



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

TO: Australian Stock Exchange
Company Announcements Office

DATE: 24 August 2011

**RE: RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR
ENDED 30 JUNE 2011**

HIGHLIGHTS

- Profit before tax totalled \$5.15 million.
- Profit after tax totalled \$3.72 million.
- Sales revenue totalled \$54.8 million
- Shareholder funds \$31.4 million at 30 June 2011 with cash on deposit totalling \$19.8 million.
- Earnings per share 43.2 cents per share.
- Net tangible asset backing per share was \$3.62

The 2010/2011 financial year continued in the same vein as 2009/2010 in that economic conditions continued to be challenging and volatility in major trading currencies occurred throughout the year.

Lemtronics Sdn Bhd, the Malaysian based electronic manufacturing services company, which is Lemarne Corporation Limited's sole operating unit, posted strong revenue growth and retained its consistent profit performance in spite of constant currency movements, increased cost of materials and upward pressure on labour costs.

Lemtronics Sdn Bhd (all figures are in MYR 000s)

	2008/2009	2009/2010	2010/2011
Revenue	126.6	145.4	167.1
Profit before Tax	17.1	18.5	19.0
Add: Interest expense	0.1	0.1	0.0
Depreciation and amortisation	<u>2.7</u>	<u>2.8</u>	<u>2.8</u>
EBITDA	19.9	21.4	21.8

Lemtronics continued to increase its revenue base in 2010/2011 with sales to a number of its key multinational companies showing significant growth.

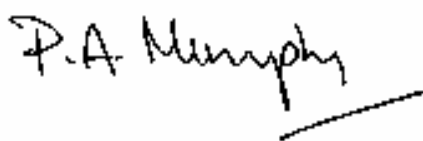
Of Lemtronics' total sales, 55.3% are for European customers and 29.6% of sales revenue is derived from customers operating in Asia, 9.3% from USA and 5.8% from Chinese based companies.

Lemtronics has maintained its positive cash flow and no debt through its strong focus on managing its receivables and inventories. The company continued its investment in plant and equipment, some MYR 2.4 million was spent in 2010/2011 and it is planned that a similar investment will be made in 2011/2012 to further enhance its manufacturing capacity and capabilities.

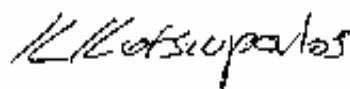
With the continued strong, operating performance of Lemtronics, Lemarne has been able to retain its profit performance in 2010/2011 as well as increasing its shareholders' funds and cash on deposit despite of the diminution in its results due to the translation of Lemtronics' MYR results into Australian dollars.

Throughout the year, Lemarne has actively pursued a number of strategic opportunities with companies in Europe, USA and Australia. We will comment on Lemarne's strategic opportunities and dividends at the Annual General Meeting.

Directors expect trading conditions in the year ahead to remain challenging and unpredictable but feel Lemtronics is well positioned to maintain its solid ongoing performance.



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 2011

Results for announcement to the market

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

\$A'000

Sales revenues from ordinary activities – continuing operations	up/down	13% to	54,827
Profit (loss) from ordinary activities after tax attributable to members	up/down	4% to	3,715
Net profit (loss) for the period attributable to members	up/down	4% to	3,715
Dividends (distributions)	Amount per security	Franked amount per security	
Final dividend (<i>Preliminary final report only</i>)	0¢	0¢	
Interim dividend (<i>Half yearly report only</i>)			
Previous corresponding period	20¢	8¢	

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		2011	2010
		\$000	\$000
Revenue	1	54,827	48,698
Cost of sales		<u>(44,859)</u>	<u>(37,125)</u>
Gross profit		9,968	11,573
Other operating income	1	411	70
Distribution expenses		(2,093)	(1,897)
Administrative expenses		(3,770)	(4,005)
Impairment of plant and equipment		(16)	(6)
Other operating expenses		—	(1,357)
Results from operating activities		4,500	4,378
Financial income		650	770
Financial expenses		—	(35)
Net financing (costs)/income		650	735
Profit/(loss) from ordinary activities before income tax expense		5,150	5,113
Income tax expense		(1,435)	(1,265)
Profit/(loss) after tax from continuing operations		3,715	3,848
Profit/(loss) from discontinued operation net of tax		—	14
Profit/(loss) for the year		<u>3,715</u>	<u>3,862</u>
Other comprehensive income:			
Foreign currency translation differences for foreign operations		(3,323)	722
Other comprehensive income for the period, net of income tax		<u>(3,323)</u>	<u>722</u>
Total comprehensive income for the period		<u>392</u>	<u>4,584</u>
Profit attributable to:			
- Equity holders of the parent		<u>3,715</u>	<u>3,862</u>
Total comprehensive income attributable to:			
- Equity holders of the parent		<u>392</u>	<u>4,584</u>
Earnings per share:			
Basic earnings per share from all operations (cents)	6	43.2	44.9
Diluted earnings per share from all operations (cents)	6	43.2	44.9
Continuing operations:			
- Basic earning per share (cents)	6	43.2	44.7
- Diluted earnings per share (cents)	6	43.2	44.7

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Consolidated	Share capital	Translation reserve	Options granted reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2010	3,672	(59)	325	28,847	32,785
Profit for the period	-	-	-	3,715	3,715
Foreign currency translation differences	<u>-</u>	<u>(3,323)</u>	<u>-</u>	<u>-</u>	<u>(3,323)</u>
,Total comprehensive income	<u>-</u>	<u>(3,323)</u>	<u>-</u>	<u>3,715</u>	<u>392</u>
Transactions with owners, recorded directly in equity					
Dividends to shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,722)</u>	<u>(1,722)</u>
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,722)</u>	<u>(1,722)</u>
Balance at 30 June 2011	<u>3,672</u>	<u>(3,382)</u>	<u>325</u>	<u>30,840</u>	<u>31,455</u>
Balance at 1 July 2009	3,672	(781)	325	34,969	38,185
Total comprehensive income for the period					
Profit for the period	-	-	-	3,862	3,862
Foreign currency translation differences	<u>-</u>	<u>722</u>	<u>-</u>	<u>-</u>	<u>722</u>
Total comprehensive income	<u>-</u>	<u>722</u>	<u>-</u>	<u>3,862</u>	<u>4,584</u>
Transactions with owners, recorded directly in equity					
Dividends to shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,984)</u>	<u>(9,984)</u>
Total transactions with owners	<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 SHEET AS AT 30 JUNE 2011

	Consolidated	
	2011	2010
	\$000	\$000
Assets		
Cash and cash equivalents	19,797	19,588
Trade and other receivables	6,713	8,051
Inventories	7,220	7,637
Current tax assets	-	95
Prepayments and deposits for current assets	<u>123</u>	<u>289</u>
TOTAL CURRENT ASSETS	<u>33,853</u>	<u>35,660</u>
Property, plant and equipment	3,089	3,796
Deferred tax assets	125	199
Intangible assets	<u>297</u>	<u>297</u>
TOTAL NON-CURRENT ASSETS	<u>3,511</u>	<u>4,292</u>
TOTAL ASSETS	<u>37,364</u>	<u>39,952</u>
Liabilities		
Trade and other payables	5,170	5,893
Loans and borrowings	-	378
Employee benefits	415	387
Current tax payable	95	-
Deferred income	<u>55</u>	<u>267</u>
TOTAL CURRENT LIABILITIES	<u>5,735</u>	<u>6,925</u>
Loans and borrowings	-	70
Deferred tax liabilities	92	113
Employee benefits	<u>82</u>	<u>59</u>
TOTAL NON-CURRENT LIABILITIES	<u>174</u>	<u>242</u>
TOTAL LIABILITIES	<u>5,909</u>	<u>7,167</u>
NET ASSETS	<u>31,455</u>	<u>32,785</u>
Equity		
Issued capital	3,672	3,672
Reserves	(3,057)	266
Retained earnings	<u>30,840</u>	<u>28,847</u>
TOTAL EQUITY	<u>31,455</u>	<u>32,785</u>

Statements of Cash Flows For the Financial Year Ended 30 June 2011

	Consolidated	
	2011	2010
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	56,137	46,292
Cash paid to suppliers and employees	(51,286)	(43,574)
Cash generated from operations	4,851	2,718
Interest received	674	782
Interest paid	-	(35)
Income taxes paid (net of refunds)	(1,181)	(1,886)
Net cash from/(to) operating activities	<u>4,344</u>	<u>1,579</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments/disposal of subsidiary (net of cash disposed)	-	856
Proceeds from sale of property, plant and equipment	-	10
Acquisition of property, plant and equipment	(793)	(665)
Payments for disposal of business/controlled entity	-	(48)
Net cash from/(to) investing activities	<u>(793)</u>	<u>153</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(447)	(381)
Dividends paid	(1,722)	(9,984)
Net cash from/(to) financing activities	<u>(2,169)</u>	<u>(10,365)</u>
Net increase/(decrease) in cash and cash equivalents	1,382	(8,633)
Cash at the beginning of the financial year	19,588	27,992
Effect of exchange rate fluctuations on cash held	(1,173)	229
Cash at the end of the financial year	<u>19,797</u>	<u>19,588</u>

Notes to the consolidated financial statement

	Consolidated	
	2011	2010
	\$000	\$000
1. <u>REVENUE</u>		
Revenue from continuing operations		
Sale of goods revenue	<u>54,827</u>	<u>48,698</u>
<u>Other income</u>		
Foreign exchange gains	370	-
Other	<u>41</u>	<u>70</u>
Total other income	<u>411</u>	<u>70</u>
Total revenues and other income from continuing operations	<u>55,238</u>	<u>48,768</u>
Revenues from discontinuing operations		
<u>Other income</u>		
Net gain on sale of controlled entity	<u>-</u>	<u>14</u>
Total revenues and other income from discontinuing operations	<u>-</u>	<u>14</u>
Total revenues and other income	<u>55,238</u>	<u>48,782</u>

	Consolidated	
	2011	2010
	\$000	\$000
2. <u>PROFIT/(LOSS) FROM OPERATIONS</u>		
(a) Items included in profit/(loss) from discontinued operations before income tax expense		
Consideration received from sale of controlled entity/business	-	-
Cost of disposal	-	14
Net profit/(loss) on disposal	-	14
(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	16	6
Other expenses:		
<u>Personnel expenses</u>		
Wages and salaries	6,365	5,439
Contributions to defined contribution superannuation funds	544	551
Other associated personnel expenses	697	688
Increase in liability for annual leave	36	77
Increase in liability for long service leave	19	11
	7,661	6,766
<u>Depreciation of non-current assets:</u>		
Plant and equipment	887	876
<u>Amortisation of non-current assets:</u>		
Leasehold property	67	51
Total depreciation and amortisation	954	927

		Consolidated	
		2011	2010
		\$000	\$000
2.	<u>PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)</u>		
	(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 stock obsolescence provision	136	(483)
	Net foreign exchange loss/(gain)	(370)	1,346
	Operating lease rentals	101	100
	Net profit/(loss) on disposal of property, plant and equipment	-	(21)

3. **SHARE CAPITAL**

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

For the year ended 30 June 2011

	Share Capital Ordinary Shares	
	30 June 2011	30 June 2010
	No.	No.
On issue at 1 July – fully paid	8,606,814	8,606,814
On issue at 30 June - fully paid	8,606,814	8,606,814

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

Lemarne Corporation Limited's share price at 30 June 2011 was \$3.85 (2010: \$4.23).

There are no outstanding share options on issue as at 30 June 2011.

	Consolidated	
	2011	2010
	\$000	\$000
4. <u>DIVIDENDS PROVIDED FOR OR PAID</u>		
The amounts paid, declared or provided for by way of dividend by the parent entity are:		
(i) No interim unfranked ordinary dividend was declared or paid (2010: 66 cents unfranked was paid 17 March 2010)	-	5,681
(ii) 2011: Nil final dividend (2010: a final partially franked dividend of 20 cents per share (8 cents franked) was paid on 18 October 2010)	<u>1,722</u>	<u>4,303</u>
Total dividends in accounts	<u>1,722</u>	<u>9,984</u>
After Year End		
(iv) 2011: Nil (2010: A final partially franked dividend of 20 cents per share (8 cents franked) was paid on 18 October 2010)	<u>-</u>	<u>1,722</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>9</u>	<u>304</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's ability to pay dividends 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:-

	Consolidated	
	2011	2010
	\$000	\$000
Cash	3,629	3,203
Short term deposits	<u>16,168</u>	<u>16,385</u>
	<u>19,797</u>	<u>19,588</u>

6. **EARNINGS PER SHARE**

Earnings per share from continuing and discontinued operations

Basic earnings per share (cents)

From continuing operations	43.2	44.7
From discontinued operations	<u>-</u>	<u>0.2</u>
	<u>43.2</u>	<u>44.9</u>

Diluted earnings per share (cents)

From continuing operations	43.2	44.7
From discontinued operations	<u>-</u>	<u>0.2</u>
	<u>43.2</u>	<u>44.9</u>

The calculation of basic earnings per share for the financial year ended 30 June 2011 has been based on the profit attributable to shareholders of \$3,715K (continuing \$3,715K, discontinued Nil (2010: profit attributable to shareholders \$3,862K, being \$3,848K continuing and (\$14K) discontinued) and a weighted average number of ordinary shares outstanding of 8,606,814 (2010: 8,606,814) calculated as follows:

	\$000	\$000
<u>Earnings reconciliation</u>		
Net profit/(loss)	<u>3,715</u>	<u>3,862</u>
Basic and diluted earnings	<u>3,715</u>	<u>3,862</u>

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

7. **GROUP FINANCIAL PERFORMANCE**

		2011	2010	CHANGE
EBIT ¹	\$000s	5,150	5,162	
Net profit before tax	\$000s	5,150	5,127	
Operating profit/(loss) after income tax	\$000s	3,715	3,862	(4%)
Earnings per ordinary share	cents	43.2	44.9	(4%)
Net tangible asset backing per ordinary share	cents	362	377	(4%)
Dividend paid per ordinary share ²	cents	0.0	86.0	
Shareholders' equity	\$000s	31,455	32,785	(4%)
Operating profit after income tax /shareholders' equity	%	11.8	11.8	
Share price (at 30 June)	cents	385	423	(9%)

These figures are based on the consolidated accounts.

- 1 The EBIT reported is based on earnings before interest expense and taxation.
- 2 2010 includes the final dividend of 20 cents per share which was declared and paid after 30 June 2010 and hence was not included in the financial statements.

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

8. **SEGMENT REPORTING (CONTINUED)**

Primary reporting

<u>Business Segments</u>	Continuing Operations								Discontinued Operations		TOTAL OPERATIONS	
	Electronics		Unallocated		Eliminations		Subtotal Continuing		Telecommunications Products			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
External sales revenue	54,827	48,698	-	-	-	-	54,827	48,698	-	-	54,827	48,698
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other income	411	68	2,013	4,351	(2,013)	(4,349)	411	70	-	-	411	70
Total segment revenue	55,238	48,766	2,013	4,351	(2,013)	(4,349)	55,238	48,768	-	-	55,238	48,768
Segment result												
Results from operating activities	6,112	6,085	(1,612)	(1,707)	-	-	4,500	4,378	-	-	4,500	4,378
Net financing costs							650	735	-	-	650	735
Profit before tax and before disposal of businesses							5,150	5,113	-	-	5,150	5,113
Income tax expense							(1,435)	(1,265)	-	-	(1,435)	(1,265)
Gain/(loss) on sale of discontinued operation	-	-	-	-	-	-	-	-	-	14	-	14
Income tax expense on sale	-	-	-	-	-	-	-	-	-	-	-	-
Net gain on sale									-	14	-	14
Profit for the period	-	-	-	-	-	-	3,715	3,848	-	-	3,715	3,862
Depreciation and amortisation	948	921	6	6	-	-	954	927	-	-	954	927
Non-cash expenses other than depreciation and amortisation	952	277	20	40	-	-	972	317	-	-	972	317
Individually significant items										14		14
Inventory write-down	136	(483)	-	-	-	-	136	(483)	-	-	136	(483)

8. **SEGMENT REPORTING (CONTINUED)**

Primary reporting

<u>Business Segments</u>	Continuing Operations								Discontinued Operations		TOTAL OPERATIONS	
	Electronics		Unallocated		Eliminations		Subtotal Continuing		Telecommunications Products			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets												
Segment assets	26,461	27,838	13,669	14,890	(2,766)	(2,776)	37,364	39,952	-	-	37,364	39,952
Liabilities												
Segment liabilities	5,229	6,312	680	855	-	-	5,909	7,167	-	-	5,909	7,167
Capital expenditure	790	662	3	3	-	-	793	665	-	-	793	665

* See discontinued operations note 10.

Secondary reporting

<u>Geographical segments</u>	Australasia		Asia		Europe		North America		Unallocated		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
External segment revenue by location of customers	15,613	13,211	5,195	7,017	28,903	24,430	5,116	4,040	-	-	54,827	48,698
Segment assets by location of assets	-	-	26,461	27,838	-	-	-	-	10,903	12,114	37,364	39,952
Capital expenditure	-	-	790	662	-	-	-	-	3	3	793	665

Major customers

Revenues from the three major customers of the Group's Electronics segment represents approximately \$30,391K being \$15,613K, \$8,745K and \$6,033K respectively (2010: three major customers \$26,917K, being \$13,169K, \$8,328K and \$5,420K respectively) of the Group's total revenues.

9. REVIEW OF OPERATIONS

The 2010/2011 financial year continued in the same vein as 2009/2010 in that economic conditions continued to be challenging and volatility in major trading currencies occurred throughout the year.

Lemtronics Sdn Bhd, the Malaysian based electronic manufacturing services company, which is Lemarne Corporation Limited's sole operating unit, posted strong revenue growth and retained its consistent profit performance in spite of constant currency movements, increased cost of materials and upward pressure on labour costs.

Lemtronics Sdn Bhd (all figures are in MYR 000s)

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Of Lemtronics' total sales, 55.3% are for European customers and 29.6% of sales revenue is derived from customers operating in Asia, 9.3% from USA and 5.8% from Chinese based companies.

Lemtronics has maintained its positive cash flow and no debt through its strong focus on managing its receivables and inventories. The company continued its investment in plant and equipment, some MYR 2.4 million was spent in 2010/2011 and it is planned that a similar investment will be made in 2011/2012 to further enhance its manufacturing capacity and capabilities.

With the continued strong, operating performance of Lemtronics, Lemarne has been able to retain its profit performance in 2010/2011 as well as increasing its shareholders' funds and cash on deposit despite the diminution in its results due to the translation of Lemtronics' MYR results into Australian dollars.

Throughout the year, Lemarne has actively pursued a number of strategic opportunities with companies in Europe, USA and Australia. We will comment on Lemarne's strategic opportunities and dividends at the Annual General Meeting.

Directors expect trading conditions in the year ahead to remain challenging and unpredictable but feel Lemtronics is well positioned to maintain its solid ongoing performance.

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
Date	Friday 28 October 2011
Time	11.30 a.m.
Approximate date the [†] annual report will be available	19 September 2011

12. COMPLIANCE STATEMENT

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views.
- 2 This report, and the ⁺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 ⁺accounts to which one of the following applies.
(*Tick one*)
- | | | | |
|-------------------------------------|---|--------------------------|---|
| <input checked="" type="checkbox"/> | The ⁺ accounts have been audited. | <input type="checkbox"/> | The ⁺ accounts have been subject to review. |
| <input type="checkbox"/> | The ⁺ accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The ⁺ 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:24/08/2011

Print name: AKATERINE KOTSIPOULOS



Independent auditor's report to the members of Lemarne Corporation Limited

Report on the financial report

We have audited the accompanying financial report of Lemarne Corporation Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2011, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

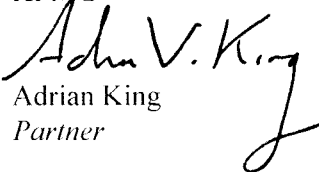
We have audited the Remuneration Report included in pages 71 to 74 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Lemarne Corporation Limited for the year ended 30 June 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG


Adrian King
Partner

Melbourne

24 August 2011