

# Appendix 4D & Half-Year Report

## 31 December 2018

Legend Corporation Limited  
ACN 102 631 087

Half- Year ending 31 December 2018 (Previous corresponding period; half-year ending 31 December 2017)

The information contained in this report should be read in conjunction with the most recent annual financial report. This report is all the half-year information provided to the Australian Securities Exchange under listing rule 4.2A. The report also satisfies the half-year reporting requirements of the Corporations Act 2001.



# CONTENTS

<b>RESULTS FOR ANNOUNCEMENT TO MARKET</b>	<b>3</b>
Results overview	3
Key financial results	4
Trends in operation	5
Performance by segment	7
Net tangible assets	8
Acquisitions	8
Outlook and business strategies	8
<b>DIRECTORS' REPORT</b>	<b>9</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION</b>	<b>10</b>
<b>INTERIM FINANCIAL REPORT</b>	
Consolidated statement of profit or loss & other comprehensive income	11
Consolidated statement of financial position	12
Consolidated statement of change in equity	13
Consolidated statement of cash flows	14
Notes to the financial statements	15
<b>DIRECTORS' DECLARATION</b>	<b>28</b>
<b>INDEPENDENT AUDITOR'S REVIEW REPORT</b>	<b>29</b>

# Results For Announcement To The Market

			\$'000
Revenue from ordinary activities	Up	32% to	67,745
Profit from ordinary activities after tax attributable to members	Up	46% to	4,058
Net profit for the period attributable to members	Up	46% to	4,058
Earnings per share	Up	45% to	1.9 cents
Net tangible asset backing per ordinary share	Up	6% to	7.1 cents

## Dividends

	Amount per security	Franked amount per security at 30% tax
<b>2018 Final dividend declared 13 August 2018, paid 2 November 2018</b>	0.75 cents	0.75 cents
<b>2019 Interim dividend declared 21 February 2019, payable 8 May 2019</b>	0.85 cents	0.85 cents

A dividend reinvestment plan is not in operation.  
None of these dividends are foreign sourced.

## Results Overview

Legend Corporation Limited ('Legend' or 'the Group') has continued to build on the growth reported in FY18 recording its strongest first half result in seven years. Net Profit after Tax (NPAT) was \$4.1 million for the six months ended 31 December 2018, up 46% on the prior corresponding period (pcp) (pcp: \$2.8 million). Earnings per Share were up 45% on pcp to 1.9 cents.

Group revenue was up 32% on pcp. Excluding the contribution of the recently acquired businesses of Celemetrix Group (CLX) and PCWI Technology Pty Ltd (PCWI), revenue from pre-existing operations was up 14% on pcp with defence related projects and increased demand through the nationwide spend on infrastructure and commercial projects the key drivers.

Consolidated gross profit was up 30% on pcp with a gross profit margin of 44.5% down less than 1% on pcp (pcp: 45.2%).

Depreciation charges were up 17% on pcp and amortisation of intangibles assets up 208% due to the inclusion of the acquired businesses of CLX and PCWI.

Total interest expense was up 16% on pcp. Implied interest on deferred acquisition payments was down 89%, and interest payable on bank debt up 49% after the drawdown of additional funding for recent acquisition payments.

Operating cash flow was down 22% to \$4.4 million (pcp: \$5.7 million) due largely to an increase in inventory over the period from range extensions and additional stock holding to accommodate expected future customer demand.

Net debt remained unchanged at \$21.0 million with net debt to annualised EBITDA down from 1.7 times at 30 June 2018 to 1.4 times at period end off the back of improved earnings.

# Key Financial Results

	31 Dec 2018 \$'000	31 Dec 2017 \$'000	% Change
<b>INCOME</b>			
Sales Revenue	67,745	51,407	31.8%
Gross profit	30,138	23,225	29.8%
Gross profit margin	44.5%	45.2%	
EBITDA	7,935	5,531	43.5%
EBITDA margin	11.7%	10.8%	
EBIT	6,356	4,592	38.4%
EBIT margin	9.4%	8.9%	
NPBT	5,803	4,115	41.0%
NPBT margin	8.6%	8.0%	
NPAT	4,058	2,787	45.6%
NPAT margin	6.0%	5.4%	
Earning per share (cents)	1.87	1.29	45.0%
Dividends paid (cents)	0.75	0.60	25.0%
Dividends announced (cents)	0.85	0.70	21.4%

## CASH FLOW

Operating cash flow	4,427	5,653	(21.7%)
---------------------	-------	-------	---------

	31 Dec 2018 \$'000	30 June 2018 \$'000	% Change
<b>FINANCIAL POSITION</b>			
Net assets	75,134	72,697	3.4%
Net tangible assets	15,493	14,508	6.8%
Net Bank debt	(21,015)	(21,017)	0.0%

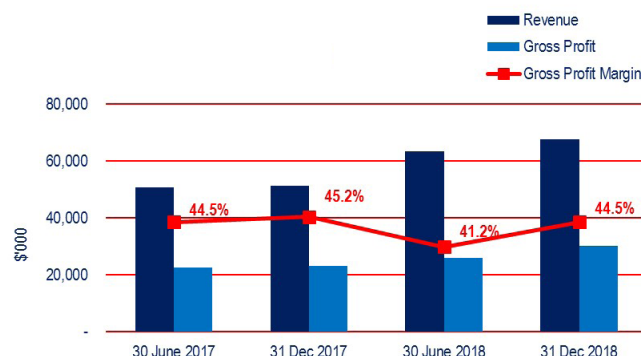
# Trends In Operation

## Revenue & Gross Profit

Group revenue was up 32% on pcp to \$67.7 million (pcp: \$51.4 million). \$9.2m of the increase came from the recently acquired businesses, with the remaining \$7.1 million from pre-existing Group operations representing an increase in revenue from pre-existing operations of 14% on pcp.

Excluding revenue of recently acquired business, all segments reported double digit growth; Electrical, Power and Infrastructure up 14%, Innovative Electrical Solutions up 19%, and Gas and Plumbing up 10% on pcp.

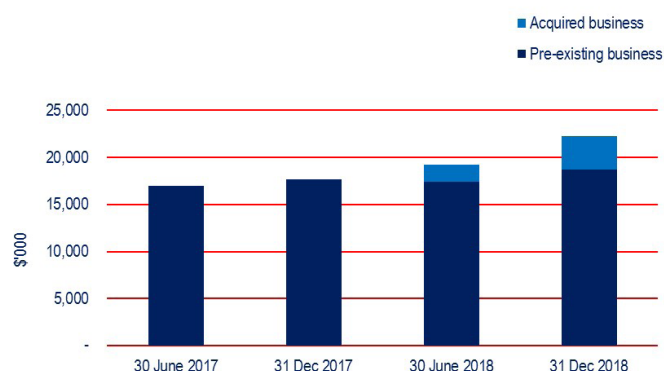
Gross profit was up 30% on pcp with a margin of 44.5% down less than 1% on pcp (pcp: 45.2%). Gross margin was a significant improvement on the 41.2% recorded during the second half of FY18.



## Overhead Expenses

Overhead expenses were up \$4.5 million or 26% on pcp to \$22.2 million (pcp: \$17.7 million) with \$3.5 million of the increase attributable to acquired business.

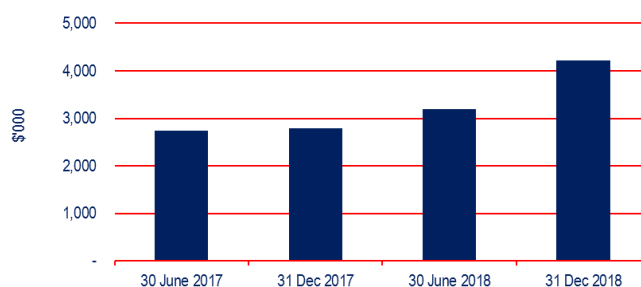
The remaining increase of \$1.0 million from pre-existing operations came from increased employee costs through annual CPI wage increases, a minor increase in headcount, and increased incentives due to the achievement of budgeted sales targets.



## Net Profit After Tax

Legend has continued to build on the earnings growth reported for the 2018 financial year with NPAT of \$4.1 million for the 6 months ended 31 December 2018, up 46% on pcp (pcp: \$2.8 million).

The result represents the strongest first half NPAT in seven years and the fourth consecutive increase in half yearly earnings.

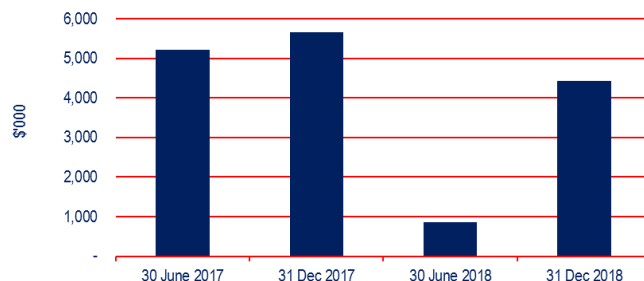


## Operating Cash Flow

Operating cash flow was down 22% to \$4.4 million (pcp: \$5.7 million).

An increase in inventory of over \$3.0 million was the main consumer of operating cash. Range extensions in areas of plastic conduit, commercial and industrial gas, and additional stock carry for future defence projects were key contributors to the increased.

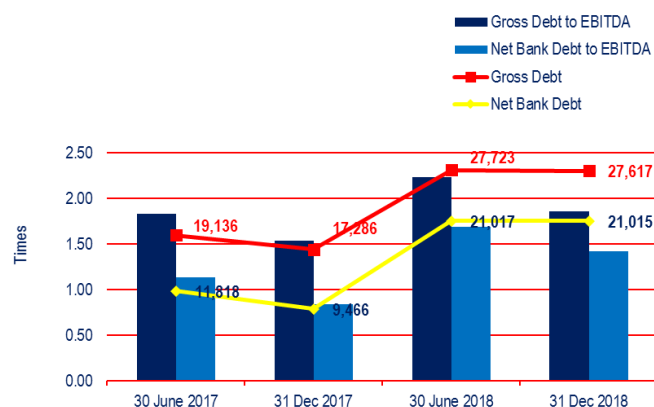
Cash generated during the period was used to repay \$2.7 million of bank debt, and pay a dividend to shareholders of \$1.6 million.



## Debt to EBITDA

Net bank debt remained unchanged at \$21.0 million. Net debt to annualised EBITDA however declined from 1.7 times at 30 June 2018 to 1.4 times at period end off the back off improved earnings.

Banking facilities continue to have capacity for further organic and acquisitive growth.



# Performance By Segment

## Electrical, Power and Infrastructure

	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2018 \$'000	31 December 2018 \$'000
Revenue	31,813	33,941	43,214	46,654
EBITDA	2,839	3,379	3,622	3,779
Segment Profit	2,202	2,884	2,588	2,586

Revenue from this segment increased 37% on pcp. Excluding the contribution of CLX acquired 28 February 2018, revenue from pre-existing operations increased 14% on pcp. The segment continued to benefit from increased demand driven by the nationwide spending on infrastructure and commercial projects, including capital works by Power utilities.

EBITDA for the period was up 12% on pcp with the full benefit of the increased revenue counteracted by lower margins, and additional overheads from both existing and acquired operations.

CLX has not performed up to expectations with a profit of \$0.3 million before amortisation of intangible assets. Whilst future performance remains difficult to quantify, the expectation is for improved earnings over the coming six months.

## Innovative Electrical Solutions

	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2018 \$'000	31 December 2018 \$'000
Revenue	3,850	4,299	4,545	6,526
EBITDA	760	1,112	1,055	2,180
Segment Profit	658	1,018	968	2,006

PCWI (acquired 1 August 2018) was a significant factor in the 52% increase in revenue and 96% increase in segment EBITDA on pcp.

Excluding the contribution of PCWI, the performance of pre-existing operations continued to improve as a result

of ongoing defence contracts. Revenue from pre-existing operations was up 19% on pcp, with EBITDA up 48% on moderately lower gross margin and lower overhead expenses.

The performance of PCWI since acquisition has exceeded expectations with further improvement in earnings expected on the integration of operations within the Group.

## Plumbing and Gas

	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2018 \$'000	31 December 2018 \$'000
Revenue	16,035	14,336	16,624	15,786
EBITDA	2,099	1,040	2,225	1,976
Segment Profit	1,666	690	1,874	1,764

Segment revenue was up 10% on pcp, the increase coming from greater demand in the areas of industrial and commercial product sales.

Gross profit margin was up almost 3% on pcp, with overhead costs unchanged period on period for a resulting EBITDA up 90% on pcp.



## Net tangible assets

Net tangible assets increased by 7% to \$15.5 million as at 31 December 2018. Net tangible asset backing per ordinary share increased from \$0.067 at 30 June 2018 to \$0.071 at 31 December 2018.

## Acquisitions

As announced 11 September 2018, Legend acquired the issued capital of PCWI Technology Pty Ltd (PCWI) effective 1 August 2018 for a single payment of \$2.6 million.

The acquisition was funded through existing debt facilities.

PCWI is a manufacturer, distributor and exporter of specialise test and measurement equipment used in gas, oil and medical applications. Further details can be found at [www.pcwi.com.au](http://www.pcwi.com.au).

## Outlook and business strategies

The outlook for the Group remains positive with further improvement to profit expected in the second half of this financial year.

Electrical, Power and Infrastructure has delivered consistent and sustained revenue growth over the past 18 months and this is expected to continue. Innovative Electrical Solutions is expected to deliver improved results through the continuation and expansion of defence related contracts. Gas and Plumbing remains focused on margin improvement whilst continuing to grow revenue at a consistent rate.

Legend continues to investigate complimentary acquisitions that will deliver enhanced shareholder returns.

Yours sincerely

**Legend Corporation Limited**



**Bradley R Dowe**  
Managing Director &  
Chief Executive Officer



**Bruce E Higgins**  
Chairman of Directors

21 February 2019



# DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2018

## Directors

The names of the directors who held office during or since the end of the half-year:

Mr Bruce Higgins (Chairman)  
Mr Bradley Dowe  
Mr Ian Fraser

## Review of Operations

The Directors review of operations of the consolidated group for the half-year and the results of those operations are set out in the attached Results for Announcement to the Market for the Half-Year Ended 31 December 2018.

## Rounding of Amounts

The company 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 interim financial statements and directors reports have been rounded off to the nearest thousand dollars, unless otherwise stated.

## Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 10 for the half-year ended 31 December 2018, and forms part of this report.

This report is signed in accordance with a resolution of the Board of Directors.



**Bruce E Higgins**  
Chairman of Directors  
Legend Corporation Limited

21 February 2019



# 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 review of Legend Corporation Limited for the half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Paul Cenko  
*Partner*

Adelaide  
21 February 2019

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS & COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Consolidated Group	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
		*Restated
Revenue	67,745	51,407
Other Income	54	79
Changes in inventories of finished goods and work in progress	3,389	798
Raw materials and consumables used	(40,996)	(28,980)
Employee benefits expense	(15,592)	(12,039)
Occupancy costs	(2,080)	(1,889)
Depreciation and amortisation expense	(1,579)	(939)
Implied interest on deferred settlement	(14)	(132)
Finance costs	(552)	(370)
Other expenses	(4,572)	(3,820)
<b>Profit before income tax</b>	<b>5,803</b>	<b>4,115</b>
<b>Income tax expense</b>	<b>(1,745)</b>	<b>(1,328)</b>
<b>Profit for the period</b>	<b>4,058</b>	<b>2,787</b>
Other comprehensive income, net of tax	6	28
<b>Total comprehensive income for the period</b>	<b>4,064</b>	<b>2,815</b>
Profit attributable to:		
Members of the parent entity	4,058	2,787
Total comprehensive income attributable to:		
Members of the parent entity	4,064	2,815
<b>Earning per share</b>	<b>Cents</b>	<b>Cent</b>
Basic earnings per share	1.9	1.3
Diluted earnings per share	1.9	1.3

The accompanying notes form part of these financial statements.

\* Amounts have been restated to correct for the restatement detailed in Note 10.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	Consolidated Group	
		31 Dec 2018 \$'000	30 June 2018 \$'000
<b>CURRENT ASSETS</b>			*Restated
Cash and cash equivalents		6,602	6,706
Trade and other receivables		22,353	29,479
Inventories		35,911	32,522
Derivative financial instruments		35	-
Other current assets		1,097	855
<b>Total current assets</b>		<b>65,998</b>	<b>69,562</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		6,446	6,764
Deferred tax assets		2,282	2,118
Goodwill	4	47,924	46,961
Other intangible assets		11,717	11,228
<b>Total non-current assets</b>		<b>68,369</b>	<b>67,069</b>
<b>Total Assets</b>		<b>134,367</b>	<b>136,631</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		20,856	23,102
Derivative financial instruments		-	19
Borrowings		5,412	5,412
Current tax liabilities		1,080	1,027
Short-term provisions		5,541	5,310
<b>Total current liabilities</b>		<b>32,889</b>	<b>34,870</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		-	2,722
Revenue received in advance		452	513
Borrowings		22,205	22,311
Deferred tax liability		3,516	3,368
Long-term provisions		171	150
<b>Total non-current liabilities</b>		<b>26,344</b>	<b>29,064</b>
<b>Total Liabilities</b>		<b>59,233</b>	<b>63,934</b>
<b>NET ASSETS</b>		<b>75,134</b>	<b>72,697</b>
<b>EQUITY</b>			
Issued capital		74,083	74,083
Reserves		16,704	14,267
Accumulated losses		(15,653)	(15,653)
<b>TOTAL EQUITY</b>		<b>75,134</b>	<b>72,697</b>

The accompanying notes form part of these financial statements.

\* Amounts have been restated to correct for the restatement detailed in Note 10.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Consolidated Group	Issued Capital \$'000	Option Reserve \$'000	Hedge Reserve \$'000	Profits Reserve \$'000	Accumulated Losses \$'000	Total \$'000
<b>Balance at 1 July 2017</b>	74,083	346	(99)	10,858	(15,653)	69,535
Profit attributable to members of the parent entity	-	-	-	-	2,787	2,787
Transfer to profit reserve	-	-	-	2,787	(2,787)	-
Interest rate swap changes in fair value	-	-	28	-	-	28
<b>Total comprehensive income for the period</b>	-	-	<b>28</b>	<b>2,787</b>	-	<b>2,815</b>
Dividends paid	-	-	-	(1,300)	-	(1,300)
<b>Transactions with owners in their capacity as owners</b>	-	-	-	<b>(1,300)</b>	-	<b>(1,300)</b>
<b>Balance at 31 December 2017</b>	74,083	346	(71)	12,345	(15,653)	71,050
<b>Balance at 1 July 2018</b>	74,083	346	(98)	14,019	(15,653)	72,697
Profit attributable to members of the parent entity	-	-	-	-	4,058	4,058
Transfer to profit reserve	-	-	-	4,058	(4,058)	-
Interest rate swap changes in fair value	-	-	6	-	-	6
<b>Total comprehensive income for the period</b>	-	-	<b>6</b>	<b>4,058</b>	-	<b>4,064</b>
Dividends paid	-	-	-	(1,627)	-	(1,627)
<b>Transactions with owners in their capacity as owners</b>	-	-	-	<b>(1,627)</b>	-	<b>(1,627)</b>
<b>Balance at 31 December 2018</b>	74,083	346	(92)	16,450	(15,653)	75,134

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Consolidated Group	
	31 Dec 2018 \$'000	31 Dec 2017 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	86,682	63,794
Payments to suppliers and employees	(79,490)	(56,203)
Interest received	13	25
Finance costs	(539)	(370)
Income tax paid	(2,239)	(1,593)
<b>Net cash provided by operating activities</b>	<b>4,427</b>	<b>5,653</b>
<b>Cash flows from investing activities</b>		
Proceeds from loans to employees	-	17
Proceeds from sale of property, plant and equipment	-	19
Purchase of property, plant and equipment	(452)	(275)
Proceeds from adjustment in purchase price	2,000	-
Acquisition of subsidiaries, net of cash	(4,341)	(1,750)
<b>Net cash used in investing activities</b>	<b>(2,793)</b>	<b>(1,989)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2,600	-
Dividends paid	(1,627)	(1,300)
Repayment of borrowings	(2,706)	(1,850)
<b>Net cash provided by/ (used in) financing activities</b>	<b>(1,733)</b>	<b>(3,150)</b>
Net (decrease)/increase in cash and cash equivalents held	(99)	514
Cash and cash equivalents at beginning of the period	6,706	7,318
Effect of exchange rates on cash holdings in foreign currencies	(5)	(12)
<b>Cash and cash equivalents at end of the period</b>	<b>6,602</b>	<b>7,820</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### Note 1: Reporting Entity

Legend Corporation Limited (the “Company”) is a company domiciled in Australia. These consolidated interim financial statements (“interim financial statements”) as at and for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the “Group”).

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2018 are available upon request from the Company’s registered office at 1 Butler Drive Hendon SA 5014 or at [www.legendcorporate.com](http://www.legendcorporate.com).

### Note 2: Basis Of Preparation

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at 30 June 2018.

This is the first set of the Group’s financial statements in which AASB 9 Financial Instruments and AASB 15 Revenue from

Contracts with Customers have been applied. Changes to significant accounting policies are described in Note 11.

These interim financial statements were authorised for issue by the Company’s board of Directors on 21 February 2019. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

### Note 3: Use Of Judgement & Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurements of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group’s last annual financial statements for the year ended 30 June 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of AASB 9 and AASB 15, which are described in note 11.



## Note 4: Acquisitions

### PCWI Technology Pty Ltd

Effective 1 August 2018 Legend Corporation Limited acquired the shares of PCWI Technology Pty Ltd.

The acquisition was made as part of the Group's overall strategy to enhance Legend's value chain with a range of high quality industrial products and project capabilities.

Consideration transferred	\$000
<b>Fair value of consideration</b>	
Amount settled in cash	2,607
<b>Total cost of acquisition</b>	<b>2,607</b>

### 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:

	\$000
Cash and cash equivalents	416
Trade and other receivables	139
Inventories	484
Other current assets	2
<b>Total Current Assets</b>	<b>1,041</b>
Property, plant and equipment	84
Intangible assets	1,265
Deferred tax assets	14
<b>Total Non Current Assets</b>	<b>1,363</b>
<b>Total Assets</b>	<b>2,404</b>
Trade and other payables	107
Current tax liabilities	168
Short-term provisions	106
<b>Total Current Liabilities</b>	<b>381</b>
Deferred tax liabilities	379
<b>Total Non Current Liabilities</b>	<b>379</b>
<b>Total Liabilities</b>	<b>760</b>
Net identifiable assets and liabilities	1,644

	\$000
Consideration transferred	2,607
Fair value of net identifiable assets acquired	(1,644)
<b>Goodwill</b>	<b>963</b>

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

## Note 4: Acquisitions (continued)

Net cash out flow on acquisition	\$000
Consideration paid in cash	2,607
Cash and cash equivalent balances acquired	(416)
	<b>2,191</b>

### Impact of acquisition on the results of the Group

Included in the profit for the year is \$360,000 attributable to the additional business generated by PCWI.

*System Control Engineering Pty Ltd and System Control NZ Limited*

### Contingent Consideration

On 31 August 2018 an amount of \$2,150,000 (2017: \$1,750,000) 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.

A final deferred payment up to a maximum of \$2,819,759 is payable no later than 31 August 2019.

The final payment is contingent on the achievement of an EBIT target for the year ended 30 June 2019. The EBIT target is combined for both System Control Engineering Pty Ltd and System Control Engineering NZ Limited. The current EBIT forecast indicates 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 period an implied interest expense of \$77,000 has been recognised to reflect the amortised amount of the deferred consideration using the effective interest rate method.

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

### Finalisation of provisional accounting

On 28 February 2018 Legend Corporation Limited acquired the shares and voting interests in Celemetrix Australia Pty Ltd, Celemetrix SRC Pty Ltd and Commsforce Pty Ltd (CLX). The provisional accounting for the acquisition was finalised during the period. Several adjustments were identified and have been explained below:

Consideration transferred	Note	Total \$000	Adjustment \$000	Restated Amount \$000
<b>Fair value of consideration</b>				
Amount settled in cash		10,363	-	10,363
Amount receivable/ received from CLX		(2,000)	-	(2,000)
Fair value of contingent consideration	(i)	2,707	(2,707)	-
<b>Total cost of acquisition</b>		<b>11,070</b>	<b>(2,707)</b>	<b>8,363</b>

(i) The contingent consideration was dependant on the achievement of average EBIT targets for the two years ended 30 June 2019 and 30 June 2020. Review and investigation of the assumptions behind these EBIT targets identified that they were unlikely to be achievable at acquisition date. The deferred consideration has been adjusted from the total cost of acquisition, and reversed from trade and other payables where it had previously been included.

## Note 4: Acquisitions (continued)

### Assets acquired and liabilities assumed at the date of acquisition

	Note	Total \$000	Adjustment \$000	Restated Amount \$000
Cash and cash equivalents		751	-	751
Trade and other receivables		3,380	-	3,380
Inventories		343	-	343
Current tax assets		479	-	479
Other current assets		18	-	18
<b>Total Current Assets</b>		<b>4,971</b>	<b>-</b>	<b>4,971</b>
Property, plant and equipment		1,577	-	1,577
Intangible assets	(ii)	6,993	(1,684)	5,309
Deferred tax assets		110	-	110
<b>Total Non Current Assets</b>		<b>8,680</b>	<b>(1,684)</b>	<b>6,996</b>
<b>Total Assets</b>		<b>13,651</b>	<b>(1,684)</b>	<b>11,967</b>
Trade and other payables		3,293	-	3,293
Current tax liabilities		729	-	729
Short-term provisions		380	-	380
<b>Total Current Liabilities</b>		<b>4,402</b>	<b>-</b>	<b>4,402</b>
Revenue received in advance		383	-	383
Deferred tax liabilities	(iii)	2,098	(505)	1,593
<b>Total Non Current Liabilities</b>		<b>2,481</b>	<b>(505)</b>	<b>1,976</b>
<b>Total Liabilities</b>		<b>6,883</b>	<b>(505)</b>	<b>6,378</b>
<b>Net identifiable assets and liabilities</b>		<b>6,768</b>	<b>(1,179)</b>	<b>5,589</b>
<b>Goodwill arising on acquisition</b>		<b>Total \$000</b>	<b>Adjustment \$000</b>	<b>Restated Amount \$000</b>
Consideration transferred		11,070	(2,707)	8,363
Fair value of net identifiable assets acquired		(6,768)	1,179	(5,589)
<b>Goodwill</b>		<b>4,302</b>	<b>(1,528)</b>	<b>2,774</b>

(ii) Restatement of the separately identified intangibles assets due to new information about considerations that impacted the ability to achieve future earnings and growth expectation at acquisition.

(iii) Restatement of deferred tax liability arising from adjusted intangible assets.

## Note 5: Operating Segments

### 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, tools, cable assemblies, data and computer room products. Products are of a similar nature with the majority of customers being within the electrical wholesale, power and infrastructure industries.

#### *Innovative Electrical Solutions*

The Innovative Electrical Solutions segment manufactures application designs 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.

PCWI Technology Pty Ltd acquired on 1 August 2018 has been assigned to the Innovative Electrical Solutions segment.

#### *Gas and Plumbing*

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

## Note 5: Operating Segments (continued)

(i) Segment Performance	Electrical, Power & Infrastructure		Innovative Electrical Solutions		Gas & Plumbing		Consolidated Group	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>	* Restated				* Restated			
Revenue from external customers	46,654	33,941	5,305	3,130	15,786	14,336	67,745	51,407
Inter-segment revenues	-	-	1,221	1,169	-	-	-	-
<b>Total revenue</b>	<b>46,654</b>	<b>33,941</b>	<b>6,526</b>	<b>4,299</b>	<b>15,786</b>	<b>14,336</b>	<b>67,745</b>	<b>51,407</b>

<b>RESULTS</b>								
Earning before interest, taxation, depreciation and amortisation	3,779	3,379	2,180	1,112	1,976	1,040	7,935	5,531
Depreciation and amortisation	(1,243)	(495)	(174)	(94)	(212)	(350)	(1,579)	(939)
Segment operating profit	2,586	2,884	2,006	1,018	1,764	690	6,356	4,592
Implied interest on deferred consideration							(14)	(132)
Finance income							13	25
Finance costs							(552)	(370)
Profit before income tax							5,803	4,115
Income tax expense							(1,745)	(1,328)
<b>Profit after income tax</b>							<b>4,058</b>	<b>2,787</b>

(ii) Segment Assets and Liabilities	Electrical, Power & Infrastructure		Innovative Electrical Solutions		Gas & Plumbing		Consolidated Group	
	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June
	2018	2018	2018	2018	2018	2018	2018	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>								
Segment assets	90,500	93,019	19,710	16,604	21,840	24,632	132,050	134,513
Deferred tax assets							2,282	2,118
<b>Financial assets</b>							<b>35</b>	<b>-</b>
<b>Total assets</b>							<b>134,367</b>	<b>136,631</b>
<b>LIABILITIES</b>								
Segment liabilities	21,144	25,823	2,381	1,476	3,495	3,993	27,020	31,292
Tax liabilities							4,596	4,900
Financial liabilities							-	19
Borrowings							27,617	27,723
<b>Total liabilities</b>							<b>59,233</b>	<b>63,934</b>

\* Amounts have been restated to correct for the restatement detailed in Note 10.

## Note 6: Revenue

The Group's operation and revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

### Disaggregation of revenue

Revenue is disaggregated by primary geographical market in the table below. Revenue is recognised at the point in time products are transferred and services are complete.

	Electrical, Power & Infrastructure		Innovative Electrical Solutions		Gas & Plumbing		Consolidated Group	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE- SALE OF GOODS</b>	* Restated						* Restated	
Australia	39,388	32,382	6,405	3,130	14,118	12,878	59,911	48,390
New Zealand	1,627	1,559	-	-	1,668	1,458	3,295	3,017
<b>Total Revenue</b>	<b>41,015</b>	<b>33,941</b>	<b>6,405</b>	<b>3,130</b>	<b>15,786</b>	<b>14,336</b>	<b>63,206</b>	<b>51,407</b>
<b>REVENUE- SERVICES</b>								
Australia	4,440	-	-	-	-	-	4,440	-
New Zealand	99	-	-	-	-	-	99	-
<b>Total Revenue</b>	<b>4,539</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,539</b>	<b>-</b>

## Note 7: Effective Tax Rate

The effective tax rate has decreased from 32% at 31 December 2017 to 30% at 31 December 2018. The prior period higher rate was due to higher non deductible expenses including implied interest on deferred consideration.

## Note 8: Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

## Note 9: Events After The Balance Sheet Date

No material events have occurred subsequent to balance date and up to the date of this report.

## Note 10: Restatement

### (i) Rebates

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 interim report.

	31 December 2017		
	As previously reported \$000	Adjustment \$000	As restated \$000
<b>Statement of profit or loss and other comprehensive income</b>			
Sale of goods revenue	57,218	(5,811)	51,407
Raw materials and consumables used	(34,848)	5,811	(29,037)
<b>Segment revenue</b>			
Electrical, Power and Infrastructure	39,752	(5,811)	33,941
<b>Revenue by geographical region</b>			
Australia	38,036	(5,654)	32,382
New Zealand	1,716	(157)	1,559

There is no impact on the Group's basic or diluted earnings per share and no impact on total operating, investing or financing cash flows for the period ended 31 December 2017.

### (ii) Acquisition accounting- CLX

The finalisation of the provisional accounting for the acquisition of CLX resulted in the following restatements.

	30 June 2018		
	As previously reported \$000	Adjustment \$000	As restated \$000
<b>Statement of financial position</b>			
Goodwill	48,489	(1,528)	46,961
Intangibles	12,910	(1,684)	11,226
Trade and other payables	(5,429)	2,707	(2,722)
Deferred tax liability	(3,873)	505	(3,368)

There is no impact to the comparative profit or loss as a result of these restatements.



## Note 11: Changes In Significant Accounting Policies

Except as described below the accounting policies applied in these interim financial statements are the same as those applied in the Groups consolidated financial statements as at and for the year ended 30 June 2018.

The changes to accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2019.

The Group has initially adopted AASB 15 Revenue from contracts with customers and AASB 9 Financial Instruments from 1 July 2018. A number of other standards are effective from 1 July 2018 but they do not have a material effect on the financial statements.

### **AASB 15 Revenue from contracts with customers**

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction contracts and several related revenue interpretations. The standard has been applied using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparative periods are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete at 1 July 2018. On application there was a nil adjustment to opening retained earnings.

Revenue arises from the sale of products into the electrical, power and infrastructure, gas, plumbing, heating, refrigeration and air conditioning markets. Revenue also arises from testing and calibration services provided to a wide range of customers across these same markets.

To determine whether to recognise revenue the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligations are satisfied.

## Note 11: Changes In Significant Accounting Policies (continued)

Type of product or service	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy
Product sales into the electrical, power and infrastructure, gas, plumbing, heating, refrigeration and air conditioning markets	<p>Revenue from the sale of products is recognised when the goods are delivered. Invoices are generated and revenue is recognised at that point in time.</p> <p>Customer trading agreements are in place for major customers. These agreements set prices for materials, percentages for standard rebates, settlement discounts and long-term incentives. They also identify payment terms.</p> <p>For contracts that include long term incentives, these are included in the transaction price and are calculated based on the expected growth in revenue to the customer during the year from the prior year.</p> <p>The Group terms and conditions of sale allow for the return of goods for credit at the Groups discretion. Estimated right of return gives rise to variable consideration. The estimated right of return is calculated based on the historical percentage of returns for each division. Under AASB 15 this is represented as a reduction in the consideration.</p> <p>A basic warranty is provided in accordance with Australian Law on all products sold and service performed. Under the terms of this warranty customers can return product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.</p>	AASB 15 did not have a significant impact on the Groups accounting policies
Test and calibration services	The Group provides test and calibration services on a wide variety of customer owned assets. Revenue from these services is recognised on a time and materials basis as the services are provided. Customers are invoiced monthly as the work progresses. Any amounts unbilled at the end of the reporting period are presented in the statement of financial position as a receivable as only the passage of time is required before payment of these amounts will be due.	AASB 15 did not have a significant impact on the Groups accounting policies
Service agreements- Test and calibration	<p>The Group enters into agreements with customers to perform regularly scheduled test and calibration services on customer assets. Revenue is recognised over time based on the ratio between the number of calibrations performed and the total expected under each contract. This method best depicts the transfer of services to the customer because (a) the details of the services to be provided are specified by management in advance as part of the contract, and (b) the Group has a long history of providing these services to its customers allowing it to make reliable estimates of the total number of hours involved in providing the service.</p> <p>The Group identified 1 contract where two performance obligations exist. The first performance obligation being the sale of product and the second the ongoing maintenance of those products over a specified term. The transaction price is allocated separately to each performance obligation. The transaction price for the ongoing maintenance is recognised over the term of the maintenance agreement.</p>	AASB 15 did not have a significant impact on the Groups accounting policies

## Note 11: Changes In Significant Accounting Policies (continued)

### AASB 9 Financial instruments

AASB 9 sets out requirements for recognising financial assets and financial liabilities, and some contracts to buy or sell non-financial items. The standard replaces AASB 139 Financial Instruments: Recognition and Measurement.

#### Classification and measurement of financial assets and financial liabilities

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities. However, it eliminates the previous AASB 139 categories for financial assets held to maturity, loans and receivables and available for sale.

The adoption of AASB 9 has not had a significant impact on the Groups accounting policies related to financial liabilities and derivative financial instruments.

Under AASB 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI- debt instrument; FVOCI- equity instrument; or FVTPL. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investments fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value, plus for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets that are relevant to the Group:

- Financial assets at amortised cost; These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss.

The effect of adopting AASB 9 on the carrying amounts of financial assets as at 1 July 2018 relates solely to the new impairment requirements as described below.

Trade and other receivables that were classified as loans and receivables under AASB 9 are now measured at amortised cost.

## Note 11: Changes In Significant Accounting Policies (continued)

### Impairment of financial assets

AASB 9 replaces the “incurred loss” model in AASB 139 with an “expected credit loss” (ECL) model. This new impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments measured at FVOCI, but not to investments in equity interests. Under AASB 9, credit losses are recognised earlier than under AASB 139.

Under AASB 9, loss allowances are measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowance at an amount equal to lifetime ECLs.

When determining whether the credit risk on a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cashflows due to the entity in accordance with the contract and cash flows the Group expects to receive)

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables are presented separately in the statement of profit or loss and OCI.

For assets in the scope of AASB 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of AASB 9’s impairment requirements at 1 July 2018 did not result in the recognition of an additional impairment allowance.

The following analysis provides further detail about the calculation of ECLs related to trade receivables on the adoption of AASB 9. The Group considers the model and some of the assumptions used in calculating these ECLs as a key source of estimation uncertainty.

The ECLs were based on actual credit loss experience over the past 6 years. Actual credit loss experience was adjusted by the Groups view of the economic conditions over the expected lives of the receivables. The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 1 July 2018.

Calculation of loss provision at 1/7/18	Debtors Balance	Expected Default Rate	Loss Provision
Current	21,545	0.29%	63
30 days past due	4,812	0.79%	38
60 days past due	642	0.89%	6
90 days past due	547	0.99%	5
90+ days past due	208	80.00%	166
<b>Total trade debtors per financial report</b>	<b>27,754</b>		<b>278</b>

The methodology described above has also been used at the interim reporting date.

## Note 12: Standards Issued but not yet Effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2018 and earlier application is permitted; however the Group has not early adopted the following new or amended standards in preparing these interim financial statements.

The Group has the following updates to information provided in the last annual financial statements about the standards issued but not yet effective that may have a significant impact on the Groups consolidated financial statements.

### AASB 16 Leases

AASB 16 replaces existing leases guidance including AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases- Incentives and Interpretation 127 Evaluating the substance of Transactions involving the legal form of a Lease.

The standard is effective for annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted.

AASB 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standard- i.e lessors continue to classify leases as a finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial report but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Groups borrowing rate at 1 July 2019, the composition of the Groups lease portfolio at that date and the extent to which the Group chooses to practical expedients and recognition exemptions.

Thus far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of office, warehouse and factory facilities and motor vehicles.

In addition, the nature of expenses related to those leases will not change because AASB 16 replaces the straight-line operating lease expense with a depreciation charge for right of use asset and interest expense on lease liabilities.

As a lessee the Group can apply the standard using a:

- Retrospective approach; or
- Modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

The Group plans to apply AASB 16 initially on 1 July 2019, using a modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to opening balance sheet of retained earnings as at 1 July 2019, with no restatement of comparative information.

When applying a modified retrospective approach to leases previously classified as operating leases under AASB 117, the lessee can elect on a lease by lease basis whether to apply a number of practical expedients. The Group is assessing the potential impact of using these practical expedients.

# Directors' Declaration

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 27 are in accordance with the Corporations Act 2001, including;

- a. complying with Accounting Standard AASB 134 Interim Financial Reporting; and
- b. giving a true and fair view of the consolidated group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**Bruce E Higgins**  
Chairman of Directors  
Legend Corporation Limited

21 February 2019



# Independent Auditor's Review Report

To the shareholders of Legend Corporation Limited

## Report on the Half-year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Legend Corporation Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Legend Corporation Limited is not in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The half-year financial report comprises:

- Consolidated statement of financial position as at 31 December 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 half-year ended on that date;
- Notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Legend Corporation Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

### Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.





## Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Legend Corporation Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Paul Cenko  
Partner

Adelaide  
21 February 2019