

30th October 2006

**Australian Stock Exchange Limited
Company Announcements**

Exchange Plaza
Level 8, 2 The Esplanade
Perth W.A. 6000

Dear Sirs

Activities Update

The Directors of Legend are pleased to provide the following update of activities following the end of the first quarter.

Key Highlights of the Quarter (unaudited)

- Revenue of \$53.9m, EBIT of \$3.5m and a return to positive operating cash flow for the quarter. Legend continues to focus on margin improvement and the result is a strong performance in what is seasonally a slower quarter.
- Integration of the recently acquired Cabac business is proceeding as planned.
- New management roles created and appointments made to these positions.

Financial Performance

Legend's sales revenue of \$53.9m and EBIT of \$3.5m for the September quarter represents a strong performance in what is seasonally a slow quarter. These quarterly financial results and other references to the quarterly financial position in this letter are unaudited.

Since listing on the ASX in 2004 Legend has dramatically increased its sales into Asia from negligible to 46% of total revenue or more than \$92.7m. This has been achieved through the establishment and construction of a regional headquarters and manufacturing facility in Singapore and sales offices in Hong Kong and Singapore. Sales in our key Asian markets remained strong over the quarter and Legend is also still experiencing strong growth in South Africa.

In our mature markets of Australia and New Zealand we are positioning the Company in readiness for the introduction of the new Microsoft operating system in the new calendar year which will drive sales in these markets. The introduction of the new operating system has been delayed considerably which has caused corporate and government entities to defer their acquisitions of new computer systems.

Legend's inventory levels have decreased over the quarter as production line duplication has been reduced, now that the Singapore and Adelaide factories are positioned to focus on separate product lines. Inventory levels have been reduced by \$4.6m or 11% from June levels, excluding the new stock acquired as part of the Cabac acquisition. Inventory levels are expected to reduce over the course of the financial year.

Legend had a positive operating cash flow of \$1.3m for the quarter, notwithstanding the impact of expenses incurred integrating the Cabac business, higher interest expense associated with debt utilised for the Cabac acquisition, and a negative cash flow month in July which saw the peak of inventory levels.

Integration of Cabac

The acquisition of Cabac settled on 3rd July 2006. The Cabac brand will continue in its traditional electrical distribution marketplace leveraging its strong reputation for quality and customer service. A number of initiatives have been implemented since settlement including:

Manufacturers and exporters
of high performance
information technology
products

Adelaide - Head Office

31-35 Conmurra Avenue
Edwardstown SA 5039
Telephone (61) 8 88401 9888
Facsimile (61) 8 8277 6027

Brisbane

Unit 2
27 Birubi Street
Coorparoo QLD 4151
Telephone (61) 7 3397 0799
Facsimile (61) 7 3397 7590

Melbourne

Unit 2
4 Garden Road
Clayton VIC 3168
Telephone (61) 3 9545 3969
Facsimile (61) 3 9545 3970

New Zealand

Unit 6
10 Canaveral Drive
Albany Auckland
Telephone (64) 9 475 9803
Facsimile (64) 9 475 9804

Perth

Unit 2
50 Howe Street
Osborne Park WA 6017
Telephone (61) 8 9229 6377
Facsimile (61) 8 9486 7911

Sydney

26 Derby Street
Silverwater NSW 2128
Telephone (61) 2 9448 6768
Facsimile (61) 2 9448 6767

Legend (Australasia) Pty Ltd
ACN 006722 292
ABN 81006722 292

Legend Corporation Ltd
ACN 102631087

**Singapore
Hong Kong
Taiwan
Slovakia
Thailand
South Africa**

www.legendmemory.com



- Identification of growth opportunities within the power systems market segment, followed by a key contract win with the Energex cable connector contract.
- Development of geographic opportunities through strengthening the sales force to focus on growing sales outside Cabac's traditional key regions of Southern Queensland and Northern New South Wales.
- Development of new unique products and the addition of new product lines.
- Cost reductions relating to warehousing and back office duplication with Legend are being progressively addressed.
- Select Cabac product lines are now being distributed through Legend's pre-existing sales and distribution channels.

Cabac's, financial performance has been in line with expectations and consistent with historical rates of growth. Following the Cabac acquisition the overall effective tax rate of Legend is likely to increase in the 2007 financial year due to the higher weighting of Australian derived taxable income. The integration process is expected to be complete by February 2007.

New Management Appointments

Legend is pleased to announce the establishment of two new roles and the appointment of two new senior staff members to these roles.

Matthew Reardon has been appointed as Chief Financial Officer – Cabac. Mr Reardon is an experienced public company CFO and has experience in Finance, Technology and the Building/Construction industries. In addition to his experience as a CFO, Mr Reardon has strong background as a COO (Chief Operations Officer) and as a General Manager.

Shayne March has been appointed as a Commercial Manager. Mr March has general management and financial experience and until recently he was Financial Controller of an ASX listed company.

Outlook

The last three years have seen very rapid sales growth across a strongly augmented sales and distribution network, coincident with an expanding product line. Following the achievement of a level of critical mass in terms of revenue base and factory output Legend is focusing on consolidating its market position and improving margins.

Legend will continue to progress its next phase of growth by focusing on margins and product mix, and leveraging its broad sales and distribution network, which is expected to produce strong positive operating cash flows as increased earnings and higher margin sales are generated from the Company's existing working capital base.

Legend continues to review acquisition opportunities in the electronics and electrical industries that are aligned with Legend's strategy of focusing on expanding its product range and geographic footprint in its key market segments.

Legend Managing Director, Bradley Dowe, provided the following comments "I am extremely pleased with being able to report a solid first quarter coupled with reduced inventory levels and positive operating cash flow in what is a seasonally slower quarter. We see a strong outlook for the group and are confident of delivering significant increases in the quality of our earnings. I welcome two new Senior Managers to our team and I look forward to working with them in realising the next phase of the Company's growth".

Best Regards



Bradley R. Dowe
Chief Executive Officer

MORE ABOUT LEGEND CORPORATION

Legend Corporation Limited is a leading technology company that specialises in the sales and distribution of electrical and IT components. The Legend division manufactures memory based products and consumer electronics products. The Cabac division services the electrical industry focusing on electrical components that are applied in building, infrastructure and industrial applications.

Legend was established in 1989 and today operations extend throughout Australia, New Zealand, South Africa, Singapore, Hong Kong (China) and Thailand, and into Europe. The Cabac operations are presently focused on the Australian and New Zealand markets. Both Legend and Cabac have manufacturing operations with valuable intellectual property that complement the distribution operations.

The Company has a broad range of clients including leading IT companies such as Acer, Sony, Xerox, NEC and Dell, through to major Australian based computer systems integrators such as Volante, ASI and Optima. Legend branded products are supported by most major merchandising chains including Dick Smith Electronics, Kmart, Myer, Target and Harvey Norman. Wholesale distribution is supported by clients such as Ingram, Centnaj, Gemcell, Rexel, MM, John R Turk, P&R Electrical and Hagemeyer. Corporate clients include United Group Rail, Country Energy, Aurora Energy and Energex (Qld).

The Company has electronics (surface mount robot production) manufacture operations in Adelaide and Singapore with specialised electrical products manufactured in Sydney (CNC lathes). Legend also has an interest and equity in a plastics manufacturing and technology company.

