

## Australian Securities Exchange Announcement

10 November 2017

The Manager  
Companies Announcements Office  
Australian Securities Exchange  
Electronic Lodgment

### CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING

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

The company has reported annual revenue \$110.7 million. In our established markets we have seen an increase in residential construction activity which has been offset by the continuing decline in power infrastructure and network investment. Our gas and plumbing business has achieved modest growth with the net result across all our business being a reduction in overall revenue of 7%.

We have delivered on our commitment to a reduction in operating expenses of \$1 million made at the last Annual General Meeting and as a result gross margins have been maintained at 40.5% while overhead expenses have been reduced by \$2.8 million or 8%. The cost reductions have been achieved in part by the consolidation of the operations of System Control Engineering (SCE) in Melbourne with our other operations into a single shared facility and overall tight cost control. These operational efficiencies have continued into the current year.

Net Profit after Tax (NPAT) was \$3.7 million, down on the prior year due largely to the non-cash impact of the impairment of assets of goodwill, other intangible assets, and plant and equipment of \$1.1 million in our New Zealand Electrical, Power and Infrastructure division. Underlying NPAT was \$4.8 million down 6% of the previous year. Our second half business performance in FY17 showed a small improvement on the first half and the trading performance year to date shows further improvements in both revenue and profit.

FY17 Operating cash flow was stronger, up 14% on last year to \$10.5 million due largely to inventory reduction of \$4.7 million. The company balance sheet is in a strong position with total net assets (total assets less total liabilities) of \$69.5 million or 32 cents per share.

Our Managing Director Mr. Bradley Dowe will be delivering a presentation on our Company after the conclusion of the formal part of the meeting.

In May the company paid an interim dividend of 0.6 cents per share and the full year dividend of 0.6 cents per share was paid on the 3<sup>rd</sup> of November.

Turning to corporate governance, your board of Directors are committed to ensure the company is properly managed through the implementation of sound strategies and action plans and demonstrating high standards of corporate governance and compliance with the Australian Securities Exchange requirements. Our Remuneration Report is set out in the annual report and sets out the Group's remuneration policies, board performance and the senior executive remuneration and compensation.

The outlook for the full year is for continued improvement and we expect to achieve this through an increase in revenue across all our business segments combined with a contribution from our on-line sales channel and increasing demand for our products. This is supported by our announcement this morning of a forecast improvement in NPAT in the current half year in the range of \$2.6 to \$2.8 million.

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

**Bruce E Higgins**

Chairman

Legend Corporation Limited

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