



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

ASX ANNOUNCEMENT

LEMARNE CORPORATION LIMITED UPDATE & PROFIT FORECAST

The recently announced divestment of C10 Communication's ValueNet business, and the divestment of the Lemarne Healthcare business on 23 January 2008 represent the final steps in the repositioning and restructuring of the Group which has been undertaken in recent years.

These two divestments will significantly reduce the drag on the Group's operating profit but will also result in once off impairment of goodwill and costs in 2007/8 of \$ 3 million.

The continuing operations in Lemarne, namely Lemtronics Sdn Bhd and C10 Communications Pty Ltd, have continued to perform strongly and are now expected to generate a combined profit before tax in excess of \$8 million in 2007/8. When operating losses, write offs and other costs associated with the divested businesses are deducted, this should result in a Group profit before tax in excess of \$3 million for 2007/8.

The final payment for the Lemarne Healthcare business is expected in June 2008 at which time Lemarne will have no debt and in excess of \$20 million on deposit.

The prospects for Lemtronics and C10 are favourable and baring unforeseen circumstances Directors expect further solid growth in 2008/9.

In the past four years some \$26 million of funds in excess of Lemarne's ongoing needs have been returned to shareholders in a tax effective manner through off market share buy-backs in particular. This avenue no longer appears to be open to the Company however there is scope for a small special fully franked dividend and for increasing future ordinary dividends. The Company is also exploring the possibility of an on-market buy-back.

Directors have retained Consultants to advise on these matters and also more broadly on avenues for maximizing future returns to shareholders.

Brian Noxon
Chairman
21 May 2008

Peter Murphy
Managing Director