

Australian Securities Exchange Announcement

1 November 2012

The Manager
Companies Announcements Office
Australian Stock Exchange
Electronic Lodgement

Dear Sir/Madam

TRADING UPDATE

The board advises that trading in the first quarter has not been in line with expectations and that this trend has continued into October. As a result the Company has experienced a reduction in sales of 6% for the period July to October 2012 when compared to the prior corresponding period. Gross margins have remained strong at 46%, but operating costs have increased by 7% as the Company had positioned itself for growth towards the end of the 2012 financial year.

The Board now expects that the Net Profit After Tax (NPAT) for the half year to 31 December 2012 will be in the range of \$2.7 million to \$3.2 million versus \$5.0 million reported for the half year ended 31 December 2012. The Board does not expect this decline to be reflective of the full year performance provided there is no further deterioration in our markets.

The reduction in sales is the result of a number of unexpected events that have occurred since the beginning of the year:

- The closure or reduced operating levels of a number of coal mines and related infrastructure projects across northern NSW and throughout QLD.
- The reduction in activity levels at NSW power utilities as the government reorganises the previously three separate utilities into a new single state owned corporation.
- A further decline in dwelling construction activity levels despite the recent easing of interest rates by the Reserve Bank of Australia and various government stimulus packages which are yet to produce positive growth.

The increase in operating costs is a result of positioning the business for growth. The two key areas of increased costs have been;

- The Company's investment in additional sales resources and senior management in our Power Division to expand sales geographies in Australia and New Zealand.
- The Company's investment in additional sales resources and senior management in CABAC in support of augmented product and distribution lines.

Brad Dowe, Chief Executive Officer, said: "Legend reported a record profit to 30 June 2012. We are disappointed with the softening in sales related to mining and NSW power utilities since then. We have taken immediate steps to expand sales and plan to reduce costs to correct this underperformance. We do not expect this decline to be reflective of the group's full year performance provided there is no further deterioration in the markets for our products. I am confident that Legend is well resourced and well positioned for the future, however we will be focused on matching operating expenses to the level required by business conditions."

A further update will be provided with the groups half year result in February 2013.

No changes to dividend policy are anticipated. The group has a strong balance sheet with net debt of approximately \$11 million at 30 June 2012.

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