

Australian Stock Exchange Announcement

19 October 2011

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Companies Announcements Office  
Australian Stock Exchange  
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**LEGEND CORPORATION ANNUAL GENERAL MEETING  
ADDRESS BY THE CHAIRMAN**

Dear Shareholders,

On behalf of the Directors I have pleasure in welcoming shareholders to the Annual General Meeting of Legend Corporation.

Management have delivered a solid result given the current economic and underlying business conditions over the past year.

Revenue during the financial year was flat with only 0.6% growth, while Earnings before Interest, Tax, Depreciation and Amortisation, (EBITDA) were \$14.0 million and Net Profit After Tax (NPAT) was \$8.0 million or 3.7 cents per share representing an improvement of 21% from last year's result.

Cost of sales decreased by 6% while operating expenses increased 11% over the prior corresponding period.

Management has achieved reductions in working capital requirements contributing to improved cash flows during this financial year of \$14.6 million compared to \$12.4 million for the prior year.

The company balance sheet has continued to strengthen as a result of management improvements in our purchasing and administration processes.

- Net bank debt reduced to \$1.3 million from \$8.1 million.
- As a result of the reduction in debt and lower interest rates, interest cover improved from 8.6 to 17.6 times.
- Total net assets (total assets less total liabilities) are \$52.9 million, or 24.4 cents per share.

**Dividend**

At the AGM last November we announced the expectation that the directors will consider the payment of a dividend in the range of 35 to 50% of net profit after tax subject to the cash requirements of the business. In April the company paid an interim dividend of 0.8 cent per share and a full year dividend was paid on 14<sup>th</sup> of October of 1 cent fully franked to shareholders bringing the total to 1.8 cents per share (fully franked), an increase of 80 percent over last year. The dividends we have declared represent an attractive yield of approximately 6% based on today's share price.

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The share price performance of Legend Corporation and our consistent improvements in earnings and dividends is an indication of the strength and resilience of our business model and performance of our management teams. Our Total Shareholder Return (growth in share price plus fully franked dividends) over the past two years from 1 July 2009 to 1 July 2011 was 25.3 cents representing a 316% return on the 8 cent share price on 1 July 2009, ranks 'LGD' as one of the best performing stocks on the ASX.

## **Our Growth Strategy**

Our strategy is to increase our market presence as a specialist supplier of electrical components and products as a solutions company. In line with this strategy, Legend has embarked on a significant growth program which Bradley Dowe our Managing Director and Chief Executive will expand on in more detail in his address after the formal business of the meeting.

In June we announced the acquisition of MSS Fibre Group Pty Ltd a leader in the supply and engineering of fibre optic solutions, systems and products and also the acquisition of MSS Power Systems a specialist tooling company servicing power utilities, Telco utilities and related service providers. Both these acquisition are highly synergistic with our sales teams, operations, warehousing and business strategies to invest in growth markets that can deliver shareholder value.

Our balance sheet has further capacity for debt funded acquisitions and the board has a well measured process in place with management to qualify opportunities against our business growth strategy.

## **Corporate Governance and Board Performance**

Our compliance with corporate governance practices are set out in the Annual Report. Of particular interest to shareholders is the innovative approach by the Directors to adopt a long term incentive program for Group level executives that deliver progressive incentives based on EBIT performance in excess of 10% per annum on a compound basis from the FY11 statutory results. This program is included for consideration by shareholders in resolution number 4 of the meeting.

## **Outlook**

Legend has delivered a very good result when compared to our peer group which is an endorsement of our strategies and our management team's ability. Our expectation is that our NPAT result for the first half of this financial will be in the range of \$4.4 to \$4.8 million.

I am confident that our strategies to position the business into growth areas of the Australian economy and improve our operations and sales performance year on year will deliver results for shareholders. Current level of earnings and debt support the Group for expansion through growth of existing business and potential for acquisitions.

On behalf of the Directors I wish to thank Bradley Dowe, his senior management team and all employees for their hard work, commitment, customer service focus and improvement across all segments during the year. I also thank our customers and shareholders for their continuing support for Legend Corporation.

## **Bruce E Higgins**

Chairman  
Legend Corporation Limited

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