LEGEND CORPORATION

Appendix 4E & Annual Report

30 June 2018

Legend Corporation Limited ACN 102 631 087
Results for Announcement to the Market. Final Report to the Australian Securities Exchange and Annual Report including Audited Financial Statements
For the Year Ended 30 June 2018

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Results For Announcement To The Market

Previous corresponding period 30 June 2017

				$000
Revenue from ordinary activities	Up	14.7%	to	114,901
Profit from ordinary activities after tax attributable to members	Up	59.8%	to	5,978
Net profit for the period attributable to members	Up	59.8%	to	5,978
Earnings per share	Up	65.0%	to	2.8 cents

Dividends

	Amount per security	Franked amount per security at 30% tax
Interim dividend (fully franked)	0.7 cents	0.7 cents
Final dividend (fully franked)	0.75 cents	0.75 cents

None of these dividends are foreign sourced.

Final dividend details	
Record date to determine entitlement to the dividend	28 September 2018
Payment date for final dividend	2 November 2018
Total dividend payable	$1,625,428

A dividend reinvestment plan is not in operation.

Net Tangible Asset Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share	5.2 cents	8.7 cents

Financial Summary	30 June 2018 $000	30 June 2017 $000	Change
Income			
Sales revenue	114,901	100,204	14.7%
Cost of goods sold	(65,515)	(55,346)	18.4%
Gross profit	49,386	44,858	10.1%
Gross profit margin	*43.0%*	*44.8%*	
EBITDA	12,432	10,447	19.0%
EBITDA margin	*10.8%*	*10.4%*	
EBIT	9,991	6,982	43.1%
EBIT margin	*8.7%*	*7.0%*	
NPBT	8,869	5,834	52.0%
NPBT margin	*7.7%*	*5.8%*	
NPAT	5,978	3,741	59.8%
NPAT margin	*5.2%*	*3.7%*	
Earnings per share	2.8 cents	1.7 cents	64.7%
Dividends paid	1.30 cents	1.20 cents	8.3%
Dividends announced	0.75 cents	0.6 cents	25.0%
Cash Flow			
Operating cash flow	6,516	10,535	(38.2%)
Financial Position			
Net assets	72,697	69,535	4.5%
Net debt	(21,017)	(11,818)	(77.8%)

Reconciliation of Profit	30 June 2018 $000	30 June 2017 $000
NPAT	5,978	3,741
Income tax expense	2,891	2,093
NPBT	8,869	5,834
Interest revenue	(46)	(51)
Interest expense	851	849
Implied interest expense on deferred settlement	317	350
EBIT	9,991	6,982
Depreciation and amortisation expense	2,441	2,175
Impairment of assets	-	1,290
EBITDA	12,432	10,447

LEGEND CORPORATION

ACN 102 631 087

Annual Report

30 June 2018

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Corporate Governance

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Legend Corporation Limited and its Controlled entities ('the Group') have adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 30 June 2018 is dated as at 20 June 2018 and was approved by the Board on 20 June 2018. The Corporate Governance Statement is available on Legend Corporation Limited's website at http://www.legendcorporate.com/corporate_governance.html.

CORPORATE DIRECTORY

Directors

Bruce E Higgins
Bradley R Dowe
Ian L Fraser

Company Secretary

Graham A Seppelt

Registered Office

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Phone: 08 8401 9888
Fax: 08 8244 9520
www.legendcorporate.com

Solicitors

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Rialto Towers
525 Collins Street
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Phone: 03 8608 2000
Fax: 03 8608 1000

Share Registry

Security Transfer
Australia Pty Ltd
Suite 1 / 770
Canning Highway
Applecross
Western Australia 6153
Phone: 08 9315 2333
Fax: 08 9315 2233

Bankers

Australian and New Zealand
Banking Group Limited
Level 21, 11 Waymouth Street
Adelaide, South Australia
5000

Auditors

KPMG
151 Pirie Street
Adelaide
SA 5000
Phone: 08 8236 3111
Fax: 08 8236 3299

Australian Securities Exchange

Australian Securities
Exchange Limited
Level 40 Central Park
152 – 158 St Georges Terrace
Perth Western Australia 6000
Phone: 08 9224 0000

CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of the Directors I am pleased to report the results for Legend for the year ended 30 June 2018.

The company has reported annual revenue of $114.9 million, up 15% on the prior corresponding period. In our established markets we have seen an increase in construction activity along with power infrastructure and network investment which has resulted in improved sales of our products in these sectors. Revenue was up across all segments of our business with Electrical, Power and Infrastructure the star performer up 21% through a combination of organic and acquisitive activity.

Gross margin on a same business basis was similar to last year at 44%, while at the Group level after consolidation with the Celemetrix Group (acquired in March 2018) the gross margin was 43%. Overhead expenses were up $2.5 million or 7% primarily as a result of the acquired activities of the Celemetrix Group.

Net Profit after Tax (NPAT) was $6.0 million, up 60% on the prior year due to the improved trading through Electrical, Power and Infrastructure noting the prior year included a non-cash impairment of $1.1 million in our New Zealand Electrical, Power and Infrastructure division.

FY18 operating cash flow was down 38% on last year to $6.5 million due to a combination of strong trading in May and June increasing debtors at year end along with an accumulation of inventory towards year end to satisfy expected demand early in the new financial year. Cash flow and trading conditions in July are higher than when compared to those over the last few years. The company balance sheet is in a strong position with total net assets (total assets less total liabilities) of $72.7 million or 34 cents per share.

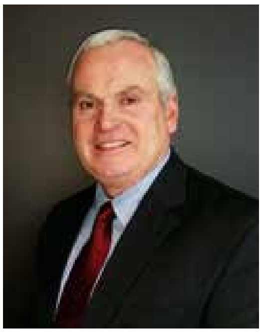
Our Managing Director Mr. Bradley Dowe has more detail on our business and operating performance in that section of this annual report.

In April the company paid an interim dividend of 0.7 cents per share. I am pleased to advise that the full year dividend will be 0.75 cents per share (fully franked) up 25% on the prior year and payable to all shareholders of record on 28 September 2018 and payable on 2 November 2018. Based on the current share price this equates to 5.9% dividend yield.

Our outlook for the coming year is for Group revenue growth and profit improvement on the past year.

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 for Legend Corporation.

Yours Sincerely,



Bruce E Higgins
Chairman
Legend Corporation Limited
13 August 2018

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders,

EARNINGS GROWTH, STRONG OUTLOOK AND DIVIDEND INCREASED.

I am pleased to report an improved performance for the Company in the year under review. Net Profit after Tax (NPAT) for the year ended 30 June 2018 of $6.0 million was up 60% over the prior corresponding period (pcp) of $3.7 million.

The pcp included a $1.1 million non-cash impairment to goodwill in the New Zealand based Electrical division. Excluding this impairment, NPAT for the current year was 25% up on pcp.

All segments performed well during the year, however it was Electrical, Power and Infrastructure business that was the outstanding performer. This segment benefited from increased demand for our products driven by the continued nationwide spending on infrastructure and commercial projects and the resumption of capital works by Power utilities. Revenue and gross profit from this segment, before the addition of the acquired Celemetrix Group (CLX) in March 2018, increased 8% on pcp.

Group Revenues increased 15% on pcp to $114.9 million (pcp: $100.2 million). $8.7 million of this increase was contributed by CLX.

Gross profit increased 10% on a lower margin of 43% (pcp: 45%). This reduced margin was primarily due to the inclusion of the lower margin CLX business.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased 19% to $12.4 million (pcp: $10.4 million).

The addition of CLX from March 2018 bolstered revenue and gross profit for the year, however the contribution to NPAT was break-even after accounting for the acquisition costs, amortisation of intangibles and implied interest on the earnout portion of the acquisition contract.

Depreciation reduced to $1.5 million for the year, down 5% on pcp, whilst amortisation of intangible assets including customer lists, intellectual property and restraint of trade agreements was up 56% to $960,000 (pcp: $616,000) reflecting the acquisition of CLX.

Finance costs net of interest income were almost unchanged, up less than 1% to $805,000, with implied interest (non-cash) on deferred acquisition consideration down 9% to $317,000.

Net assets increased 5% on pcp to $72.7 million.

Gross debt grew by $8.6 million to $27.7 million at year end. Additional debt of $11.4 million was drawn to fund the acquisitions of CLX and new stock ranges. Debt repayments during the year were $2.8 million.

Net debt of $21.0 million at year end (pcp: $11.8 million) remains conservative at 1.7 times EBITDA.

Banking facilities with Australian and New Zealand Banking Group Limited were renewed 20 June 2018 and extended to 30 April 2020. These facilities provide additional capacity for both organic and acquisitive growth.

FY18 operating cash flow declined 38% on pcp to $6.5 million (pcp: $10.5 million). Whilst operating cash flow for the first half of FY18 was strong at $5.7 million, second half cash flow was much lower as a result of an increased investment in stock of $3.4 million to meet forecast demand in early FY19, and high receivables at year-end due to strong trading in May and June.

Operating cash is forecast to strengthen during FY19 as stock and receivables reduce to pre build-up levels. Stock management remains an ongoing focus for further cash generation, as does improved terms from both clients and suppliers.

Overview by Segment

Electrical, Power and Infrastructure

Revenue for this segment increased by 21% to $77.2 million (pcp: $63.6 million). Pre-existing operations increased 8% on pcp with the remainder of the increase coming from the acquisition of CLX.

Gross margin for our pre-existing operations remained stable, although overall margin for the segment was lower after the inclusion of CLX.

EBITDA increased 48% to $7.0 million (pcp: $4.7 million).

FY19 will see further additions to the product range, a wider client base and more demand creation for our brands. The Increased demand from both power utilities and infrastructure construction that was experienced in FY18 is expected to continue in FY19.

Innovative Electrical Solutions

Revenue increased by 5% to $8.8 million (pcp: $8.4 million) driven by increased Defense related contracts.

EBITDA increased 12% to $2.2 million (pcp: $1.9 million) as a result of improved revenue and modest cost reductions.

Continued demand from Defense is forecast in FY19. The development of new complete products, rather than components, continues to be the key focus of this segment. Additional product launches will be made in the coming year which are expected to result in further revenue growth.

Gas and Plumbing

Revenue for this segment increased 3% to $31.0 million (pcp: $30.1 million) driven by new products.

EBITDA for the year was $3.3 million (pcp: $3.8 million) as a result of gross margin contraction from exchange rate fluctuations, the clearance of old stock lines, a 5% increase in overhead expenses and significant delivery delays from a major supplier.

FY19 is expected to see earnings grow as cost increases are passed on to the market and key supplier performance returns to normal.

Acquisitions

As disclosed in an ASX announcement on 12 March 2018, the Group acquired Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd and Commsforce Pty Ltd (the Celemetrix Group or "CLX"), a Melbourne based fibre telecommunications test equipment and calibration business with operations in both Sydney and Brisbane. The acquisition was made as part of the Group's strategy to expand its involvement in electrical, power and industrial markets through a range of test and measurement, calibration and asset management services complimentary to the Group's existing product range.

The initial payment on completion of $10,363,000 has been adjusted down by $2,000,000 at 30 June 2018 as earnings targets were not met.

Product Innovation

We continue to invest in the design and development of products targeting margin and segment growth opportunities with product development of energy efficiency for lighting and power management a key area of focus.

The ranges invested in FY18 that will fuel further growth in FY19 include;

- A new range of industrial timers for switchboard and HVAC markets
- New Bluetooth controlled DIN rail industrial timers
- New range of infrared and ultrasonic presence detectors for automatic lighting and HVAC control.
- A new range of flexible steel specialty conduits for hazardous area applications
- A new range of non-metallic flexible conduits for industrial and hazardous area applications.
- A range of PVC fittings, conduits and enclosures for general electrical applications.

Quality Standards Certification

Legend is committed to supplying quality products and services and operates major NATA laboratories in Sydney, Melbourne and Adelaide to assure products are tested, calibrated, serviced and certified to the Australian and New Zealand and International standards relevant to their application.

Currently Legend is certified to the Quality Management System standard ISO9001: 2015. And accredited to the ISO17025 Laboratory Quality Management System, for the test and issue of accredited NATA reports to the relevant clauses of AS1154, AS3766, AZ/NZS 4437, AS/NZS 61210, IEC 60512-2, IEC 60512-8, BS 6121-1, AS/NZS 4396, BS-EN 61238-1, BS 4579-2, IEEE 837; and the calibration of electrical measurement and test equipment to reference standards, pressure and vacuum equipment to AS 1349, temperature, frequency and time to reference standards.

People Talent, Workplace and Training

We recognise that our people are our most important asset. Securing and retaining the very best people is critical to both the growth and development of our business.

Recruitment within Legend Corporation is advertised internally prior to being advertised externally as a means of providing our employees further career advancement opportunities.

Training and development of our team members is encouraged to ensure that succession planning is provided for.

Training currently undertaken includes:

- Manual Handling
- Personal Protective Equipment
- Bullying & Workplace Culture – training undertaken by both senior management and employees on a national level
- Forklift Safety
- Renewal of forklift licenses
- First Aid
- Testing and Tagging
- Fringe Benefits
- Emergency Evacuation Procedures
- Dangerous Goods
- Advance Diploma – Electronics & Communications – Apprenticeship
- Project Management
- Mental Health Wellbeing
- Product training (Inhouse)

Legend encourages work life balance through a number of initiatives that supports psychological and physical health and well-being, thereby contributing to the improvement of individual and organisational outcomes including;

- Return from Parental Leave and other changes to working hours to achieve work life balance
- Full time to part time transitional employment on return from parental leave.
- Flexible working hours
- Working from home
- Compressed working week

Legend Corporation offers high quality onsite childcare facilities that teach Early Childhood learning in New South Wales and South Australia. These facilities are offered to employees with children under school age at no cost. The benefits of having on site child minding facilities include:

- Lower turnover and improved retention of staff
- Higher levels of productivity, performance, commitment, morale, job satisfaction and diversity

Legend Corporation encourages its people to participate in healthy lifestyle programs, supported by the organization. Additional benefits provided to our people include:

- Free Gym Membership
- Annual Health Assessments
- Fresh seasonal fruit provided to all staff fortnightly.

The above initiatives have seen an improvement in absenteeism and added health awareness from our people choosing to participate.

Partnerships with the ANZ and Bank SA offer our employees additional benefits from a finance perspective.

All of these initiatives raise the profile of Legend as an 'employer of choice'

Gender diversity

Legend supports gender diversity within the workforce.

Whilst the company continues to be successfully overseen by only three male directors who provide a skill set which is appropriate for the company's present needs, in the balance of the company there is significant involvement of both female and male employees at each level of operations.

	2018 Percentage of Employment		**2017 Percentage of Employment**	
	Female	Male	Female	Males
Board	0	100	0	100
Management, Finance, Administration	55	45	52	48
Other	25	75	35	65
Total	33	67	39	61

Health and Safety

The Health and Safety of our people is a key priority within our business.

Management is committed to continual improvement of health and safety through the implementation of training, onsite inductions, safety systems and monitoring in all our workplaces.

The Group average lost time injury frequency rate of 10.4 (pcp: 9.1) continues to be under the national warehouse/storage industry average of 12.7. The achievement of no lost time injuries continues to be the Company's objective.

Legend maintains AS/NZS 4801 recertification, the Occupational Health and Safety Standard, as part of its commitment to improving the safety and welfare of all its employees and customers.

Community Service

In addition to Legend's participation in Loud Shirt Day to raise awareness for deaf children in need and the Cancer Council's Biggest Morning Tea, over the past year Legend has contributed to:

- Australian Lions Club to fund 50 underprivileged children.
- Royal Flying Doctors Service Outback Trek to support the great work of the RFDS in delivering emergency and primary aero-medical services to rural and remote Australia.

Environment

Legend is committed to developing processes and systems that seek to minimize any adverse environmental impacts.

Legend has attained certification to the latest version of the Environmental Management Systems standard, ISO14001:2015, ensuring that all products are designed and manufactured to the relevant Australian and international environmental regulations and standards.

Legend is also a signatory to the Australian Packaging Covenant, which promotes a strong recycling and reuse culture within the organisation.

FY19 Outlook

Legend's core strategy is to maintain and extend its leadership and deliver strong growth through quality, range, availability, service and innovation.

FY18 has been a year of growth for Legend.

The outlook for FY19 is for continued growth in our existing businesses driven by new products, initiatives and accretive growth through acquisitions.

I would like to extend my thanks to our client business partners, suppliers and shareholders for their continued support.

I take this opportunity to thank all of our staff and board members for their professionalism and commitment to quality, service and excellence. I am very proud to work with them all.

Yours Sincerely

Brad Dowe

Chief Executive Officer & Managing Director

Legend Corporation Limited

13 August 2018

DIRECTORS' REPORT

The Directors of Legend Corporation Limited ('Legend' or 'Consolidated Group') present their Report together with the financial statements of the consolidated entity, being Legend ('the Company') and its controlled entities ('the Group') for the financial year ended 30 June 2018.

Directors Details

The following persons were Directors of Legend during or since the end of the financial year:

Bruce E Higgins BEng, CPEng, MBA, FAICD

Chairman / Independent Non-Executive Director

Director since October 2007

Chairman of the Remuneration Committee and Nominations Committee and Member of the Audit and Risk Management Committee

Mr Higgins has over 20 years' experience as a senior executive or CEO, with companies such as Honeywell, Raytheon and listed technology companies. He is a specialist in rapid growth entrepreneurial companies, financial and software services companies, M&A and corporate governance and has also served on ASX boards as an Non-executive director or Chairman for over 15 years. Bruce also currently serves as Chairman and Non-Executive Director of HUB24 Limited. Bruce was awarded the Ernst & Young Entrepreneur of the Year award in Southern California in 2005 and has a Bachelor Degree in Electronic Engineering and an MBA in Technology Management. He is a Chartered Professional Engineer and Fellow of the Australian Institute of Company Directors.

Directorships held in other listed entities:

- Chairman of Hub24 Limited (appointed October 2012)

Previous directorships held in the last three years:

- Novita Healthcare Limited (resigned May 2018)

Interest in shares held directly and/or indirectly:

- 3,677,150

Interest in options:

- None

Bradley R Dowe BSc (Computer Science)

Managing Director and CEO

Director since October 2002

Member of the Nominations Committee

Mr Dowe is the founder and Chief Executive Officer of Legend and has been working in the field of engineering for over 30 years. His experience covers all facets of engineering, electronics, manufacturing processes, software system development and international business operations.

Directorships held in other listed entities:

- None

Previous directorships held in the last three years:

- None

Interest in shares held directly and/or indirectly:

- 62,294,154

Interest in options:

- None

Ian L Fraser FCPA, FAICD

Independent Non-Executive Director

Director since January 2008

Chairman of the Audit and Risk Management Committee and Member of the Remuneration Committee and the Nomination Committee.

Mr Fraser has extensive corporate experience particularly in Australian manufacturing. Ian has held several senior management positions including Managing Director of Pioneer Sugar Mills Limited, Clyde Industries Limited, Australian Chemical Holdings Limited and TNT Australia Pty Ltd. Ian also has substantial international experience having lived and worked in South East Asia and the United States.

Directorships held in other listed entities:

- None

Previous directorships held in the last three years:

- None

Interest in shares held directly and/or indirectly:

- 840,000

Interest in options:

- None

Company Secretary

Graham Seppelt

Mr Seppelt was appointed as Company Secretary in January 2005. Graham has over 40 years' experience and a wide exposure to a range of industries as a senior manager and contract accountant in corporate advisory roles. He is also company secretary for ASX listed BSA Limited.

Meetings of Directors

During the financial year, 17 meetings of Directors (including Committees of Directors) were held. Attendances by each Director during the year are detailed in the table below.

	Board Meetings		Audit & Risk Management Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings	
	A	B	A	B	A	B	A	B
Bruce Higgins	12	12	3	3	2	2	-	-
Bradley Dowe	12	12	*	*	*	*	-	-
Ian Fraser	12	12	3	3	2	2	-	-

A Number of meetings attended

B Number of meetings held during the time the Director held office or was a member of the Committee during the year

* Not a member of the relevant committee

Principal Activities

The principal activities of the Consolidated Group during the financial year were:

- The distribution of cable accessories and tools servicing the electrical wholesale industry;
- The design and sale of specialised connectors and cable assemblies to power utilities and infrastructure project contractors;
- The distribution of gas and plumbing tools, products and spare parts to residential, commercial and industrial projects;
- The distribution of computer room accessories; and
- The design and sale of integrated circuits (semiconductors) and hybrids for consumer electrical products, medical devices and industrial electronic components.

On 28 February 2018, the Group expanded its offering to electrical, power and infrastructure markets to include testing and calibration services through the acquisition of the Celemetrix Group (CLX). Readers are referred to Note 2 of the financial statements for further details in regards to this acquisition.

Operating Results and Review of Operations for the Year

Operating Results

Net Profit after Tax (NPAT) for the Group was $5,978,000, an increase of 60% on the prior year (2017: $3,741,000). The prior year included a one off non-cash impairment charge of $1,100,000 from the write off of assets of the New Zealand based Electrical, Power and Infrastructure division. Excluding the impairment charge, NPAT for the current period was up 25% on the prior year.

Revenue from the sale of goods was up 15% on the prior corresponding period (pcp) with gross profit up 10% on margins of 43.0% compared to 44.8% pcp.

Overhead expenses were up $2,514,000 or 7% on pcp due largely to the inclusion of CLX for three months.

Depreciation and amortisation was up $266,000 or 13%, and finance costs including implied interest down $26,000 or 2%.

In addition to the information disclosed in the following Review of Operations, readers are referred to the Chief Executive Officer's Report (pages 9 to 15) for further details and analysis of the Group's performance and financial position.

Review of Operations

Electrical, Power and Infrastructure

Segment revenue of $77,155,000 was up 21% on pcp (2017: $63,627,000), $8,741,000 due to the inclusion of CLX for three months.

Gross margin was slightly lower year on year with overhead expenses up 11%. Earnings before Interest Taxation, Depreciation and Amortisation (EBITDA) were up 48% to $7,001,000 (2017: $4,735,000).

Innovative Electrical Solutions

Segment revenue was up 5% to $8,844,000 (2017: $8,420,000).

EBITDA was up 12% to $2,167,000 (2017: $1,929,000) through improved revenue and a 14% reduction in overhead expenses.

Plumbing and Gas

Segment revenue was up 3% to $30,960,000 (2017: 30,127,000).

EBITDA for the year was $3,265,000, down 14% (2017: $3,784,000) with gross margins for the period impacted by the clearance of legacy stock lines and the lower Australian dollar against the Euro.

Financial Position

As at 30 June 2018 net assets of the Group were $72,697,000, an increase of $3,162,000 on the prior year.

Debt repayments for the year totalled $2,775,000 with $11,362,000 in additional debt drawn to principally fund the acquisition of the Celemetrix Group. Net bank debt of $21,017,000 at year end remains conservative against earnings at 1.7 times EBITDA.

The Group executed a new Corporate Letter of Offer (CLO) with Australian and New Zealand Banking Group Limited effective 20 June 2018. Debt facilities offered under the CLO expire 30 April 2020.

Significant Changes in State of Affairs

During the year, the following changes occurred within the Group:

- Celemetrix Group (CLX):

On 28 February 2018, the Group acquired Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd and Commsforce Pty Ltd, a Melbourne based testing and calibration business with operations in both Sydney and Brisbane. The acquisition was made as part of the Group's strategy to expand its involvement in electrical, power and industrial markets through a range of testing and calibration services complimentary to the Group's existing product range.

The initial payment on completion was $10,363,000, down $1,637,000 on the maximum initial payment of $12,000,000 after adjusting for a shortfall on completion in the required net tangible assets of CLX.

The share purchase agreement provided for a claw-back of up to $2,000,000 of the initial payment supported by an unconditional bank guarantee should Earnings before Interest and Taxation (EBIT) targets not be met for the financial year ended 30 June 2018. Targets were not met and the full amount of the claw-back will be claimed.

The share purchase agreement also provided for a maximum final deferred payment of $3,125,000 subject to the achievement of EBIT targets for the two financial years ending 30 June 2019 and 2020.

- Cancellation of share capital:

On 15 August 2017, loans granted to Group level executives to purchase shares under the Group Level Incentive Plan expired without repayment. On 22 August 2017, the Group cancelled 1,596,774 shares relating to these loans.

Unissued Shares Under Options

During the year ended 30 June 2018 and to the date of this report no shares have been issued on the exercise of options.

At the date of this report, there are no unissued ordinary shares under option of Legend Corporation Limited or any controlled entity within the Group.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

Dividends

In respect of the current year, a fully franked interim dividend of $1,517,000 (0.7 cents per share) was paid 27 April 2018 (2017: $1,310,000).

Subsequent to the end of the financial year, the Directors have declared a fully franked final dividend of $1,625,000 (0.75 cents per share) to be paid 2 November 2018. (2017: $1,300,000)

Events Arising Since the End of the Reporting Period

Apart from the final dividend declared and acquisition agreement noted below, there are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect either:

- The Group's operations in future financial years;
- The results of those operations in future financial years; or
- The Group's state of affairs in future financial years.

The Group has entered into an agreement to acquire the issued capital of PCWI Technology Pty Ltd for approximately $2,700,000. Whilst this acquisition is subject to the usual and customary conditions precedent it is expected to complete before the end of August 2018.

Future Development, Prospective and Business Strategies

The Group will continue its focus on business initiatives to meet customer needs whilst continuing to manage debt and costs, improving inventory performance and quality of earnings. The Group is actively seeking new opportunities within our existing resources.

The Directors are confident that the Group is well placed for the future.

Environmental Issues

The Group was not subject to any particular or significant environmental regulations of the Commonwealth, individual States or Territories of Australia during the financial year.

Indemnifying Officers or Auditor

During the year, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors and Company Secretary.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officer of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

During the year, KPMG, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Management Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact upon the impartiality and objectivity of the auditor.
- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out in Note 5 to the financial statements.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 30, which forms part of this report.

Rounding of Amounts

Legend Corporation Limited has relied on the relief available under ASIC Corporations (Rounding in Financial/ Directors Reports) Instrument 2016/191 and therefore amounts contained in this report and in the financial statements have been rounded to the nearest $1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the Class Order.

Remuneration Report (Audited)

The Directors of Legend Corporation Limited ('the Group') present the Remuneration Report prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The remuneration report is set out under the following main headings:

a. Principles used to determine the nature and amount of remuneration
b. Details of remuneration
c. Service agreements
d. Share-based remuneration
e. Other information
f. KMP Options and Rights Holidings
g. Employee Performance Rights Plan
h. KMP Share Holdings

a. Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy, supporting incentive programs and frameworks are:

- To align rewards to business outcomes that deliver value to shareholders;
- To drive a high-performance culture by setting challenging objectives and rewarding high performing individuals; and
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The Group has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board has established a Remuneration Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Committee may engage independent external consultants and advisors to provide any necessary information to assist in the discharge of its responsibilities.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being annual salary;
- Short term incentives, being employee share schemes and bonuses; and
- Long term incentives, being performance based, payable in arrears with cash and shares.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The payment of bonuses, shares, share options and other incentive payments are reviewed by the Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, shares, options and incentives must be linked to pre-determined performance criteria.

The Key Performance Indicators (KPI's) for the Executive Team are summarised as follows:

- Financial – operating profit before income tax; and
- Non-financial – strategic goals set by each individual business unit based on job descriptions.

The Group's performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Company values.

Short term incentive (STI)

Individual performance measures are set annually after consultation with the directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The STI program incorporates both cash and share-based components for the executive team and other employees.

The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs.

Group Level Incentive Plan (GLIP)

The GLIP provides a collective bonus for distribution to nominated group level executives leveraged to a minimum growth requirement of 10% year-on-year in Net Profit before Tax (NPBT). Accumulation of the bonus only occurs after the achievement of the minimum growth requirement and up to a maximum accumulation of 5% of NPBT. Merger and acquisition activities attract a further hurdle of 10% on funds invested additional to the minimum growth requirement.

The apportionment of the collective bonus to nominated group level executives requires the approval of the Remuneration Committee. Amounts apportioned to executives are to be taken in an equal split of cash and shares unless determined otherwise by the Remuneration Committee.

The number of shares issued to executives equates to three times the value of the share apportionment, determined by the ASX market price of Legend shares on the date of approval. Shares issued have a three year vesting period.

In accordance with the Group's Limited Recourse Loan Agreement, the Company provides to the executive an interest bearing loan equal to the value of the shares. The loan has a maximum term of five years.

Each share has the same voting rights and rights to dividends as existing ordinary shares. The shares however cannot be traded subject to the vesting period or before the repayment of the loan. Shares are forfeited on the earlier of termination of the executive's employment or the loan expiry date, subject to the loan having not been repaid.

Non-executive Directors are not entitled to participate in the GLIP.

Use of remuneration consultants

The Board and Remuneration Committee did not engage remuneration consultants to provide remuneration advice and information to the Board during the year.

Voting and comments made at the Company's 2017 Annual General Meeting

Legend received more than 98.7% of "yes" votes on its remuneration report for the 2017 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years:

	2018	2017	2016	2015	2014
Net profit before tax	\$8.9M	\$5.8M	\$7.6M	\$9.9M	\$9.7M
Net profit after tax	\$6.0M	\$3.7M	\$5.2M	\$6.9M	\$6.7M
EPS (cents)	2.8	1.7	2.4	3.1	3.1
Dividends paid (cents)	1.3	1.2	1.6	1.75	1.85
Share price at year-end (cents)	23.5	17	22.5	26	29

b. Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel ('KMP') of Legend Corporation Limited are shown in the table below. Remuneration has been determined using a cash basis of accounting and therefore excludes accrued leave, bonuses and GLIP amounts.

Directors and Other Key Management Personnel Remuneration

		SHORT-TERM BENEFITS			POST EMPLOYMENT BENEFITS	LONG TERM BENEFITS	TERMINATION BENEFITS		
		Salary, fees and leave	Profit share and bonuses	Non-monetary	Pensions and superannuation	Long Service Leave	Termination Benefits	Total	% of remuneration that is performance based
		$	$	$	$	$	$	$	%
Executive Director									
Mr Bradley Dowe Managing Director / Chief Executive Officer	2018	397,500	-	5,652	35,625	6,264	-	445,041	-
	2017	383,125	-	29,054	35,863	3,934	-	451,975	-
Non-Executive Directors									
Mr Bruce Higgins Chairman / Independent Non-executive Director	2018	129,194	-	-	-	-	-	129,194	-
	2017	129,194	-	-	-	-	-	129,194	-
Mr Ian Fraser Independent Non-executive Director	2018	67,028	-	-	6,368	-	-	73,396	-
	2017	67,028	-	-	6,368	-	-	73,396	-
Other Key Management Personnel									
Mr Hamish McEwin Chief Financial Officer	2018	341,301	-	-	20,049	8,269	-	369,619	-
	2017	341,734	-	-	19,616	8,246	-	369,596	-
Mr Chris Grawich General Manager CABAC	2018	317,870	-	-	20,049	4,932	-	342,851	-
	2017	317,870	-	-	19,616	4,919	-	342,405	-
Total Key Management Personnel	2018	1,252,893	-	5,652	82,091	19,465	-	1,360,101	
	2017	1,238,951	-	29,054	81,461	17,099	-	1,366,565	

GLIP payments

The minimum 10% year-on-year growth in NPBT required under the Plan was not achieved during the current financial year therefore no payment will be made under the Plan for the 2018 financial year.

c. Service agreements

Remuneration and other terms of employment for the Executive Director and other KMP are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

NAME	BASE SALARY	ALLOWANCES AND OTHER BENEFITS	SUPERANNUATION	TERM OF AGREEMENT	NOTICE PERIOD
Mr Bradley Dowe	$375,000	$22,500	9.5% ON BASE SALARY	UNSPECIFIED	SIX (6) MONTHS
Mr Hamish McEwin	$330,000	-	9.5% ON BASE SALARY	UNSPECIFIED	SIX (6) MONTHS
Mr Chris Grawich	$295,370	$22,500	9.5% ON BASE SALARY UP TO EMPLOYER CAP	UNSPECIFIED	SIX (6) MONTHS

d. Share based remuneration

Employee share scheme

Group level executives are encouraged to take a minimum 50% of any bonus payment in Company shares. No shares were issued during the current financial year to Group executives.

GLIP shares

No shares were issued under the GLIP during the current financial year.

Shares issued to Group level executives in prior years which expired during the current year are as follows:

NAME	GRANT / ISSUE DATE	NUMBER GRANTED	VALUE PER SHARE ($)	VESTING DATE	EXPIRY DATE	LOAN BALANCE AT YEAR END ($)
Mr Bradley Dowe	15.8.2012	967,742	0.126	15.8.2015	15.8.2017	-
Mr Hamish McEwin	15.8.2012	629,032	0.126	15.8.2015	15.8.2017	-

On 15 of August 2017 loans provided to Mr Dowe and Mr McEwin under the GLIP expired. Neither Mr Dowe nor Mr McEwin exercised their right to repay the loans. Consequently, all shares granted under the GLIP were cancelled and the loans extinguished

e. Other

Changes in Directors and Executives Subsequent to Year-End

There have been no changes to Directors or Executives subsequent to year-end

f. KMP Options and Rights Holdings

All options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis. Options carry no dividend or voting rights.

No options over ordinary shares have been held by any KMP of the Group during the financial year or to the date of this report.

g. Employee Performance Rights Plan

Performance rights issued under the Employee Performance Rights Plan offer employees the right to acquire ordinary shares in Legend Corporation Limited for no consideration.

Performance rights vest in tranches, subject to meeting the vesting conditions, up until the expiry date. Vesting conditions include a service condition (the employee must be employed at the date of vesting) and a performance condition (achieving a target EBIT or NPAT).

Performance rights which do not meet the vesting conditions will automatically lapse. Performance rights which have met the vesting conditions may be exercised immediately by written notification to the Board. Vested performance rights must be exercised on or before the expiry date.

Name	Grant Date	Number Granted	Fair Value at grant date ($)	Lapsed rights	Unvested rights at year end	Expiry date
Mr Hamish McEwin	7.1.2017	500,000	0.22	100,000	400,000	7.1.2022
Mr Mathew Wegener	26.4.2018	1,000,000	0.229	250,000	750,000	31.8.2020

h. KMP Shareholdings

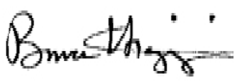
The number of ordinary shares in Legend Corporation Limited held directly or indirectly by KMP of the Group at the end of the financial year is as follows:

30 June 2018	Balance at beginning of year	GLIP shares cancelled	Balance at year end
Mr Bruce Higgins	3,677,150	-	3,677,150
Mr Ian Fraser	840,000	-	840,000
Mr Bradley Dowe	63,261,896	(967,742)	62,294,154
Mr Hamish McEwin	848,370	(629,032)	219,338
	68,627,416	(1,596,774)	67,030,642

The tables above only include KMP with shareholding.

End of audited Remuneration Report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Bruce E Higgins

Chairman of Directors

Legend Corporation Limited

13 August 2018

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Legend Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Legend Corporation Limited for the financial year ended 30 June 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Paul Cenko
Partner

Adelaide

13 August 2018

LEGEND CORPORATION

ACN 102 631 087

Financial Statements

30 June 2018

CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated Group	
	Notes	**2018**	**2017**
		$000	**$000 Restated***
Sale of goods revenue		114,901	100,204
Other income		69	98
Changes in inventories		3,494	(4,217)
Raw materials and consumables used		(69,009)	(51,129)
Employee benefits expense		(25,135)	(23,749)
Depreciation and amortisation expense		(2,441)	(2,175)
Occupancy costs		(3,922)	(3,744)
Impairment of goodwill, intangible assets and plant and equipment	9&10	-	(1,290)
Other expenses		(7,966)	(7,016)
Profit before financing costs, finance income and income tax		9,991	6,982
Finance income		46	51
Finance costs		(851)	(849)
Implied interest expense deferred settlement	2	(317)	(350)
Profit before income tax		8,869	5,834
Income tax expense	3	(2,891)	(2,093)
Profit for the year		**5,978**	**3,741**
Other comprehensive income for the year, net of tax		1	(99)
Total comprehensive income for the year		**5,979**	**3,642**
Profit attributable to members of the parent entity		**5,978**	**3,741**
Total comprehensive income attributable to members of the parent entity		**5,979**	**3,642**
		Cents	**Cents**
Basic earnings per share		2.8	1.7
Diluted earnings per share		2.8	1.7

The accompanying notes form part of these financial statements
*Amounts have been restated to correct for the restatements detailed in note 25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	Consolidated Group 2018 $000	Consolidated Group 2017 $000
Current assets			
Cash and cash equivalents		6,706	7,318
Trade and other receivables	7	29,479	20,309
Inventories	8	32,522	27,949
Prepayments		855	916
Total current assets		**69,562**	**56,492**
Non-current assets			
Property, plant and equipment	9	6,764	6,130
Deferred tax assets	15	2,118	1,687
Goodwill	10	48,489	43,688
Other intangible assets	10	12,910	6,877
Total non-current assets		**70,281**	**58,382**
Total assets		**139,843**	**114,874**
Current liabilities			
Trade and other payables	12	23,102	14,245
Derivative financial instruments	13	19	147
Borrowings	14	5,412	3,700
Current tax liabilities		1,027	369
Short-term provisions	16	5,310	4,648
Total current liabilities		**34,870**	**23,109**
Non-current liabilities			
Trade and other payables	12	5,429	4,554
Revenue received in advance		513	-
Borrowings	14	22,311	15,436
Deferred tax liability	15	3,873	2,063
Long-term provisions	16	150	177
Total non-current liabilities		**32,276**	**22,230**
Total liabilities		**67,146**	**45,339**
Net assets		**72,697**	**69,535**
Equity			
Issued capital	17	74,083	74,083
Reserves	18	14,267	11,105
Accumulated losses		(15,653)	(15,653)
Total equity		**72,697**	**69,535**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

Consolidated Group	Notes	Issued Capital $000	Option Reserve $000	Hedge Reserve $000	Profits Reserve $000	Accumulated Losses $000	Total $000
Balance at 1 July 2016		74,083	346	-	9,737	(15,653)	68,513
Profit attributable to members of the parent entity		-	-	-	-	3,741	3,741
Transfer to profit reserve		-	-	-	3,741	(3,741)	-
Interest rate swap changes in fair value		-	-	(99)	-	-	(99)
Total comprehensive income for the period		-	-	(99)	3,741	-	3,642
Dividends	6	-	-	-	(2,620)	-	(2,620)
Transactions with owners in their capacity as owners		-	-	-	(2,620)	-	(2,620)
Balance at 30 June 2017		**74,083**	**346**	**(99)**	**10,858**	**(15,653)**	**69,535**
Profit attributable to members of the parent entity		-	-	-	-	5,978	5,978
Transfer to profit reserve		-	-	-	5,978	(5,978)	-
Interest rate swap changes in fair value		-	-	1	-	-	1
Total comprehensive income for the period		-	-	1	5,978	-	5,979
Dividends	6	-	-	-	(2,817)	-	(2,817)
Transactions with owners in their capacity as owners		-	-	-	(2,817)	-	(2,817)
Balance at 30 June 2018		**74,083**	**346**	**(98)**	**14,019**	**(15,653)**	**72,697**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Consolidated Group	
		2018	2017
		$000	$000
Cash flows from operating activities			
Receipts from customers		130,519	120,306
Payments to suppliers and employees		(120,130)	(106,008)
Interest received		46	51
Finance costs		(851)	(850)
Income tax paid		(3,068)	(2,964)
Net cash provided by operating activities	**21**	**6,516**	**10,535**
Cash flows from investing activities			
Proceeds from the sale of plant and equipment		19	16
Purchase of property, plant and equipment		(570)	(863)
Acquisition of subsidiaries, net of cash	2	(12,391)	(1,000)
Proceeds from employee loans		17	-
Net cash used in investing activities		**(12,925)**	**(1,847)**
Cash flows from financing activities			
Dividends paid		(2,817)	(2,620)
Repayment of borrowings		(2,775)	(4,516)
Proceeds from bank loans		11,362	800
Net cash used in financing activities		**5,770**	**(6,336)**
Net decrease in cash and cash equivalents held		(639)	2,352
Cash and cash equivalents at beginning of financial year		7,318	4,980
Exchange differences on cash and cash equivalents		27	(14)
Cash and cash equivalents at end of financial year		**6,706**	**7,318**

The accompanying notes form part of these financial statements

This financial report covers Legend Corporation Limited ('Parent Entity' or 'Company") and its controlled entities as a consolidated entity ('Consolidated Group' or 'Group'). Legend Corporation Limited is a listed public company, incorporated and domiciled in Australia. The address of its registered office is 1 Butler Drive, Hendon, South Australia, 5014.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General information and statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other requirements of the law.

These financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The consolidated financial statements provide comparative information in respect of the previous period.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with the International Financial Reporting Standards ('IFRS').

The consolidated financial statements for the year ended 30 June 2018 were approved and authorised for issue by the Board of Directors on 13 August 2018.

(b) Application of new and revised Accounting Standards

A number of new and revised standards became effective for the first time to annual periods ending on or after 30 June 2018. The standards are listed below and the Directors have determined that each of these has an immaterial effect on the consolidated financial statements.

(c) Other standards

The following amended standards are interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle - Amendments to IFRS 1 and IAS 28.
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2).
- Transfers of Investment Property (Amendments to IAS 40).
- Sale or Contribution of Assests between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- IFRIC 23 Uncertainty over Income Tax Treatments.

(c) Accounting standards issued by not yet effective and not adopted early by the Group:

New or amended standard	Summary of requirements	Possible impact on consolidated financial statements
AASB 9 Financial Instruments	AASB 9, published in July 2014, replaces the existing guidance in AASB 139 Financial instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements.
AASB 15 Revenue from Contracts with Customers	AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction contracts and IFRIC 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements.
AASB 16 Leases	AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 Leases. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019.	The Group is assessing the potential impact on its consolidated financial statements.

(d) Basis of consolidation

The Group financial statements consolidate those of the Parent Entity and all of its subsidiary undertakings drawn up to 30 June 2018. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

(e) Business Combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquirer's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(f) Income tax

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is calculated based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated without discounting, based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

(g) Inventories

The Group periodically assess the carrying value of inventory to ensure it is stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expense adjusted for provisions applied based on management expectations of inventories which are slow moving or excess.

(h) Property Plant and Equipment

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment loss.

Depreciation

Depreciation is recognised within depreciation expense on a straight-line basis to write down the cost or valuation less estimated residual value of property, plant and equipment.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Leasehold improvements	2.5 - 30%
Motor Vehicles	18 - 25%
Plant and Equipment	10 - 40%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within ‘other income’ or ‘other expenses’.

(i) Leases

Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(j) Financial Instruments

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group applies AASB 13 Fair Value Measurement, which establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASB. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASB. As a result, the Group has applied additional disclosures in this regard within Notes 7 and 23.

The Group has an established control framework with respect to the measurement of fair values. The Chief Financial Officer has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The Chief Financial Officer regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Finance Director assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AASB, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Management Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

• *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities

• *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

• *Level 3:* inputs for asset or liability that are not based on observable market data (unobservable inputs).

If inputs used to measure fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below:

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

• Loans and receivables

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within ‘finance costs’, ‘finance income’ or ‘other financial items’, except for impairment of trade receivables which is presented within ‘other expenses’.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group’s cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial Liabilities

The Group’s financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value, any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in Other Comprehensive Income and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged items affect profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within ‘finance costs’ or ‘finance income’.

(k) Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

(l) Intangibles

Goodwill

Goodwill represents future economic benefits arising from a business combination that are not individually identified and separately recognised. Refer to note 1(e) for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to note 1(k) for impairment testing procedures.

Acquired intangible assets

Customer lists, Brand names, Non-compete and intellectual property intangible assets recognised in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values. These intangible assets are amortised over their lives based on future cash flow forecasts. The following useful lives are applied:

- Customer lists: 5-10 years
- Non-compete agreement: 5 years
- Intellectual property: 15 years

Residual values and useful lives of other intangible assets are reviewed at each reporting date. In addition they are subject to impairment testing as described in note 1 (k).

Amortisation has been included within Depreciation and amortisation expense.

(m) Foreign currency transactions and balances

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the Parent Entity.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD (the Group's presentation currency) are translated into AUD upon consolidation. The functional currency of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate.

(n) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of estimated future cash outflows to be made for those benefits. Those cash outflows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

(o) Share based employee remuneration

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(q) Revenue and other income

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

All revenue is stated net of the amount of goods and services tax (GST).

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital net of any related income tax benefits.

Retained earnings includes all current and prior period retained profits. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

(t) Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial /Directors Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(u) Critical accounting estimates and judgements

Key estimates- Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key estimates- Business combinations

Management uses valuation techniques in determining the fair value of the various elements of a business combination. Particularly the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

Key estimates- Inventory valuation

Management periodically assesses the carrying value of inventory to ensure it is stated at the lower of cost and net realisable value. Slow moving and excess items are provisioned based on management expectations of the percentage of cost expected to be recovered when the items are sold.

Key estimates- Useful life of property, plant and equipment

The Group determines the estimated useful lives, residual value and related depreciation charges for its property, plant and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation charge where useful lives or residual values may differ from those previously estimated. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expenses in future periods.

The directors believe there are no other key estimates or judgements.

NOTE 2: ACQUISTIONS

Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd and Commsforce Pty Ltd

On 28 February 2018 Legend completed the acquisition of 100% of the shares and voting interests in Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd and Commsforce Pty Ltd, collectively the Celemetrix Group (CLX).

The acquisition was made as part of the Group's overall strategy to expand Legend's value chain with a range of test and calibration services complementary to the Groups exisiting product range.

Impact of acquisition on the results of the Group

Included in the profit for the year is $0.895m attributable to the additional business generated by the CLX Group.

Had these business combinations been effected at 1 July 2017, the revenue of the Group from continuing operations would have been $128.675m and profit for the year from continuing operations would have been $6.669m.

(a) Consideration transferred	Total $000
Fair value of consideration	
Amount settled in cash	10,363
Amount receivable from CLX (i)	(2,000)
Fair value of contingent consideration (ii)	2,707
Total cost of acquisition	**11,070**

(i) Amount receivable from CLX

The share purchase agreement provided for a claw back of up to $2.000m of the initial payment, supported by an unconditional bank guarantee should EBIT targets not be met for the financial year ended 30 June 2018. Targets were not met and the full amount of the claw-back will be claimed.

(ii) Contingent consideration

Under the deferred payment arrangement, the Group is required to pay a maximum of $3.125m by 31 August 2020. The payment is contingent on the achievement of average EBIT targets for the 2 years ended 30 June 2019 and 30 June 2020.

Current EBIT forecasts indicate that the CLX Group will achieve the required targets. The Group has included $2.707m as the deferred consideration within trade and other payables reflecting the discount value of the amount due.

During the year an implied interest expense of $0.053m has been recognised to reflect the change in the net present value of the contingent consideration.

(b) Acquisition related costs

Acquisition related costs of $0.528m have been excluded from the consideration transferred and have been recognised as an expense in the profit or loss in the current year, within the "other expenses" line item.

Assets acquired and liabilities assumed at the date of acquisition

The amounts recognised at the acquisition date of the acquirees assets, liabilities and contingent liabilities are as follows:

	Celemetrix Australia Pty Ltd	Celemetrix SRC Pty Ltd	Celemetrix SRC- NZ Branch	Commsforce Pty Ltd	Total
	$000	$000	$000	$000	$000
Cash and cash equivalents	24	119	5	603	751
Trade and other receivables	1,275	-	-	2,105	3,380
Inventories	-	111	-	232	343
Current tax assets	-	479	-	-	479
Other current assets	-	14	-	4	18
Total Current Assets	**1,299**	**723**	**5**	**2,944**	**4,971**
Property, plant and equipment	14	1,528	-	35	1,577
Intangible assets	6,993	-	-	-	6,993
Deferred tax assets	4	84	-	22	110
Total Non Current Assets	**7,011**	**1,612**	**-**	**57**	**8,680**
Total Assets	**8,310**	**2,335**	**5**	**3,001**	**13,651**
Trade and other payables	152	1,190	17	1,934	3,293
Current tax liabilities	460	-	-	269	729
Short-term provisions	-	316	-	64	380
Total Current Liabilities	**612**	**1,506**	**17**	**2,267**	**4,402**
Revenue received in advance	-	-	-	383	383
Deferred tax liabilities	2,098	-	-	-	2,098
Total Non Current Liabilities	**2,098**	**-**	**-**	**383**	**2,481**
Total Liabilities	**2,710**	**1,506**	**17**	**2,650**	**6,883**
Net identifiable assets and liabilities	5,600	829	(12)	351	6,768

The initial accounting for the CLX Group acquisitions has only been provisionally determined at the end of the reporting period with further work required to complete the purchase price allocation.

Goodwill arising on acquisition

	Total $000
Total consideration	11,070
Fair value of net identifiable assets acquired	(6,768)
Goodwill arising on acquisition	**4,302**

Net cash out flow on acquisition	$000
Consideration paid in cash	10,363
Cash and cash equivalent balances acquired	(751)
	9,612

Tripac Distribution

On 23 March 2018 Legend Corporation Limited acquired selected business assets of Tripac Distribution.

Impact of acquisition on the results of the Group

Included in the profit for the year is $0.112m attributable to the additional business generated by the assets of Tripac Distribution.

Consideration transferred	$000
Fair value of consideration	
Amount settled in cash	1,030

Assets acquired and liabilities assumed at the date of acquisition	
Cash and cash equivalents	9
Trade and other receivables	287
Inventories	241
Total Current Assets	**537**
Property, plant and equipment	30
Total Non Current Assets	**30**
Total Assets	**567**
Trade and other payables	36
Total Current Liabilities	**36**
Net identifiable assets and liabilities	**531**

Goodwill arising on acquisition	$000
Total consideration	1,030
Fair value of net identifiable assets acquired	531
Goodwill arising on acquisition	**499**

System Control Engineering Pty Ltd and System Control NZ Limited

Contingent Consideration

On 31 August 2017 an amount of $1.750m (2017: $1m) was paid in relation to the acquisition of selected business assets of System Control Engineering Pty Ltd and the shares of System Control Engineering NZ Limited (the 'SCE Group') as part of the deferred payment arrangements arising from the transaction which occurred in 1 May 2015.

The SCE Group achieved the EBIT target for the year ended 30 June 2018 and a third deferred payment of $2.150m is due 31 August 2018.

One further deferred payment up to a maximum of $2.820m is payable no later than 31 August 2019.

The payment is contingent on the achievement of EBIT targets combined for both System Control Engineering Pty Ltd and System Control Engineering NZ Limited. The current EBIT forecasts indicate that the SCE Group will achieve the final target and the full value of the remaining deferred consideration has been included. The fair value has been calculated using a discount rate of 5.9%.

During the year an implied interest expense of $0.264m (2017: $0.350m) has been recognised to reflect the change in the net present value of the contingent consideration.

NOTE 3: INCOME TAX EXPENSE

		Notes	Consolidated Group 2018 $000	2017 $000
a.	The components of tax expense comprise:			
	Current tax		3,487	2,325
	Deferred tax	15	(596)	(232)
			2,891	2,093
b.	The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
	Prima facie tax payable on profit before income tax at 30% (2017: 30%)			
-	Consolidated group		2,661	1,750
	Add:			
	Tax effect of:			
-	Impairment of goodwill		-	192
-	Implied interest on deferred consideration		96	105
-	Prior year under provision for income tax		-	41
-	Other non-allowable items		53	5
-	Non deductible acquisition costs		81	-
			230	343
	Income tax attributable to entity		2,891	2,093
	The applicable weighted average effective tax rates are as follows:		33%	36%

NOTE 4: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

The totals of remuneration paid to KMP of the Group and the Parent Entity during the year are as follows:

	Consolidated Group 2018 $	2017 $
Short-term employee benefits	1,258,545	1,268,005
Post-employment benefits	82,090	81,461
Other long-term benefits	19,466	17,099
	1,360,101	**1,366,565**

NOTE 5: AUDITORS' REMUNERATION

	Consolidated Group 2018 $	2017 $
Remuneration of the auditor of the Parent Entity for:		
KPMG		
- Auditing the financial report	229,631	199,875
- Taxation services	40,782	21,467
- Due diligence	75,000	-

NOTE 6: DIVIDENDS

	Consolidated Group 2018 $000	2017 $000
Dividends declared during the year:		
Fully franked interim dividend (0.7 cents per share)	1,517	-
Fully franked final dividend payment (0.6 cents per share)	1,300	1,310
Fully franked interim dividend (0.6 cents per share)	-	1,310
	2,817	**2,620**

The tax rates applicable to the franking credits attached to the interim and final dividend is 30%

a. Franking credits

The amount of franking credits available for subsequent reporting periods are:

Balance at the end of the reporting period	24,432	22,423
- Franking credits that will arise from payment of income tax	369	313
	24,801	**22,736**

NOTE 7: TRADE AND OTHER RECEIVABLES

	Notes	Consolidated Group 2018 $000	Consolidated Group 2017 $000
Trade receivables		27,754	20,427
Provision for impairment of receivables	7(a)	(275)	(118)
		27,479	20,309
Other receivables		2,000	302
Provision for impairment of other receivables	7(a)	-	(302)
		2,000	-
Total trade and other receivables		**29,479**	**20,309**

All amounts are short term. The net carrying amount of receivables is considered a reasonable approximation of fair value.

a. Provision for Impairment of Receivables

All of the Group's trade and other receivables have been reviewed for indicators of impairment. The impaired trade and other receivables are due from customers experiencing financial difficulties.

Movement in the provision for impairment of receivables is reconciled as follows:

Balance 1 July	420	404
Amounts written off (uncollectable)	(302)	(84)
Impairment losses allowance	4	100
Impairment loss arising as part of business acquisition	153	-
Balance at 30 June	**275**	**420**

An analysis of unimpaired trade receivables that are past due is given in Note 23.

NOTE 8: INVENTORIES

Inventories consist of the following:

	Consolidated Group	
	2018 $000	**2017 $000**
At cost		
Raw material and stores	2,901	2,016
Work in progress	41	56
Finished goods	23,761	20,179
	26,703	22,251
At net realisable value		
Finished goods	5,819	5,698
Total Inventories	**32,522**	**27,949**
Inventories written off during the year	389	319

No reversals of previous write downs were recognised as a reduction of expense in 2018 or 2017. None of the inventories are pledged as security for liabilities.

NOTE 9: PROPERTY, PLANT & EQUIPMENT

	Plant and Equipment $000	Motor Vehicles $000	Leasehold Improvements $000	Total $000
Gross carrying amount				
Balance at 1 July 2017	29,499	336	1,691	31,526
Acquired through business combination	1,551	-	-	1,551
Additions	570	-	-	570
Disposals	-	(25)	-	(25)
Balance at 30 June 2018	31,620	311	1,691	33,622
Depreciation and impairment				
Balance 1 July 2017	(24,019)	(167)	(1,210)	(25,396)
Disposals	-	23	-	23
Depreciation expense	(1,312)	(54)	(119)	(1,485)
Balance at 30 June 2018	(25,331)	(198)	(1,329)	(26,858)
Carrying amount at 30 June 2018	6,289	113	362	6,764

Gross carrying amount				
Balance at 1 July 2016	28,704	357	1,631	30,692
Additions	806	-	60	866
Disposals	(11)	(21)	-	(32)
Balance at 30 June 2017	29,499	336	1,691	31,526
Depreciation and impairment				
Balance 1 July 2016	(22,574)	(78)	(1,067)	(23,719)
Disposals	7	5	-	12
Impairment loss recognised*	(130)	-	-	(130)
Depreciation expense	(1,322)	(94)	(143)	(1,559)
Balance at 30 June 2017	(24,019)	(167)	(1,210)	(25,396)
Carrying amount at 30 June 2017	5,480	169	481	6,130

* An impairment loss of $0.13m was recognised during the prior year.

NOTE 10: INTANGIBLE ASSETS

a. Goodwill

	Notes	Consolidated Group	
		2018	2017
		$000	$000
Gross carrying amount			
Balance 1 July		61,637	61,637
Acquired through business combination	2	4,302	-
Acquired through asset acquisition	2	499	-
Balance at 30 June		66,438	61,637
Accumulated impairment			
Balance 1 July		(17,949)	(17,308)
Impairment loss recognised		-	(641)
Balance 30 June		(17,949)	(17,949)
Carrying amount at 30 June		48,489	43,688

The increase in the carrying amount of goodwill is due to the acquisition of the share capital of Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd and Commsforce Pty Ltd on 28 February 2018 and selected business assets of Tripac Distribution Pty Ltd on 23 March 2018. These acquisitions have been provisionally accounted for at year end with further work required to complete the purchase price allocation.

Impairment Disclosure

Goodwill is allocated to cash-generating units which are based on the group's reporting segments.

	2018	2017
	$000	$000
Innovative Electrical Solutions		
Hendon Semiconductors Pty Ltd	12,047	12,047
Electrical Power and Infrastructure		
Legend Corporate Services Pty Ltd	28,572	28,073
Celemetrix Australia Pty Ltd	4,302	-
Gas and Plumbing		
System Control Engineering Pty Ltd	3,553	3,553
System Control Engineering NZ Limited	15	15
	48,489	**43,688**

Impairment testing for cash generating units containing goodwill

The Group's CGU's were tested for impairment at 30 June 2018. The recoverable amount of the cash-generating units above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period, plus a terminal value. The cash flows are discounted using weighted average cost of capital of the cash generating units.

The values assigned to the key assumptions represent Management's assessment of future trends in the industry and are based on historical data from both external sources and internal sources.

The following assumptions were used in the value-in-use calculations:

	Terminal Growth Rate		Forecast 5 year annual Growth Rate		Discount Rate	
	2018	2017	2018	2017	2018	2017
Innovative Electrical Solutions						
Hendon Semiconductors Pty Ltd	3.00%	0.00%	3.9%	4.12%	15.40%	15.20%
Electrical Power and Infrastructure						
Legend Corporate Services Pty Ltd	3.00%	0.00%	6.3%	7.02%	15.40%	15.20%
Celemetrix Australia Pty Ltd	3.00%	N/A	24.2%	N/A	15.40%	N/A
Gas and Plumbing						
System Control Engineering Pty Ltd	3.00%	0.00%	7.7%	6.20%	15.40%	15.20%
System Control Engineering NZ Limited	3.00%	0.00%	3.7%	2.00%	15.90%	15.70%

Management has based the value-in-use calculation on budgets for each reporting segment. These budgets use historical weighted average growth rates adjusted for current market conditions to project revenue. The projection period reflects the expected useful life of the assets and product life cycle. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with the segment. The terminal growth rate was determined based on managements estimate of the long term compounded annual EBITDA growth rate, consistent with the assumptions a market participant would make.

Management's sensitivity analysis indicates that there is not a reasonable possibility that changes in the assumptions used would result in an impairment in the cash-generating units.

b. Other intangible assets

Details of the Group's other intangible assets and their carrying amounts are as follows:

	Brand Name	Customer Relationships	Non Compete Agreement	Intellectual Property	Total
	$000	$000	$000	$000	$000
Gross carrying amount					
Balance at 1 July 2017	5,800	3,385	1,239	419	10,843
Acquired through business combination (note 2)	2,600	2,687	1,706	-	6,993
Balance at 30 June 2018	8,400	6,072	2,945	419	17,836
Amortisation and impairment					
Balance 1 July 2017	(500)	(2,226)	(1,075)	(165)	(3,966)
Amortisation	-	(565)	(367)	(28)	(960)
Balance at 30 June 2018	(500)	(2,791)	(1,442)	(193)	(4,926)
Carrying amount at 30 June 2018	7,900	3,281	1,503	226	12,910
Gross carrying amount					
Balance at 1 July 2016	5,800	3,385	1,239	419	10,843
Balance at 30 June 2017	5,800	3,385	1,239	419	10,843
Amortisation and impairment					
Balance 1 July 2016	-	(1,835)	(878)	(137)	(2,850)
Amortisation	-	(391)	(197)	(28)	(616)
Impairment loss	(500)	-	-	-	(500)
Balance at 30 June 2017	(500)	(2,226)	(1,075)	(165)	(3,966)
Carrying amount at 30 June 2017	5,300	1,159	164	254	6,877

All amortisation and impairment charges (or reversals if any) are included within depreciation and amortisation.

Brand Name On acquistion of the assets of 100% of the share capital of Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd and Commsforce Pty Ltd at 28 February 2018 the company secured the exclusive rights and ownership of the Celemetrix brand name for use in Australia and New Zealand. This brand name is considered key to the ongoing success of the business. Brand names have an indefinite useful life. These brand names are tested annually for impairment.

Customer relationships The customer relationships have been valued by calculating the net present value of the cash flows expected from the customers over the customers useful lives. The useful lives range from 3 to 20 years.

Non Compete Agreement The non compete agreements in place have a maximum 5 year restraint period from the date of acquisition. The value was determined using managements best estimate of the relationships with customers and vendors and their ability to transfer to alternative organisations.

Intellectual Property Specific knowledge and know-how had been developed in-house for the key products selling at acquisition date. The costs accumulated to the date of acquisition have been capitalised and have an expected life cycle of these products of 15 years.

NOTE 11: CONTROLLED ENTITIES

a. Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2018	2017
Subsidiaries of Legend Corporation Limited			
Legend Corporate Services Pty Ltd	Australia	100	100
Cable Accessories (Holdings) Pty Ltd	Australia	100	100
IES Investments Pty Ltd	Australia	100	100
MSS Fibre Systems Pty Ltd	Australia	100	100
System Control Engineering Pty Ltd	Australia	100	100
Ecco Pacific Limited	New Zealand	100	100
System Control Engineering NZ Limited	New Zealand	100	100
Celemetrix Australia Pty Ltd	Australia	100	-
Celemetrix SRC Pty Ltd	Australia	100	-
Commsforce Pty Ltd	Australia	100	-
Subsidiaries of Legend Corporate Services Pty Ltd			
Legend Pacific Pty Ltd	Australia	100	100
Subsidiaries of Cable Accessories (Holdings) Pty Ltd			
Cable Accessories (Australia) Pty Ltd	Australia	100	100
Cable Projects Pty Ltd	Australia	100	100
Subsidiaries of IES Investments Pty Ltd			
Hendon Semiconductors Pty Ltd	Australia	100	100
Subsidiaries of MSS Fibre Pty Ltd			
MSS Power and Fibre Systems Pty Ltd	Australia	100	100

* Percentage of voting power is in proportion to ownership

b. Deed of Cross Guarantee

Legend Corporation Limited, Legend Corporate Services Pty Ltd, Legend Pacific Pty Ltd, Cable Accessories (Holdings) Pty Ltd, Cable Accessories (Aust) Pty Ltd, Cable Projects Pty Ltd, IES Investments Pty Ltd, Hendon Semiconductors Pty Ltd, MSS Power Systems Pty Ltd, MSS Fibre Systems Pty Ltd, Circle Power Electrical Data Pty Ltd, Ecco Pacific Limited, System Control Engineering NZ Limited, Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd and Commsforce Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and director's report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

The consolidated financial report covers the closed group and all parties to the Deed of Cross Guarantee.

NOTE 12: TRADE AND OTHER PAYABLES

	Notes	Consolidated Group 2018 $000	2017 $000
Current			
Trade payables		14,285	8,219
Sundry payables and accrued expenses		8,817	6,026
		23,102	**14,245**
Non Current			
Sundry payables and accrued expenses		5,429	4,554
		5,429	**4,554**

NOTE 13: OTHER FINANCIAL LIABILITIES

Derivative Financial Instruments		
US Dollar forward contracts	(79)	48
Interest rate swap contract	98	99
	19	**147**

The Group uses forward exchange contracts to mitigate exchange rate exposure arising from forecast purchases in US dollars. All derivatives are measured at fair value. The forward contracts have not been formally designated as hedging arrangements.

On 8 May 2017 the Group entered an interest rate swap agreement which the Group has designated as a hedge against the variability in future interest rate payments due on $11.000m. The terms of the agreement effectively convert the variable interest rate payments due to a fixed rate of 3.99%. On 3 April 2018 the Group entered an additional interest rate swap agreement on a further $4.800m at an interest rate of 4.10%

NOTE 14: BORROWINGS

	Notes	Consolidated Group 2018 $000	2017 $000
Current			
Secured liabilities			
Bank bills	14a	5,412	3,700
		5,412	**3,700**
Non-current			
Secured liabilities			
Bank bills	14a	22,311	15,436
		22,311	**15,436**
Total current and non-current secured liabilities			
Bank bills		27,723	19,136
	23	**27,723**	**19,136**

a. Bank Bills

Bank bills have been provided by Australia and New Zealand Banking Group Limited. The Letter of Offer under which these facilities were offered was signed on 20 June 2018.
Bank bills, which have been drawn as a source of long-term finance, are provided by the Bank under multiple facilities with a termination date of 30 April 2020. The bills mature on the last business day of every month. As at 30 June 2018 $9.200m of the bank bills have a fixed interest rate of 3.99% under an interest rate swap agreement and $4.800m have a fixed interest rate of 4.1% under an interest rate swap agreement . The current blended interest rate is 3.78% (2017: 3.67%) payable on each interest payment date.

(i) Bank bills are secured by:

- Fixed and floating charges over the whole of the company assets including goodwill and uncalled capital and called but unpaid capital together with relative insurance policy assigned to the Australia and New Zealand Banking Group Limited given by MSS Power Systems Pty Ltd, MSS Fibre Systems Pty Ltd, Circle Power Electrical Data Pty Ltd, Legend Corporation Limited, Legend Corporate Services Pty Ltd, Legend Pacific Pty Ltd, Cable Accessories (Holdings) Pty Ltd, Cable Accessories (Australia) Pty Ltd, Cable Projects Pty Ltd, Hendon Semiconductors Pty Ltd, IES Investments Pty Ltd, Ecco Pacific Limited, System Control Engineering NZ Limited, Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd and Commsforce Pty Ltd.

(ii) The following covenants apply to debt facilities provided by the Bank:

- Debt to EBITDA Ratio: The Debt to EBITDA Ratio for any relevant period does not exceed 3.00:1.
- Interest Cover Ratio: The Interest Cover Ratio for any relevant period is not less than 3.00:1.
- Minimum Net Assets: The Net Assets of the Testing Entities is not at any time less than the amount which is 90% of the Net Assets of the Testing Entities as shown in the annual audited Financial Statements for the previous financial year.

During the financial year and to the date of this report, the company has complied with all banking covenants.

b. Reconciliation of movements of liabilities to cashflows arising from financing activities

	Bank Bills $000	Profit Reserve $000	Total $000
Opening balance at 1 July 2017	19,136	10,858	29,994
Proceeds from bank loans	11,362	-	11,362
Repayment of borrowings	(2,775)	-	(2,775)
Dividends paid	-	(2,817)	(2,817)
Total changes from financing cash flows	**8,587**	**(2,817)**	**5,770**
Other changes			
Interest expense	851	-	852
Interest paid	(851)	-	(852)
Transfer from accumulated losses	-	5,978	5,978
Total other changes	-	5,978	5,978
Closing balance at 30 June 2018	**27,723**	**14,019**	**41,742**

NOTE 15: TAX ASSETS AND LIABILITIES

	Consolidated Group	
	2018 $000	**2017 $000**
Deferred tax liabilities		
The movement in deferred tax liability account is as follows:		
Intangible assets		
Opening balance	2,063	2,397
Charge/(credit) to income statements	(288)	(334)
Acquired in business combination	2,098	-
Closing balance	**3,873**	**2,063**
Deferred tax assets		
The movement in deferred tax assets account is as follows:		
Provisions		
Opening balance	1,687	1,772
Acquired in business combination	110	-
(Charge)/credit to income statements	304	(102)
Closing balance	**2,101**	**1,670**
Other		
Opening balance	17	17
Closing balance	**17**	**17**
Total	**2,118**	**1,687**

NOTE 16: PROVISIONS

	Employee Benefits $000	Total $000
Consolidated Group		
Opening balance 1 July 2017	4,825	4,825
Additional provisions	1,666	1,666
Additional provisions from business combination	378	378
Amounts used	(1,409)	(1,409)
Balance at 30 June 2018	**5,460**	**5,460**

	Consolidated Group	
	2018 $000	2017 $000
Analysis of total provisions		
Current	5,310	4,648
Non-current	150	177
	5,460	**4,825**

Provision for employee benefits

A provision has been recognised for employee benefits relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1(n) to this report.

NOTE 17: ISSUED CAPITAL

	Consolidated Group	
	2018 $000	2017 $000
216,723,693 (2017: 218,320,467) fully paid ordinary shares	74,083	74,083

The share capital of Legend Corporation Limited consists only of fully paid ordinary shares, the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote at the shareholders meeting of Legend Corporation Limited.

a. Ordinary Shares	No.	No.
At beginning of reporting period	218,320,467	218,320,467
Shares cancelled	(1,596,774)	-
Total shares authorised 30 June	**216,723,693**	**218,320,467**

On 15 August 2017, loans granted to Group level executives to purchase shares under the Group Level Incentive Plan expired without repayment. On 22 August 2017, the Group cancelled 1,596,774 shares relating to these loans.

b. Capital Management

Management controls the capital of the Group by taking into consideration a range of factors including current and future expected costs of borrowings and the share price in order to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The gearing ratio's for the year ended 30 June 2018 and 30 June 2017 are as follows:

		Consolidated Group	
	Notes	**2018 $000**	**2017 $000**
Borrowings	14	27,723	22,852
Less cash and cash equivalents		(6,706)	(7,318)
Net debt		21,017	17,872
Trade and other payables	12	28,531	18,799
Net debt including trade and other payables		49,548	36,671
Total equity		72,697	69,535
Total capital		**122,245**	**106,206**
Gearing Ratio		41%	35%

NOTE 18: RESERVES

	Consolidated Group	
	2018 $000	2017 $000

a. Option reserve

The option reserve records items recognised as expenses on valuation of employee share options and shares issued under the Group Level Incentive Plan.

Movements in the Options reserve were as follows:

Balance at the beginning of the year	346	346
Option expense	-	-
Balance at the end of the year	346	346

b. Hedge Reserve

The hedge reserve comprises the effective portion of the cumulative net change in fair value of the hedging instruments.

Balance at the beginning of the year	(99)	-
Interest rate swap - changes in fair value	1	(99)
Balance at the end of the year	(98)	(99)

c. Profits reserve

The profits reserve records profits which are available for distribution to shareholders.

Movements in the Profits reserve were as follows:

Balance at the beginning of the year	10,858	9,737
Net profit for the year	5,978	3,741
Dividends paid	(2,817)	(2,620)
Balance at the end of the year	14,019	10,858

NOTE 19: LEASES

Operating lease commitments

Non-cancellable operating lease contracted for but not capitalised in the financial statements

	Consolidated Group	
Payable - minimum lease payments	**2018 $000**	**2017 $000**
- not later than 12 months	3,034	3,118
- between 12 months and 5 years	10,153	11,062
- greater than 5 years	-	4,041
	13,187	**16,221**

The most significant property lease at Seven Hills NSW which commenced on 30 May 2008 and is a non-cancellable lease with a 10 year term. Rent is payable monthly in advance. Rent adjustments are performed annually on the basis of a Market Review. As it is not possible to determine future market rates, minimum lease repayments have been calculated on the basis of current rental payments over the remaining period of the lease. This lease was extended on 29 April 2015 with an additional 5 year term.

An additional property lease commenced 1 July 2016 for a new premises in Mitcham Vic. This is a non-cancellable lease with a 5 year term and fixed annual rental increases of 2.5% per year. Rent is payable monthly in advance. An option exists to renew the lease for an additional 5 years at the end of the 5 year term.

NOTE 20: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing the performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosure are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following;

- the products sold by the segment;
- the manufacturing process; and
- the type or class of customer for the products.

Types of products by segment

Electrical, Power and Infrastructure

The electrical, power and infrastructure segment distributes a wide range of house branded electrical and connectivity products and tools, cable assemblies, data and computer room products. Products are of a similar nature with the majority of customers being within the electrical wholesale or power and infrastructure industries.

The CLX Group acquired on 28 February 2018 and the assets of Tripac Distribution acquired on 23 March 2018 have been assigned to the Electrical, Power and Infrastructure segment.

Innovative Electrical Solutions

The innovative electrical solutions segment manufactures application designs and integrated circuits, thick film hybrids, and ceramic printed circuit boards for use across industries including medical, telecommunications, lighting, automotive and consumer electrical. Manufacture of these products is performed in accordance with customer specifications, requiring a high level of technical expertise.

Gas and Plumbing Supplies

This segment supplies products and parts for industrial and commercial gas, heating, refrigeration and air conditioning components, appliance spares and related value added systems in Australia and New Zealand.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transaction

An internally determined transfer price is set for all inter-entity sales. This price is reviewed six-monthly and reset as required, and is based on what would be realised in the event that the sale was made to an external party at arm's-length. All such transactions are eliminated on consolidation for the Group financial statements.
Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment;

- finance income and costs;
- impairment of Group assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities; and
- intangible assets.

There have been no changes from the prior periods in the measurement methods used to determine reported segment profit or loss.

(i) Segment performance

	Electrical, Power and Infrastructure		Innovative Electrical Solutions		Gas and Plumbing Supplies		Consolidated Group	
	2018 $000	2017 $000 *Restated	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000 *Restated
Revenue								
Revenue from external customers	77,155	63,627	6,786	6,450	30,960	30,127	114,901	100,204
Inter-segment revenues	-	-	2,058	1,970	-	-	-	-
Total revenue	77,155	63,627	8,844	8,420	30,960	30,127	114,901	100,204

Earnings before interest, taxation, depreciation and amortisation	7,001	4,735	2,167	1,929	3,265	3,784		
Depreciation and amortisation	(1,559)	(1,127)	(181)	(203)	(701)	(846)		
Impairment loss on goodwill, intangible assets and property plant and equipment	-	(1,290)	-	-	-	-		
Segment operating profit	5,442	2,318	1,986	1,726	2,564	2,938	9,991	6,982
Finance income							46	51
Finance costs							(851)	(849)
Implied interest on deferred consideration							(317)	(350)
Profit before income tax							8,869	5,834
Income tax expense							(2,891)	(2,093)
Profit after income tax							**5,978**	**3,741**

* Amounts have been restated to correct for the restatement detailed in Note 25.

(ii) Segment assets and liabilities

	Electrical, Power and Infrastructure		Innovative Electrical Solutions		Gas and Plumbing Supplies		Consolidated Group	
	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000
Assets								
Segment assets	96,489	70,217	16,604	17,125	24,632	25,845	137,725	113,187
Deferred tax assets							2,118	1,687
Total assets							**139,843**	**114,874**
Liabilities								
Segment liabilities	29,035	18,928	1,476	1,143	3,993	3,553	34,504	23,624
Tax liabilities							4,900	2,432
Derivative financial instruments							19	147
Borrowings							27,723	19,136
Total liabilities							**67,146**	**45,339**

(iii) Revenue and assets by geographical region

The Groups revenue from external customers are divided into the following geographical areas:

	Consolidated Group	
	2018 $000	2017 $000 *Restated
Australia	108,404	93,105
New Zealand	6,497	7,099
	114,901	**100,204**

(iv) Major customers

The Groups most significant customers by percentage of group revenue and the segment to which they belong are as follows:

Top 3 customers	Segment	2018	2017
1	Electrical	18%	19%
2	Electrical	5%	7%
3	Electrical	4%	4%

NOTE 21: CASH FLOW INFORMATION

	Consolidated Group	
	2018 $000	2017 $000
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	5,978	3,741
Non-cash flows in profit		
- Depreciation and amortisation	2,441	2,175
- Impairment loss on goodwill, intangible assets and property plant and equipment	-	1,290
- Net loss on disposal of property plant and equipment	-	4
- Implied interest on deferred settlement	317	350
- Unrealised (gain)/loss on foreign denominated balances	210	28
Change in assets and liabilities, net of the effect of purchase and disposal of subsidiaries		
- (Increase)/decrease in trade receivables	(3,775)	611
- (Increase)/decrease in current assets	79	(246)
- (Increase)/decrease in inventories	(4,228)	4,635
- (Increase)/decrease in deferred tax assets	(298)	103
- Increase/(decrease) in trade payables and accruals	5,593	(1,034)
- Increase/(decrease) in provisions	78	(149)
- Increase/(decrease) in income tax payable	408	(640)
- Increase/(decrease) in deferred tax liabilities	(287)	(333)
Cash flow from operations	**6,516**	**10,535**

b. Credit Standby Arrangements and Loan Facilities with Banks

Credit facilities	35,821	27,521
Amounts utilised	(32,574)	(19,203)
	3,247	**8,318**

The Australia and New Zealand Banking Group Limited provided facilities are summarised as follows:

- Interchangeable Facility (1) with a limit of $30.420m including fixed rate loan facility, floating rate loan facility and daily rate loan facility.
- Interchangeable Facility (2) with a limit of $3.600m including overdraft facility, standby letter of credit or guarantee facility, documentary credit issuance / documents surrendered facility and trade finance loan facility.
- Electronic Pay way Facility with a limit of $1.200m.
- Commercial Card Facility with a limit of $0.350m.
- Asset Finance Facility with a limit of $0.250m.

The Australia and New Zealand Banking Group Limited will continue to provided finance so long as the Parent Entity and Consolidated Group do not breach borrowing requirements or financial ratios as detailed in Note 14.

The ANZ Bank New Zealand Limited provided facilities with a total limit of $0.100m.

NOTE 22: SHARE-BASED PAYMENTS

Group Level Incentive Plan

The company has established a Group Level Incentive Plan (GLIP) which provides a collective bonus for distribution to nominated group level executives leveraged to a minimum growth requirement of 10% year on year in Net Profit Before Tax (NPBT).

Accumulation of the bonus occurs after the achievement of the minimum growth requirement, up to a maximum accumulation of 5% of NPBT.

Merger and acquisition activities attract a further hurdle of 10% on funds invested additional to the minimum growth requirement.

The minimum NPBT growth requirement for the 2018 financial year was not achieved and no shares were issued under GLIP during the current financial year.

	Number of shares granted	Fair value at issue date (per share) $	Fair value at issue date (aggregate) $000
15 August 2012 - issued	1,896,774	0.31	588
5 September 2014 - forfeited	(300,000)		
15 August 2017 - forfeited	(1,596,774)		
Total issued	-		

NOTE 23: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
		2018 $000	2017 $000
Financial Assets			
Cash and cash equivalents		6,706	7,318
Loans and receivables	**7**	29,479	20,309
		36,185	**27,627**
Financial Liabilities			
Trade and other payables	**12**	28,531	18,799
Other financial liabilities	**13**	19	147
Borrowings	**14**	27,723	19,136
		56,273	**38,082**

Financial Risk Management Policies

A finance committee consisting of senior executives of the Group meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The committee operates under the direction of the Board of Directors. In conjunction with the committee, the Board reviews the current strategies on a regular basis, including the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposure and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

a. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The Group's policy is to minimise interest rate cash flow risk exposure on long term financing using a blend of fixed and floating interest rate debt.

On 8 May 2017 the Group entered an interest rate swap agreement which the Group has designated as a hedge against the variability in future interest rate payments due on $11.000m. The terms of the agreement effectively convert the variable interest rate payments due to a fixed rate of 3.99%. On 3 April 2018 the Group entered an additional interest swap agreement to hedge against the variability in future interest rates on a further $4.800m at an interest rate of 4.10%.

b. Foreign currency risk

Exposure to fluctuations in foreign currencies arises from the Group's overseas sales and purchases, which are primarily denominated in US dollars (USD).

To mitigate the Group's exposure, non AUD cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policy. Due to the nature of USD denominated transactions, being relatively small in size and frequent, it is not practical to formally designate forward contracts as hedging instruments, rather management consider these contracts to be part of economic hedge arrangements. The Group continues to assess the use of derivative financial instruments and forward exchange contracts to minimise the impact of fluctuations on earnings.

c. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to operational, investing and financing activities
- monitoring undrawn credit facilities
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The Group's policy is to ensure no more than 20% of borrowings should mature in any 12 month period.
The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank bills have been disclosed in accordance with the approved budgeted repayment schedule and facility terms as management do not consider that there is any material risk that the Bank will terminate such facilities. The Bank does however maintain the right to terminate the facilities without notice should the Group breach any of the covenants as disclosed in Note 14: Borrowings.

Cash flows realised from financial assets reflect management's expectations as to the timing of realisation. Actual timing may therefore differ from the disclosure. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. Cash flows include interest and facility fee amounts.

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000
Financial liabilities due for payment								
Bank bills	6,794	4,448	23,998	17,940	-	-	30,792	22,388
Trade and other payables	23,102	14,245	5,429	4,554	-	-	28,531	18,799
Total expected outflows	**29,896**	**18,693**	**29,427**	**22,494**	**-**	**-**	**59,323**	**41,187**

d. Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments for example by granting loans and receivables to customers and placing deposits. The Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at reporting date, as summarised below:

	Consolidated Group	
	2018	**2017**
	$000	**$000**
Classes of financial assets- carrying amounts:		
Cash and cash equivalents	6,706	7,318
Trade and other receivables	29,479	20,309
Carrying amount	**36,185**	**27,627**

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to only deal with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

Some of the unimpaired trade receivables are past due at reporting date. Financial assets past due but not impaired can be shown as follows:

Less than 30 days	677	1,121
30 to 59 days	264	198
60 to 90 days	412	82
Greater than 90 days	228	111
Total	**1,581**	**1,512**

The Group has no significant concentration of credit risk with any single counter party, however the top 20 customers of the Group represents approximately 52% (2017: 52%) of year end receivables. The class of assets described as Trade and Other Receivables is considered the main source of credit risk related to the Group.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Net Fair Value

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

		2018		2017	
	Footnote	Net Carrying Value $000	Net Fair Value $000	Net Carrying Value $000	Net Fair Value $000
Financial assets					
Cash and cash equivalents	(i)	6,706	6,706	7,318	7,318
Trade and other receivables	(i)	29,479	29,479	20,309	20,309
Total financial assets		**36,185**	**36,185**	**27,627**	**27,627**
Financial liabilities					
Trade and other payables	(i)	28,531	28,531	18,799	18,799
Bank bills	(ii)	27,723	27,723	19,136	19,136
Financial liabilities		19	19	147	147
Total financial liabilities		**56,273**	**56,273**	**38,082**	**38,082**

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.

(ii) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair values of fixed rate bank debt will differ to the carrying values.

All fair values are considered to be Level 2 in the fair value hierarchy.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
	Profit $000	**Equity $000**
Year Ended 30 June 2018		
+/- 2% interest rates	+/- 134	+/- 134
+/- 15% $A/$US	+/- 3,043	+/- 3,043
+/- 15% $A/EUR	+/- 366	+/- 366
Year Ended 30 June 2017		
+/- 2% interest rates	+/- 122	+/- 122
+/- 15% $A/$US	+/- 1,515	+/- 1,515
+/- 15% $A/EUR	+/- 572	+/- 572

The percentages have been determined based on the average market volatility in interest and exchange rates in the previous 12 months.

NOTE 24: LEGEND CORPORATION LIMITED PARENT COMPANY INFORMATION

	Notes	Consolidated Group	
		2018 $000	2017 $000
Parent entity			
Assets			
Non-current assets			
Trade and other receivables		1,155	1,155
Deferred tax assets		325	325
Financial assets		47,407	36,337
Total non-current assets		37,817	37,817
Total assets		37,817	37,817
Non-current liabilities			
Financial liabilities intergroup		11,070	-
Total non current liabilities		11,070	-
Net assets		**37,817**	**37,817**
Equity			
Issued capital		74,083	74,083
Reserves		346	346
Accumulated losses		(36,612)	(36,612)
Total equity		**37,817**	**37,817**
Financial performance			
Loss for the year		2,817	2,620
Total comprehensive income		**2,817**	**2,620**

NOTE 25: RESTATEMENT

In the prior period rebates in relation to sales in the Electrical, Power and Infrastructure segment were included in raw materials and consumables used. The prior period has been restated to reduce revenue and cost of goods sold. There is no profit impact. The following table summarises the impacts on the Group's consolidated financial statements.

	30 June 2017		
	As previously reported $000	Adjustment $000	As restated $000
Statement of profit or loss and other comprehensive income			
Sale of goods revenue	110,697	(10,493)	100,204
Raw materials and consumables used	(61,622)	10,493	(51,129)
Segment revenue			
Electrical, Power and Infrastructure	74,120	(10,493)	63,627
Revenue by geographical region			
Australia	103,308	(10,203)	93,105
New Zealand	7,389	(290)	7,099

There is no impact on the Group's basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the year ended 30 June 2017.

NOTE 26 COMPANY DETAILS

The registered office of the company is:

Legend Corporation Limited
1 Butler Drive
HENDON SA 5014

The principle places of business are:

Legend Corporate Services Pty Ltd
8 Distribution Place
SEVEN HILLS NSW 2147

Hendon Semiconductors Pty Ltd
1 Butler Drive
HENDON SA 5014

System Control Engineering Pty Ltd
Unit 9 621 Whitehorse Road
MITCHAM VIC 3132

Celemetrix Australia Pty Ltd
20 Joseph Street
BLACKBURN NORTH VIC 3130

Ecco Pacific Limited and System Control Engineering NZ Limited
7b Carmont Place
MT WELLINGTON, AUCKLAND NZ 1061

NOTE 27 EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

The Group has entered into an agreement to acquire the issued capital of PCWI Technology Pty Ltd for approximately $2,700,000. Whilst this acquisition is subject to the usual and customary conditions precedent it is expected to complete before the end of August 2018.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Legend Corporation Limited ('the Company'):

a. The consolidated financial statements and notes that are set out on pages 32 to 78 and the Remuneration Report on pages 23 to 29 in the Directors Report are in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the Groups financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

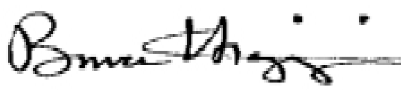
b. There are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

2. There are reasonable grounds to believe that the Company and the group entities identified in Note 11 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and the chief financial officer for the financial year ended 30 June 2018.

4. The directors draw attention to Note 1(a) to the consolidated financial statements which includes a statement of compliance with the International Financial Reporting standards.

Signed in accordance with a resolution of the Board of Directors.



Bruce E Higgins
Chairman of Directors
Legend Corporation Limited
13 August 2018

KPMG

Independent Auditor's Report

To the shareholders of Legend Corporation Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Legend Corporation Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2018
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – restatement of comparatives

We draw attention to Note 25 of the Financial Report, which describes the effect of restatement of sale of goods revenue and raw materials and consumables used, and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Carrying value of Hendon Semiconductors Pty Ltd and Legend Corporate Services Pty Ltd goodwill ($40.619m);
- Valuation of inventories ($32.522m); and
- Acquisition of Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd, Celemetrix SRC Pty Ltd-NZ Branch and Commsforce Pty Ltd (collectively the Celemetrix Group).

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of Hendon Semiconductors Pty Ltd and Legend Corporate Services Pty Ltd goodwill ($40.619m)

Refer to Note 10 to the Financial Report.

The key audit matter	How the matter was addressed in our audit
Assessment of the carrying value of goodwill held within the Hendon Semiconductors Pty Ltd and Legend Corporate Services Pty Ltd cash generating units (CGUs) is a key audit matter given: • the cyclical nature of expenditure within sectors impacting the CGUs, which are dependent on activity within the key markets such as building and construction, and the size, timing and length of specific projects delivered can vary; • the quantum of the goodwill recognised, and • the inherent complexity associated with auditing the forward looking assumptions incorporated in the Value in Use model of the CGUs. We particularly focused on the key assumptions listed below: 1. Budgeted future earnings before interest, tax, depreciation and amortisation (EBITDA), capital expenditure and operating costs, in light of the cyclical nature of expenditure. 2. The working capital management assumptions applied to the model. 3. The discount rate applied to forecast cash flows. 4. Terminal growth rate. 5. The allocation of corporate overheads to CGUs. To assess the significant judgements of this key audit matter, we involved senior audit team members, including valuation specialists, with experience in the industry and the valuation methodology.	Our procedures included: • We tested design and implementation of the controls for management's assessment of the goodwill and intangible assets including key assumptions such as budgeted future EBITDA, capital expenditure, operating costs, working capital management, the discount rate, the terminal growth rate and allocation of corporate overheads. • We critically evaluated the key cash flow assumptions by: - using our knowledge of previous CGU performance and the current business model to assess the Hendon Semiconductors Pty Ltd and Legend Corporate Services Pty Ltd CGUs' capacity to achieve future EBITDA growth; - using our knowledge of historical capital expenditure and operating costs and future plans to assess the Group's assumptions in these areas, in light of the cyclical nature of the business and specific projects entered into; and - using our knowledge of previous initiatives applied by management to manage working capital to assess the assumptions applied to the CGUs in this area. • Working with our valuation specialists we independently developed a discount rate range and assessed the terminal growth rate applied against comparable market rates. • We assessed the allocation of corporate overheads to CGUs by comparing the allocation methodology to our understanding of the business and the criteria in the accounting standards. • We performed sensitivity analysis on key assumptions to assess how management had addressed estimation uncertainty through alternative assumptions or outcomes which could indicate the potential for further write downs. • We assessed the Group's disclosures against the requirements of Australian Accounting Standards.

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Valuation of inventories ($32.522m)	
Refer to Note 8 to the Financial Report.	
The key audit matter	**How the matter was addressed in our audit**
The valuation of inventories is a key audit matter because of its highly specialised nature which results in the Group holding various inventory types that can be unique to the equipment they are manufactured for. This adds complexity to our evaluation of the Group's assessment of obsolescence and net realisable value (NRV) of inventories. We particularly focused on those estimates listed below which significantly impact the valuation: 1. Expected selling price of inventory. 2. Ageing of aged inventory. 3. Future inventory usage estimates. In assessing this key audit matter, we used senior team members who understand the Group's business, industry and the relevant economic environment.	Our procedures included: • We tested design and implementation of the controls relevant to management's valuation of inventories, including authorisation of key inputs such as inventory cost, actual selling price of inventory and the accuracy of the inventory list based on inventory purchased and sold during the year. • We analysed the future selling price and resulting gross margin for each product to identify evidence of negative gross margin and compared this to the inventory obsolescence provision. • We obtained management's calculation for the inventory obsolescence provision, including the ageing of inventory, and considered it against the Group's accounting policies, historic sales trends, analysis of slow moving inventory and future usage estimates. • We tested the Group's obsolescence provisioning methodology for the year by evaluating a statistical sample of products for consistency to underlying records, the forecast consumption rate, the obsolescence provisioning requirements of the Group's accounting policy and the requirements of the accounting standard.

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Acquisition of the Celemetrix Group

Refer to Note 2 to the Financial Report.

The key audit matter	How the matter was addressed in our audit
The acquisition of the Celemetrix Group is a key audit matter because significant judgement is required by management in the determination of the acquisition accounting, in particular determination of the contingent consideration of $2.707m and the provisional valuation, based on available information, of the identifiable intangible assets acquired of $6.993m, including Brand Name of $2.600m, Customer Relationships of $2.687m and Non-compete Agreement $1.706m. We particularly focused on those judgements listed below: • Assumptions around the determination of contingent consideration, in particular the achievement of average earnings before interest and tax (EBIT) targets for the two years ended 30 June 2019 and 30 June 2020. • Assumptions used in the provisional valuation of identifiable intangible assets, such as: 1. Future revenue, cash flows and EBIT. 2. Royalty rate applied to future revenue in the relief from royalty calculation, used to value the brand name. 3. Estimated customer retention rate, used to estimate the cash flows from existing customer relationships. 4. Estimated incremental cash flows expected from the enforcement of the non-compete agreement. 5. The discount rate applied to forecast cash flows. To assess the significant judgements of this key audit matter, we involved senior audit staff members, including valuation specialists, with experience in the industry and the valuation methodology.	Our procedures included: • We read the Bidders Statement and Sale and Purchase Agreements (as applicable) to understand key terms and conditions. • We critically evaluated the Group's assumptions of forecast revenue, cash flow and EBIT by comparing these model inputs to historic and current entity records and Board approved budgets and plans. • We checked that the provisional valuation was based on the most up to date information available to the Group at the date of this report, including the royalty rate, customer retention rates and the incremental cash flows from non-compete agreement. • Working with our valuation specialists we assessed: 1. the methodology used for the valuation of identifiable intangible assets against accounting standard requirements and common industry practice for the determination of fair value. 2. the discount rate applied against comparable market rates. • We assessed the appropriateness of the Group's disclosures based on our knowledge of the transaction against the requirements of Australian Accounting Standards.

Other Information

Other Information is financial and non-financial information in Legend Corporation Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinions.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Legend Corporation Limited for the year ended 30 June 2018, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Paul Cenko
Partner

Adelaide

13 August 2018

SHAREHOLDER INFORMATION

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 2 August 2018.

Substantial shareholders

The following were substantial shareholders as at 2 August 2018

Name	Number of fully paid ordinary shares held	% held
Dowe Holdings Pty Ltd	62,294,154	28.74
Tiga Trading Pty Ltd & Thorney Holdings Pty Ltd & Thorney Pty Ltd	36,850,000	17.00
Keith Knowles	18,773,443	8.66

Voting rights

Ordinary shares	Subject to any rights or restrictions attached to any class of shares, at a meeting of members, on a show of hands, each member present (in person, by proxy, attorney or representative) has one vote and on a poll, each member present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.
Options	No voting rights.

Distribution of equity security holders

Holding	Holders of Ordinary Shares	% of Issued Capital
1 – 1000	154	0.01
1,001 – 5,000	256	0.37
5,001 – 10,000	166	0.64
10,001 – 100,000	436	7.55
100,001 – and over	136	91.43
Total number of security holders	**1,148**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Number of Holders	Units
Ordinary Shares	$500.00 AT $0.23/UNIT	247	182,277

Securities exchange listing

The Company is listed on the Australian Securities Exchange.

On market buy-back

There is currently no on-market buy back for any of the Company's securities.

Twenty largest shareholders – ordinary shares as at 2 August 2018

Name	Number of fully paid ordinary shares held	% held
Dowe Holdings Pty Ltd	57,760,460	26.65
UBS Nominees Limited	30,157,500	13.92
J P Morgan Nominees Australia Limited	14,755,367	6.81
Keith Knowles	11,251,993	5.19
National Nominees Limited	10,401,750	4.80
HSBC Custody Nominees Australia Limited	9,686,384	4.47
Parks Australia Pty Ltd	4,300,363	1.98
Dowe Family Superannuation Fund	3,250,000	1.50
Est Mrs Edna Knowles	3,221,087	1.49
Mrs Ruth Janine Higgins	3,143,850	1.45
Mr Roger Edward Koch	3,050,000	1.41
M R and J N Simpson	2,549,473	1.18
P and J Higgins	2,000,000	0.92
Mrs Valmae Margaret Buckley	1,872,340	0.86
BNP Paribas Nominees Pty Ltd	1,612,656	0.74
M and J Potter Pty Ltd	1,600,000	0.74
Milne Investments Pty Ltd	1,500,000	0.69
Mr Con Panayotopoulos	1,375,000	0.63
Jodrick Pty Ltd	1,344,250	0.62
GFS Securities Pty Ltd	1,200,000	0.55
TOTAL	**166,032,473**	**76.61**

Restricted and Escrowed Securities

There are no shares subject to restriction or escrow as at 2 August 2018.

Unissued equity securities

At the date of this report there are no unissued ordinary shares of Legend Corporation Limited under option.

DIRECTORY OF OFFICES

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LEGEND
CORPORATION

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