

Private & confidential

**E.L.& C. Baillieu Stockbroking Ltd
Presentation**

Lemarne Corporation Limited



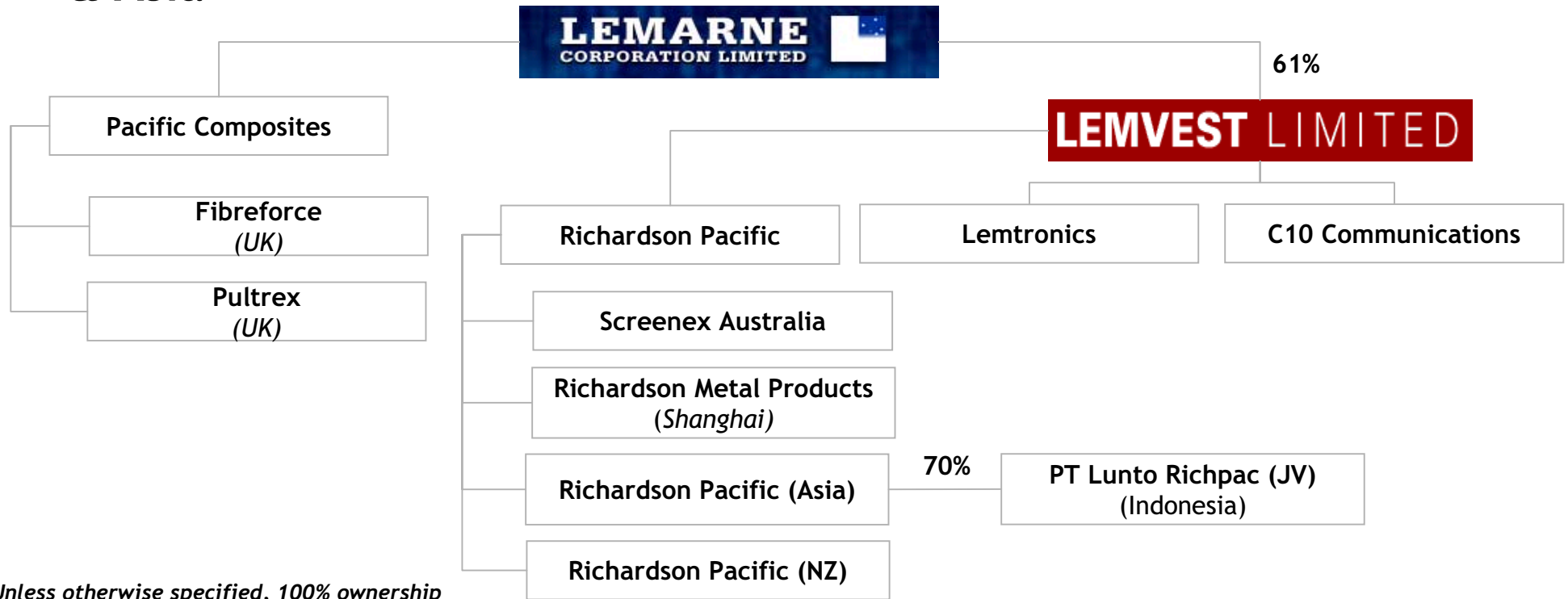
November 2002

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2. Profile of Lemarne Group

- A diversified industrial group with activities in Australia, NZ, UK & Asia



- The Group operates niche engineering businesses with distinct competitive advantages, having market leadership in Australia & significant potential in key off-shore markets

2. Profile of Lemarne Group

■ Lemarne Corporation (LMC.AX)

➤ *Pacific Composites*

- Designs, manufactures & markets fibre reinforced composites
- Competitive advantage based on wide product range & expertise in product design & development
- Market leader in Australia, UK & top five player in Europe

■ Lemvest Limited (LEV.AX)

➤ *Richardson Pacific*

➤ *Lemtronics*

➤ *C10 Communications*

2. Profile of Lemarne Group

■ *Richardson Pacific*

- Manufactures & markets perforated metal, data communication cabinets & polyurethane screening systems
- Strong market leadership for key products in Australia, NZ (*No.1*) & strong presence in Asia

■ *Lemtronics*

- Contract manufactures consumer & commercial electronic products
- Key supplier to European markets including blue chip corporates

■ *C10 Communications*

- Manufactures & markets a range of access network (telephone accessories, ADSL filters) & data communication products (ISDN, ADSL)

3. Major Achievements

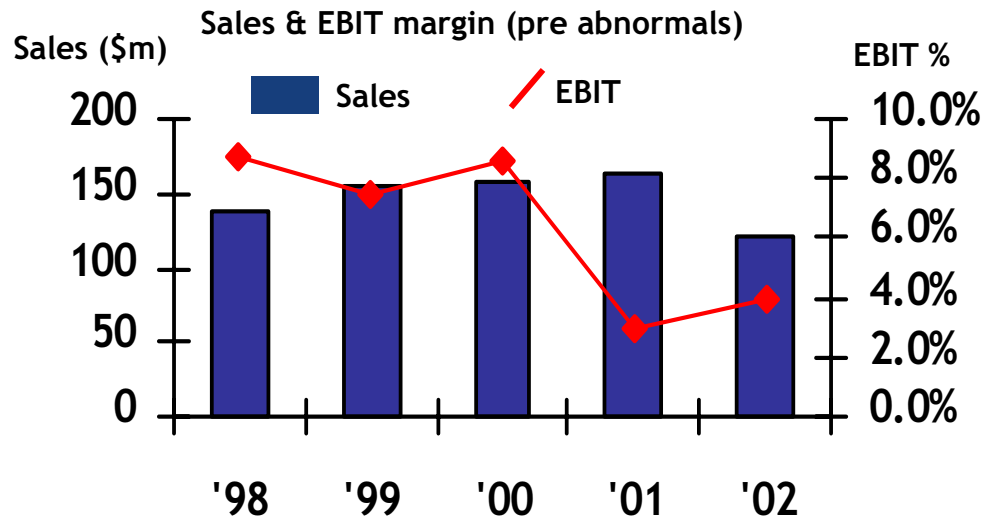
■ Group has delivered on stated objectives:

- Divestment of unprofitable operations
 - *Sale of UR Machinery & Com 10 Power (\$18m cash raised)*
- Improved operational performance
 - *Restructure of Lemtronics - cost base significantly reduced & improved cost control*
 - *Pacific Composites - Aust sales up 20% & EBIT up 66%*
- Reviewed strategic plans
 - *Extensive internal review of all business goals, strategies & budgets*
 - *Revision of three year business plans*
- Reassessed management capability
 - *Appointment of new CEO with strong manufacturing/engineering experience*
 - *Appointment of new Managing Directors for key operating subsidiaries*

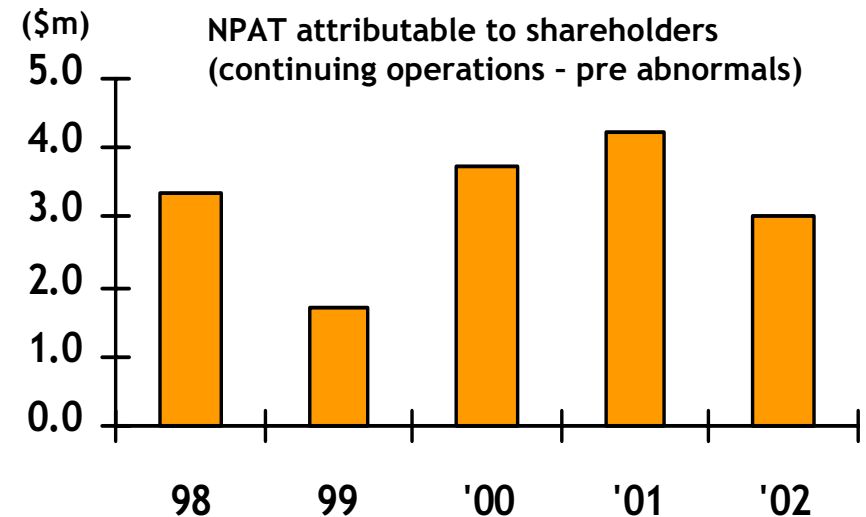
■ Continuing objectives are to increase earnings & dividend payout & position the businesses for solid on-going growth

4. Financial Profile of the Group

- History of strong sales & earnings growth (other than FY01 & FY02)



- Successful restructure of the Group over past 18 months with strong underlying businesses

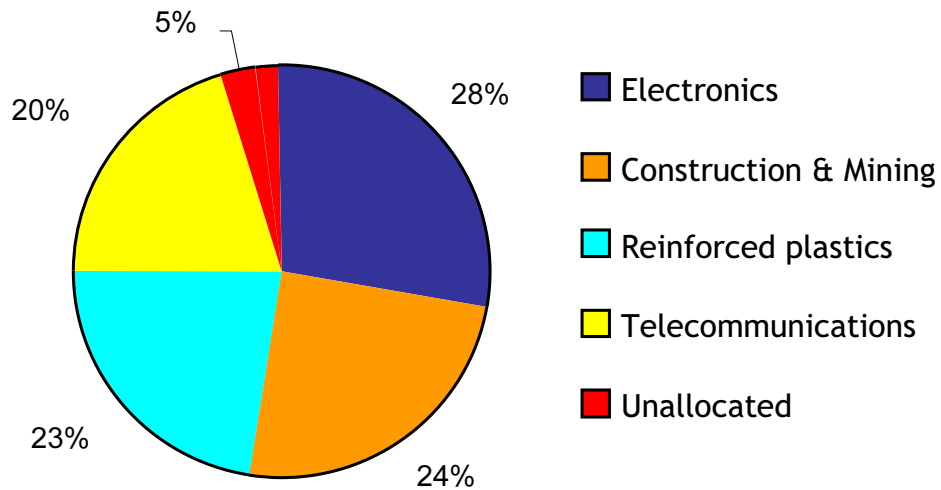


- A track record of paying fully franked dividends & a history of dividend growth (other than FY01)
- \$27m reduction in borrowings in FY02, net debt of 5% of total equity (63% FY01) & a clean balance sheet (low intangibles)

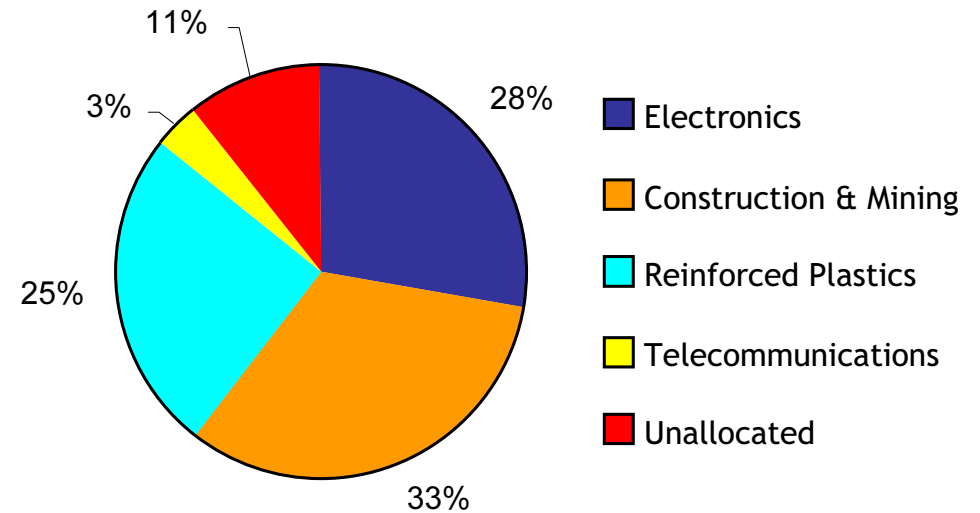
4. Financial Profile of the Group

- A diversified revenue & asset base provides the Group with significant opportunities across a range of markets & territories

Revenue by segment - FY02

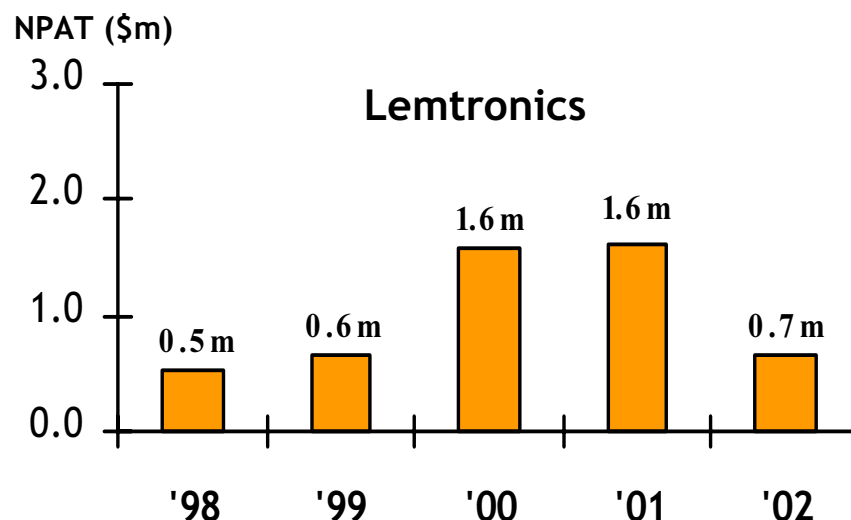
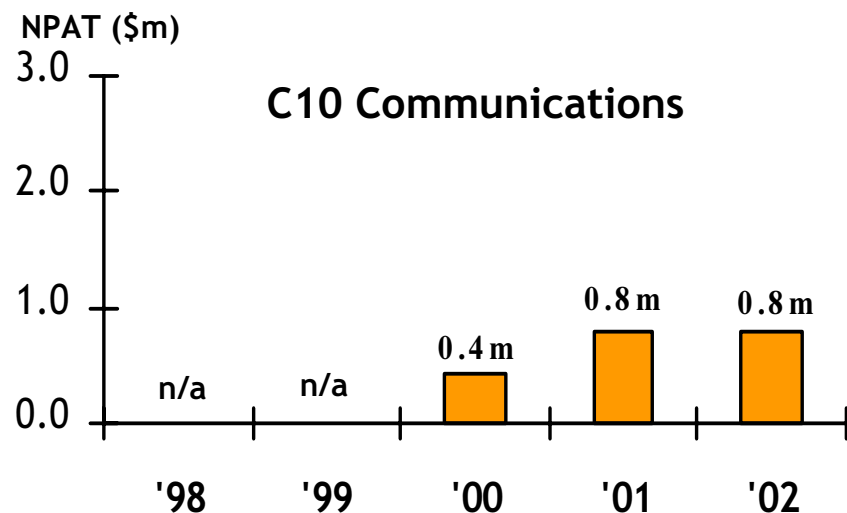
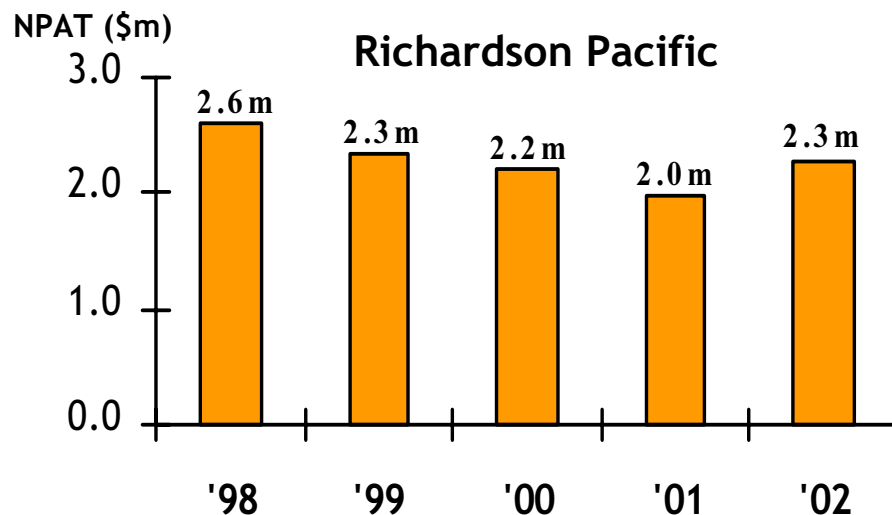
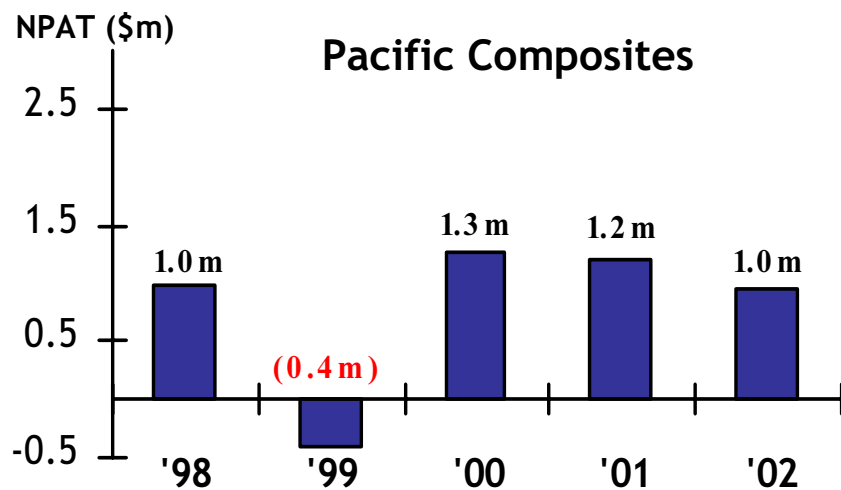


Assets by segment - FY02



4. Financial Profile of the Group

- The Group has a portfolio of individual operating businesses with a history of solid after tax profits (continuing operations -pre abnormals)



Note: Figures above include OEI share of NPAT

4. Financial Profile of the Group

- All businesses have made a strong start to FY03, trading ahead of budget
- Forecast Group OPBT (half year to Dec'02) expected to be 35% above the corresponding prior period (excl. discontinued operations)
- Forecast Group NPAT expected to exceed \$1.8m (half year to Dec'02) compared to actual loss of \$3.7m for corresponding prior period
- The Group has significant financial & funding flexibility. At Jun'02:
 - strong NTA backing of \$1.85 per share
 - significant gross tax losses in Lemvest of \$8.1m (\$5.8m not recognised) & capital losses in Lemarne of \$3.7m not recognised
 - in excess of \$20m franking account balance

5. Future Prospects

- The Group is continually focused on pursuing growth opportunities & adding value to shareholders
- Focus is continuing on operational & financial performance & divesting businesses that do not achieve stated objectives
- Each business unit has a number of growth opportunities
 - **Pacific Composites**
 - *Two new products*
 - *New petrochemical & mining projects*
 - *Asian infrastructure projects*
 - *UK push into European markets*
 - **C10 Communications**
 - *New products- in-house & 3rd party*
 - *Focus on new markets*
 - *Add services to complement products*
 - **Richardson Pacific**
 - *New product development*
 - *Continued expansion into China*
 - *Further expansion of customer base*
 - **Lemtronics**
 - *Expansion into new markets*
 - *Penetrating existing customer base*
 - *On-going cost control*

6. Recent Announcements

■ Richardson Pacific Ltd

- The Group is continuing with its potential divestment of Richardson Pacific Ltd (excl. Metal Systems) with sale proceeds expected to exceed \$24m cash
- If the sale proceeds the Group will:
 - record a profit of up to \$9m (largely utilising existing tax losses)
 - have significant cash reserves
 - significantly increase NTA per share
 - have structural flexibility & financial capacity to pursue both internal & external value adding opportunities for shareholders

6. Recent Announcements

■ HGL Ltd's Offer

- A Bidder's Statement was recently received from HGL Ltd to acquire all or part of the shares in Lemarne for \$1.70 cash/share
- The Directors consider the offer is opportunistic & grossly undervalues the Group because:
 - the Group is on track to realise significant earnings improvement
 - the Offer is set at a substantial discount to historical & forecast NTA
 - Lemarne's shares are trading on the ASX at a price in excess of the Offer
- A Target Statement reflecting the above is currently being finalised

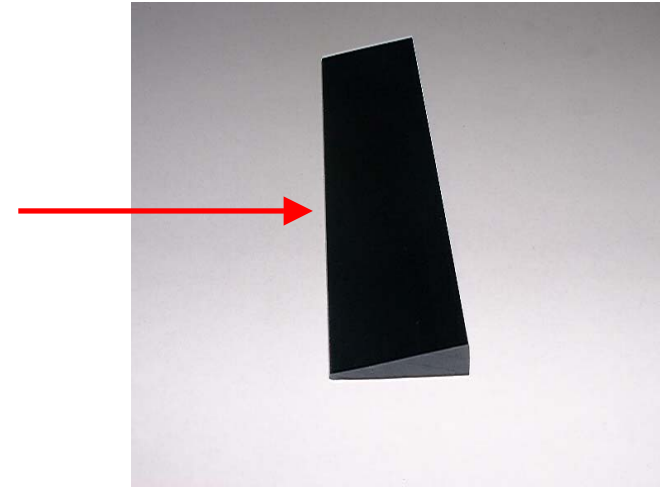
Appendix: Product Applications & Samples

- **Pacific Composites**
- **Lemtronics**
- **C10 Communications**

Pacific Composites -*Product Applications*

Aeronautical

Carbon Fibre Pultruded Profiles Used In
Airbus A320 Wing Flaps



Pacific Composites -*Product Applications*

Telecommunications

Mobile Phone
Antenna Covers



Pacific Composites -*Product Applications*

Marine Jetty

Molded vinyl-
ester non slip
grating



Pacific Composites -*Product Applications*

Construction

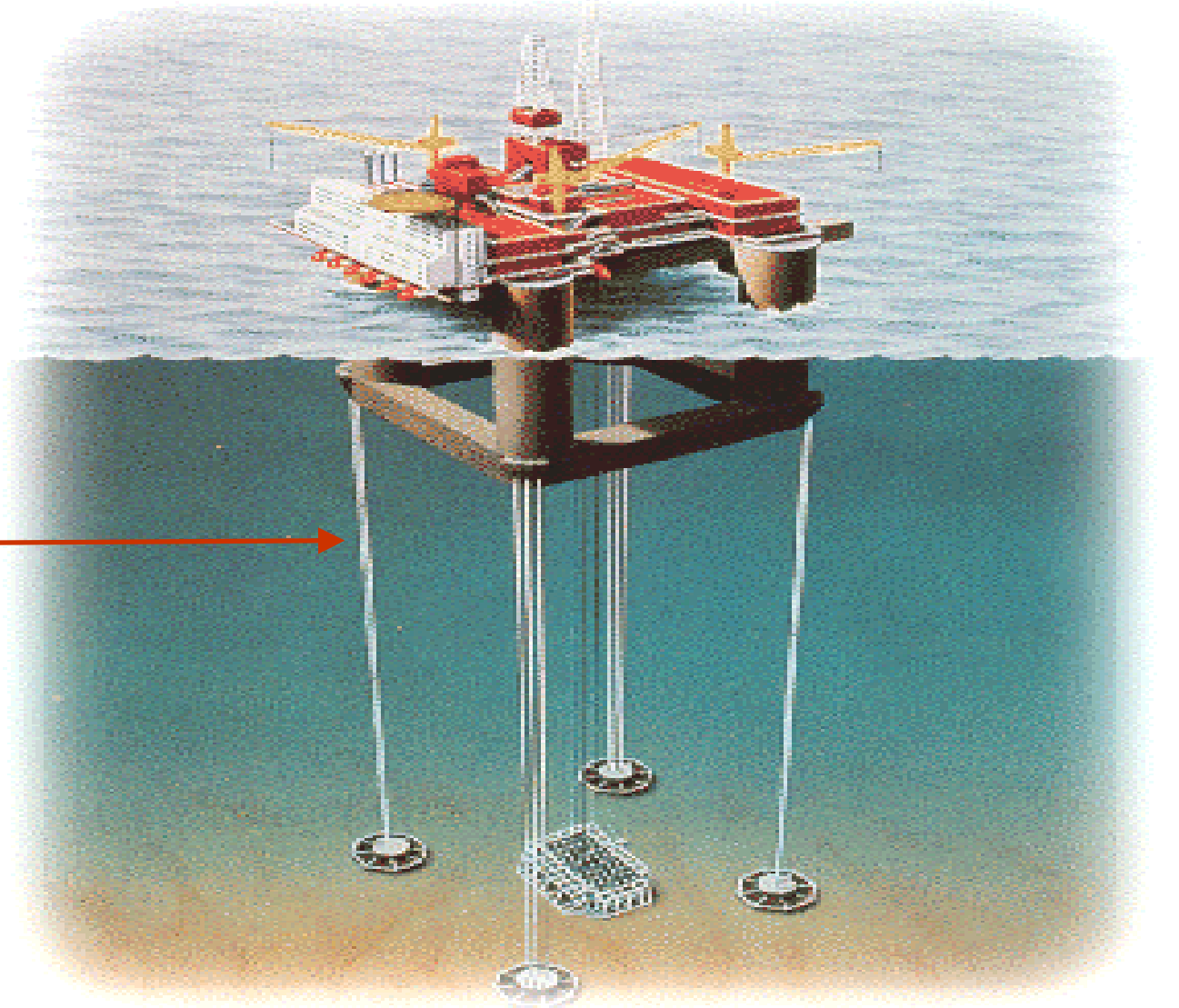
Composite blast panels installed on the Norwegian Troll project



Pacific Composites -*Product Applications*

Petrochemical

Carbon fibre rods used in deepwater tethering applications, offer a low weight & cost effective solution for the oil industry



Pacific Composites -Product Applications

Residential

Composite Door Frames



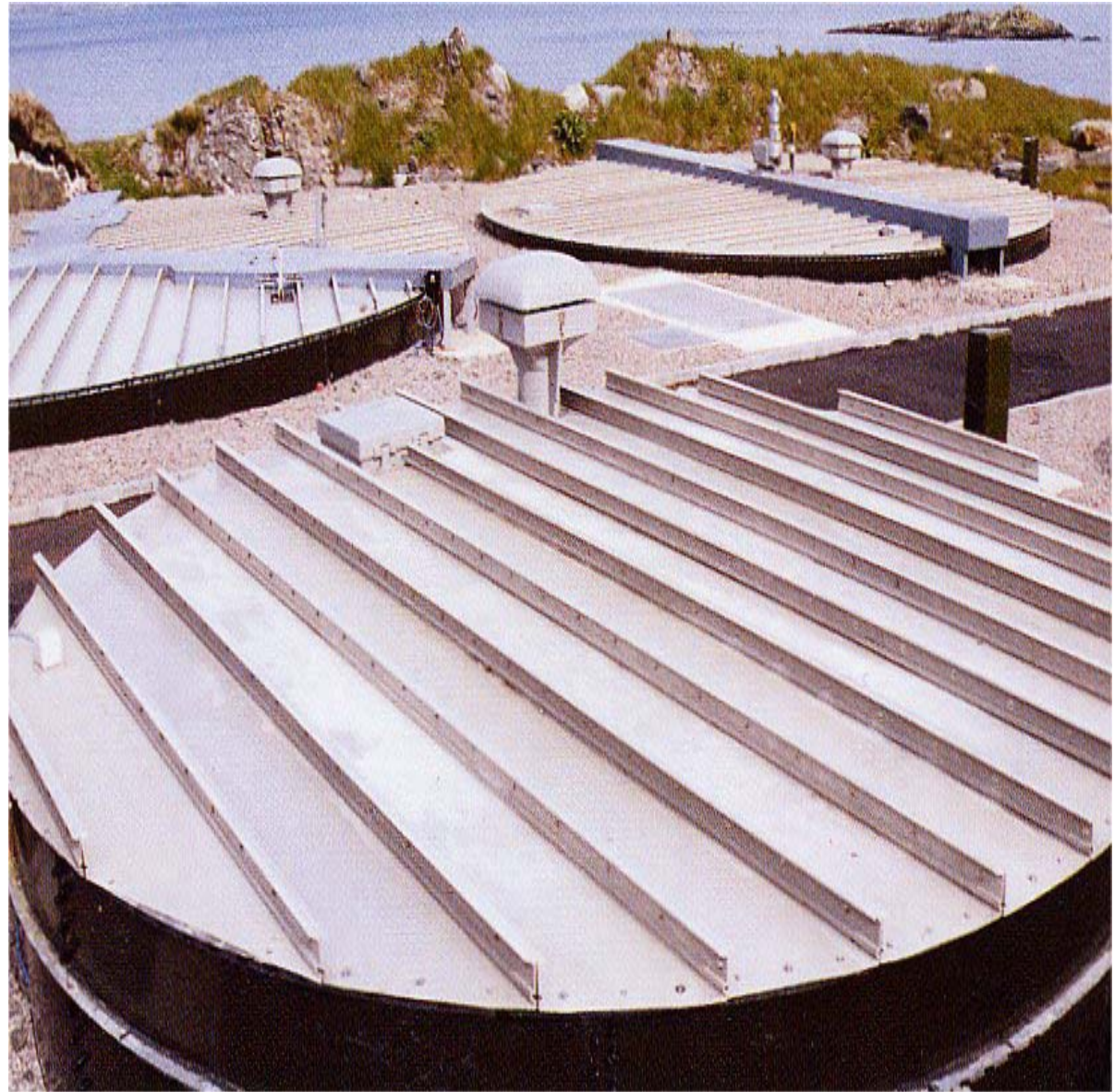
Composite Rods for Venetian & Roman Blinds



Pacific Composites -*Product Applications*

Wastewater & Sewerage

500mm channel sections used for tank covers



Pacific Composites -*Product Applications*

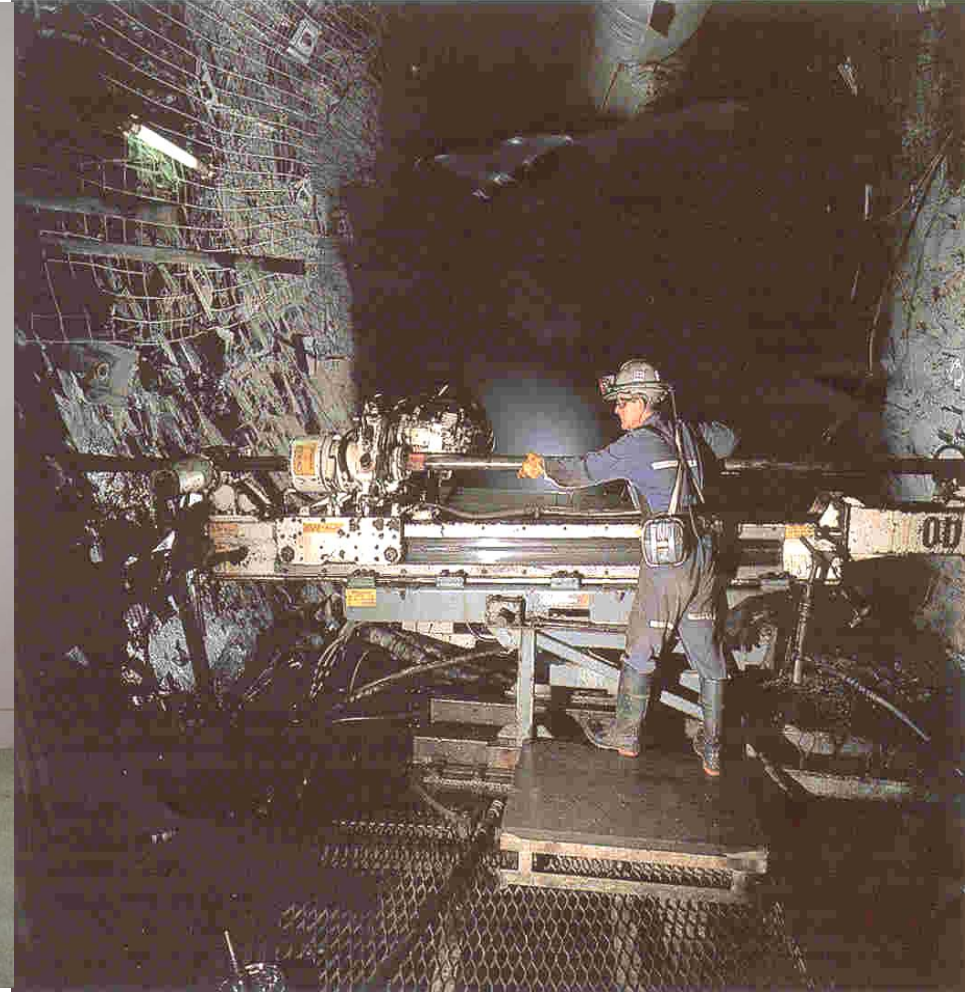
Electrical Composite Cable Tray Systems



Pacific Composites -*Product Applications*

Mining

Composite bolts used for rock stabilisation



Pacific Composites -*Product Applications*

Wind Energy

Carbon fibre material used to stiffen turbine blades in excess of 25 metres long



Lemtronics - *Surface Mount Machinery*



Lemtronics - Wave Soldering Machinery



Penang facility

Lemtronics - *Sample Products*



C10 Communications - *Sample Products*



C10 Communications - *Sample Products*

Telephone Outlet Plates
Type RJ11 & RJ12



Telephone Accessories

Terminal Block



Telephone Outlet Plates
Type RJ11 & RJ12



Mode 3
Adaptor Plug



Adaptor



Adaptor



Double Adaptor
Telephone Plug



Telephone
Changeover Switch



Telephone Socket
- Modular
Type RJ11 & RJ12



610 Socket



611 Socket



604 Plug



Telephone Socket
- Modular
Type RJ12

