporation Limited's share price at 30 June 2008 was \$3.48 (2007: \$2.53).

3. **CAPITAL AND RESERVES (CONTINUED)**

Share options are granted to senior executives with more than twelve months' service. Details of the share option plans are provided below.

On 31 October 2003, after approval by shareholders at the AGM, 500,000 options were granted to two executive directors of the Company at an exercise price of \$2.67 per share under the same Plan. 156,250 of these options were exercised on 12 April 2006 and 156,250 options were forfeited due to the resignation of the executive. A further 187,500 options were exercised on 27 June 2008.

On 9 June 2004 the Company granted options over 100,000 unissued ordinary shares under the Key Executive Option Plan No.6 to an executive of C10 Communications Pty Ltd at an exercise price of \$2.57. These options were forfeited due to the resignation of the executive.

Under the Key Executive Option Plans, 50 per cent of the options granted may be exercised after the second anniversary but before the fourth, while the outstanding options may be exercised after the fourth anniversary but before the fifth.

There are no outstanding options on issue as at 30 June 2008.

4. **DIVIDENDS PROVIDED FOR OR PAID**

The amounts paid, declared or provided for by way of dividend by the parent entity are:

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
(i) an interim fully franked ordinary dividend of 12.5 cents per share was paid on 20 March 2008 (2007: 8.5 cents)	1,201	816
(ii) No final fully franked ordinary dividend was paid in respect of the year ended 30 June 2008 (2007: 10 cents per share was paid on 19 October 2007)	<u>960</u>	<u>-</u>
<b>Total dividends in accounts</b>	<b><u>2,161</u></b>	<b><u>816</u></b>

**After Year End**

(iv) 2008: a final fully franked dividend of 12.5 cents per share was declared payable on 20 October 2008; (2007: 10 cents)	<u>1,224</u>	<u>961</u>
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This dividend was not provided for in the accounts.

Dividend franking account

Franking credits available to shareholders of Lemarne Corporation Ltd for subsequent financial years

	<u>990</u>	<u>1,095</u>
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The above available amount is based on the balance of the dividend franking account at year end adjusted for:

- (a) franking credits that will arise from the payment of the current tax liability
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the year end
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the year end
- (d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

5. **NOTE TO THE STATEMENT OF CASH FLOWS**

Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts.

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

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
Cash	4,663	4,334
Short term deposits	19,513	12,500
Bank overdraft	( 1)	( 357)
	<u>24,175</u>	<u>16,477</u>

6. **EARNINGS PER SHARE**

Basic earnings per share for all operations	33.1 cents	52.7 cents
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Diluted earnings per share for all operations	33.1 cents	52.7 cents
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	<b>\$000</b>	<b>\$000</b>
<u>Earnings reconciliation</u>		
Net profit/(loss)	<u>3,177</u>	<u>6,141</u>
Basic and diluted earnings	<u>3,177</u>	<u>6,141</u>

	<b>Number of Shares</b>	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	9,608,263	11,660,390
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>9,608,263</u>	<u>11,660,390</u>

Potential ordinary shares not considered dilutive

At 30 June 2008 the Company had no options on issue.

7. **GROUP FINANCIAL PERFORMANCE**

		2008	2007	CHANGE
EBIT (from continuing operations)	\$000s	9,261	8,951	+ 3%
Operating profit/(loss) after income tax from continuing operations	\$000s	7,053	7,582	- 7%
Operating profit/(loss) after income tax and minority interests	\$000s	3,177	6,141	-48%
Earnings per ordinary share	cents	33.1	52.7	-37%
Net tangible asset backing per ordinary share	cents	373	315	+18%
Dividend paid per ordinary share	cents	25.0	18.5	
Shareholders' equity	\$000s	36,809	36,361	+ 1%
Operating profit after income tax /shareholders' equity	%	8.6	16.9	-49%
Net borrowings/total shareholders' equity	%	(65)	(37)	
Share price (at 30 June)	cents	348	253	+38%
Number of employees	No.	717	787	-9%

These figures are based on the consolidated accounts.

8. **SEGMENT REPORTING**

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest or dividend earning assets and revenue, interest bearing borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

**Business segments**

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

Electronics	Electronic sub-assemblies used mainly in the power tool, telecommunications, automotive and security industries.
Telecommunication products	ISDN, ADSL access products, filters, telephone accessories and voice over internet protocol (VoIP) services.

**Geographical segments**

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The consolidated entity's business segments operate geographically as follows:

Australasia	Sales offices.
Asia	Manufacturing facilities for electronic equipment products and sub-assemblies.
Europe	Customers for electronic equipment.
North America	Customers for electronic equipment.

8. SEGMENT REPORTING (CONTINUED)

<u>Business Segments</u>	Continuing Operations * restated										Discontinued Operations * restated								TOTAL OPERATIONS	
	Electronics		Telecommuni- cations Products		Unallocated		Eliminations		Subtotal Continuing		Reinforced plastics		Healthcare		Telecommuni- cations Products		Subtotal Discontinued		2008	2007
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
External sales revenue	48,745	49,491	11,649	13,116	-	-	-	-	60,394	62,607	-	-	4,253	7,800	963	606	5,216	8,406	65,610	71,013
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	378	388	-	3	1,154	744	(1,154)	-	378	1,135	-	-	-	112	-	-	-	112	378	1,247
<b>Total segment revenue</b>	<b>49,123</b>	<b>49,879</b>	<b>11,649</b>	<b>13,117</b>	<b>1,154</b>	<b>744</b>	<b>(1,154)</b>	<b>-</b>	<b>60,772</b>	<b>63,742</b>	<b>-</b>	<b>-</b>	<b>4,253</b>	<b>7,912</b>	<b>963</b>	<b>606</b>	<b>5,216</b>	<b>8,518</b>	<b>65,988</b>	<b>72,260</b>
<b>Segment result</b>																				
Results from operating activities	5,764	3,966	3,239	3,735	(1,061)	(18)	-	-	7,942	7,683	-	-	43	(579)	(1,376)	(2,095)	(1,333)	(2,674)	6,609	5,009
Net financing costs									1,272	1,151							(102)	(250)	1,170	901
<b>Profit before tax and before disposal of businesses</b>									<b>9,214</b>	<b>8,834</b>							<b>(1,435)</b>	<b>(2,924)</b>	<b>7,779</b>	<b>5,910</b>
Income tax expense									(2,161)	(1,252)							518	861	(1,643)	(391)
Gain/(loss) on sale of discontinued operation	-	-	-	-	-	-	-	-	-	-	-	622	(2,402)	-	(660)	-	(3,062)	622	(3,062)	622
Income tax expense on sale																	103	-	103	-
Net gain on sale											-	622					(2,959)	622	(2,959)	622
Profit for the period	-	-	-	-	-	-	-	-	<b>7,053</b>	<b>7,582</b>	-	<b>622</b>	-	-	-	-	<b>(3,876)</b>	<b>(1,441)</b>	<b>3,177</b>	<b>6,141</b>
Depreciation and amortisation	650	751	27	57	46	13	-	-	723	821	-	-	315	642	129	132	444	774	1,167	1,595
Non-cash expenses other than depreciation and amortisation	807	345	11	225	53	103	-	-	871	673	-	-	2,344	77	710	-	3,054	77	3,925	750
<b>Individually significant items</b>	-	<b>535</b>	-	-	-	<b>653</b>	-	-	-	<b>1,188</b>	-	<b>622</b>	<b>(2,402)</b>	-	<b>(660)</b>	<b>(154)</b>	<b>(3,062)</b>	<b>468</b>	<b>(3,062)</b>	<b>1,656</b>
Inventory write-down	(47)	(35)	(4)	-	-	-	-	-	(51)	(35)	-	-	-	(109)	-	-	-	(109)	51	(144)

8. **SEGMENT REPORTING (CONTINUED)**

Primary reporting

Business Segments	Continuing Operations * restated										Discontinued Operations * restated						TOTAL OPERATIONS	
	Electronics		Telecommunications Products		Unallocated		Eliminations		Subtotal Continuing		Healthcare		Telecommunications Products		Subtotal Discontinued			
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Assets</b>																		
Segment assets	20,031	19,007	4,217	3,893	29,670	33,252	(9,180)	(21,377)	44,738	34,775	-	11,897	100	629	100	12,526	44,838	47,301
<b>Liabilities</b>																		
Segment liabilities	5,552	8,091	601	1,098	4,119	1,245	(2,550)	(3,864)	7,722	6,570	-	4,176	307	194	307	4,370	8,029	10,940
Capital expenditure	1,776	214	40	17	39	2	(35)	-	1,820	233	140	743	37	205	177	948	1,997	1,181

Secondary reporting

Geographical segments	Australasia		Asia		Europe		North America		Other		Unallocated		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
External segment revenue by location of customers	16,340	21,181	4,897	3,224	39,107	40,595	5,269	6,013	-	-	-	-	65,610	71,013
Segment assets by location of assets	4,317	16,223	20,031	19,007	-	-	-	-	-	-	20,490	12,071	44,838	47,301
Capital expenditure	182	965	1,776	214	-	-	-	-	-	-	39	2	1,997	1,181

**9. REVIEW OF OPERATIONS**

2007/2008 was a year of consolidation for the Lemarne Group with the focus being placed on its continuing core businesses, Lemtronics and C10. These operations performed strongly and the Group posted sales revenues of \$66 million. Profits before tax and before losses on disposal of businesses were \$7.8 million compared to \$5.9 million in the previous year.

In January 2008 Lemarne Healthcare Pty Ltd was divested and in April 2008 the ValueNet business was also sold. The sale of these businesses coupled with the cash generating activities of the Group's continuing businesses, resulted in the funds on deposit as at 30 June 2008 totalling \$24.2 million. The continuing operations of the Group generated profits before tax of approximately \$9.2 million compared to \$8.8 million in the previous year. These businesses continue to post strong profits and cash flows, and it is in these areas that Lemarne will focus its attention. The Company has an ungeared balance sheet, significant funds on deposit and a strong order book.

Further investments were made in Lemtronics with the purchase of new manufacturing equipment and this coupled with an upgrading of the company's operations resulted in Lemtronics posting a net profit before tax of \$5.8 million. C10 operated profitably and posted a profit before tax of \$1.9 million which was in line with the results the previous year which includes the operating losses for the ValueNet business.

***Dividends***

In March 2008 an interim fully franked dividend of 12.5 cents per share was paid and the Directors have declared a final dividend of 12.5 cents per share to be paid on 20 October 2008 which is in line with the Company's long held policy of maximizing its return to shareholders.

***Future***

Barring any further major changes in the global economy, it is expected that the Lemarne Group will continue its growth in profits and revenues in 2008/2009.

**10. EVENTS SUBSEQUENT TO BALANCE DATE**

Nil.

**11. ANNUAL MEETING**

*(Preliminary final report only)*

The annual meeting will be held as follows:

Place

Australian Institute of Management
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Date

Wednesday 29 October 2008
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Time

11.30 a.m.
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Approximate date the <sup>†</sup>annual report will be available

18 September 2008
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**12. COMPLIANCE STATEMENT**

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used

2 This report, and the <sup>+</sup>accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does/~~does not~~\* (*delete one*) give a true and fair view of the matters.

4 This report is based on <sup>+</sup>accounts to which one of the following applies.

(*Tick one*)



The <sup>+</sup>accounts have been audited.

The <sup>+</sup>accounts have been subject to review.



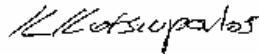
The <sup>+</sup>accounts are in the process of being audited or subject to review.

The <sup>+</sup>accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any will follow immediately they are available

6 The entity has/~~does not have~~\* (*delete one*) a formally constituted audit committee.

Sign here:



(Company Secretary)

Date: 26/08/2008

Print name:

AKATERINE KOTSIPOULOS