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7 February 2003

Company Announcements Office
Australian Stock Exchange Limited

Dear Sirs

HGL BID FOR LEMARNE: EXTENSION OF OFFER PERIOD AND SUPPLEMENTARY BIDDER'S STATEMENT

Enclosed are:

1. Notice of Variation of Offer, dated today;
2. Notice of New Date, dated today; and
3. in accordance with section 647(3)(b) of the Corporations Act 2001 (Cth), a copy of our Supplementary Bidders Statement dated today.

HGL Limited notifies, in relation to its Offers dated 20 November 2002 to the holders of shares in Lemarne Corporation Limited, that:

- (a) the Offer Period has today been extended from 21 February 2003 to 7.00 pm Sydney time on 7 March 2003, in accordance with the enclosed Notice of Variation of Offer dated today;
- (b) the percentage of Lemarne Shares in which HGL Limited and its associates had a relevant interest:
 - (i) on 20 November 2002, being the date on which the first of the Offers was made, was 20.1%;
 - (ii) on 7 February 2003, being the date on which the Offer Period was extended, was 20.2%.

Yours faithfully

P S Caldelis
Company Secretary

Encl

NOTICE OF VARIATION OF OFFER

(pursuant to section 650D of the Corporations Act)

TO: Lemarne Corporation Limited (ACN 004 834 584) ("**Lemarne**")
AND TO: each holder of Lemarne Shares to whom HGL Limited (ACN 009 657 961) ("**HGL**") made an Offer dated 20 November 2002 ("**the Offers**")
FROM: HGL

HGL gives notice that it varies the Offers by:

- (a) extending the Offer Period until 7.00 pm Sydney time on 7 March 2003;
- (b) varying the date in clause 4(a) of the Offers to 7 March 2003;
- (c) varying each of the date at the foot of the front of the Acceptance Form and the date at the top of the back of the Acceptance Form to 7 March 2003.

As a result of this extension of the Offer Period, the new date for giving the notice of the status of defeating conditions, under section 630(3) of the Corporations Act, is 25 February 2003 (in place of the date in clause 9.3 of the Offers).

In accordance with section 650E of the Corporations Act, because of the extension of the Offer Period, a person who has accepted an Offer may withdraw their acceptance of the Offer. To withdraw their acceptance of the Offer, the person must, first, give HGL notice within one month of the day after the day on which the copy of this Notice was received and, second, return any consideration received by the person for accepting the Offer. In accordance with Corporations Regulation 6.6.01, the notice from the person to HGL must be in a form approved by the SCH Business Rules. HGL must, within 14 days after the person does the things required to withdraw their acceptance of the Offer, take such action (if any) as the SCH Business Rules require in relation to any of the Lemarne Shares to which the acceptance relates that are entered on an SCH subregister and return any documents that the person sent HGL with the acceptance of the Offer.

Unless the contrary intention appears, terms used in this Notice have the same meanings as those used in the Offers.

DATED: 7 February 2003

SIGNED on behalf of HGL by 2 directors of HGL who are authorised to sign the Notice by a resolution passed at a meeting of directors of HGL.



PG Miller
Director



KJ Eley
Director

A copy of this Notice was lodged with the Australian Securities and Investments Commission on 7 February 2003. The Commission takes no responsibility for the contents of this Notice.

NOTICE OF NEW DATE

(pursuant to section 630(2)(b) of the Corporations Act)

TO: Lemarne Corporation Limited (ACN 004 834 584) ("**Lemarne**")
AND TO: Australian Stock Exchange Limited
FROM: HGL Limited (ACN 009 657 961) ("**HGL**")

HGL made Offers dated 20 November 2002 to the holders of Lemarne Shares ("**the Offers**"). Today HGL extended the Offer Period.

HGL gives notice that:

- (a) as a result of that extension, the new date for giving the notice of the status of defeating conditions, under section 630(3) of the Corporations Act, is 25 February 2003;
- (b) the Offers have not been freed from the defeating conditions set out in clause 9.1 of the Offers;
- (c) to the knowledge of HGL Limited, none of the defeating conditions in clause 9.1 of the Offers (that various specified events should not occur during the period beginning on 4 November 2002 and ending at the end of the Offer Period) have been fulfilled but, at the time of giving this Notice, none of the events referred to in those conditions has occurred.

Unless the contrary intention appears, terms used in this Notice have the same meanings as those used in the Offers.

DATED: 7 February 2003.

P S Caldelis
Company Secretary, HGL Limited

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

This document contains the Supplementary Bidder's Statement.

If you have any doubts as to how to deal with this document, please consult your financial or other professional adviser immediately.

Supplementary Bidder's Statement

by



HGL Limited

ACN 009 657 961

to acquire all or part of your shares in

Lemarne Corporation Limited

ACN 004 834 584

for \$1.70 cash

for each of your Lemarne Shares

Accept the HGL Offer

This is a Supplementary Bidder's Statement. It supplements, and should be read together with, the Bidder's Statement dated 6 November 2002 given by HGL Limited (ACN 009 657 961) to Lemarne Corporation Limited (ACN 004 834 584). This document will prevail in the event of any inconsistency. Terms defined in the Bidder's Statement have the same meaning where used in this document.

This Supplementary Bidder's Statement contains various forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Shareholders should note that those forward-looking statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements express or implied in those forward-looking statements. These risks, variables and factors include, but are not limited to:

- legislative, fiscal or regulatory developments;
- economic and financial market conditions and political risks in various countries and regions;
- risks associated with the business of Lemarne and Lemvest; and
- Lemarne's share price performance.

HGL does not give any assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

The Acceptance Form was enclosed separately with this document. If you did not receive a form or have mislaid it please phone Computershare Investor Services on 1300 855 080 for a replacement.



HGL LIMITED

ACN 009 657 961

7 February 2003

Dear Lemarne Shareholder

On 5 December 2002, the Board of Lemarne Corporation Limited ("Lemarne") issued its Target Statement in response to HGL Limited's ("HGL") offer to acquire all or part of your shares in Lemarne for \$1.70 per share ("the Offer"). The Board of Lemarne recommended you ignore HGL's offer. HGL strongly recommends that you ignore the Lemarne Board's advice and accept our Offer. The reasons for our recommendation are included in the attached response to Lemarne's Target Statement. In summary, HGL recommends you accept the Offer because:

- The Offer price represents a significant premium for your shares relative to Lemarne's share price prior to the HGL bid being announced;
- The illiquidity of Lemarne's shares, its recent poor historical financial performance and Lemarne's own statements about the limited prospects for key operations means that, in HGL's view, the value of Lemarne shares would fall significantly below the Offer price should the HGL offer lapse;
- Contrary to the Lemarne Board's statement that it expects a turnaround in financial performance by Lemarne and its subsidiaries ("the Lemarne Group") for the first half of the current financial year, the Board's estimated profit before tax for the 6 months to 31 December 2002 for the Lemarne Group appears to show no improvement on the results of the prior corresponding period after adjusting for write offs and provisions;
- There is considerable uncertainty as to whether the proposed sale of Richardson Pacific Ltd ("Richardson Pacific"), which the Lemarne Board has identified as one of the factors necessary to enable the Lemarne Group to increase future returns to shareholders, will be completed. If the sale is not completed, it could have significant implications for the ongoing value and performance of Richardson Pacific given it has been subject to extensive due diligence by its major competitor. Even if Richardson Pacific is sold, it will leave the Lemarne Group with the net cash generated after the sale of Richardson Pacific (after taking into account debt) and a number of unattractive and under performing businesses; and
- There has been no indication that the cash generated from the sale of Richardson Pacific will be returned to Lemarne shareholders, but instead will be invested on shareholders' behalf by the current Board and Management of Lemarne, which has a recent history of poor investment decisions.

By accepting the HGL Offer, you will be able to realise your investment at a premium to the pre-Offer value, without incurring stamp duty or brokerage fees. To accept the Offer please return and complete the attached acceptance form.

The choice for Lemarne shareholders is clear. Accept the HGL bid and realise the value of your investment now, or risk allowing a Board and Management with a recent history of poor performance to continue to invest your funds.

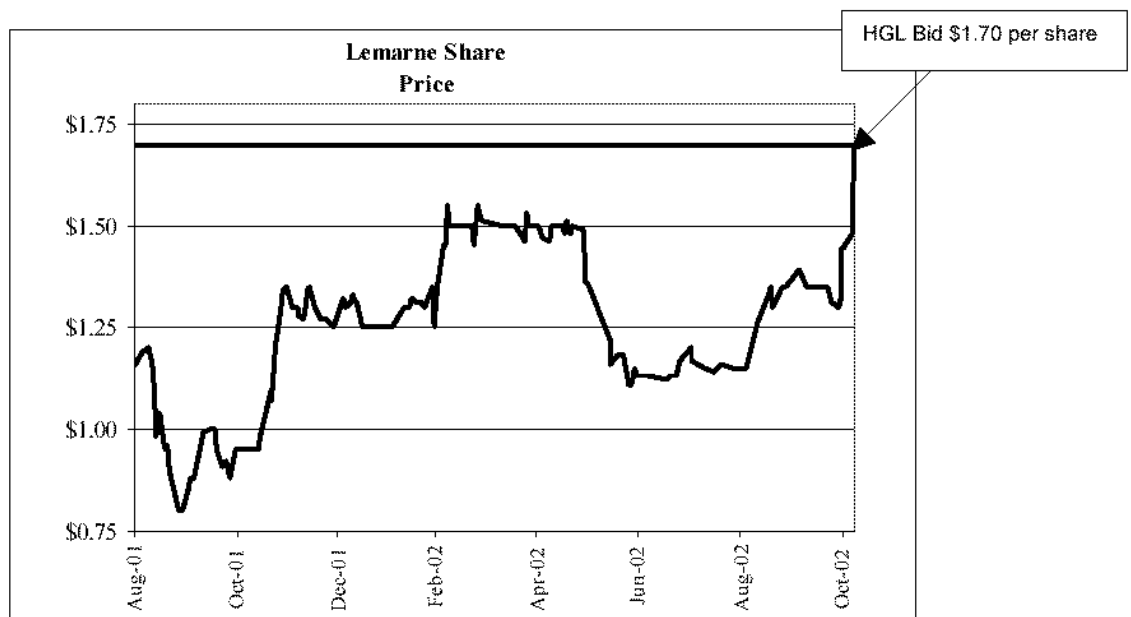
The HGL Offer has been extended to 7 March 2003. We urge you to accept as soon as possible.

Yours sincerely

PG Miller
Chairman
HGL Limited

WHY YOU SHOULD ACCEPT THE HGL OFFER FOR YOUR SHARES

1. HGL's Offer is at a significant premium to Lemarne's share trading levels prior to the bid

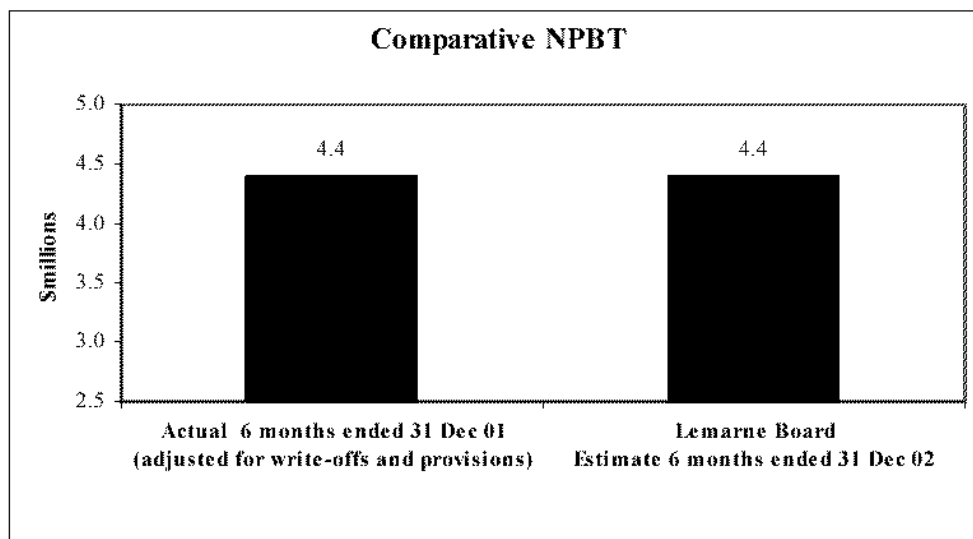


- HGL's offer price of \$1.70 per share is at a 35% premium to the volume weighted average share price of \$1.26 between 31 May 2002 and the date the offer was announced and 15% above the price immediately prior to the bid.
- Lemarne's share price had plummeted nearly 75% from a high of \$5.80 in August 1997 to a price of \$1.48 immediately before the bid was announced. During the period from August 1997 to the bid announcement date Lemarne's share price has substantially underperformed relative to the All Ordinaries Index.
- During the 8 month period from October 2001 to May 2002, HGL acquired 19.9% of Lemarne. During this period approximately 3.9 million Lemarne shares changed hands, with HGL acquiring approximately 3.3 million, or 85% of those shares traded. Since the announcement of the HGL bid, Lemarne shares have traded above the bid price, but only in extremely small volumes (only 269,242 of Lemarne's 16.5 million shares have traded between HGL's bid announcement and 4 February 2003). The lack of buyers for Lemarne shares other than HGL means that in HGL's view Lemarne shareholders are unlikely to be able to sell large volumes of shares at the current share price. Illiquid shares such as Lemarne's are not valued by stock market investors generally, a factor which would, in HGL's opinion, continue to depress Lemarne's share price relative to other stocks, in the absence of the HGL offer.

- Given these factors, the financial performance of the Lemarne Group and its poor recent history of investment referred elsewhere in this document, HGL considers **that in the absence of HGL's bid, Lemarne's shares would fall below HGL's bid price of \$1.70 with little immediate prospect for future growth.**

2. The financial performance of the Lemarne Group has deteriorated significantly in recent years

- The Lemarne Group's financial performance over the past two financial years has deteriorated significantly, with the Lemarne Group having made a loss in the years ended 30 June 2001 and 30 June 2002.
- Lemarne's Board in its target statement dated 5 December 2002 stated that "... the Lemarne Group expects to achieve a significant turnaround for the first half of FY03, well above the result of the prior corresponding period" and estimates an operating profit before tax for the 6 months ending 31 December 2002 of \$4.1 million (updated to an estimate of \$4.4 million in a letter to shareholders dated 31 January 2003) as compared to a loss of \$6.4 million for the corresponding period in 2001. **This comparison is misleading as the results for the half year ended 31 December 2001 included the loss on the sale of certain investments and write downs of inventory and debtors in the remaining operations. A more realistic comparison is shown below.**
- In Lemarne's half yearly report dated 26 February 2002, the Chairman stated "Lemarne's ongoing operations recorded a profit before tax of \$2.8 million after allowing for write offs and provisions of \$1.6 million" for the 6 months ended 31 December 2001. This result is compared to the Lemarne Board's estimate of financial performance for the first half of FY03 contained in its letter to shareholders dated 31 January 2003 below:



- **Rather than the "... significant turnaround from last year."** (source: *Chairman's letter to shareholders dated 31 January 2003*), the Lemarne Group's own estimates appear to show little or no improvement in its financial performance.

3. The future for a number of the Lemarne Group's businesses (including the sale of Richardson Pacific) is clouded

- In his report to shareholders dated 1 November 2002 the Managing Director of Lemarne flagged concerns over the ongoing performance of Lemtronics and C10 Communications:
 - Lemtronics "... Looking ahead, this performance is unlikely to continue at current levels, as the forward order level is low and the lead-time between winning new contracts and their supply is typically in excess of six months." *Source: Managing Directors Report to Lemarne Shareholders, 1 November 2002.*
 - C10 Communications "... In coming months the rate of sales is anticipated to slow and initiatives are currently under evaluation, into further new products and services, which will further broaden this business's product offering." *Source: Managing Directors Report to Lemarne Shareholders, 1 November 2002.*
- On 27 February 2002 the Chairman of Lemarne informed the market that "In future Lemvest will focus on developing the Richardson Pacific Group". On 29 October 2002 Lemvest announced that Richardson Pacific Ltd's ("Richardson Pacific") "...perforating operations are in a mature industry with limited growth prospects..." and would be sold. The announcement stated "...agreements should be finalised by late November 2002 with completion expected to occur in January 2003". On 29 January 2003, Lemvest announced it had extended the exclusive negotiation period with Locker Group Pty. Limited (the proposed buyer of Richardson Pacific) until 31 March 2003. In a letter to shareholders dated 31 January 2003, the Lemarne Board stated that the ACCC has expressed concerns about the proposed merger. **In HGL's view, the ACCC concerns and the fact that negotiations are stated by the Lemarne Board to be continuing some two months after contemplated in the original announced timetable means there is significant uncertainty that the sale of Richardson Pacific will be completed. If the sale is not completed, HGL considers it has significant implications for the ongoing value and performance of Richardson Pacific given it has been subject to extensive due diligence by its major competitor.**
- Richardson Pacific is the most profitable component of the Lemarne Group. In HGL's opinion, and based on the Lemarne Group's historical financial performance and the Managing Director of Lemarne's assessment of the outlook for Lemtronics and C10 Communications, if Richardson Pacific is sold the remaining businesses do not represent an attractive investment option for share market investors generally. **In HGL's view Lemarne shareholders are reliant on the ability of the Board and Management of Lemarne to profitably invest the proceeds from a sale of Richardson Pacific to enable any prospect of a growth in the value of Lemarne shares. Lemarne has a recent poor track record in this regard.**

4. The HGL offer represents excellent value for Lemarne's shares

- In its Target Statement, Lemarne's Board implies the HGL offer undervalues Lemarne shares in comparison to the net tangible assets ("NTA") per share of Lemarne.

NTA is not an appropriate measure of the value at which Lemarne shares should trade. Lemarne shareholders have no access to the value of net tangible assets except in the event

Lemarne is liquidated, in which case the values realised for its assets may well be below book value.

- Lemarne shareholders should not be misled by the Lemarne Board's estimates of cash per ordinary share contained in the Target Statement. Firstly, this analysis has ignored the debt contained in the Lemarne Group, which would result in the net cash per ordinary share being materially lower. Secondly, the Lemarne Board has not indicated that it will return any of the cash proceeds from a sale of Richardson Pacific to Lemarne shareholders, but rather that it will be used "... for investment in growth opportunities." *Source: Target Statement, 5 December 2002.* Lemarne has a very poor track record of recent investment as illustrated by the loss on the sale of Com 10 Power and UR Machinery, and the continuing poor financial performance of Lemtronics in particular.

THE CHOICE FOR LEMARNE SHAREHOLDERS IS CLEAR. ACCEPT THE HGL BID AND REALISE THE VALUE OF YOUR INVESTMENT NOW, OR RISK ALLOWING A BOARD AND MANAGEMENT WITH A RECENT HISTORY OF POOR PERFORMANCE TO CONTINUE TO INVEST YOUR FUNDS.

This Supplementary Bidder's Statement was approved by a resolution passed by the directors of HGL. This Supplementary Bidder's Statement is dated 7 February 2003, being the date on which a copy of it was lodged with the Australian and Securities Investments Commission. The Commission takes no responsibility for the contents of this document.

HOW TO ACCEPT THE OFFER

Your acceptance must be received by no later than 7.00 pm Sydney time on 23 December 2002 (unless the Offer is withdrawn or extended).

Words used in this Acceptance Form (for example "Lemarne Shares") have the same meaning as they have in the Offer.

Instructions for Issuer Sponsored holders.

You must indicate whether you wish to accept the Offer for ALL or SOME of your Lemarne Shares by crossing ("X") the relevant box. If you do not cross either box you will be deemed to have accepted the Offer for ALL of your Lemarne Shares.

If you have recently sold or bought Lemarne Shares:

- If you have *sold all* of your Lemarne Shares send this Acceptance Form, unsigned, to the broker who acted for you on the sale.
- If you have *sold some* of your Lemarne Shares or *bought some* Lemarne Shares amend the number of shares held by you on the Acceptance Form, initial the amendment and write next to it the name and address of the broker who acted for you on the sale or purchase.

If you have crossed the SOME box then you must indicate how many Lemarne Shares you wish to sell. If you cross the SOME box but do not specify the number of Lemarne Shares you wish to sell you will be deemed to have accepted the Offer for ALL of your Lemarne Shares.

Sign and Date the Acceptance Form

- **Joint Shareholders:** All of you must sign this Form.
- **Companies:** execution by a company must be:
 - (a) if it has a sole director who is also sole secretary, by that director;
 - (b) in the case of any other company, by either 2 directors or a director and secretary.The use of the common seal of the company, in addition to those required signatures, is optional.
- **Power of Attorney and Deceased Estate:** If this form is signed under power of attorney, or by the executors of a deceased estate, or by the administrators, the relevant power of attorney, probate or letters of administration, together with any other documents required by law, must be attached.

IF YOU HAVE ACCEPTANCE PROCEDURES ENQUIRIES YOU MAY CONTACT COMPUTERSHARE INVESTOR SERVICES PTY LIMITED.

Telephone: 1300 855 080

PLEASE COMPLY WITH THIS SECTION IF YOU HAVE RECENTLY BOUGHT OR SOLD LEMARNE CORPORATION LIMITED SHARES

IF YOU HAVE SOLD all of your Lemarne Shares, please send this Form, unsigned, to the broker who acted on your behalf.

IF YOU HAVE SOLD part of your Lemarne Shares recently or **IF YOU HAVE BOUGHT** Lemarne Shares recently, please write the name, address and telephone number of your broker in the space provided below.

Broker's Name:

Address:

Telephone:

RETURN THE FORM AND ANY OTHER DOCUMENTS BY:

posting it, using the reply paid envelope enclosed, to:
COMPUTERSHARE INVESTOR SERVICES PTY LTD
GPO BOX 7045
SYDNEY NSW 1115

OR

delivering it to:
COMPUTERSHARE INVESTOR SERVICES PTY LIMITED
LEVEL 3
60 CARRINGTON STREET
SYDNEY NSW 2000