Lemarne Corporation Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Lemarne Corporation Limited
ABN:	72 004 834 584
Reporting period:	For the year ended 30 June 2014
Previous period:	For the year ended 30 June 2013

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	65.5%	to	59,375
Loss from ordinary activities after tax attributable to the owners of Lemarne Corporation Limited	down	36.7%	to	(1,759,007)
Loss for the year attributable to the owners of Lemarne Corporation Limited	down	36.7%	to	(1,759,007)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the company after providing for income tax amounted to $1,759,007 (30 June 2013: $2,779,537).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	7.47	27.91

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period

	Amount per security Cents	Franked amount per security Cents
Special dividend for the year ended 30 June 2013	7.00	-

7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and a disclaimer of opinion has been issued. Refer to the auditor's report for details.

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11. Attachments

Details of attachments (if any):

The Annual Report of Lemarne Corporation Limited for the year ended 30 June 2014 is attached.

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12. Signed

Signed ______________________ Date: 15 October 2014

Lemarne Corporation Limited

ABN 72 004 834 584

Annual Report - 30 June 2014

Directors	Mr Paul Delosa (Executive director) Mr Marc Spicer (Non-executive director) Mr Ilan Goldstein (Non-executive director) Mr Yeoryios Markos (Executive chairman)
Company secretary	Mr Paul Delosa
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
Share register	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford VIC 3067
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Stock exchange listing	Lemarne Corporation Limited shares are listed on the Australian Securities Exchange (ASX code: LMC)

The directors present their report, together with the financial statements, on Lemarne Corporation Ltd ('the company') for the year ended 30 June 2014.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Paul Delosa (appointed on 4 October 2013)
Marc Spicer (appointed on 9 April 2014)
Ilan Goldstein (appointed on 9 April 2014)
Yeoryios Markos (appointed on 19 May 2014)
David Herszberg (resigned on 11 July 2013)
Amos Meltzer (resigned on 13 August 2013)
John Ceccon (resigned on 27 August 2013)
Christopher Manie (resigned on 17 February 2014)
Darren Olney-Fraser (appointed on 13 August 2013 and resigned on 7 April 2014)

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the company after providing for income tax amounted to $1,759,007 (30 June 2013: $2,779,537).

The focus during the latter part of the year for the new Lemarne Board has been the re-organisation of the company's affairs with the critical challenges beset upon the company. These included rectifying the financial position of the company, addressing breaches of the Corporations Act, liquidation of non-performing assets to re-build the balance sheet, and most importantly, finalising the audited financial reports of the company for the last three reporting periods.

The new Lemarne Board intends to investigate and pursue alternative commercial business model strategies, seeking an innovative business that will deliver stronger and longer term income streams and generate more profitable margins for the Company in line with the new Board's core philosophy of re-building genuine shareholder value.

The new Board's short term objectives are to acquire or build a business in order to re-establish Lemarne as a ASX listed company and formally to remove the current trading suspension. In this regard, the Board has recently identified various opportunities which will be disclosed to the market when the appropriate due diligence has been completed and a decision to pursue such options agreed upon by shareholders.

Current financial position

The company had $298,312 of cash and $420,000 of investments as at 30 June 2014. During the period, the company maintained the following investments:-

Real Estate Capital Partners USA Property Trust (ASX:RCU)

This investment was originally purchased through an initial cash outlay of $733,060 in March 2013 and a loan of $1,786,140 provided by KushKush Investments Pty Ltd ('KushKush').

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.

The KushKush loan was reduced to $533,070 upon a subsequent sell down of RCU units to KushKush also in March 2013. During October 2013, the company was able to settle the outstanding loan to KushKush for the amount of $400,000, thereby generating a gain of $133,070 on extinguishment of this debt.

At the date of this report, the company holds 1,547,936 units at a quoted price of 18 cents (total value $278,628) based on thinly traded volumes.

Bisan Limited

The company became one of the substantial shareholders of Bisan Limited (‘Bisan’) by acquiring 19,750,000 shares in October 2013 for $371,500.

However, the company has subsequently terminated a 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 and there is a lack of records surrounding the investments.

The Board has resolved that in order to reflect a true and fair value of the investments in the financial report, that $88,000 representing the value of the 4,000,000 shares be written down to zero.

During the course of the second half of the year, the company disposed of its entire holding in Bisan.

Mariner Corporation Limited

In September 2013, Mariner Corporation Limited ("Mariner") (ASX: MCX) raised $750,000 by issuing convertible notes of $400,000 and $350,000 to the company. The purpose of these transactions were to fund the deposit for Mariner's purchase of the Suncorp-Metway debt in the Woniora Retirement Village in Wahroonga, New South Wales, which was due for settlement on 18 November 2013 and for use by Mariner towards its $6.25m acquisition of the Hermitage Retirement Village in Tea Gardens, New South Wales.

As at the date of these financial statements, these convertible notes have been fully settled by the receipt of $400,000 from Mariner. 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 was the only recoverable amount.

Investment in New City Australia Funds Management Limited

In September 2013, the company acquired a 50% shareholding in New City Australia Funds Management Limited ('New City') for $50,000. This purchase was of shares formerly owned by an entity associated with the company's substantial shareholder, Ariel Nominees Pty Ltd.

The current directors have assessed the fair value of the investment at this date to be nil for the following reasons:
- the investment was yet to provide any returns in the form of distributions, capital returns or dividends;
- the fund to which New City is the responsible entity does not have any funds under management;
- New City has no cash, no income, no business, no tangible assets and is currently accruing substantial liabilities.
- subsequent to year-end, the Australian Financial Services Licence (AFSL) held by New City was suspended and then cancelled by ASIC.

Following the completion of the 50% acquisition, the former directors, Darren Olney-Fraser and Chris Manie, and the company’s current director Paul Delosa were appointed as directors of New City in November 2013, replacing Marc Spicer and Ilan Goldstein. Darren Olney-Fraser and Chris Manie have since resigned and were replaced by Marc Spicer, Ilan Goldstein and Yeoryios Markos.

The decline in the fair value of the investment, totalling $50,000 was charged as an expense for the financial year.

Investment in Global Constructive Solutions Pty Ltd T/A Alerion Corporate Services

In September 2013 the Company paid a $70,000 deposit to acquire a 100% shareholding interest in Global Constructive Solutions Pty Ltd ('GCS'). The deposit was for shares owned by an entity associated with the company's substantial shareholder, Ariel Nominees Pty Ltd.

As at 31 December 2013, and up to the date of this report, the ASIC corporate records of GCS reflect that the shareholding interest in the investee remained with the entity associated with Ariel Nominees Pty Ltd and the share transfer process remains incomplete. Due to the uncertainty of obtaining the share transfer and rights to the issued capital of GCS, the directors resolved to impair to nil the fair value of the deposit as at this date.

The impairment of the deposit, totalling $70,000, was charged as an expense for the financial year.

Significant changes in the state of affairs
Details relating to significant changes in the state of affairs of the company have been disclosed above under the heading 'Review of Operation'.

There were no other significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year
Since balance date, the company has disposed of 452,064 units of its investment in the Real Estate Capital Partners USA Property Trust, details of which are disclosed in note 10. Furthermore, the Australian Financial Services Licence of investee entity, New City Australia Funds Management Ltd, was cancelled by ASIC.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations
It is a priority for the Board that the company's suspension from the ASX be lifted so that shareholders can again trade and the company can grow value again. In order to achieve this, the company will be required to acquire or build a business. The company will be assessing business opportunities and will advise shareholders further as the Board resolves the prospective opportunities.

The Board has also determined that it will seek to liquidate the remaining investment in RCU over the next financial year.

Finally, it is imperative that the directors seek further capital from current and prospective shareholders to strengthen the company's balance sheet and allow the company to progress with the acquisition of suitable opportunities and 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 become 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.

Environmental regulation
The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Paul Delosa (appointed on 4 October 2013)
Title:	Executive Director
Experience and expertise:	Paul Delosa has been a Director of the company since October 2013 and has been appointed to the position of Chief Executive Officer. Paul has been a highly successful senior executive having a background in operations, business development and managerial roles in various industry sectors, commencing his professional career in 1999. Paul’s prior experience included the successful development and growth of a small boutique investment property services group - DPS Investments. In addition, Paul has owned and operated a number of commercial businesses between 2003-2007, achieving State and Local Government excellence awards for exceptional management and innovation. His extensive experience and expertise in financial analysis and advising clients on financial and strategic issues are viewed as an asset by the current Board of Directors.
Other current directorships:	None
Former directorships (last 3 years):	Bisan Limited (ASX:BSN) (appointed 18 November 2013 - resigned 18 March 2014)
Special responsibilities:	None
Interests in shares:	480,412

Name:	Ilan Goldstein (appointed on 9 April 2014)
Title:	Non - Executive Director
Experience and expertise:	Ilan 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. 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 attribute to the board.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None

Name:	Marc Spicer (appointed on 9 April 2014)
Title:	Non - Executive Director
Qualifications:	Marc holds a Bachelor of Business Degree majoring in Accounting and Finance, Diploma in Financial Planning, ASX Accredited Derivatives Advisor and Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.
Experience and expertise:	Marc Spicer is currently an authorised representative of an Australian Financial Services License holder. He has held positions 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 and has held positions as company secretary on various ASX Listed companies in the diversified financials and mining sectors. He has held positions in institutional banking as a market risk analyst and finance consultant with ANZ Bank Ltd (ASX: ANZ). Marc's ability to identify opportunities and implement operations will greatly complement Lemarne's future growth.
Other current directorships:	None
Former directorships (last 3 years):	Cohiba Mineral Resources Limited (ASX:CHK) (appointed 30 May 2012 - resigned 28 November 2012)
Special responsibilities:	None
Interests in shares:	3,000

Name:	Yeoryios Markos (appointed 6 May 2014)
Title:	Executive Chairman
Experience and expertise:	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. He is an entrepreneur with substantial interests in a diverse selection of private companies in a variety of industries.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Paul Delosa was appointed as company secretary on 7 April 2014. Refer to Information on Directors for details on Mr Delosa. During the year, the following persons also held office as company secretary: Marc Spicer (resigned 11 July 2013); Richard Baker (resigned 13 August 2013); Darren Olney-Fraser (appointed 13 August 2013 and resigned 7 April 2014).

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Paul Delosa	10	10
Marc Spicer	4	4
Ilan Goldstein	4	4
Yeoryios Markos	4	4
Darren Olney-Fraser	9	9
John Ceccon	1	1
Christopher Manie	7	7

Held: represents the number of meetings held during the time the director held office.

Given the size and current operational status of the company, the functions of a formal nomination and remuneration committee and audit committee are undertaken by the full Board.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Principles used to determine the nature and amount of remuneration

The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The full Board has assumed responsibility with respect to nomination and remuneration and its duties therefore include determining and reviewing remuneration arrangements for its directors and executives. The performance of the company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In aligning the interests of key management personnel to those of shareholders', the following elements are considered with respect to the structure of any compensation structure:

- economic profit is a core component of any plan or structure design
- the focus is on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- it must attract and retain high calibre executives

To be an effective compensation structure in providing incentive to participants, the Board considers that it must:

- reward capability and experience
- reflect competitive reward for contribution to growth in shareholder wealth
- provide a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remuneration are separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, these directors. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Executive remuneration
The company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which may be both fixed and variable. Fixed remuneration currently consists of base salary and superannuation and is reviewed annually by the Board, based on individual performance, the overall performance of the company and comparable market remuneration. There are currently no incentive programs operating for executives. This will be reviewed once the company has restructured and recapitalised itself.

Company performance and link to remuneration
Remuneration is not directly linked to the performance of the company.

Use of remuneration consultants
During the financial year ended 30 June 2014, the company did not engage remuneration consultants.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the key management personnel of the company are set out in the following tables.

The key management personnel of the company consisted of the following directors of the company:
- Paul Delosa - Executive director (appointed on 4 October 2013)
- Marc Spicer - Non-executive director (appointed on 9 April 2014)
- Ilan Goldstein - Non-executive director (appointed on 9 April 2014)
- Yeoryios Markos - Executive chairman (appointed on 19 May 2014)
- David Herszberg - Non-executive director (resigned on 11 July 2013)
- Amos Meltzer - Non-executive director (resigned on 13 August 2013)
- John Ceccon - Executive director (resigned on 27 August 2013)
- Christopher Manie - Non-executive director (resigned on 17 February 2014)
- Darren Olney-Fraser - Executive director (appointed on 13 August 2013 and resigned on 7 April 2014)

2014	Short-term benefits: Cash salary and fees $	Short-term benefits: Bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Marc Spicer*	6,800	-	-	-	-	-	6,800
Ilan Goldstein*	6,800	-	-	-	-	-	6,800
Yeoryios Markos*	4,400	-	-	-	-	-	4,400
David Herszberg**	7,000	-	-	-	-	-	7,000
Christopher Manie**	11,700	-	-	-	-	-	11,700
Darren Olney-Fraser**	85,500	-	-	-	-	-	85,500
Executive Directors:							
Paul Delosa*	55,765	-	-	-	-	-	55,765
	177,965	-	-	-	-	-	177,965

* Remuneration from the date of appointment as KMP
** Remuneration for the period to resignation as KMP

No fees were paid or payable to Amos Meltzer or John Ceccon during the year.

2013	Short-term benefits: Cash salary and fees $	Short-term benefits: Bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Long-term benefits: Termination $	Total $
Non-Executive Directors:							
Brian Noxon**	1,594	-	-	-	-	-	1,594
John Larking**	5,448	-	-	-	-	-	5,448
Christopher Manie*	12,000	-	-	-	-	-	12,000
David Herszberg*	3,000	-	-	-	-	-	3,000
Amos Meltzer*	7,000	-	-	-	-	-	7,000
Executive Directors:							
Peter Murphy**	-	-	-	-	-	521,409	521,409
John Ceccon*	83,000	-	-	-	-	-	83,000
	112,042	-	-	-	-	521,409	633,451

* Remuneration from the date of appointment as KMP
** Remuneration for the period to resignation as KMP

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2014	2013	2014	2013	2014	2013
Non-Executive Directors:						
Marc Spicer	100%	-%	-%	-%	-%	-%
Ilan Goldstein	100%	-%	-%	-%	-%	-%
Yeoryios Markos	100%	-%	-%	-%	-%	-%
David Herszberg	100%	100%	-%	-%	-%	-%
Amos Meltzer	-%	100%	-%	-%	-%	-%
Christopher Manie	100%	100%	-%	-%	-%	-%
Darren Olney-Fraser	100%	-%	-%	-%	-%	-%
Brian Noxon	-%	100%	-%	-%	-%	-%
John Larking	-%	100%	-%	-%	-%	-%
Executive Directors:						
Paul Delosa	100%	-%	-%	-%	-%	-%
John Ceccon	-%	100%	-%	-%	-%	-%
Peter Murphy	-%	100%	-%	-%	-%	-%

Service agreements
The company does not currently have any service agreements with its key management personnel.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2014.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Additional disclosures relating to key management personnel
In accordance with Class Order 14/632, issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosures relate only to equity instruments in the Company.

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions*	Disposals/ other	Balance at the end of the year
Ordinary shares					
Paul Delosa	-	-	480,412	-	480,412
Marc Spicer	-	-	3,000	-	3,000
	-	-	483,412	-	483,412

* Additions may represent shareholding at date of designation as a KMP, not necessarily an acquisition of shares.

Other transactions with key management personnel and their related parties
The following transactions occurred during the year:
- payments for company secretarial and management services of $49,584 were made to Adrian Olney, brother of former Executive Chairman Darren Olney-Fraser

• the company made an investment of $50,000 for a 50% interest in New City Australia Funds Management Limited ('New City'). New City was deemed a controlled entity during the period. The company advanced $2,000 to New City to fund expenditure. The investment of $50,000 and receivable of $2,000 were written off during the period.

• the company held convertible notes in Mariner Corporation Limited ('Mariner') during the period, a company in which Daren Olney-Fraser had significant influence over. Details of the transactions with Mariner are disclosed above under the heading 'Review of Operations'.

• the company held an equity interest in Bisan Limited ('Bisan') during the period, a company in which Paul Delosa was director. Details of this investment are disclosed above under the heading 'Review of Operations'.

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred in their capacity as a director or executive for which they may be held personally liable except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of William Buck

There are no officers of the company who are former audit partners of William Buck.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Yeoryios Markos
Chairman

15 October 2014
Melbourne

William Buck

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 2014 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.

William Buck.

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

J.C. Luckins
Director

Dated this 15 day of October, 2014

CHARTERED ACCOUNTANTS & ADVISORS

Melbourne Office
Level 20, 181 William Street
Melbourne VIC 3000

Hawthorn Office
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555
williambuck.com

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 2014.

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.

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.

On the day on which the Directors' report is made out, the Board consisted of no Independent Directors. Whilst recognising that the ASX Corporate Governance Council recommends that the Chair should be an independent director, the company feels that this is not possible during the restructuring transition presently underway. Details of the directors are set out in the Directors' Report.

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.

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.

BPworkingcapital

In April 2014, it was agreed that BPworkingcapital provide Corporate Advisory Services and that Lemarne Corporation appoint and engage BPworkingcapital as their corporate advisors to assist in accordance with the Board's instructions.

CEO assurance
The Board receives regular reports about the financial condition and operational results of the company. The Executive Chairman 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.

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.

The company has a risk management programme that enables the business to identify and assess risks, respond appropriately and monitor risks and controls. Risk and compliance information is reported quarterly to the Board.

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. To mitigate this risk, the company has established a risk and assurance framework, which aims to:

- assist management to discharge its corporate and legal responsibilities; and
- assure management and the Board that the framework is effective.

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.

Communication with shareholders

The company is committed to increasing the transparency and quality of its communication to be regarded by our shareholders as an outstanding corporate citizen. The Board's approach to communication with shareholders and financial markets is set out in the company's Continuous Disclosure Policy.

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.

The Continuous Disclosure Policy must ensure that the 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 and senior management attend the meeting, along with the external auditor.

Contents

General information

The financial statements cover Lemarne Corporation Limited ('the company') as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

Lemarne Corporation Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 27
101 Collins Street
Melbourne VIC 3000

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 October 2014. The directors have the power to amend and reissue the financial statements.

Lemarne Corporation Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue	2	59,375	172,015
Other income		133,070	253,070
Expenses			
Net loss on financial assets at fair value through profit or loss	3	(1,052,682)	(1,061,250)
Corporate and administrative costs		(138,842)	(395,443)
Insurance		(19,152)	(151,689)
Employee benefits expense		(203,676)	(1,126,082)
Legal fees		(69,000)	(118,665)
Consultancy fees		(468,100)	(351,493)
Loss before income tax expense		(1,759,007)	(2,779,537)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Lemarne Corporation Limited	11	(1,759,007)	(2,779,537)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Lemarne Corporation Limited		(1,759,007)	(2,779,537)
		Cents	**Cents**
Basic earnings per share		(20.44)	(32.29)
Diluted earnings per share		(20.44)	(32.29)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	6	298,312	221,904
Trade and other receivables	7	11,421	4,032
Financial assets at fair value through profit or loss		420,000	720,000
Other		-	2,200,000
Total current assets		729,733	3,145,936
Non-current assets			
Property, plant and equipment		-	13,920
Total non-current assets		-	13,920
Total assets		729,733	3,159,856
Liabilities			
Current liabilities			
Trade and other payables	8	86,950	224,996
Borrowings		-	533,070
Total current liabilities		86,950	758,066
Total liabilities		86,950	758,066
Net assets		642,783	2,401,790
Equity			
Issued capital		3,993,630	3,993,630
Accumulated losses	11	(3,350,847)	(1,591,840)
Total equity		642,783	2,401,790

The above statement of financial position should be read in conjunction with the accompanying notes

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2012	3,670,820	322,810	2,909,060	6,902,690
Loss after income tax expense for the year	-	-	(2,779,537)	(2,779,537)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,779,537)	(2,779,537)
Transactions with owners in their capacity as owners:				
Return of capital to shareholders	-	-	(1,118,886)	(1,118,886)
Share options that are lapsed or exercised and transferred to issued capital	322,810	(322,810)	-	-
Dividends paid	-	-	(602,477)	(602,477)
Balance at 30 June 2013	3,993,630	-	(1,591,840)	2,401,790

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2013	3,993,630	-	(1,591,840)	2,401,790
Loss after income tax expense for the year	-	-	(1,759,007)	(1,759,007)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,759,007)	(1,759,007)
Balance at 30 June 2014	3,993,630	-	(3,350,847)	642,783

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	2014 $	2013 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(1,034,872)	(2,336,377)
Interest received		14,980	208,014
Net cash used in operating activities	13	(1,019,892)	(2,128,363)
Cash flows from investing activities			
Payments for financial assets		(1,243,500)	(733,860)
Payments for property, plant and equipment		-	(24,807)
Investment in short term deposits		-	(2,200,000)
Proceeds from release of short term deposits		2,200,000	-
Proceeds from sale of investments		537,245	1,916,249
Proceeds from sale of property, plant and equipment		2,555	-
Net cash from/(used in) investing activities		1,496,300	(1,042,418)
Cash flows from financing activities			
Return of capital to shareholders		-	(1,118,886)
Dividends paid		-	(602,477)
Repayment of borrowings		(400,000)	-
Net cash used in financing activities		(400,000)	(1,721,363)
Net increase/(decrease) in cash and cash equivalents		76,408	(4,892,144)
Cash and cash equivalents at the beginning of the financial year		221,904	5,114,048
Cash and cash equivalents at the end of the financial year	6	298,312	221,904

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted with the exception of AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities* detailed below.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 10 Consolidated Financial Statements
The company has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The company not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 12 Disclosure of Interests in Other Entities
The company has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The company has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The company has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The company has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Note 1. Significant accounting policies (continued)

Early Adoption of New and Revised Accounting Standards

The company has early adopted accounting standard AASB 2013-5 *Amendments to Australian Accounting Standards - Investment Entities* from 1 July 2013. The mandatory application date of this standard for the company would otherwise have been 1 July 2014. This standard allows entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities that it controls, apply AASB 3 'Business Combinations' when it obtains control of another entity, or equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The directors consider that the company meets the requirements to be classified as an investment entity. The adoption of this standard has had no material impact on the statement of financial position or statement of comprehensive income either for the current or comparative financial statements.

Going concern

The company incurred a loss of $1,759,007 for the year ended 30 June 2014 (2013: $2,779,537) and had a net cash outflow from operating activities of $1,019,892 (2013: $2,128,363). The company has $729,733 of current assets (2013: $3,145,936) and net assets of $642,783 (2013: $2,401,790).

The company currently has one investment holding in the Real Estate Capital Partners USA Property Trust ('RCU') which it intends to liquidate. Since 30 June 2014 to the date of this report, the company has disposed of 452,064 RCU units realising $92,673 which represents an average price of $0.205 per unit. RCU trading volumes are low, and the Board acknowledges that it may take time to liquidate this investment entirely unless it can dispose of the investment as a strategic holding in one parcel. The company however has very low overheads.

During the year, the company resolved to continue to pursue venture capital investment activities. The Directors believe that the company can be recapitalized by way of obtaining additional capital and is presently evaluating potential investment options. The Board therefore believes that it can continue to pay its debts as and when they become payable. The financial statements have therefore been prepared on a going concern basis.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 1. Significant accounting policies (continued)

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Note 1. Significant accounting policies (continued)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs are expensed in the period in which they are incurred, including interest on both short-term and long-term borrowings.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

Note 1. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2014. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The company will adopt this standard and the amendments from 1 July 2018 but the impact of its adoption is yet to be assessed by the company.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and income tax losses only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax assets have been recognised as it is currently considered improbable that benefits will be recovered.

Investment entity classification
The company considers itself an investment entity pursuant to AASB 10 *Consolidated Financial Statements* and therefore does not consolidate any subsidiaries or adopt equity accounting for associates. This classification has been determined based on the business objectives established by the Board to invest for the purposes of capital appreciation and investment income. The performance of all investments held, including investments in subsidiaries and associates, other equities and loans, are assessed on the basis of fair value, and it is intended that they are held only for a limited period of time. Consequently, all investments are measured at fair value through profit or loss in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. The company does not consider that its current limited holding of investments should prevent classification as an investment entity given the Board's intention to reinvigorate the company's investment activities.

Note 3. Operating segments

Identification of reportable operating segments
The company is organised into one operating segment being investing in the Australasia region. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Note 4. Revenue

	2014 $	2013 $
Interest	57,375	172,015
Other revenue	2,000	-
Revenue	59,375	172,015

Note 5. Other income

	2014 $	2013 $
Net gain on settlement of financial assets	-	253,070
Net gain on settlement of financial liabilities	133,070	-
Other income	133,070	253,070

For details relating to the gain on settlement of financial liabilities, refer to Note 13.

Note 6. Net loss on financial assets at fair value through profit or loss

	2014 $	2013 $
Net loss on financial assets at fair value through profit or loss	1,052,682	1,061,250

	2014 $	2013 $
Net loss on financial assets at fair value through profit or loss consists of:		
Bisan Limited	234,255	-
Real Estate Capital Partners USA Property Trust	300,000	1,061,250
Mariner Corporation Limited	396,427	-
New City Australia Funds Management Limited	52,000	-
Global Constructive Solutions Pty Limited	70,000	-
	1,052,682	1,061,250

Bisan Limited
The company acquired 15,750,000 ordinary shares in Bisan Limited (ASX: BSN) for $283,500 and disposed of its entire holding during the year at a loss of $146,255. In addition, the company has subsequently terminated a contract to acquire 4,000,000 shares from a shareholder due to the fact that the company was unable to verify the ownership of those shares and there are a lack of records in relation to this investment. The Board has resolved to write off a further $88,000 as a consequence such that the company no longer has any interest in BSN.

Real Estate Capital Partners USA Property Trust
The company held 2,000,000 ordinary units at year end (2013: 2,000,000 ordinary units) in Real Estate Capital Partners USA Property Trust (ASX: RCU). The loss on RCU represents a decline in the unit price of 15 cents per unit from 36 cents as at 30 June 2013 to 21 cents as at 30 June 2014 on thinly traded volumes (see also Note 10).

Mariner Corporation Limited
The company held two separate holdings of convertible notes in Mariner amounting to $400,000 and $350,000. In May 2014 and June 2014, the company received two payments of $200,000 each in full settlement of their holdings of convertible notes. 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. After writing off principal and interest receivable on this debt, the company incurred a loss of $396,427. Former director Darren Olney-Fraser was a director and CEO of Mariner at the time of these transactions (refer also to Note 22 Related party transactions).

New City Australia Funds Management Limited
In September 2013 the Company acquired a 50% shareholding interest in New City Australia Funds Management Limited ('New City') for $50,000. The purchase was of shares formerly owned by an entity associated with the company's substantial shareholder, Ariel Nominees. The company also advanced $2,000 to New City during the year.

The current directors have assessed the fair value of the investment (including loan) at this date to be nil for the following reasons:
- the investment was yet to provide any returns in the form of distributions, capital returns or dividends;
- the fund to which New City is the responsible entity does not have any funds under management;
- New City has no cash, no income, no business, no tangible assets and is currently accruing substantial liabilities.
- subsequent to year-end, the Australian Financial Services Licence (AFSL) held by New City was suspended and then cancelled by ASIC.

Marc Spicer and Ilan Goldstein were directors of New City from the period from 26 August 2013 to 22 November 2013. Following the completion of the 50% acquisition in New City, the former directors, Darren Olney-Fraser and Chris Manie, and the Company's current director Paul Delosa were appointed as directors in November 2013. Darren Olney-Fraser and Chris Manie resigned as directors on 6 May 2014 and were replaced by Marc Spicer, Ilan Goldstein and Yeoryios Markos.

The decline in the fair value of the investment, totalling $50,000 was charged to the profit or loss (refer also to Note 22 Related party transactions).

Note 6. Net loss on financial assets at fair value through profit or loss (continued)

Global Constructive Solutions Pty Ltd
In September 2013 the Company paid a $70,000 deposit to acquire a 100% shareholding interest in Global Constructive Solutions Pty Ltd ('GCS'). The deposit was for shares owned by an entity associated with the company's substantial shareholder, Ariel Nominees Pty Ltd. As at 31 December 2013, and up to the date of this report, the ASIC corporate records of GCS reflect that the shareholding interest in the investee remained with the entity associated with Ariel Nominees Pty Ltd and the share transfer process remains incomplete. Due to the uncertainty of obtaining the share transfer and rights to the issued capital of GCS, the directors resolved to impair to nil the fair value of the deposit as at this date. The impairment of the deposit, totalling $70,000, was charged to the profit or loss (refer also to Note 22 Related party transactions).

Note 7. Income tax expense

	2014 $	2013 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,759,007)	(2,779,537)
Tax at the statutory tax rate of 30%	(527,702)	(833,861)
Current year tax losses not recognised	527,702	833,861
Income tax expense	-	-

	2014 $	2013 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	4,538,544	2,779,537
Potential tax benefit @ 30%	1,361,563	833,861

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 8. Current assets - cash and cash equivalents

	2014 $	2013 $
Cash at bank	298,312	221,904

Note 9. Current assets - trade and other receivables

	2014 $	2013 $
Other receivables	11,421	4,032

Note 10. Current assets - financial assets at fair value through profit or loss

	2014 $	2013 $
Investment in Real Estate Capital Partners USA Property Trust	420,000	720,000

Note 10. Current assets - financial assets at fair value through profit or loss (continued)

Refer to note 17 for further information on fair value measurement.

The company held 2,000,000 ordinary units in Real Estate Capital Partners USA Property Trust at 30 June 2014 (2013: 2,000,000 units) representing 16.28% of the equity issued. This is a listed investment (ASX: RCU) and the fair value of each unit was 21 cents at year end (2013: 36 cents). Since balance date, the company has disposed of 452,064 units and now holds a total of 1,547,936 units representing 12.6% of the equity issued of RCU. Proceeds realised from this sell down amounted to $92,673. The company will seek to liquidate the remaining investment in RCU.

The company holds a 50% equity interest in New City Australia Funds Management Limited ('New City') which became a controlled entity during the year having regard to the representation of company directors on the board of New City. As the company is classified as an investment entity, it accounts for investments in subsidiaries at fair value through profit or loss. The fair value of New City at balance date was nil as it has no business or assets.

Note 11. Current assets - other

	2014 $	2013 $
Term deposits	-	2,200,000

Note 12. Current liabilities - trade and other payables

	2014 $	2013 $
Trade payables	86,950	224,996

Refer to note 16 for further information on financial instruments.

Note 13. Current liabilities - borrowings

	2014 $	2013 $
Borrowings	-	533,070

Refer to note 16 for further information on financial instruments.

The company had a liability owing to KushKush Investments Pty Ltd which, as at 30 June 2013, was $533,070. On 7 October 2013, both parties agreed to settle the remaining debt through cash consideration of $400,000. This represented a gain of $133,070 which has been recorded in the profit and loss statement. KushKush has a substantial shareholding in Bisan Limited.

Note 14. Equity - issued capital

	2014 Shares	2013 Shares	2014 $	2013 $
Ordinary shares - fully paid	8,606,814	8,606,814	3,993,630	3,993,630

During the year ended 30 June 2013, 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.

Note 14. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	$
Balance	1 July 2012	8,606,814	3,670,820
Transfer from share based payment reserves	30 June 2013	-	322,810
Balance	30 June 2013	8,606,814	3,993,630
Balance	30 June 2014	8,606,814	3,993,630

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The company's immediate objective when managing capital is to safeguard its ability to continue as a going concern. The new Board recognises that it is likely that the company will need to raise equity capital in the near future so as to implement near term objectives of acquiring assets. Once the short to medium term future of the company has been secured, the Board's focus will then be to manage capital so as to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure so as to reduce the cost of capital.

The capital risk management policy has consequently changed from that disclosed in the 2013 Annual Report as the new Board faces different priorities.

The company is currently not subject to any financing covenants and there have been no events of default on financing arrangements during the financial year.

Under Listing Rules, the company cannot issue more than 15% of its ordinary shares under placement without pre-approval of its members.

Note 15. Equity - accumulated losses

	2014 $	2013 $
Retained profits/(accumulated losses) at the beginning of the financial year	(1,591,840)	1,790,174
Loss after income tax expense for the year	(1,759,007)	(2,779,537)
Dividends paid	-	(602,477)
Accumulated losses at the end of the financial year	(3,350,847)	(1,591,840)

Note 16. Financial instruments

Financial risk management objectives
The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity uses different methods to measure and manage the different types of risks to which it is exposed. These methods include monitoring the levels of exposure to interest rates, ageing analysis and monitoring of specific credit allowances to manage credit risk, and, rolling cash flow forecasts to manage liquidity risk.

Note 16. Financial instruments (continued)

Risk management is carried out by the directors under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits.

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.

Market risk

Foreign currency risk
The company does not have significant exposure to foreign currency risk at year end.

Price risk
The company is exposed to fluctuations in the Australian share market in-respect of its investment in Tier 1 investments, Real Estate Capital Partners USA Property Trust (ASX: RCU). As at 30 June 2014, a 20% movement in the quoted price of this investment would have increased or decreased the profit and loss result and equity by $84,000 (2013: $144,000).

Interest rate risk
The company's exposure to market interest rates relate primarily to the investments of cash balances.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The entity is not exposed to significant credit risk on receivables as its receivables are immaterial at 30 June 2014. During the period, the company suffered a loss on its investment in Mariner Corporation Limited convertible notes and the loan receivable from Mariner Corporation Limited totalling $396,427 as a consequence of that investee suffering significant operating and liquidity difficulties.

Liquidity risk
Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The company is dependent upon liquidating its investments in the future for its working capital needs.

Remaining contractual maturities
The following tables detail the company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2014	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	86,950	-	-	-	86,950
Total non-derivatives		86,950	-	-	-	86,950

Note 16. Financial instruments (continued)

2013	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	224,996	-	-	-	224,996
Other loans	-%	533,070	-	-	-	533,070
Total non-derivatives		758,066	-	-	-	758,066

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 17. Fair value measurement

Fair value hierarchy
The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2014	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss	420,000	-	-	420,000
Total assets	420,000	-	-	420,000

2013	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss	720,000	-	-	720,000
Total assets	720,000	-	-	720,000

There were no transfers between levels during the financial year.

The company has a 50% interest in controlled entity, New City Australia Funds Management Limited, which has a carrying value of nil at balance date based on a directors valuation (Level 3).

Note 18. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2014 $	2013 $
Short-term employee benefits	177,965	112,042
Termination benefits	-	521,409
	177,965	633,451

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the company, its network firms and unrelated firms:

	2014 $	2013 $
Audit services - William Buck		
Audit or review of the financial statements	38,516	18,000
Audit services - KPMG		
Audit or review of the financial statements	-	89,111

Note 20. Contingent liabilities

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 the company 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.

Claim for debt repayment
An entity controlled by former director Darren Olney-Fraser has requested repayment of an alleged loan made to the company during the financial year. The company currently disputes that it owes any such funds to this entity and is awaiting further clarification. No amounts have been recognised in the financial statements for the year ended 30 June 2014. The amount in dispute is $2,000.

Company tax obligations
The company is currently addressing its tax position with respect to amounts payable to, and receivable from, the Australian Taxation Office ('ATO'). In this regard, as at the date of this report, the company has not been able to measure reliably amounts in respect to accumulated income tax losses, GST input tax credits refundable, PAYG withholding payments due, and penalties and/or fines that may be attributed to outstanding tax positions by the ATO. As a consequence, no liability (or asset) in respect to possible amounts payable to (or receivable from) the ATO have been recognised in the financial statements.

Note 21. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 18 and the remuneration report in the directors' report.

Note 21. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	2014 $	2013 $
Payment for goods and services:		
Consultancy services purchased for operational support from Global Constructive Solutions Pty Ltd T/A Alerion Corporate Services (an entity controlled by substantial shareholder, Ariel Nominees Pty Ltd)	240,977	324,065
Company secretarial and management services provided by Adrian Olney (brother of former Non-Executive Director Darren Olney-Fraser)	49,584	-
Other transactions:		
Investment in New City Australia Funds Management Ltd (investment is associated with substantial shareholder Ariel Nominees Pty Ltd)	50,000	-
Investment in Global Constructive Solutions Pty Ltd T/A Alerion Corporate Services (an entity controlled by substantial shareholder, Ariel Nominees Pty Ltd)	70,000	-

Mariner Corporation Ltd
During the financial year, former director Darren Olney-Fraser was both Chairman of the company and Chief Executive Officer and Director of Mariner Corporation Limited. Refer to Note 6 for details of transactions between the company and Mariner Corporation Limited.

Bisan Ltd
During the financial year, Executive Director Paul Delosa was a director of Bisan Limited. Refer to Note 6 for details of transactions between the company and Bisan Limited.

New City Australia Funds Management Ltd
Refer to Note 6 for details of transactions between the company and New City Australia Funds Management Ltd ('New City'). New City is an entity associated with substantial shareholder Ariel Nominees Pty Ltd and is a controlled entity of the company having regard to the representation of company directors on the board of New City. Following the completion of the 50% acquisition in New City by the company, the former directors, Darren Olney-Fraser and Chris Manie, and the Company's current director Paul Delosa were appointed as directors in November 2013. Marc Spicer and Ilan Goldstein were directors of New City from the period from 26 August 2013 to 22 November 2013. Darren Olney-Fraser and Chris Manie resigned as directors on 6 May 2014 and were replaced by Marc Spicer, Ilan Goldstein and Yeoryios Markos. Marc Spicer is company secretary of New City.

Alerion Corporate Services
During the financial year, the company terminated the services and License agreements of Global Constructive Solutions Pty Ltd ('GCS') T/A Alerion Corporate Services. Ariel Nominees is the shareholder of GCS.

The directors confirmed that there are no outstanding liabilities owed to GCS and all agreements have been terminated.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
During the period, the company advanced $2,000 to its subsidiary New City Australia Funds Management Limited. This amount has been written off to the profit and loss as not recoverable.

Note 22. Events after the reporting period

Since balance date, the company has disposed of 452,064 units of its investment in the Real Estate Capital Partners USA Property Trust, details of which are disclosed in note 10. Furthermore, the Australian Financial Services Licence of investee entity, New City Australia Funds Management Ltd, was cancelled by ASIC.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 23. Reconciliation of loss after income tax to net cash used in operating activities

	2014 $	2013 $
Loss after income tax expense for the year	(1,759,007)	(2,779,537)
Adjustments for:		
Depreciation and amortisation	-	13,442
Net loss on disposal of property, plant and equipment	11,365	-
Net gain on settlement of convertible note	(133,070)	-
Net loss on financial assets at fair value through profit or loss	1,052,682	546,930
Interest received - non-cash	(46,427)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(7,389)	142,876
Decrease in trade and other payables	(138,046)	(52,074)
Net cash used in operating activities	(1,019,892)	(2,128,363)

Note 24. Earnings per share

	2014 $	2013 $
Loss after income tax attributable to the owners of Lemarne Corporation Limited	(1,759,007)	(2,779,537)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	8,606,814	8,606,814
Weighted average number of ordinary shares used in calculating diluted earnings per share	8,606,814	8,606,814
	Cents	**Cents**
Basic earnings per share	(20.44)	(32.29)
Diluted earnings per share	(20.44)	(32.29)

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

- 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 directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

yeopyios markos

Yeoryios Markos
Chairman

15 October 2014
Melbourne

William Buck

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 2014, the statement of profit or loss and other 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 our audit. We conducted our audit in accordance with Australian Auditing Standards. Because of the matter 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 Opinion

Due to the significant turnover of key management personnel during the year ended 30 June 2013, we were unable to satisfy ourselves as to the reasonableness of certain expenditures recorded in the financial statements for the year ended 30 June 2013 and whether such amounts were required to be disclosed as related party transactions and / or compensation paid to key management personnel. As a consequence of this, we were unable to determine whether adjustments might have been necessary in respect of the classification and disclosure of those expenditures.

Our inability to obtain sufficient appropriate audit evidence regarding the appropriateness of the recognition and disclosure of these expenditures in the 30 June 2013 financial report is considered to have a material and pervasive impact on the comparability of current year related party and key management personnel compensation disclosures with those of the prior year.

CHARTERED ACCOUNTANTS & ADVISORS

Melbourne Office
Level 20, 181 William Street
Melbourne VIC 3000

Hawthorn Office
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555
williambuck.com

William Buck

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

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.

Emphasis of Matter
Without further modifying our disclaimer of opinion, we draw attention to Note 1 in the financial report, which indicates that the entity incurred a net loss of $1,759,007 during the year ended 30 June 2014 and had cash outflows from operations of $1,019,892. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may not be able 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 2014. 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 matter described in the Basis for Disclaimer of Opinion paragraph accompanying the above Independent Auditor's Report on the financial statements of Lemarne Corporation Limited for the year ended 30 June 2014, due to the material and pervasive impacts on comparability of current year remuneration disclosures with those of the prior year we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion. Accordingly, we do not express an opinion on the Remuneration Report.

William Buck.

William Buck Audit [Vic] Pty Ltd
ABN 59 116 151 136

J. C. Luckins
Director
Dated this 15 day of October, 2014

The shareholder information set out below was applicable as at 29 September 2014.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	168,591	-
1,001 to 5,000	789,521	-
5,001 to 10,000	639,126	-
10,001 to 100,000	3,454,511	-
100,001 and over	3,555,065	-
	8,606,814	-
Holding less than a marketable parcel	106,964	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
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
Ej Diver Manufacturing Pty Ltd	68,514	0.80
Mr Geoffrey 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
	4,387,340	50.98

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Ariel Nominees Pty Ltd	1,921,795	22.33
Mr Paul Delosa	480,412	5.58

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.