



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

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

**DATE:** 27 August 2010

**RE: RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR  
ENDED 30 JUNE 2010**

---

**HIGHLIGHTS**

- Profit before tax totalled \$5.1 million.
- Profit after tax totalled \$3.9 million.
- Shareholder funds \$32.8 million at 30 June 2010 with cash on deposit totalling \$19.6 million
- Earnings per share 44.9 cents per share.
- Net tangible asset backing per share was \$3.77 per share.
- Final dividend of 20 cents per share bringing total dividends for the year to 86 cents per share

The 2009/2010 financial year was again characterised by challenging economic conditions and significant volatility in major trading currencies. However, Lemarne's sole operating unit, Lemtronics Sdn Bhd, increased its revenue by 14.8% to approximately MYR 145.4 million compared to MYR 126.6 million in 2009. The Company's EBITDA (Earnings before interest, tax, depreciation and amortisation) totalled MYR 21.4 million with the profit after tax being MYR 14.8 million. This is in spite of a realised foreign exchange loss of MYR 4.0 million, mainly due to the unexpectedly large depreciation of the Euro and US\$ against the MYR, particularly since January 2010.

Overall, the Lemarne group continues to maintain a solid earnings stream and retains an extremely conservative balance sheet after paying dividends of \$10 million in 2009/2010.

Lemarne is actively exploring a number of initiatives to grow its Lemtronics business to ensure the investment made in this business in recent times, is fully exploited to the benefit of Lemarne's shareholders. Key elements of this strategy are to significantly expand its revenue base in specific international markets and further enhance its engineering capabilities.

## Dividends

In March 2010 an interim unfranked dividend of 16 cents per share was paid plus a special unfranked dividend of 50 cents per share. The Directors have declared a final partially franked dividend of 20 cents per share to be paid on 18 October 2010. 8 cents of the dividend is franked and the balance of 12 cents relates to conduit foreign income.

## Future

Lemarne will continue to invest in and grow its Lemtronics business and at the same time it is actively investigating initiatives to ensure Lemarne shareholders continue to enjoy above market returns.

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 2010**

### 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/ <del>down</del>	1%	to	48,768
Profit (loss) from ordinary activities after tax attributable to members	up/down	54%	to	3,862
Profit (loss) from extraordinary items after tax attributable to members	gain (loss) of			
Net profit (loss) for the period attributable to members	up/down	54%	to	3,862

<b>Dividends (distributions)</b>	Amount per security	Franked amount per security
Final dividend ( <i>Preliminary final report only</i> )	20¢	8¢
Interim dividend ( <i>Half yearly report only</i> )		
Previous corresponding period	50.0¢	0¢

<sup>+</sup>Record date for determining entitlements to the dividend,

8 October 2010

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:

The final dividend was declared after 30 June 2010 and is therefore not provided for in the accounts for the year ended 30 June 2010. It is payable on 18 October 2010. Of the total dividend of 20 cents, 8 cents is franked and 12 cents related to conduit foreign income.

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated	
		2010	2009
		\$000	\$000
Revenue	1	48,698	48,452
Cost of sales		<u>(37,125)</u>	<u>(37,699)</u>
Gross profit		11,573	10,753
Other operating income	1	70	62
Distribution expenses		(1,897)	(1,495)
Administrative expenses		(4,005)	(4,429)
Impairment of goodwill and property, plant and equipment/investment		(6)	(3)
Other operating expenses		<u>(1,357)</u>	<u>(72)</u>
<b>Results from operating activities</b>		<b>4,378</b>	<b>4,816</b>
Financial income		770	1,176
Financial expenses		<u>(35)</u>	<u>(54)</u>
<b>Net financing (costs)/income</b>		<b>735</b>	<b>1,122</b>
<b>Profit/(loss) from ordinary activities before income tax expense</b>		<b>5,113</b>	<b>5,938</b>
Income tax expense		<u>(1,265)</u>	<u>(888)</u>
<b>Profit/(loss) after tax from continuing operations</b>		<b>3,848</b>	<b>5,050</b>
Profit/(loss) from discontinued operation net of tax		<u>14</u>	<u>3,334</u>
<b>Profit/(loss) for the year</b>		<b><u>3,862</u></b>	<b><u>8,384</u></b>
<b>Other comprehensive income:</b>			
Foreign currency translation differences for foreign operations		<u>722</u>	<u>1,317</u>
<b>Other comprehensive income for the period, net of income tax</b>		<b><u>722</u></b>	<b><u>1,317</u></b>
<b>Total comprehensive income for the period</b>		<b><u>4,584</u></b>	<b><u>9,701</u></b>
<b>Profit attributable to:</b>			
- Equity holders of the parent		<u>3,862</u>	<u>8,384</u>
<b>Total comprehensive income attributable to:</b>			
- Equity holders of the parent		<u>4,584</u>	<u>9,701</u>
<b>Earnings per share:</b>			
Basic earnings per share from all operations (cents)	6	44.9	88.2
Diluted earnings per share from all operations (cents)	6	44.9	88.2
<b>Continuing operations:</b>			
- Basic eaming per share (cents)	6	44.7	53.1
- Diluted earnings per share (cents)	6	44.7	53.1

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

Consolidated	Share capital	Translation reserve	Options granted reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2009	3,672	(781)	325	34,969	38,185
Profit for the period	-	-	-	3,862	3,862
Foreign currency translation differences	<u>-</u>	<u>722</u>	<u>-</u>	<u>-</u>	<u>722</u>
<b>Total comprehensive income</b>	<u>-</u>	<u>722</u>	<u>-</u>	<u>3,862</u>	<u>4,584</u>
<b>Transactions with owners, recorded directly in equity</b>					
Dividends to shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,984)</u>	<u>(9,984)</u>
<b>Total transactions with owners</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,984)</u>	<u>(9,984)</u>
Balance at 30 June 2010	<u>3,672</u>	<u>( 59)</u>	<u>325</u>	<u>28,847</u>	<u>32,785</u>
Balance at 1 July 2008	4,178	(2,098)	325	34,404	36,809
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	8,384	8,384
Foreign currency translation differences	<u>-</u>	<u>1,317</u>	<u>-</u>	<u>-</u>	<u>1,317</u>
<b>Total comprehensive income</b>	<u>-</u>	<u>1,317</u>	<u>-</u>	<u>8,384</u>	<u>9,701</u>
<b>Transactions with owners, recorded directly in equity</b>					
Share buy-back	(506)	-	-	(3,921)	(4,427)
Dividends to shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,898)</u>	<u>(3,898)</u>
<b>Total transactions with owners</b>	<u>( 506)</u>	<u>-</u>	<u>-</u>	<u>(7,819)</u>	<u>(8,325)</u>
Balance at 30 June 2009	<u>3,672</u>	<u>( 781)</u>	<u>325</u>	<u>34,969</u>	<u>38,185</u>

**BALANCE SHEETS AS AT 30 JUNE 2010**

	Note	Consolidated	
		2010	2009
		\$000	\$000
<b>Assets</b>			
Cash and cash equivalents		19,588	27,992
Trade and other receivables		8,051	6,531
Inventories		7,637	4,886
Current tax assets		95	-
Prepayments and deposits		<u>289</u>	<u>224</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>35,660</u></b>	<b><u>39,633</u></b>
Property, plant and equipment		3,796	3,988
Deferred tax assets		199	259
Intangible assets		<u>297</u>	<u>297</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>4,292</u></b>	<b><u>4,544</u></b>
<b>TOTAL ASSETS</b>		<b><u>39,952</u></b>	<b><u>44,177</u></b>
<b>Liabilities</b>			
Trade and other payables		5,893	3,540
Loans and borrowings		378	394
Employee benefits		387	308
Income tax payable		-	600
Deferred income		<u>267</u>	<u>554</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>6,925</u></b>	<b><u>5,396</u></b>
Loans and borrowings		70	434
Deferred tax liabilities		113	114
Employee benefits		<u>59</u>	<u>48</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>242</u></b>	<b><u>578</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>7,167</u></b>	<b><u>5,992</u></b>
<b>NET ASSETS</b>		<b><u>32,785</u></b>	<b><u>38,185</u></b>
<b>Equity</b>			
Issued capital	3	3,672	3,672
Reserves	3	266	(456)
Retained earnings	3	<u>28,847</u>	<u>34,969</u>
<b>TOTAL EQUITY</b>		<b><u>32,785</u></b>	<b><u>38,185</u></b>

**Statements of Cash Flows For the Financial Year Ended 30 June 2010**

	Note	Consolidated	
		2010	2009
		\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		46,292	60,254
Cash paid to suppliers and employees		(43,574)	(49,993)
Cash generated from operations		2,718	10,261
Interest received		782	1,277
Interest paid		(35)	(54)
Income taxes paid (net of refunds)		(1,886)	(1,286)
<b>Net cash from/(to) operating activities</b>		<b><u>1,579</u></b>	<b><u>10,198</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments/disposal of subsidiary (net of cash disposed)		856	2,220
Proceeds from sale of property, plant and equipment		10	15
Acquisition of property, plant and equipment		(665)	(981)
Payments for disposal of business/controlled entity		(48)	(76)
<b>Net cash from/(to) investing activities</b>		<b><u>153</u></b>	<b><u>1,158</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share buy-back	3	-	(4,427)
Proceeds from borrowings		-	973
Repayment of borrowings		(381)	(519)
Dividends paid - members of parent entity	4	(9,984)	(3,898)
<b>Net cash from/(to) financing activities</b>		<b><u>(10,365)</u></b>	<b><u>(7,871)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(8,633)</u></b>	<b><u>3,485</u></b>
<b>Cash at the beginning of the financial year</b>		<b>27,992</b>	<b>24,175</b>
Effect of exchange rate fluctuations on cash held		<u>229</u>	<u>332</u>
<b>Cash at the end of the financial year</b>	<b>5</b>	<b><u>19,588</u></b>	<b><u>27,992</u></b>

Notes to the condensed consolidated statement of financial performance

	Note	Consolidated	
		2010	2009
		\$000	\$000
<b>1. REVENUE</b>			
<b>Revenue from continuing operations</b>			
Sale of goods revenue		<u>48,698</u>	<u>48,452</u>
<u>Other income</u>			
Other		70	53
Net gain on disposal of non-current assets:			
- plant and equipment		—	9
Total other income		<u>70</u>	<u>62</u>
<b>Total revenues and other income from continuing operations</b>		<b><u>48,768</u></b>	<b><u>48,514</u></b>
<b>Revenues from discontinuing operations</b>			
Revenue from sale of goods		<u>—</u>	<u>7,786</u>
<u>Other income</u>			
Other income		—	192
Total other income		—	192
Net gain on sale of controlled entity		<u>14</u>	<u>1,479</u>
<b>Total revenues and other income from discontinuing operations</b>		<b><u>14</u></b>	<b><u>9,457</u></b>
<b>Total revenues and other income</b>		<b><u>48,782</u></b>	<b><u>57,971</u></b>

		Consolidated	
		2010	2009
		\$000	\$000
2.	<b><u>PROFIT/(LOSS) FROM OPERATIONS</u></b>		
	(a) Items included in profit/(loss) from discontinued operations before income tax expense		
	Consideration received from sale of controlled entity/business	-	3,056
	Cost of disposal	<u>14</u>	<u>(1,577)</u>
	Net profit/(loss) on disposal	14	1,479
	(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	6	-
	Stock obsolescence provisions	<u>-</u>	<u>2</u>
		6	2
	Other expenses:		
	<u>Personnel expenses</u>		
	Wages and salaries	5,439	6,059
	Contributions to defined contribution superannuation funds	551	692
	Other associated personnel expenses	688	1,065
	Increase in liability for annual leave	77	(83)
	Increase in liability for long service leave	<u>11</u>	<u>15</u>
		<u>6,766</u>	<u>7,748</u>
	<u>Depreciation of non-current assets:</u>		
	Plant and equipment	<u>876</u>	<u>943</u>
	<u>Amortisation of non-current assets:</u>		
	Leasehold property	<u>51</u>	<u>79</u>
	<b>Total depreciation and amortisation</b>	<u><u>927</u></u>	<u><u>1,022</u></u>

Consolidated  
2010      2009  
\$000      \$000

2. **PROFIT/(LOSS) FROM OPERATIONS**  
**(CONTINUED)**

(b) Profit from continuing operations before income tax has been arrived at after charging/(crediting) the following specific expenses (cont):

Other expense items

Movement in impairment of receivables	-	(131)
Movement in stock obsolescence provision	(483)	672
Movement in warranty provision	-	(124)
Net foreign exchange loss/(gain)	1,346	86
Operating lease rentals	100	97
Net profit/(loss) on disposal of property, plant and equipment	(21)	9

3. **SHARE CAPITAL**

The consolidated entity recorded the following amount within shareholders' equity.

For the year ended 30 June 2010

	Share Capital Ordinary Shares	
	30 June 2010 No.	30 June 2009 No.
On issue at 1 July	<u>8,606,814</u>	<u>9,793,714</u>
On issue at 30 June fully paid	<u>8,606,814</u>	<u>8,606,814</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 2010 was \$4.23 (2009: \$3.62).

On 2 April 2009 shareholders approved in a general meeting the buy-back of 1,186,900 shares from Howson Tattersall (Mackenzie Financial) incorporating Saxon World Growth and MD Growth Investments Limited at \$3.73 per share. The buy-back was completed on 3 April 2009 for a total consideration of \$4,427,137.

There are no outstanding share options on issue as at 30 June 2010.

	Consolidated	
	2010	2009
	\$000	\$000
<b>4. <u>DIVIDENDS PROVIDED FOR OR PAID</u></b>		
The amounts paid, declared or provided for by way of dividend by Lemarne Corporation Limited are:		
(i) an interim unfranked ordinary dividend of 66 cents per share was paid on 18 March 2010 (2009: 14.0 cents unfranked)	5,681	1,205
(ii) No final unfranked ordinary dividend was paid in respect of the year ended 30 June 2010 (2009: 50 cents per share unfranked was paid on 19 October 2009)	4,303	1,224
(iii) A special fully franked dividend of 15 cents per share was paid on 10 December 2008	—	<u>1,469</u>
<b>Total dividends in accounts</b>	<u>9,984</u>	<u>3,898</u>
<b>After Year End</b>		
(iv) 2010: a final partially franked dividend of 20 cents per share was declared payable on 18 October 2010 (8 cents franked); (2009: 50.0 cents unfranked)	<u>1,721</u>	<u>4,303</u>
This dividend was not provided for in the accounts.		
<u>Dividend franking account</u>		
Franking credits available to shareholders of Lemarne Corporation Ltd for subsequent financial years	<u>304</u>	<u>349</u>

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 the company satisfying the applicable solvency test as set out in the Corporations Act.

5. **NOTE TO THE STATEMENTS 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>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
Cash	3,203	2,414
Short term deposits	<u>16,385</u>	<u>25,578</u>
	<u>19,588</u>	<u>27,992</u>

6. **EARNINGS PER SHARE**

Earnings per share from continuing and discontinued operations

*Basic earnings per share (cents)*

From continuing operations	44.7	53.1
From discontinued operations	<u>0.2</u>	<u>35.1</u>
	<u>44.9</u>	<u>88.2</u>

*Diluted earnings per share (cents)*

From continuing operations	44.7	53.1
From discontinued operations	<u>0.2</u>	<u>35.1</u>
	<u>44.9</u>	<u>88.2</u>

The calculation of basic earnings per share for the financial year ended 30 June 2010 has been based on the profit attributable to shareholders of \$3,862K (continuing \$3,848K, discontinued \$14K (2009: profit attributable to shareholders \$8,384K, being \$5,050K continuing and (\$3,334K) discontinued) and a weighted average number of ordinary shares outstanding of 8,606,814 (2009: 9,504,036) calculated as follows:

	<b>\$000</b>	<b>\$000</b>
<u>Earnings reconciliation</u>		
Net profit/(loss)	<u>3,862</u>	<u>8,384</u>
Basic and diluted earnings	<u>3,862</u>	<u>8,384</u>

	<b>Number of Shares</b>	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<u>8,606,814</u>	<u>9,504,036</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>8,606,814</u>	<u>9,504,036</u>

**7. GROUP FINANCIAL PERFORMANCE**

		<b>2010</b>	<b>2009</b>	<b>CHANGE</b>
EBIT*	\$000s	5,162	10,003	(48)%
Net profit before tax	\$000s	5,127	9,949	(48)%
Operating profit/(loss) after income tax	\$000s	3,862	8,384	(54)%
Earnings per ordinary share	cents	44.9	88.2	(49)%
Net tangible asset backing per ordinary share	cents	377	440	(14)%
Dividend paid per ordinary share	cents	86.0	79.0	9%
Shareholders' equity	\$000s	32,785	38,185	(14)%
Operating profit after income tax /shareholders' equity	%	11.8	22.0	(46)%
Net borrowings/total shareholders' equity	%	(58)	(71)	
Share price (at 30 June)	cents	423	362	+17%

These figures are based on the consolidated accounts.

\* The EBIT reported is based on earnings before interest expense and taxation.

8. **SEGMENT REPORTING**

The Group determines and presents operating segments based on the information that is internally provided to the CEO, who is the Group's chief operating decision maker.

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.

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

8. SEGMENT REPORTING (CONTINUED)

Primary reporting

Business Segments	Continuing Operations * restated								Discontinued Operations * restated				TOTAL OPERATIONS	
	Electronics		Unallocated		Eliminations		Subtotal Continuing		Telecommunications Products		Subtotal Discontinued			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
External sales revenue	48,698	48,452	-	-	-	-	48,698	48,452	-	7,786	-	7,786	48,698	56,238
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	68	62	4,351	8,663	(4,349)	(8,663)	70	62	-	192	-	192	70	254
<b>Total segment revenue</b>	<b>48,766</b>	<b>48,514</b>	<b>4,351</b>	<b>8,663</b>	<b>(4,349)</b>	<b>(8,663)</b>	<b>48,768</b>	<b>48,514</b>	<b>-</b>	<b>7,978</b>	<b>-</b>	<b>7,978</b>	<b>48,768</b>	<b>56,492</b>
<b>Segment result</b>														
Results from operating activities	6,085	6,510	(1,707)	(1,694)	-	-	4,378	4,816	-	2,466	-	2,466	4,378	7,282
Net financing costs							735	1,122	-	-	-	66	735	1,188
<b>Profit before tax and before disposal of businesses</b>							<b>5,113</b>	<b>5,938</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,532</b>	<b>5,113</b>	<b>8,470</b>
Income tax expense							(1,265)	(888)			-	(677)	(1,265)	(1,565)
Gain/(loss) on sale of discontinued operation	-	-	-	-	-	-	-	-	14	1,479	14	1,479	14	1,479
Income tax expense on sale									-	-	-	-	-	-
Net gain on sale									14	1,479	14	1,479	14	1,479
Profit for the period	-	-	-	-	-	-	<b>3,848</b>	<b>5,050</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>3,334</b>	<b>3,862</b>	<b>8,384</b>
Depreciation and amortisation	921	1,017	6	5	-	-	927	1,022	-	33	-	33	927	1,055
Non-cash expenses other than depreciation and amortisation	277	1,228	40	7	-	-	317	1,235	-	(7)	-	(7)	317	1,228
<b>Individually significant items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>1,479</b>	<b>14</b>	<b>1,479</b>	<b>14</b>	<b>1,479</b>
Inventory write-down	(483)	672	-	-	-	-	(483)	672	-	4	-	4	(483)	676

8. **SEGMENT REPORTING (CONTINUED)**

Primary reporting

<b>Business Segments</b>	<b>Continuing Operations * restated</b>								<b>Discontinued Operations * restated</b>				<b>TOTAL OPERATIONS</b>	
	<b>Electronics</b>		<b>Unallocated</b>		<b>Eliminations</b>		<b>Subtotal Continuing</b>		<b>Telecommunications Products</b>		<b>Subtotal Discontinued</b>			
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Assets</b>														
Segment assets	27,838	22,371	14,890	28,099	(2,776)	(6,293)	39,952	44,177	-	-	-	-	39,952	44,177
<b>Liabilities</b>														
Segment liabilities	6,312	4,064	855	1,929	-	-	7,167	5,993	-	-	-	-	7,167	5,993
Capital expenditure	662	959	3	11	-	-	665	970	-	11	-	11	665	981

\* See discontinued operations note 10.

Secondary reporting

<b>Geographical segments</b>	<b>Australasia</b>		<b>Asia</b>		<b>Europe</b>		<b>North America</b>		<b>Other</b>		<b>Unallocated</b>		<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
External segment revenue by location of customers	13,211	12,252	7,017	9,990	24,430	29,214	4,040	4,782	-	-	-	-	48,698	56,238
Segment assets by location of assets	-	-	27,838	22,371	-	-	-	-	-	-	12,114	21,806	39,952	44,177
Capital expenditure	3	22	662	959	-	-	-	-	-	-	-	-	665	981

Major customers

Revenues from three customers of the Group's Electronics segment represents approximately \$26,917K (2009: \$21,123K) of the Group's total revenues.

**9. REVIEW OF OPERATIONS**

The 2009/2010 financial year was again characterised by challenging economic conditions and significant volatility in major trading currencies. However, Lemarne's sole operating unit, Lemtronics Sdn Bhd, increased its revenue by 14.8% to approximately MYR 145.4 million compared to MYR 126.6 million in 2009. The Company's EBITDA (earnings before interest, tax, depreciation and amortisation) totalled MYR 21.4 million with the profit after tax being MYR 14.8 million. This is in spite of a realised foreign exchange loss of MYR 4.0 million, mainly due to the unexpectedly large depreciation of the Euro and US\$ against the MYR, particularly since January 2010.

Overall, the Lemarne group continues to maintain a solid earnings stream and retains an extremely conservative balance sheet after paying dividends of \$10 million in 2009/2010.

Lemarne is actively exploring a number of initiatives to grow its Lemtronics business to ensure the investment made in this business in recent times, is fully exploited to the benefit of Lemarne's shareholders. Key elements of this strategy are to significantly expand its revenue base in specific international markets and further enhance its engineering capabilities.

***Dividends***

In March 2010 an interim unfranked dividend of 16 cents per share was paid plus a special unfranked dividend of 50 cents per share. The Directors have declared a final partially franked dividend of 20 cents per share to be paid on 18 October 2010. 8 cents of the dividend is franked and the balance of 12 cents relates to conduit foreign income.

***Future***

Lemarne will continue to invest in and grow its Lemtronics business and at the same time it is actively investigating initiatives to ensure Lemarne shareholders continue to enjoy above market returns.

**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
Wednesday 27 October 2010
11.30 a.m.
17 September 2010

Date

Time

Approximate date the <sup>+</sup> annual report will be available

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.

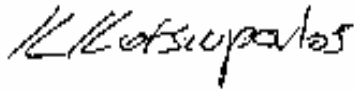
4 This report is based on <sup>+</sup>accounts to which one of the following applies.  
(*Tick one*)

- |                                     |   |                          |   |
|-------------------------------------|---|--------------------------|---|
| <input checked="" type="checkbox"/> | The <sup>+</sup> accounts have been audited.  | <input type="checkbox"/> | The <sup>+</sup> accounts have been subject to review.                  |
| <input type="checkbox"/>            | The <sup>+</sup> accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The <sup>+</sup> accounts have <i>not</i> 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: 27/08/2010

Print name:

AKATERINE KOTSIPOULOS