

# Lemarne Corporation Limited

ABN 72 004 834 584

## Interim Financial Report

for the half-year ended

31 December 2012

To be read in conjunction with the 30 June 2012 Annual Report  
In compliance with Listing Rule 4.2A

# LEMARNE CORPORATION LIMITED

ABN 72 004 834 584

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

Current Reporting Period: Half-year ended 31 December 2012

Previous Reporting Period: Half-year ended 31 December 2011

Results to be announced to the market		AUD\$
Revenue from ordinary activities	N/A	0
Loss after tax attributable to members	Down 126% to	1,534,946
Loss for the half-year attributable to members	Down 126% to	1,534,946

### Dividends

During the half year the board declared a return of capital to shareholders of \$1,118,886 (13 cents per share) and a special dividend of \$602,477 (7 cents per share) both were paid in December 2012.

Other Information	31 December 2012	30 June 2012
Net Tangible Assets (cents per share)	0.42	0.80

*Refer to the Directors' Report – Review of Operations for an explanation of the above information.*

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## COMPANY PARTICULARS

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### DIRECTORS

Mr Paul Delosa (Executive Director)  
Mr Marc Spicer (Non-executive Director)  
Mr Ilan Goldstein (Non-executive Director)  
Mr Yeoryios Markos (Non-Executive Chairman)

### REGISTERED OFFICE

Level 27,  
101 Collins Street  
Melbourne VIC 3000  
Telephone: (03)9221 6331  
Facsimile: (03)9221 6331

### COMPANY SECRETARY

Mr Paul Delosa

### AUDITORS

William Buck  
Level 20, 181 William Street  
Melbourne Vic 3000

### PRINCIPAL PLACE OF BUSINESS

Level 27,  
101 Collins Street  
Melbourne VIC 3000  
Telephone: (03)9221 6331  
Facsimile: (03)9221 6331

### SHARE REGISTRY

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford, Victoria, Australia 3067

### STOCK EXCHANGE LISTING

Lemarne Corporation Limited shares are listed  
on  
the Australian Securities Exchange Limited  
ASX Code: LMC

## DIRECTORS' REPORT

The Directors of Lemarne Corporation Limited (the company) present their report together with the financial report for the half-year ended 31 December 2012, and the auditor's review report thereon.

### DIRECTORS

The names of Directors in office at any time during or since the end of the half-year are:

Mr. Brian Noxon (resigned 22 October 2012)  
Mr. Peter Davenport (resigned 22 October 2012)  
Mr. John Larking (resigned 22 October 2012)  
Mr. Peter Murphy (resigned 30 September 2012)  
Mr. David Herszberg (appointed 22 October 2012; resigned 11 July 2013)  
Mr. Amos Meltzer (appointed 22 October 2012; resigned 13 August 2013)  
Mr. John Ceccon (appointed 22 October 2012; resigned 27 August 2013)  
Mr. Christopher Manie (appointed 8 February 2013; resigned 17 February 2014)  
Mr. Darren Olney-Fraser (appointed 13 August 2013; resigned 7 April 2014)  
Mr. Paul Delosa (appointed 4 October 2013)  
Mr. Ilan Goldstein (appointed 9 April 2014)  
Mr. Marc Spicer (appointed 9 April 2014)  
Mr. Yeoryios Markos (appointed 6 May 2014)

### REVIEW OF OPERATIONS, SUBSEQUENT EVENTS AND GOING CONCERN

The loss of the Company for the half-year ended 31 December 2012, after income tax amounted to \$1,534,947 (2011: profit \$2,568,322).

On 24 July 2012, the Company's shares were suspended from trading on ASX under listing rules following the disposal of the Company's sole operating unit, Lemtronics. Since the completion of the sale of Lemtronics, and after careful consideration, the company's then directors accepted an offer from a third party investor, Ariel Nominees Pty Ltd. Pursuant to that offer, Ariel Nominees acquired 1.7million shares from the former directors and their associates and those directors resigned from the board.

During the year the board declared a return of capital to shareholders of \$ 1,118,886 and a special dividend of \$602,477 both of which were paid in December 2012.

As at the date of this report the Company has invested in the following entities, some of which are related parties of current and former directors and substantial shareholders, including:

	Net cash paid for acquisition \$	Amount subsequently sold \$	Fair value as at date of this report \$
Real Estate Capital Partners USA Property Trust	1,133,860	-	420,000
Bisan Limited	283,500	(137,245)	-
Mariner Corporation Limited	750,000	-	-
New City Australia Funds Management Limited	50,000	-	-
Global Constructive Solutions Pty Ltd	70,000	-	-
Total	2,287,360	(137,245)	420,000

## **DIRECTORS' REPORT**

### **REVIEW OF OPERATIONS, SUBSEQUENT EVENTS AND GOING CONCERN (CONT)**

#### *Real Estate Capital Partners USA Property Trust*

The investment was purchased through an initial cash outlay of \$733,060 in March 2013 and then through a final payment of \$400,000 to settle an acquisition liability which was paid to KushKush Investments Pty Ltd in October 2013. This transaction was negotiated on behalf of Lemarne by Silkman consultants, a related party of the company. The investment was accepted by the then board of directors.

As at the date of this report, the company holds 2,000,000 units with an ASX- quoted price, based on thinly traded volumes, of 21 cents per share.

#### *Bisan Limited*

The Company became one of the substantial shareholders by acquiring 19,750,000 shares of Bisan Limited in October 2013 for \$371,500. However, the Company has subsequently terminated the contract to acquire 4,000,000 shares from a shareholder due to the fact that the Company was unable to verify the ownership of the shares. As at the date of this report the company has subsequently sold all shares in Bisan limited.

#### *Mariner Corporation Limited*

In September 2013, Mariner Corporation Limited ("Mariner") (ASX: MCX) had raised \$750,000 allocated by convertible notes of \$400,000 and \$350,000 respectively to the Company. The purpose of this transaction is to fund Mariner's purchase of the Suncorp-Metway debt in the Woniora Retirement Village in Wahrenga NSW and the acquisition of the Hermitage Retirement Village in NSW, which was due for settlement on 18 November 2013. As at this date of the report, these convertible notes have been fully settled for \$400,000. The board resolved to accept the amount as full and final settlement due to Mariners distressed financial status, and as a consequence it was assessed that this would be the only recoverable amount.

Further, the Company will seek to liquidate the remaining investment in RCU as noted above.

Finally, the directors will be seeking to raise further capital from current and prospective shareholders as opportunities arise to transact with projects that are hoped to realise the value of the company as a listed corporate entity.

For these reasons, the directors believe that the company will continue to pay their debts as and when they fall due and payable. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary should the company be unable to continue as a going concern.

Lemarne Corporation Limited  
ABN 72 004 834 584

## **DIRECTORS' REPORT**

### **LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

The Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is attached to this Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors:



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**Yeoryios Markos**  
Chairman

Dated in Melbourne, Australia on this 4<sup>th</sup> day of July 2014

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF LEMARNE CORPORATION LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2012 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136



**J.C. Luckins**  
Director

Dated this 4 day of July, 2014

**Sydney  
Melbourne  
Brisbane  
Perth  
Adelaide  
Auckland**

Melbourne: Level 20, 181 William Street, Melbourne VIC 3000 | Hawthorn: Level 1, 465 Auburn Road, Hawthorn East VIC 3123  
PO Box 185, Toorak VIC 3142 • Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580  
[williambuck.com](http://williambuck.com)

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Statement of Comprehensive Income  
For the Period Ended 31 December 2012

	31 December 2012	31 December 2011
	\$	\$
<b>Revenue</b>		
Interest income	88,110	439,198
<b>Total revenues</b>	<b>88,110</b>	<b>439,198</b>
<b>Expenses</b>		
Consulting fees	(152,760)	(49,965)
Corporate and administrative costs	(255,012)	(583,389)
Employee benefits and directors' fees	(939,804)	(527,949)
Insurance cost for directors and officers	(75,845)	(8,205)
Legal fees	(114,525)	(987)
Remuneration paid to auditors	(85,111)	(84,191)
<b>Total expenses</b>	<b>(1,623,057)</b>	<b>(1,254,686)</b>
<b>Loss from ordinary activities before income tax</b>	<b>(1,534,947)</b>	<b>(815,488)</b>
Income tax expense	-	(112,410)
<b>Loss from ordinary activities after income tax</b>	<b>(1,534,947)</b>	<b>(927,898)</b>
Profit from discontinued operations net of tax	-	3,496,220
<b>Profit/ (loss) for the period</b>	<b>(1,534,947)</b>	<b>2,568,322</b>
<i>Other comprehensive income – items that may be reclassified to the profit or loss</i>		
Foreign currency translations differences for foreign operations	-	615,223
Transfer of foreign currency translation reserve to profit on disposal of controlled entity	-	2,767,365
<b>Total comprehensive income/(loss) for the period</b>	<b>(1,534,947)</b>	<b>5,950,910</b>
<b>Earning / (loss) per share</b>		
Basic and diluted earning / (loss) per share (cents) from continuing and discontinued operations	(0.18)	0.69
Basic and diluted loss per share (cents) from continuing operations	(0.18)	(0.11)
Basic and diluted loss per share (cents) from discontinued operations	-	0.41
Weighted average number of shares used for calculating basic and diluted loss per share	8,606,814	8,606,814

*The accompanying notes form part of these financial statements*

Lemarne Corporation Limited  
ABN 72 004 834 584

Statement of Financial Position  
As at 31 December 2012

	Note	31 December 2012 \$	30 June 2012 \$
<b>Assets</b>			
Current Assets			
Cash and cash equivalents		3,678,276	5,114,474
Trade and other receivables		102,053	2,063,026
<b>Total current assets</b>		<b>3,780,329</b>	<b>7,177,500</b>
Non Current Assets			
Plant and equipment		16,591	2,107
<b>Total non current assets</b>		<b>16,591</b>	<b>2,107</b>
<b>Total assets</b>		<b>3,796,920</b>	<b>7,179,607</b>
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables		150,540	231,097
Provisions		-	45,820
<b>Total current liabilities</b>		<b>150,540</b>	<b>276,917</b>
<b>Total liabilities</b>		<b>150,540</b>	<b>276,917</b>
<b>Net assets</b>		<b>3,646,380</b>	<b>6,902,690</b>
<b>Equity</b>			
Issued capital	2	3,993,630	3,670,820
Share option reserve		-	322,810
Accumulated losses		(347,250)	2,909,060
<b>Total equity</b>		<b>3,646,380</b>	<b>6,902,690</b>

*The accompanying notes form part of these financial statements.*

Lemarne Corporation Limited  
ABN 72 004 834 584

Statement of Changes in Equity  
For the Half-year Ended 31 December 2012

	Issued Capital	Share Option Reserve	Translation Reserve	Retained Earnings	Total
<b>Balance as at 30 June 2011</b>	3,670,820	322,810	(3,382,588)	30,839,704	31,450,746
Profit for the half-year	-	-	-	2,568,322	2,568,322
Transfer to profit on disposal of controlled entity	-	-	2,767,365	-	2,767,365
Foreign currency translation differences	-	-	615,223	-	615,223
<b>Total comprehensive income</b>	-	-	3,382,588	2,568,322	5,950,910
<i>Transactions with shareholders in their capacity as shareholders</i>	-	-	-	-	-
Dividends paid to shareholders	-	-	-	(27,972,086)	(27,972,086)
<b>Balance as at 31 December 2011</b>	3,670,820	322,810	-	5,435,940	9,429,570
<b>Balance as at 30 June 2012</b>	<b>3,670,820</b>	<b>322,810</b>	-	<b>2,909,060</b>	<b>6,902,690</b>
Loss for the half-year	-	-	-	(1,534,947)	(1,534,947)
<b>Total comprehensive income</b>	-	-	-	(1,534,947)	(1,534,947)
<i>Transactions with shareholders in their capacity as shareholders</i>	-	-	-	-	-
Return of capital to shareholders	-	-	-	(1,118,886)	(1,118,886)
Payment of special dividend	-	-	-	(602,477)	(602,477)
Share options that are lapsed or exercised from prior periods and transferred to issued capital	322,810	(322,810)	-	-	-
<b>Balance as at 31 December 2012</b>	<b>3,993,630</b>	-	-	<b>(347,250)</b>	<b>3,646,380</b>

*The accompanying notes form part of these financial statements.*

Lemarne Corporation Limited  
ABN 72 004 834 584

Statement of Cash Flows  
For the Half-year Ended 31 December 2012

	31 December 2012 \$	31 December 2011 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,711,415)	2,991,014
Interest received	101,088	416,066
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>(1,610,327)</b>	<b>3,407,080</b>
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(20,757)	(578,013)
Proceeds from sale of plant and equipment	-	24,032
Receipt from sale of discontinued operation	1,916,249	12,179,064
<b>Net cash inflow/ (outflow) from investing activities</b>	<b>1,895,492</b>	<b>11,625,083</b>
<b>Cash flows from financing activities</b>		
Return of capital to shareholders	(1,118,886)	-
Payment of special dividend	(602,477)	-
<b>Net cash inflow/ (outflow) from financing activities</b>	<b>(1,721,363)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,436,198)</b>	<b>15,032,163</b>
Cash and cash equivalents at 1 July	5,114,474	19,797,263
Effects of exchange rate fluctuations on cash held	-	45,014
<b>Cash and cash equivalents at 31 December</b>	<b>3,678,276</b>	<b>34,874,440</b>

*The accompanying notes form part of these financial statements.*

Notes to the Financial Statements  
For the Half-year Ended 31 December 2012

**1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT**

These general purpose interim financial statements for the half-year ended 31 December 2012 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Lemarne Corporation Limited (the company). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2012, together with any public announcements made during the following half-year.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2012, unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**2. ISSUED CAPITAL**

	<b>31 December 2012 \$</b>	<b>31 December 2011 \$</b>
8,606,814 (2011: 8,606,814) fully paid ordinary shares	<b><u>3,993,630</u></b>	<b><u>3,670,820</u></b>

(a) Dividends and return of capital

During the year the board declared a return of capital to shareholders of \$1,118,886 (13 cents per share) and a special dividend of \$602,477 (7 cents per share) both were paid in December 2012.

(b) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern with sufficient working capital to meet budgeted expenses. Under Listing Rules, the company cannot issue more than 15% of its ordinary shares under placement without pre-approval of its members.

**3. SEGMENT INFORMATION**

The Company operates in only one segment being investing in the Australasia region.

Notes to the Financial Statements  
For the Half-year Ended 31 December 2012

**4. RELATED PARTY TRANSACTIONS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

***Members of Key Management Personnel***

During the half-year and the up to the date of this report, the company's key management personnel were its directors being:

Name of Director	Appointed	Resigned
Brian Noxon	1987	22 October 2012
Peter Davenport	1981	22 October 2012
John Larking	1986	22 October 2012
Peter Murphy	2006	30 September 2012
David Herszberg	22 October 2012	11 July 2013
Amos Meltzer	22 October 2012	13 August 2013
John Ceccon	22 October 2012	27 August 2013
Christopher Manie	8 February 2013	17 February 2014
Darren Olney-Fraser	13 August 2013	7 April 2014
Paul Delosa	4 October 2013	
Ilan Goldstein	9 April 2014	
Marc Spicer	9 April 2014	
Yeoryios Markos	6 May 2014	

**Key Management Personnel remuneration**

During the half year, short-term benefits paid to key management personnel for salary, wages and directors' fees were \$389,987; amounts paid for superannuation contributions were \$26,101 and amounts paid for termination benefits were \$521,409.

**Key Management Personnel shareholding**

During the half-year ended 31 December 2012 Ariel Nominees Pty Ltd became a substantial shareholder of the company, with control of 22.33% of issued capital. Entities controlled by or associated with this shareholder provided services to the company, including back office support and transactional support services. The total fees paid or payable to related parties of this shareholder for the half-year ended 31 December 2012 was \$157,703.

Notes to the Financial Statements  
For the Half-year Ended 31 December 2012

**5. CONTINGENT ASSETS AND LIABILITIES**

*Tax credits receivable and payable*

As at the end of the reporting period, the company has accrued amounts that may be receivable and payable from the Australian Taxation Office in-respect of its income tax losses, GST input tax credits and PAYG withholding payments, and penalties and /or fines that may or may not be attributed to these outstanding tax positions. The company is presently addressing its tax compliance issues but at this stage is unable to determine what benefits or obligations exist in-respect of these outstanding matters. As a consequence, no liability or asset which is payable or receivable from the Australian Taxation Office is recognised in the statement of financial position.

*Claim for costs in-relation to a cancelled meeting of the unit holders of Real Estate Capital Partners USA Property Trust*

On 21 March 2014 Real Estate Capital Partners USA Property Trust announced that it intended to pursue the Company in respect of costs incurred relating to a cancelled general meeting of unit holders, which was originally requisitioned by Lemarne to take place on 20 March 2014. As at the date of this report, this claim for recompense has not been formally lodged with the Company and therefore it is not possible to determine what obligation, if any, the Company may have in-respect of this claim, if or when this is received by the Company.

**6. GOING CONCERN AND SUBSEQUENT EVENTS**

As at the date of this report the Company has invested in the following entities, some of which are related parties of current and former directors and substantial shareholders, including:

	Net cash paid for acquisition \$	Amount subsequently sold \$	Fair value as at date of this report \$
Real Estate Capital Partners USA Property Trust	1,133,860	-	420,000
Bisan Limited	283,500	(137,245)	-
Mariner Corporation Limited	750,000	-	-
New City Australia Funds Management Limited	50,000	-	-
Global Constructive Solutions Pty Ltd	70,000	-	-
Total	2,287,360	(137,245)	420,000

Lemarne Corporation Limited  
ABN 72 004 834 584

Notes to the Financial Statements  
For the Half-year Ended 31 December 2012

**6. GOING CONCERN AND SUBSEQUENT EVENTS (CONT)**

*Real Estate Capital Partners USA Property Trust*

The investment was purchased through an initial cash outlay of \$733,060 in March 2013 and then through a final payment of \$400,000 to settle an acquisition liability which was paid to KushKush Investments Pty Ltd in October 2013. This transaction was negotiated on behalf of Lemarne by Silkman consultants, a related party of the company. The investment was accepted by the then board of directors.

As at the date of this report, the company holds 2,000,000 units with an ASX- quoted price, based on thinly traded volumes, of 21 cents per share.

*Bisan Limited*

The Company became one of the substantial shareholders by acquiring 19,750,000 shares of Bisan Limited in October 2013 for \$371,500. However, the Company has subsequently terminated the contract to acquire 4,000,000 shares from a shareholder due to the fact that the Company was unable to verify the ownership of the shares. As at the date of this report the company has subsequently sold all shares in Bisan limited.

*Mariner Corporation Limited*

In September 2013, Mariner Corporation Limited ("Mariner") (ASX: MCX) had raised \$750,000 allocated by convertible notes of \$400,000 and \$350,000 respectively to the Company. The purpose of this transaction is to fund Mariner's purchase of the Suncorp-Metway debt in the Woniara Retirement Village in Wahroonga NSW and the acquisition of the Hermitage Retirement Village in NSW, which was due for settlement on 18 November 2013. As at this date of the report, these convertible notes have been fully settled for \$400,000. The board resolved to accept the amount as full and final settlement due to Mariners distressed financial status, and as a consequence it was assessed that this would be the only recoverable amount.

Further, the Company will seek to liquidate the remaining investment in RCU as noted above.

Finally, the directors will be seeking to raise further capital from current and prospective shareholders as opportunities arise to transact with projects that are hoped to realise the value of the company as a listed corporate entity.

For these reasons, the directors believe that the company will continue to pay their debts as and when they fall due and payable. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary should the company be unable to continue as a going concern.

Lemarne Corporation Limited

ABN 72 004 834 584

## **DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The accompanying financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors:



**Yeoryios Markos**

Chairman

Dated in Melbourne, Australia on this 4<sup>th</sup> day of July 2014

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LEMARNE CORPORATION LIMITED

### Report on the Half-Year Financial Report

We were engaged to review the accompanying half-year financial report of Lemarne Corporation Limited (the company), which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. Because of the matter described in the Basis for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate review evidence to provide a basis for our conclusion.

#### *Independence*

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

#### *Basis for Disclaimer of Conclusion*

We were unable to obtain sufficient appropriate audit evidence to support the cash and accrued value of certain expenditures recorded in the statement of comprehensive income of the company for the half year ended 31 December 2012, including sufficient appropriate audit evidence supporting the disclosure of related party transactions and compensation paid to key management personnel arising as a consequence of such expenditures. As a result of these matters, we are unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded expenditures and the consequential impact this may or may not have had on disclosures made in respect of key management personnel compensation and related party transactions.

**Sydney  
Melbourne  
Brisbane  
Perth  
Adelaide  
Auckland**

Melbourne: Level 20, 181 William Street, Melbourne VIC 3000 | Hawthorn: Level 1, 465 Auburn Road, Hawthorn East VIC 3123  
PO Box 185, Toorak VIC 3142 • Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580  
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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LEMARNE CORPORATION LIMITED (CONT)

### *Disclaimer of Conclusion*

Because of the significance of the matter described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to obtain sufficient appropriate review evidence to provide a basis for a review conclusion. Accordingly, we do not express a conclusion on the financial report.

### *Emphasis of Matter*

Without further modification to the disclaimer of conclusion expressed above, we draw attention to Note 6 to the financial report, which indicates that the company incurred a net loss of \$1,534,947 during the half year ended 31 December 2012 and had cash outflows from operations of \$1,610,327. These conditions, along with other matters as set forth in Note 6, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

A handwritten signature in blue ink that reads 'William Buck'.

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

A handwritten signature in blue ink, appearing to be 'J. C. Luckins', with a large, stylized initial 'J'.

**J. C. Luckins**  
Director

Dated this 4 day of July, 2014