

## **Appendix 4E**

### **Preliminary final report**

# **Lemarne Corporation Limited**

**ABN 72 004 834 584**

## **Year ended 30 June 2013**

Lodged with the ASX under Listing Rule 4.3A

### **Contents**

Results for Announcement to the Market

Audited annual financial report

# Lemarne Corporation Limited

## Year ended 30 June 2013

(Previous corresponding period: Year ended 30 June 2012)

### Results for Announcement to the Market

A\$,000

<b>Revenues</b> from continuing ordinary activities	Down	32%	to	425
<b>Loss</b> from ordinary activities after tax attributable to members	Up	98%	to	(2,780)
<b>Net loss</b> for the period attributable to members	Up	98%	to	(2,780)

<b>Dividends / distributions</b>	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-

**Record date** for determining entitlements to the dividend

N/A

#### Explanation of Revenue

Revenues from continuing ordinary activities includes interest income of \$172,015. For a more detailed explanation please refer to the attached audited financial report.

#### Explanation of Loss from ordinary activities after tax

The financial year reports a loss of (\$2,779,537) compared to a loss of (\$1,402,956) in the prior year. For a more detailed explanation please refer to the attached audited financial report.

#### Explanation of Net Loss

See above: explanation of loss from ordinary activities after tax. For a more detailed explanation please refer to the attached audited financial report.

#### NTA Backing

	<b>2013</b>	<b>2012</b>
Net tangible asset backing per ordinary share (cents per share)	27.91	80.20

# **LEMARNE CORPORATION LIMITED**

**ABN 72 004 834 584**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2013**

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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)

### COMPANY SECRETARY

Mr Paul Delosa

### AUDITORS

William Buck  
Level 20, 181 William Street  
Melbourne Vic 3000

### SHARE REGISTRY

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

### REGISTERED OFFICE

Level 27,  
101 Collins Street  
Melbourne VIC 3000

Telephone: (03)9221 6331  
Facsimile: (03)9221 6331

### PRINCIPAL PLACE OF BUSINESS

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

### STOCK EXCHANGE LISTING

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

## DIRECTORS' REPORT TO SHAREHOLDERS

The Directors present their report together with the financial report of Lemarne Corporation Limited (the "Company") for the year ended 30 June 2013.

### DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

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	19 May 2014	

### PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was diversified investment, as well as investigating new investment opportunities.

### REVIEW OF OPERATIONS, GOING CONCERN, LIKELY DEVELOPMENTS AND SUBSEQUENT EVENTS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company recorded a net loss of \$2,779,537 for the year ended 30 June 2013 compared to a net profit after income tax of \$41,244 for the year ended 30 June 2012.

The focus during the year has been re-organisation of the company's affairs following the sale of the company's principal business.

As at the date of the report the company has invested in the following investees which are related parties of 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

(Continued)

### REVIEW OF OPERATIONS, GOING CONCERN, LIKELY DEVELOPMENTS AND SUBSEQUENT EVENTS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS (Continued)

#### 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 Wahrenoona 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 Mariner's 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.

### DIVIDENDS PAID OR RECOMMENDED

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.

## DIRECTORS' REPORT

*(Continued)*

### INFORMATION ON DIRECTORS

Name and Qualification	Experience & Qualifications
<b>Paul Delosa</b> Executive Director <b>Interest in Shares and Options:</b>  <b>Qualifications and Experience:</b>	<p>Appointed to the Board on 4 October 2013</p> <p>Shares held - 480,412</p> <p>Mr Delosa has been a Director of Lemarne Corporation since October 2013 and has been appointed to the positions of Executive Director and Chief Executive Officer.</p> <p>Since joining Lemarne Corporation, Mr Delosa has been a highly successful senior executive having a background in operations, business development and managerial roles in various industries sectors, commencing his professional career in 1999.</p> <p>Mr Delosa's prior experience was the successful development and growth of a small boutique investment property services group DPS Investments. In addition, Mr Delosa has owned and operated a number of commercial businesses between 2003-2007 achieving State and Local Government excellence awards for exceptional management and innovation.</p> <p>His extensive experience and expertise in financial analysis and advising clients on financial and strategic issues are viewed as an asset by the current Lemarne Board of Directors.</p>
<b>Directorship held in other listed entities during the three years prior to the current year:</b>	Bisan Limited
<b>Ilan Goldstein</b> Director <b>Interest in Shares and Options:</b>  <b>Qualifications and Experience:</b>	<p>Appointed to the Board on 9 April 2014</p> <p>No shares are held by Mr Goldstein.</p> <p>Mr Goldstein is an executive with extensive experience in a variety of roles ranging from commodity trading to sales and managerial roles within the finance sector. He holds a Bachelor of Marketing and currently procures and manages high net worth clients in the global derivatives markets.</p> <p>In past roles he has built strong teams well exceeding company expectations. The Company believes that Mr Goldstein's ability to utilise the synergies derived from close teamwork and to raise funds across various sectors will prove to be an exceptionally valuable asset to the board.</p>
<b>Directorship held in other listed entities during the three years prior to the current year:</b>	Mr Goldstein has not held any directorships in the last 3 years.

## DIRECTORS' REPORT

(Continued)

<b>Marc Spicer</b> Director <b>Interest in Shares and Options:</b>  <b>Qualifications and Experience:</b>	Appointed to the Board on 9 April 2014  Shares held 3,000.  Mr Marc Spicer is currently an authorised representative of an Australian Financial Services License. He has held positions in executive management as a non-executive director on Cohiba Minerals Ltd where he was instrumental in generating a return for shareholders regarding its investment in Altius Mining Ltd. He was also the former company secretary of Lemarne. Mr Spicer has also held executive management positions as company secretary on various ASX Listed companies.  He has also held positions in the Institutional banking division as a market risk analyst and finance consultant with ANZ Bank Ltd (ASX: ANZ). Mr Spicer holds a Bachelor of Business Degree majoring in Accounting and Finance, Diploma financial planning, ASX Accredited Derivatives Advisor and Graduate Diploma of Applied Corporate Governance with Chartered Company Secretary of Australia.
<b>Directorship held in other listed entities during the three years prior to the current year:</b>	Cohiba Mineral Resources Limited (ASX:CHK)
<b>Yeoryios Markos</b> Chairman <b>Interest in Shares and Options:</b>  <b>Qualifications and Experience:</b>	Appointed to the Board on 6 May 2014  No shares are held by Mr Markos.  Mr Yeoryios Markos has been a registered member and Fellow of the Institute of Public Accountants since 1980.  His 40 year career includes Company Mergers, Acquisitions, Reconstructions, Liquidations, Criminal Law, Corporations Law, Tax law, Corporate advisory, Capital raising, Merchant banking, Futures, Construction and Property Development.
<b>Directorship held in other listed entities during the three years prior to the current year:</b>	He is an entrepreneur with substantial interests in a diverse selection of private companies in a variety of industries.
	Mr Markos has not held any directorships in the last 3 years.

## DIRECTORS' REPORT

(Continued)

### INFORMATION ON COMPANY SECRETARY

**Name and  
Qualification**

**Experience & Qualifications**

**Paul Delosa**  
Company Secretary

Appointed as secretary on 4 October 2013

**Qualifications and  
Experience:**

Pease see information on Directors

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### MEETINGS OF DIRECTORS

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director. During the financial year, 5 meetings of Directors were held.

	Number eligible to attend	Number attended
Brian Noxon	1	1
Peter Davenport	1	1
John Larking	1	1
Peter Murphy	1	1
David Herszberg	5	5
Amos Meltzer	5	5
John Ceccon	5	5
Christopher Manie	3	3

### INDEMNIFYING OFFICERS OR AUDITORS

- (i) Indemnities have been given to the directors and officers of the company
- (ii) No indemnities have been given or agreed to be given during or since the end of the financial year, to the auditor of the company.
- (iii) During the financial year, Lemarne Corporation Limited paid a premium of \$151,510 to insure the Directors and Officers of the Company.
- The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of any entity in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of the duty by the officers or the improper use by the officers of their position or of information to gain an advantage for themselves or someone else to cause detriment to the Company.

## DIRECTORS' REPORT

(Continued)

### ENVIRONMENTAL REGULATION

The Company's business operations are not regulated by any significant environmental regulation under the law of the Commonwealth or of a state or territory.

### LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act* is included in the directors' report.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

### NON-AUDIT SERVICES

For the financial year ended 30 June 2013, William Buck Audit (Vic) Pty Ltd, the company's auditor, has not performed any non-audit services.

Details of amounts owing to or received by William Buck Audit (Vic) Pty Ltd for audit and non-audit services provided during the year are set out below:

	2013	2012
William Buck Audit (Vic)	\$	\$
Audit and review of the financial report	18,000	-
KPMG		
Audit and review of the financial report	89,111	100,450
Taxation services	-	113,537
	<u>107,111</u>	<u>213,987</u>

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- (i) All non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- (ii) The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

# DIRECTORS' REPORT

(Continued)

## REMUNERATION REPORT (AUDITED)

### A. Principles used to determine the nature and amount of remuneration

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the CEO and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Details of the nature and amount of each element of the emolument of each member of Key Management Personnel are set out in the following tables:

### B. Details of remuneration

		Cash salary and fees	Super contributions	Long-term benefits: long service leave	Termination payments	Total
		\$	\$	\$	\$	\$
<b>Directors</b>						
Mr E B Noxon	2013	1,594	-	-	-	1,594
	2012	90,000	-	-	-	9,000
Mr P G Davenport	2013	-	-	-	-	-
	2012		50,000			50,000
Mr J C Larking	2013	5,448	-	-	-	5,448
	2012	36,697	3,303	-	-	40,000
Mr C Manie	2013	12,000	-	-	-	12,000
	2012	-	-	-	-	-
Mr D Herzberg	2013	3,000	-	-	-	3,000
	2012	-	-	-	-	-
Mr A Meltzer	2013	7,000	-	-	-	7,000
	2012	-	-	-	-	-
<b>Executive Directors</b>						
Mr P A Murphy	2013	-	-	-	521,409	521,409
	2012	1,736,537	-	15,700	-	1,752,237
Mr J Ceccon	2013	83,000	-	-	-	83,000
	2012	-	-	-	-	-
<b>Executives</b>						
K Mun - executive	2013	-	-	-	-	-
	2012	938,025	21,940	-	-	959,965
A Kotsiopoulos – company secretary	2013	-	-	-	-	-
	2012	168,332	10,985	1,272	225,000	405,589
<b>Total</b>	2013	112,042	-	-	521,409	633,451
	2012	2,969,591	86,228	16,972	225,000	3,297,791

None of the payments made to key management personnel featured in this Remuneration Report were tied to any bonus scheme or share-based payment arrangement.

## DIRECTORS' REPORT

(Continued)

### (a) Shareholdings of Key Management Personnel

	Balance at 1 July 2012 / date of appointment Ordinary Shares	Off-market sale Ordinary Shares	Balance 30 June 2013 / date of resignation Ordinary Shares
<b>Key management personnel</b>			
Brian Noxon	1,042,047	(902,587)	139,460
Peter Davenport	373,670	(323,506)	50,164
John Larking	579,601	(505,618)	73,983
Peter Murphy	32,000	-	32,000
Akaterine Kotsiopoulos	5,000	-	5,000
<b>Total</b>	<b>2,032,318</b>	<b>(1,731,711)</b>	<b>300,607</b>

	Balance at 1 July 2011 / date of appointment Ordinary Shares	Off-market sale Ordinary Shares	Balance 30 June 2012 / date of resignation Ordinary Shares
<b>Key management personnel</b>			
Brian Noxon	1,116,442	(74,395)	1,042,047
Peter Davenport	373,670	-	373,670
John Larking	579,601	-	579,601
Peter Murphy	32,000	-	32,000
Akaterine Kotsiopoulos	5,000	-	5,000
<b>Total</b>	<b>2,106,713</b>	<b>(74,395)</b>	<b>2,032,318</b>

### C. Service Agreements

The Company does not have any contractually binding service agreements with its Officers.



**Yeoryios Markos**

Chairman

Dated in Melbourne, Australia on this 4th day of July 2014

## **CORPORATE GOVERNANCE STATEMENT**

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied, where applicable, for the entire financial year ended 30 June 2013.

The Directors and management are committed to protecting and enhancing shareholder value and conducting the company's business ethically and in accordance with the highest standards of corporate governance.

General information in regard to corporate governance policies and practices are available on request by email, facsimile or post.

### **The Role of the Board**

The Board is responsible to its shareholders for the overall governance and performance of the company.

The primary responsibilities of the Board include:

- setting of objectives, goals and corporate direction;
- adopting and monitoring progress of a strategic plan;
- adopting an annual budget and constant monitoring of financial performance;
- ensuring adequate internal financial, accounting and managerial controls exist and are appropriately monitored for compliance;
- developing, publishing, reviewing, implementing and monitoring corporate governance policy, the committee system, the company's constitution, codes of conduct, corporate management and legislative compliance.
- ensuring significant business risks are identified and appropriately managed with particular emphasis on insurance requirements;
- ensuring the company maintains, at all times, the highest standard of business, financial and ethical behaviour;
- selecting and recommending new Directors, including the Managing Director, to shareholders;
- setting compensation arrangements for executive Directors and executive management after receiving recommendations from the Audit and Remuneration Committee;
- addressing occupational health and safety issues and ensuring an appropriate system of management is implemented;
- reporting to shareholders and ensuring that all regulatory requirements are met; and
- approving decisions concerning the capital of the company, including capital restructures and significant changes to major financing arrangements.

### **Role of management**

The Chief Executive Officer (CEO), or in the absence of a CEO then the Chairman, is responsible for the overall management and profit performance of the company. The CEO manages the organisation in accordance with the strategy, plans and policies approved by the Board to achieve agreed goals.

## **CORPORATE GOVERNANCE STATEMENT**

*(Continued)*

### **Board composition and size**

The Directors determine the size of the board, with reference to the Constitution, which provides that there will be a minimum of three directors and a maximum of seven directors.

The Board carries out its responsibilities according to the following mandate:

- the Board should be made up of a majority of non-executive Directors;
- the Board should meet on a regular basis; and
- all available information in connection with items to be discussed at a meeting of the Board shall be provided to each Director prior to that meeting.

### **Appointment of directors**

The Board is responsible for establishing criteria for Board membership, reviewing Board membership and identifying and nominating Directors. Board membership shall be reviewed annually to ensure the Board has an appropriate mix of qualification, skills and experience. External professional advisers may be used to assist in this process and shall be engaged at the expense of the Company.

Members appointed by the Board must stand for election at the next general meeting of shareholders.

The terms and conditions of appointment and retirement for Independent Directors are normally set out in a letter of appointment from the Chairman of the Board which shall include:

- the term of the appointment
- the determination of remuneration
- the expectation of the Company in relation to attendance at, and preparation for, Board meetings
- the Code of Conduct for Directors
- the Corporate Governance Policy Statement, and
- the Company's Constitution.

### **Chairman's appointment and responsibilities**

The Chairman is appointed by the Board. The Chairman:

- provides appropriate leadership to the Board
- ensures membership of the Board is balanced and appropriate for the company's needs
- facilitates Board discussions to ensure the core issues facing the organisation are addressed
- maintains a regular dialogue and mentor relationship with the CEO
- monitors Board performance, and
- guides and promotes the on-going effectiveness and development of the Board and individual directors.

## **CORPORATE GOVERNANCE STATEMENT**

*(Continued)*

### **Conduct of board business**

The Board normally holds at least one formal Board meeting each year and will also meet whenever necessary to carry out its responsibilities.

When conducting Board business, directors have a duty to question, request information, raise any issue of concern, and fully canvas all aspects of any issue confronting the company and vote on any resolution according to their own judgment.

Directors keep confidential Board discussions, deliberations and decisions that are not publicly known.

### **Conflicts of interest**

Directors are required to continually monitor and disclose any potential conflicts of interest that may arise. Directors must:

- disclose to the Board any actual or potential conflicts of interest that may exist as soon as the situation arises.
- take necessary and reasonable steps to resolve any conflict of interest within an appropriate period, if required by the Board or deemed appropriate by that director, and
- comply with the *Corporations Act* requirements about disclosing interests and restrictions on voting.

Directors should discuss with the chairman any proposed board or executive appointments they are considering undertaking and should advise the Board of appointments to other companies as soon as possible after the appointment is made.

The same requirement exists for related party transactions including financial transactions with the company. Related party transactions are reported in writing to the Board and the Company Secretary and, where appropriate, raised for consideration at the next board meeting.

### **Access to information**

Directors are encouraged to access members of the senior management team at any time to request relevant information in accordance with protocols adopted by the Board.

Where directors perceive an irregularity in a company related matter, they are entitled to seek independent advice at the company's expense.

Directors must ensure that the costs are reasonable and must inform the Chairman before the advice is sought. The advice must be made available to the rest of the Board.

### **Independent Professional Advice**

Each director has the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

### **CEO assurance**

The Board receives regular reports about the financial condition and operational results of the company. The CEO periodically provides formal statements to the Board that in all material aspects the company's financial statements present a true and fair view of the company's financial condition and operational results. These financial statements have been provided such assurance.

## **CORPORATE GOVERNANCE STATEMENT**

*(Continued)*

### **Board performance assessment**

On an annual basis, the Chairman facilitates a discussion and evaluation of the Board. This includes discussions about the Board's role, processes, performance and other relevant issues.

Each director's performance is reviewed by the Chairman and Board prior to the director standing for re-election.

### **Adequacy of contribution**

If the contribution of a non-executive director appears to a majority of directors to be less than adequate or to be harmful to the good working of the Board, they may request the Chairman to inform that director accordingly and ask that person to consider his or her position on the Board. If the director takes no action in response, a circulated minute signed by a majority of directors will authorise the Company Secretary to inform the shareholders that the Board will not support the re-election of the director at the general meeting where they are next due to offer themselves for re-election.

### **Audit and Compliance Committee**

The Board has not established an Audit and Compliance Committee as this role is performed by the Board as a whole.

### **Auditor independence**

Best practice in financial and audit governance is evolving rapidly and the independence of the external auditor is particularly important to shareholders and the Board. To ensure that the company's practices are up to date, the Board has adopted a formal Audit Charter that is reviewed regularly to keep it in line with emerging practices domestically and internationally.

The key points covered by the Charter include:

- rotation of the senior audit partner every five years.
- annual confirmation by the auditor that it has satisfied all professional regulations relating to auditor independence.
- half yearly reporting on the levels of audit and non-audit fees; and
- specific exclusion of the audit firm from work which may give rise to a conflict.

### **Diversity Policy**

The Board selects employees on the basis of competency and appropriate fit for the role and does not select based on gender, age or other ethnic criteria.

### **Risk Management**

The Board is responsible for ensuring appropriate measures are in place in order to manage risk in line with the company's risk strategy.

## **CORPORATE GOVERNANCE STATEMENT**

*(Continued)*

### **Risk Management** *(Continued)*

The Board approves the company's accounting policies, oversees management controls, reporting practices and production of financial statements. It considers internal and external audit reports and reviews the adequacy of the company's internal procedures and controls in order to monitor financial risks and major operational risks.

The company is exposed to the risk of unexpected financial and reputation loss from the way it conducts its business operations.

### **Compliance**

The Board is responsible for ensuring that adequate measures are undertaken to manage compliance. To ensure proper compliance, an improved system of compliance management has been, and continues to be, implemented across the company's businesses covering a broad range of legal requirements, duties and responsibilities.

### **Code of Conduct**

As part of the Board's commitment to the highest standard of personal and corporate behaviour, the company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- Responsibilities to shareholders;
- Compliance with laws and regulations;
- Relations with customers and suppliers;
- Ethical responsibilities;
- Employment practices; and
- Responsibilities to the environment and the community.

### **Securities trading policy**

The company's Employee Securities Trading Policy aims to:

- protect stakeholders' interests at all times.
- ensure that directors and employees do not use any information they possess for their personal advantage, or to their clients' or the company's detriment, and
- ensure that directors and employees comply with insider trading legislation of the various jurisdictions in which transactions may take place.

Supplementary to the 'inside information' rule, trading in the company's securities by the directors is restricted in the trading period beginning 1 July and again on 1 January until the release of the company's yearly results or half-year results respectively.

Purchase or sale of company's shares and/or options over such shares by Directors, Executives and Staff of the company should only occur in circumstances where the market is considered to be fully informed of the company's activities. This policy requires that the relevant person notify the Company Secretary of their intention to trade in the company's shares and/or options over such shares prior to transaction and that the Company Secretary be required to discuss the proposed trading intentions with the Chairman. The Board recognises that it is the individual responsibility of each director to carry this policy through.

Breaches of this policy may lead to disciplinary action being taken against the employee, including dismissal in serious cases.

## **CORPORATE GOVERNANCE STATEMENT**

*(Continued)*

### **Communication with shareholders**

Information is communicated to shareholders through the distribution of the Annual Report and other communications as required. All significant information will be disclosed to the ASX.

The guiding principle of the policy is that the company must immediately notify the market via an announcement to the ASX of any information concerning the company that a reasonable person would expect to have a material effect on the price of value of the company's securities.

#### **Company announcements:**

- are made in a timely manner;
- are factual;
- are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions; and
- do not omit material information.

### **Annual General Meeting (AGM)**

All shareholders are encouraged to attend and/or participate in the company's AGM. Directors attend the meeting, along with the external auditor.

**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 year ended 30 June 2013 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 audit.

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 that reads 'J.C. Luckins'.

**J.C. Luckins**  
Director

Dated this 4 day of July, 2014

**Sydney  
Melbourne  
Brisbane  
Perth  
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INDEPENDENT FIRMS

**LEMARNE CORPORATION LIMITED**

ABN 72 004 834 584

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
<i>Continuing operations</i>			
<b>Revenue</b>			
Interest income		172,015	623,146
Gain on sale of financial asset	5	253,070	-
<b>Total revenues</b>		<b>425,085</b>	<b>623,146</b>
<b>Expenses</b>			
Consulting fees		(351,493)	(99,930)
Corporate and administrative costs		(288,332)	(569,313)
Employee benefits expense and directors' fees		(1,099,981)	(1,055,477)
Employee benefits expense and directors' fees superannuation contributions		(26,101)	(78,203)
Insurance cost for directors and officers		(151,689)	(8,205)
Legal fees		(118,665)	(987)
Remuneration paid to auditors		(107,111)	(213,987)
Transaction costs and loss on revaluation of financial asset	5	(1,061,250)	-
<b>Loss for the year before income tax from continuing operations</b>		<b>(2,779,537)</b>	<b>(1,402,956)</b>
Income tax expense		-	(112,816)
<b>Loss for the year attributable to members of the company from continuing operations</b>		<b>(2,779,537)</b>	<b>(1,515,772)</b>
Profit/(loss) from discontinued operations net of tax		-	1,557,016
<b>(Loss)/Profit for the year</b>		<b>(2,779,537)</b>	<b>41,244</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit(loss)			
Foreign currency translation differences from foreign operations		-	584,218
Transfer of foreign currency translation reserve to profit on disposal of controlled entity		-	2,794,817
<b>Total comprehensive (loss) / income for the year</b>		<b>(2,779,537)</b>	<b>3,420,279</b>
<b>(Loss)/earnings per share</b>			
Basic and diluted loss per share (cents) from continuing and discontinued operations		(32.39)	(17.59)
Basic and diluted earnings per share (cents) from discontinued operations		-	18.09
Basic and diluted earnings per share (cents) from continuing operations		(32.29)	0.50
Weighted average number shares used to determine (loss) / earnings per share:		8,606,814	8,606,814

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		221,904	5,114,048
Term deposits		2,200,000	-
Amounts receivable from sale of discontinued operation		-	1,916,249
Financial assets	5	720,000	-
Other assets		4,032	146,908
<b>Total current assets</b>		<b>3,145,936</b>	<b>7,177,205</b>
<b>NON CURRENT ASSETS</b>			
Office furniture & equipment		13,920	2,555
<b>Total non-current assets</b>		<b>13,920</b>	<b>2,555</b>
<b>Total assets</b>		<b>3,159,856</b>	<b>7,179,760</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	224,996	277,070
Financial liabilities	5	533,070	-
<b>Total current liabilities</b>		<b>758,066</b>	<b>277,070</b>
<b>Total liabilities</b>		<b>758,066</b>	<b>277,070</b>
<b>NET ASSETS</b>		<b>2,401,790</b>	<b>6,902,690</b>
<b>EQUITY</b>			
Issued capital	7	3,993,630	3,670,820
Share option reserve		-	322,810
(Accumulated losses)/retained profits		(1,591,840)	2,909,060
<b>TOTAL EQUITY</b>		<b>2,401,790</b>	<b>6,902,690</b>

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital	Share Option Reserve	Translation Reserve	Accumulated (Losses) Retained Earnings	Total
<b>Balance as at 30 June 2011</b>	3,670,820	322,810	(3,379,035)	30,839,902	31,454,497
Profit for the year			-	41,244	41,244
Transfer to profit on disposal of controlled entity			2,794,817	-	2,794,817
Foreign currency translation differences		-	584,218	-	584,218
<b>Total comprehensive income</b>			3,379,035	41,244	3,420,279
<i>Transactions with shareholders in their capacity as shareholders</i>					
Dividends paid to shareholders		-	-	(27,972,086)	(27,972,086)
<b>Balance as at 30 June 2012</b>	3,670,820	322,810	-	2,909,060	6,902,690
<b>Balance as at 30 June 2012</b>	<b>3,670,820</b>	<b>322,810</b>	<b>-</b>	<b>2,909,060</b>	<b>6,902,690</b>
Loss for the year				(2,779,537)	(2,779,537)
<b>Total comprehensive income</b>				(2,779,537)	(2,779,537)
<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 years and transferred to issued capital	322,810	(322,810)	-	-	-
<b>Balance as at 30 June 2013</b>	<b>3,993,630</b>	<b>-</b>	<b>-</b>	<b>(1,591,840)</b>	<b>2,401,790</b>

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

**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Note		
		2013 \$	2012 \$
<b>Cash flow from operating activities</b>			
Receipts from customers		-	19,843,131
Payments to suppliers and employees		(2,336,377)	(18,027,673)
Interest income		208,014	673,096
Tax paid		-	(401,579)
<b>Net cash provided by / (used in) operating activities</b>		<b>(2,128,363)</b>	<b>2,086,975</b>
<b>Cash flow from investing activities</b>			
Purchase of plant & equipment		(24,807)	(578,322)
Investments in term deposits		(2,200,000)	-
Proceeds from sale plant & equipment		-	24,088
Proceeds from disposal of discounted operations		1,916,249	11,711,124
Purchase of financial assets		(733,860)	-
<b>Net cash provided by / (used in) investing activities</b>		<b>(1,042,418)</b>	<b>11,156,890</b>
<b>Cash flows from financing activities</b>			
Return of capital to shareholders		(1,118,886)	-
Payment of special dividend		(602,477)	-
Dividends paid		-	(27,971,817)
<b>Net cash provided by (used in) financing activities</b>		<b>(1,721,363)</b>	<b>(27,971,817)</b>
<b>Net decrease in cash held</b>		<b>(4,892,144)</b>	<b>(14,727,952)</b>
Cash and cash equivalents at the beginning of the financial year		5,114,048	19,797,228
Effect of exchange rate fluctuation		-	44,772
<b>Cash and cash equivalents at the end of the financial year</b>		<b>221,904</b>	<b>5,114,048</b>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are for Lemarne Corporation Limited, a company incorporated and domiciled in Australia.

**(a) Basis of preparation**

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of this financial statement are presented below. The accounting policies have been consistently applied unless otherwise stated.

Except for the cash flow information, these financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of financial assets.

**(b) Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of deferred tax assets can be utilised.

**(c) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are shown inclusive of GST.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**(e) Financial Instruments**

*Recognition and Initial measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

*Subsequent measurement*

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

*De-recognition*

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(f) New Accounting Standards for Application in Future Periods**

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for the current and future reporting periods. The company has decided to adopt all of these standards in these financial statements, where early adoption is permitted. There was no significant impact arising from the adoption of the standards.

**(g) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The directors evaluate estimates and judgements incorporated into financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

The most significant judgement made by the directors in the financial statements relates to the going concern assumption, refer to note 14.

**3. INCOME TAX EXPENSE**

At 30 June 2013, the company reviewed the quantum of its unrecognised carry forward tax losses. As at that date there are unrecognised carry forward tax losses of \$2,779,537 potentially available to offset against future years' taxable income.

The benefit of these tax losses has not been recognised as an asset in accordance with company's accounting policy.

Deferred tax assets relating to timing differences between the recognition of certain income and expense items for accounting and tax purposes will only be recognised where the following criteria is met:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction of the losses to be realised;
- conditions of deductibility imposed by the laws continue being complied with; and
- there being no change in the law, which will adversely affect the realisation of the benefit.

**4. REMUNERATION OF AUDITOR**

	<b>2013</b>	2012
William Buck Audit (Vic)	<b>\$</b>	\$
Audit and review of the financial report	<b>18,000</b>	-
KPMG		
Audit and review of the financial report	<b>89,111</b>	100,450
Taxation services	-	113,537
	<b>107,111</b>	<b>213,987</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**5. FINANCIAL ASSETS AND LIABILITIES**

On 19 March 2013 the company acquired 4,000,000 units in Real Estate Capital Partners USA Property Trust (RCU Holdings Limited) at 64 cents per unit in an off-market transaction. The market price quoted in the Australian Securities Exchange as at the date of the transaction was 50 cents. The shares were acquired from Mr Josh Lieberman, this person is not a related party of the company. The difference between the quoted price on the Australian Securities Exchange and the price paid off-market, which amounted to \$520,000, has been charged to the profit and loss.

RCU Holdings Limited is a listed property trust quoted on the Australian Securities Exchange. The purchase of the 4,000,000 units was financed through the following: a) direct cash outlay of \$733,860; and b) a loan of \$1,786,140 provided by KushKush Investments Pty Ltd ("KushKush").

On 22 March 2013, the company sold 2,000,000 of the units to KushKush. The company profited from a sale premium to the quoted listed price of 13 cents per share – this premium of \$253,070 was credited to the profit and loss. In consideration for the units, KushKush reduced the quantum of the company's outstanding loan by \$1,253,070.

As at 30 June 2013 the quoted fair value of the investment was 36 cents per unit, which, at 2,000,000 units, equalled a fair value of \$720,000. All movements in the fair valuation of the investment were charged to the profit or loss. The value of the loan payable to KushKush, which was secured against all of Lemarne's remaining unit holdings, non-interest bearing and payable at call, was worth \$533,070. Subsequent to balance date, on 7 October 2013, both parties agreed to settle the remaining debt through a cash consideration of \$400,000. This represented a gain of \$133,070 which has not been accrued in these financial statements.

KushKush is not a related party of the company, but is a substantial shareholder of Bisan Limited. Subsequent to date of this report Bisan Limited was a significant investee of the company.

**6. TRADE AND OTHER PAYABLES**

All trade and other payables are unsecured, non-interest bearing and payable within normal trading terms, which range between 7 and 60 days. As at 30 June 2013, \$105,629 was payable to directors and director-related parties in-respect of their services rendered to the company and a further \$23,000 was payable to Alerion Corporate Services ("Alerion"). Alerion is the related party of a substantial shareholder of the company.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**7. ISSUED CAPITAL**

	<b>2013</b>	2012
	<b>\$</b>	\$
8,606,814 (2012: 8,606,814) fully paid ordinary shares	<b><u>3,993,630</u></b>	<u>3,670,820</u>

(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 lines of credit available 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.

**8. SEGMENT INFORMATION**

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

**9. NOTES TO THE STATEMENT OF CASH FLOWS**

*Reconciliation of cash flow from operating with loss after income tax*

	<b>2013</b>	2012
	<b>\$</b>	\$
Profit/ (loss) after income tax	<b>(2,779,537)</b>	41,244
Net gain on disposal of non-current assets	-	(24,198)
Net loss on disposal of controlled entity	-	352,766
Depreciation and impairment charges	<b>13,442</b>	410,829
Net changes in the fair value of financial assets	<b>546,930</b>	-
Unrealized foreign exchange gain/(loss)	-	495,937
<i>Add / less changes in working capital</i>		
(Increase)/decrease in other assets	<b>142,876</b>	1,555,162
(Decrease)/increase in trade and other payables	<b>(52,074)</b>	(744,765)
Cash flow from operating activities	<b><u>(2,128,363)</u></b>	<u>2,086,975</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

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

*Members of Key Management Personnel*

During the year and 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 year, short-term benefits paid to key management personnel for salary, wages and directors' fees were \$112,042 (2012: \$2,969,591); amounts paid for superannuation contributions were \$Nil (2012: \$86,228) and amounts paid for termination benefits were \$521,409 (2012: \$225,000).

*Substantial shareholders*

During the year ended 30 June 2013 Ariel Nominees Pty Ltd was a substantial shareholder of the company, with control of 22.33% of issued capital. During the year companies 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 year ended 30 June 2013 was \$324,605 (30 June 2012: nil).

*Other related party transactions*

Other related party transactions involving directors' interests and significant shareholders are disclosed in note 5 and note 6.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**10. RELATED PARTY TRANSACTIONS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONT)**

*Key management personnel shareholdings*

The interests of directors and their related parties in shares is as follows:

<b>2013</b>	<b>Held at 1 July 2012</b>	<b>Purchases</b>	<b>Disposals</b>	<b>Held at 30 June 2013 / date of resignation</b>
Brian Noxon	1,042,047	-	(902,587)	139,460
Peter Davenport	373,670	-	(323,506)	50,164
John Larking	579,601	-	(505,618)	73,983
Peter Murphy	32,000	-	-	32,000
Akaterine Kotsiopoulos	5,000	-	-	5,000
<b>Total</b>	<b>2,032,318</b>	<b>-</b>	<b>(1,731,711)</b>	<b>300,607</b>

<b>2012</b>	<b>Held at 1 July 2011</b>	<b>Purchases</b>	<b>Disposals</b>	<b>Held at 30 June 2012</b>
Brian Noxon	1,116,442	-	(74,395)	1,042,047
Peter Davenport	373,670	-	-	373,670
John Larking	579,601	-	-	579,601
Peter Murphy	32,000	-	-	32,000
Akaterine Kotsiopoulos	5,000	-	-	5,000
<b>Total</b>	<b>2,106,713</b>	<b>-</b>	<b>(74,395)</b>	<b>2,032,318</b>

**11. FINANCIAL RISK MANAGEMENT**

*Financial Risk Management Policies and Treasury Risk Management*

The Company's financial instruments consist mainly of deposits with banks, fair value investments and accounts payable.

The directors of the company meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

*Financial risk exposures and sensitivity analysis*

The company faces two material financial risks in-respect of its financial instruments held at 30 June 2013. The first is its exposure to fluctuations in the Australian share market in-respect of its investment in units in RCU Holding Limited.

The second risk relates to a liquidity risk – the company is dependent upon liquidating its investments in the future for its working capital needs. For a detailed examination of this, refer to the Going Concern note in Note 14 to the financial statements.

**12. NET FAIR VALUES**

The fair value of financial assets and liabilities approximate their carrying value. The net fair values of financial assets traded on active liquid markets are determined with reference to quoted market prices.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**13. COMMITMENTS AND CONTINGENCIES**

There are no commitments and contingencies requiring disclosure under Australian accounting standards.

**14 GOING CONCERN AND SUBSEQUENT EVENTS**

As at the date of the report the company has invested in the following investees, some of which are related parties of 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

*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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**14 GOING CONCERN AND SUBSEQUENT EVENTS (*Continued*)**

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.

**15 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.

# LEMARNE CORPORATION LIMITED

ABN 72 004 834 584

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. the attached financial statements and notes, are in accordance with the *Corporations Act 2001*, and:
  - (a) comply with Accounting Standards which as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chief Finance Officer have declared that:
  - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. 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.

Signed in accordance with a resolution of the directors:



**Yeoryios Markos**

Chairman

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

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

### Report on the Financial Report

We were engaged to audit the accompanying financial report of Lemarne Corporation Limited (the company), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### *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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for our opinion.

### *Independence*

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

### *Basis for Disclaimer of Opinion*

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 year ended 30 June 2013, including sufficient appropriate audit evidence to support 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**

### *Disclaimer of Opinion*

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

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEMARNE CORPORATION LIMITED (CONT)

### *Emphasis of Matter*

Without further modification to the disclaimer of opinion expressed above, we draw attention to Note 14 to the financial report, which indicates that the company incurred a net loss of \$2,779,537 during the year ended 30 June 2013 and had cash outflows from operations of \$2,128,363. These conditions, along with other matters as set forth in Note 14, indicated 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.

### **Report on the Remuneration Report**

We were engaged to audit the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 Australian Auditing Standards.

### *Disclaimer of Opinion*

Because of the significance of the matters described in the above Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the Remuneration Report.

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 that reads 'J. C. Luckins'.

**J. C. Luckins**  
Director

Dated this 4 day of July, 2014

# LEMARNE CORPORATION LIMITED

ACN 004 834 584

## ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules, and not disclosed elsewhere in this report. Options refer only to listed options.

### 1. SHARES

#### (a) Substantial Shareholders

The number of shares held by the substantial shareholders as at 1 July 2014:

	<b>Ordinary Shares</b>
Ariel Nominees Pty Ltd	1,921,795
Mr Paul Delosa	480,412

#### (b) Distribution of Share and Option Holders as at 1 July 2014

<b>Range</b>	<b>No. of Shareholders</b>	<b>No. of Option Holders</b>
1 – 1,000	342	-
1,001 – 5,000	315	-
5,001 – 10,000	81	-
10,001 – 100,000	115	-
100,001 and over	9	-
	<b>862</b>	

#### (c) 20 Largest holders of quoted securities

<b>Shareholder</b>	<b>No. of Shares held</b>	<b>% of Issued Capital</b>
Ariel Nominees Pty Ltd	1,700,000	19.75%
Mr Paul Delosa	480,412	5.58%
Mr Hamish Falconer	394,625	4.59%
FDF Commercial Services Pty Ltd	250,000	2.90%
Ariel Nominees Pty Ltd	221,795	2.58%
Rawlo International Pty Ltd <McCartney SMSF A/C>	143,205	1.66%
Larkam Investments Pty Ltd <EBN Superannuation Fund A/C>	139,460	1.62%
Mr Michel Leon	120,000	1.39%
Mr Stephen Leslie Mason <Superannuation Fund A/C>	105,568	1.23%
HSBC Custody Nominees (Australia) Limited	93,270	1.08%
Ms Jacqueline Steele	85,787	1.00%
Mr David John Wintour	80,065	0.93%
Aberford Pty Ltd	80,000	0.93%
Nalmor Pty Ltd John Chappell Super Fund A/C	80,000	0.93%
Dr John Larking <Larking Family Fund A/C>	73,983	0.86%
Estate Late Margaret Patricia Young	72,993	0.85%
Leibler Superannuation Nominees Pty Ltd <Leibler Super Fund A/C>	70,000	0.81%
E J Diver Manufacturing Pty Ltd	68,514	0.80%
Mr Geoffery Eastmure + Mrs Pauline Eastmure <Eastbeth Serv Dir S/F A/C>	65,000	0.76%
Mr Kevin Edgar Day <EST Barbara E Day A/C>	62,663	0.73%

# LEMARNE CORPORATION LIMITED

ACN 004 834 584

## ASX ADDITIONAL INFORMATION *(continued)*

### (d) Option Holders

As at the date of this report there were no options on issue in the company.

### (e) Voting Rights

As set out in the Articles of Association of the company, at a general meeting of the company, every ordinary shareholder present in person, or by proxy, has one vote on a show of hands and one vote per ordinary share on a poll.

There are no voting rights attached to any options in respect of unissued ordinary shares.

### Share based payments

There were no share-based payments made to Directors of the Company during the Financial of 30 June 2013.

## 2. COMPANY SECRETARY

The name of the Company Secretary is Paul Delosa, appointed on 24th April 2014.

## 3. REGISTERED OFFICE

The address of the registered office in Australia is Level 27, 101 Collins Street, Melbourne, VIC, 3000.

## 4. REGISTER OF SECURITIES

Register of Securities is held at Computershare Investor Services Pty Limited, Yarra Falls, and 452 Johnston Street, Abbotsford, Victoria, Australia 3067.

## 5. SHARES

Quotation has been granted for some of the ordinary shares of the company on the Australian Securities Exchange Limited.