

ADDRESS BY THE CHAIRMAN 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 recorded a Net Profit after Tax (NPAT) of \$6.9 million, up 2.4% on the prior year representing 3.1 cents per share. Revenue was \$102.3 million, a similar level to last year with gross profit margin slightly higher at 44.3%. The directors believe the company's business continues to perform as the leader in our target markets and we have a business team focused on winning market share and delivering our high levels of customer service. Overall management has performed well in managing the current market environment.

Operating expenses increased 2% over the prior corresponding period, largely as a result of acquisition related expenses. Earnings before Interest, Taxation, Depreciation and Amortisation, (EBITDA) were consistent with the prior period at \$13.2 million at a margin of 13%.

Operating cash flow for the year was \$6.4 million compared to \$9.8 million for the prior year, a decline of 35% due to \$1.3 million in additional tax paid as a result of timing differences in our tax installments from quarterly to monthly and \$2 million in additional inventory.

The company balance sheet is in a strong position with total net assets (total assets less total liabilities) of \$67.0 million or 30.6 cents per share. Our banking facilities are well structured to meet our needs with Net Debt is at a conservative 1.6 times EBITDA

Dividend

In May the company paid an interim dividend of 0.75 cent per share and a full year dividend of 1.0 cents per share was paid in October, which shareholders would now have received, taking the full dividend to 1.75 cents, a yield of approximately 7% based on today's share price.

Operations

Our management strategy is to leverage our core capabilities in supply, distribution and innovation of wholesale products and components for industrial and commercial markets both in Australia and New Zealand. Management at the business segment level are focused on both revenue and profit growth whilst continuing to effectively manage expenses and working capital.

During the year we continued to invest in our products and competitive position with the development of in-house designed and engineered products for distribution through the Group's sales channels.

In May we announced the acquisition of the Australian operations of System Control Engineering Pty Ltd and the shares of New Zealand based System Control Engineering (NZ) Limited ("SCE"). This strategic acquisition significantly enhances Legend's value chain with a range of high quality industrial products and project capabilities to supply products and parts for industrial and commercial gas, heating, refrigeration and air conditioning. I am pleased to advise shareholders that this business is meeting our expectations.

Our return on invested capital on acquisitions for the year was 14%.

With the acquisition of SCE 1 May 2015, the group operations are now reported in three distinct segments; **Electrical, Power and Infrastructure, Innovative Electrical Solutions**, and **Gas and Plumbing**. Brad Dowe our Managing Director and CEO will present further details on the financial and business operations within his presentation to the meeting.

Our Growth Strategy

We have not delivered on our growth strategy in the 2015 financial year. While group revenue was consistent year on year this was only achieved due to the inclusion of \$5.8 million from the SCE acquisition. Our largest segment of Electrical, Power and Infrastructure recorded 9% lower revenue on the prior corresponding period. We have higher expectations for Legend's performance. Our strategy is to grow our businesses with the development of complimentary technology products providing higher margins combined with the acquisition of companies where we can cross sell our products and target related market sectors offering long term growth in overall earnings per share.

Corporate Governance and Board Performance

The Board of Legend is 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 compliant 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.

Outlook

Our outlook for the half is an NPAT result in the range of \$3.1 to \$3.3 million compared with \$3.55 million in the pcp. Despite this shortfall at the half year we still expect the full year NPAT to exceed that of last year providing there is no further significant depreciation in the Australian dollar.

We continue to invest in product sectors where we anticipate growth, such as in energy efficiency related products and also broader strategies within growth areas of the Australian economy where we can leverage our inventory, marketing and supply channels and technology.

On behalf of the Directors I wish to thank Bradley Dowe, his senior management team and all employees, for their commitment and customer service focus 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

6 November 2015