



**LEGEND**  
CORPORATION



## Appendix 4E and Annual Report

Legend Corporation Limited ACN 102 631 087

Final Report to the Australian Stock Exchange and Annual Report including Audited Financial Statements.

For the Year Ended 30 June 2015



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## Highlights

- NPAT of \$6.9 million or 3.1 cents per share (cps) up 2.4% pcp.
- Acquisition of System Control Engineering Group 1 May 2015.

## Results For Announcement To The Market

Previous corresponding period 30 June 2014

					\$000
Revenue from ordinary activities	Up	0.1%	to		102,318
Profit from ordinary activities after tax attributable to members	Up	2.4%	to		6,856
Net profit for the period attributable to members	Up	2.4%	to		6,856
Earnings per share	Up	2.6%	to		3.1 cents

## Dividends

	Amount per security	Franked amount per security at 30% tax
Interim dividend (fully franked)	0.75 cents	0.75 cents
Final dividend (fully franked)	1.0 cents	1.0 cents

None of these dividends are foreign sourced.

Final dividend details	
Ex-dividend date	23 September 2015
Record date to determine entitlement to the dividend	25 September 2015
Payment date for final dividend	23 October 2015
Total dividend payable	\$2,192,002

A dividend reinvestment plan is not in operation.

## Net Tangible Asset Backing

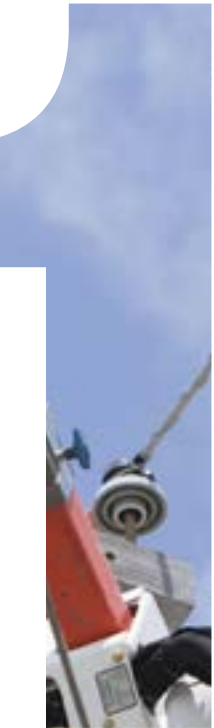
	Current period	Previous corresponding period
Net tangible asset backing per ordinary share	6.0 cents	9.0 cents

Financial Summary	30 June 2015 \$000	30 June 2014 \$000	Change
<b>Income</b>			
Sales revenue	102,251	102,094	0.2%
Cost of goods sold	(56,960)	(57,606)	(0.1%)
Gross profit	45,291	44,488	1.8%
<i>Gross profit margin</i>	<b>44.3%</b>	<b>43.6%</b>	
EBITDA	13,179	13,155	0.2%
<i>EBITDA margin</i>	<b>12.9%</b>	<b>12.9%</b>	
EBIT	10,764	10,770	(0.1%)
<i>EBIT margin</i>	<b>10.5%</b>	<b>10.5%</b>	
NPBT	9,858	9,652	2.1%
<i>NPBT margin</i>	<b>9.6%</b>	<b>9.5%</b>	
NPAT	6,856	6,694	2.4%
<i>NPAT margin</i>	<b>6.7%</b>	<b>6.6%</b>	
Earnings per share	3.1 cents	3.1 cents	2.6%
Dividends paid	1.75 cents	1.85 cents	(5.4%)
Dividends announced	1.0 cents	1.0 cents	0.0%
<b>Cash Flow</b>			
Operating cash flow	6,353	9,753	(34.9%)
<b>Financial Position</b>			
Net assets	67,035	63,977	4.8%
Net debt	(21,208)	(13,063)	(62.4%)

Reconciliation of Profit	30 June 2015 \$000	30 June 2014 \$000
NPAT	6,856	6,694
Income Tax Expense	3,002	2,958
NPBT	9,858	9,652
Interest Revenue	(67)	(83)
Interest Expense	973	1,201
EBIT	10,764	10,770
Depreciation and Amortisation Expense	2,415	2,385
EBITDA	13,179	13,155



**LEGEND**  
CORPORATION



**Annual Report**

# Corporate Directory

## Directors

Bruce E Higgins  
Bradley R Dowe  
Ian L Fraser

## Company Secretary

Graham A Seppelt

## Registered Office

1 Butler Drive, Hendon  
South Australia 5014  
Phone: 08 8401 9888  
Fax: 08 8244 9520  
[www.legendcorporate.com](http://www.legendcorporate.com)

## Solicitors

Minter Ellison Lawyers  
Rialto Towers  
525 Collins Street  
Melbourne  
Victoria 3000  
Phone: 03 8608 2000  
Fax: 03 8608 1000

## Share Registry

Security Transfer  
Registrars 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

Grant Thornton Audit Pty Ltd  
383 Kent Street  
Sydney  
New South Wales 2000  
Phone: 02 8297 2400  
Fax: 02 9299 4445

## Australian Securities Exchange

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



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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 2015 is dated as at 30 June 2015 and was approved by the Board on 20 August 2015. The Corporate Governance Statement is available on Legend Corporation Limited's website at [http://www.legendcorporate.com/corporate\\_governance.html](http://www.legendcorporate.com/corporate_governance.html).

# CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of the Directors I am pleased to announce the results for Legend for the year ended 30 June 2015.

The Company recorded a Net Profit after Tax (NPAT) of \$6.9 million, up 2.4% on the prior year representing 3.1 cents per share. Revenue was \$102.3 million, a similar level to last year with gross profit margin slightly higher at 44.3%.

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

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

The Company's balance sheet is in a strong position with total net assets (total assets less total liabilities) of \$67.0 million or 30.6 cents per share. Our banking facilities are well structured to meet our needs with;

- Bank bill facilities with Australian and New Zealand Banking Group Limited extending to 23 June 2017.
- Net debt is a conservative 1.6 times EBITDA. Net bank debt increased to \$21.2 million from \$13.1 million due entirely to \$10.5 million drawn for the acquisition of System Control Engineering Pty Ltd in May 2015.
- Net Debt to shareholder funds increased from 20% to 32%, remaining at a conservative level. Interest coverage is 11 times, up from 9 times reflecting decreased debt for the majority of the year and lower interest and facility charges.

## Dividend

In May the Company paid an interim dividend of 0.75 cent per share. I am pleased to advise that the full year dividend will be 1.0 cents per share to all shareholders of record on 25 September 2015 and payable on 23 October 2015.





## Operations

Our business in 2015 did not achieve revenue growth although the Directors believe the Company's business continues to perform as the leader in our target markets. Our products are well positioned and we have a business team focused on winning market share and delivering our high levels of customer service. Management has performed well in managing the current market environment.

Management is focused on both revenue and profit growth whilst continuing to effectively manage expenses and working capital. We also continue to improve our products and competitive position with the development of in-house designed and engineered products for distribution through the Group's sales channels.

In May we announced the acquisition of the Australian operations of System Control Engineering Pty Ltd and the shares of New Zealand based System Control Engineering NZ Limited ('SCE'). This strategic acquisition significantly enhances Legend's value chain with a range of high quality industrial products and project capabilities to supply products and parts for industrial and commercial gas, heating, refrigeration and air conditioning. Based on the 2015 accounts of SCE this business will add approximately 25% to our sales in a full year. The cost of the acquisition was an initial payment of \$10 million with deferred payment and earn out of up to \$8.7 million based on the Earnings before Interest and Taxation (EBIT) results through each year and ending in June 2019. Net assets acquired were \$13.0 million.

SCE has strong synergies with Legend's industrial products focus; our NATA laboratories, warehousing, proven ERP and marketing, and sales platforms. We have forecast operating cost savings of \$1 million per annum and \$3.5 million in working capital improvements as a result of this acquisition. The acquisition will be earnings accretive in 2016. The executive directors and key staff of SCE have remained with the business.

A final deferred payment of \$0.7 million was also made for the Ecco Pacific acquisition settling all consideration on prior period acquisitions.

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

With the acquisition of SCE on 1 May 2015, the Group operations are now reported in three distinct segments; **Electrical, Power and Infrastructure, Innovative Electrical Solutions, and Gas and Plumbing.**

Further details of the operations and the performance of these segments are set out in the Chief Executive's report and in Note 25: Operating Segments of the financial statements.

## Our Growth Strategy

We have not delivered on our growth strategy in the 2015 financial year. Group revenue was consistent year on year through a 23% increase in Innovative Electrical Solutions and \$5.8 million for SCE. Our largest segment of Electrical, Power and Infrastructure however recorded 9% lower revenue on the prior corresponding period. We have higher expectations for Legend's performance. Our strategy remains unchanged; to grow organically our existing businesses with the development of complimentary technology products providing higher margins combined with the acquisition of companies where we can leverage our strong logistics and import capabilities and cross sell our products.

## Corporate Governance and Board Performance

The Board of Legend is committed to achieving and demonstrating standards of corporate governance that are best practice and compliant with the Australian Securities Exchange regulations and principles of good corporate governance. Our goal is to ensure the Company is properly managed through the implementation of sound strategies and action plans. We achieve this through the management team of our Company and supervising an integrated framework of controls over the Company's resources to ensure our commitment to high standards of ethical behaviour.

Our Remuneration Report is enclosed which outlines the Group remuneration policies, board performance and the senior executive remuneration policies and compensation.

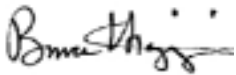
## Outlook

Our outlook in the coming year is for an improved profit and we expect to achieve this by a combination of our existing business and the contribution of System Control Engineering business which is performing well and meeting our expectations.

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

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

Yours Sincerely



**Bruce E Higgins**

Chairman

Legend Corporation Limited

20 August 2015

# CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders,

Net Profit after Tax (NPAT) of \$6.9 million was up 2% from the prior year. Earnings per share was 3.1 cents. Dividends paid during the year were 1.75 cents per share.

Despite a year that saw challenges in the form of reduced demand and a continued decline in the value of the Australian dollar, revenues remained virtually unchanged from the prior corresponding period (pcp) at \$102.3 million.

Gross margin increased to 44.3% (43.6% pcp) due largely to the introduction of higher margin new products.

Operating expenses increased by 2% largely as a result of a one off expenses related to the System Control Engineering (SCE) acquisition.

Operating cash flow for the year was \$6.4 million (\$9.8 million pcp). The decline on the prior year was a result of the one off Government gazetted move from quarterly to monthly tax payments and increased stock holdings.

Net debt increased 62% to \$21.2 million driven by the SCE acquisition in May 2015. Despite this, net debt remains low at 1.6 times Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA).

## Financial Highlights

- NPAT of \$6.9 million or 3.1 cps.
- Operating cash flow of \$6.4 million.
- Net bank debt of \$21.2 million or 1.6 times EBITDA.
- Gross profit margins maintained at 44%.
- Net assets of 30.6 cps.



# CHIEF EXECUTIVE OFFICER'S REPORT

## Financial Summary

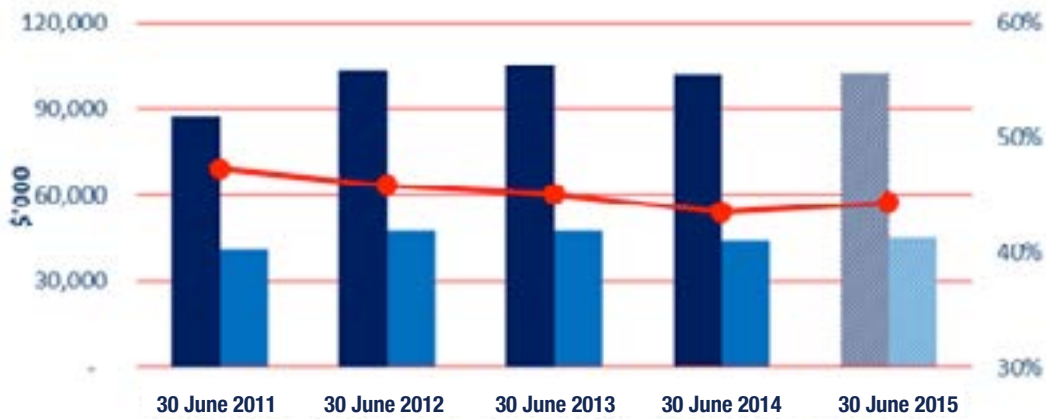
	30 June 2015	30 June 2014	Change
<b>Sales Revenue</b>	\$102.3M	\$102.1M	0.2%
Cost of Goods Sold	\$57.0M	\$57.6M	(0.1%)
<b>Gross Profit</b>	<b>\$45.3M</b>	<b>\$44.5M</b>	<b>1.8%</b>
<b>Gross Profit Margin</b>	<b>44.3%</b>	<b>43.6%</b>	
EBITDA	\$13.2M	\$13.2M	0.2%
<b>EBITDA Margin</b>	<b>12.9%</b>	<b>12.9%</b>	
EBIT	\$10.8M	\$10.8M	(0.1%)
EBIT Margin	10.5%	10.5%	
NPBT	\$9.9M	\$9.7M	2.1%
NPBT Margin	9.6%	9.5%	
NPAT	\$6.9M	\$6.7M	2.4%
NPAT Margin	6.7%	6.6%	
Earnings per share	\$0.031	\$0.031	2.6%
Net Assets	\$67.0M	\$64.0M	4.8%
Net Assets per share	\$0.306	\$0.291	5.2%
Net Bank Debt	(\$21.2M)	(\$13.1M)	(62.4%)
Operating Cash Flow	\$6.4M	\$9.8M	(34.9%)
Operating Cash Flow pre-tax	\$10.5M	\$12.6M	(17.0%)



## Financial Highlights

Revenue Gross Profit Gross Profit Margin

### Revenue & Gross Profit



Sales revenue for the period was \$102.3 million, a minor improvement on the prior year (2014: \$102.1 million).

Innovative Electrical Solutions grew 23% to \$15.4 million in revenue for the year.

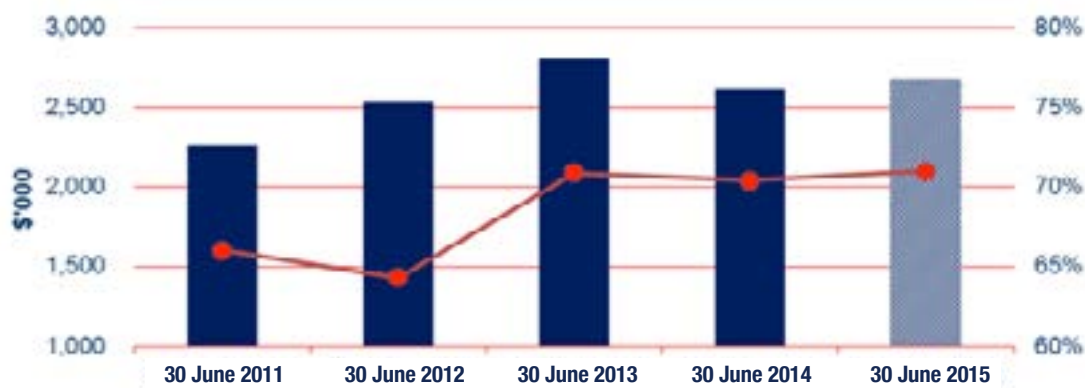
The acquisition of SCE effective 1 May 2015 delivered \$5.8 million in revenue for our new Gas and Plumbing segment.

Electrical, Power and Infrastructure declined 9% on pcp as demand from electrical wholesale weakened significantly and power utilities continued to defer projects.

Gross profit of \$45.3 million was up 2% on the prior year (2014: \$44.5 million) with a slightly improved gross margin.

### Average Monthly Overhead Expenditure

Average Monthly Expenses Overheads as a % of Gross Profit



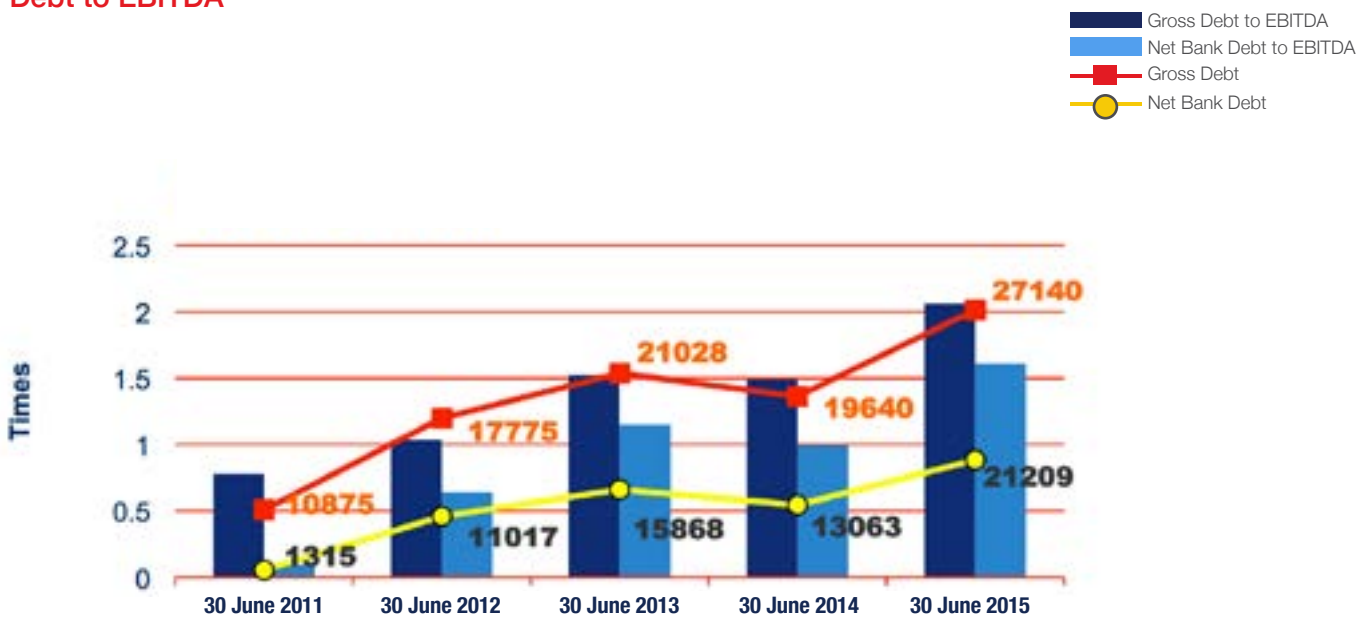
Annual overhead expenses increased by \$0.8 million or 2% to \$32.1 million (\$31.3 million pcp).

This increase included \$406,000 in directly attributable one off expenses associated with the acquisition of SCE.



# CHIEF EXECUTIVE OFFICER'S REPORT

## Debt to EBITDA



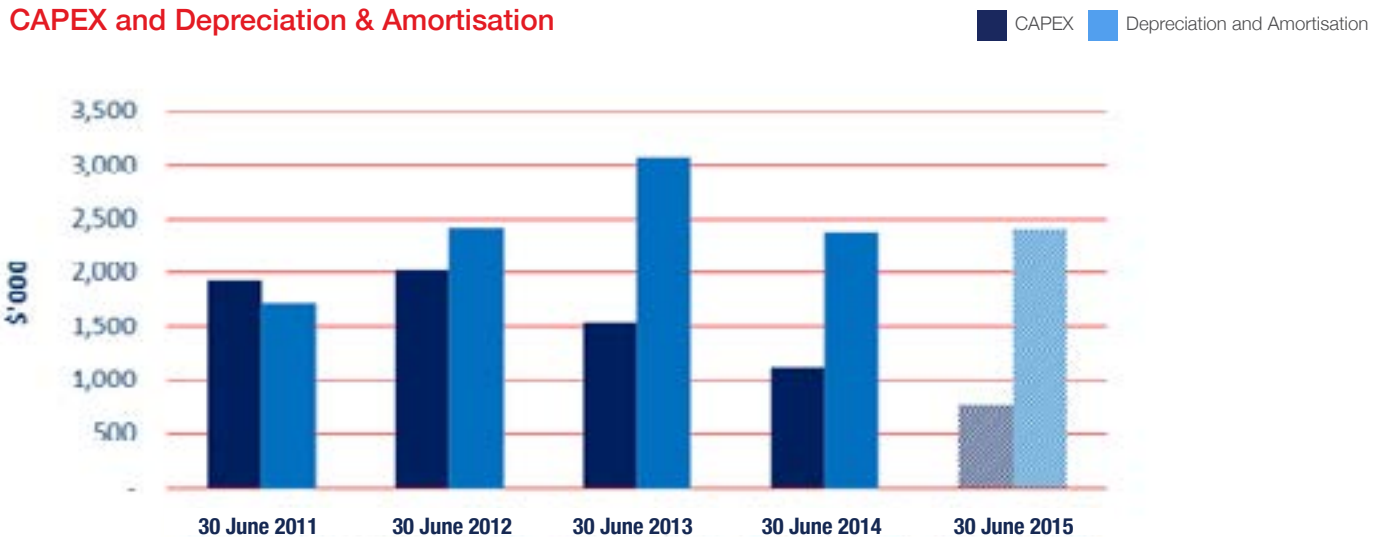
Net debt was \$21.2 million at year end (2014: \$13.1 million) a low 1.6 times EBITDA.

\$10.5 million in additional debt was drawn in May 2015 to fund the acquisition of SCE.

Banking facilities with Australian and New Zealand Banking Group Limited were renewed on 23 June 2015 and extend until 23 June 2017.

These facilities provide additional capacity for further organic and acquisitive growth.

## CAPEX and Depreciation & Amortisation

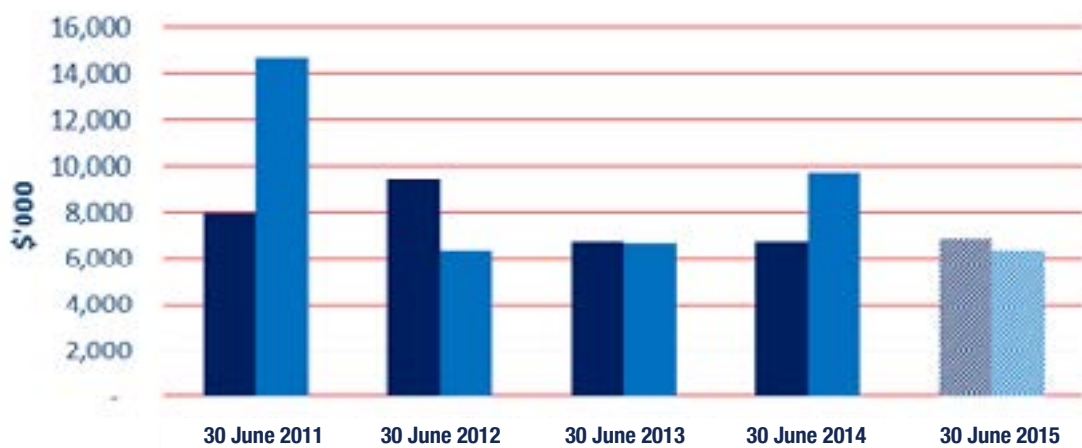


Capital expenditure requirements for the year were \$809,000 (2014: \$1.1 million).

Depreciation charges were up 8% to \$2.1 million (2014: \$1.9 million), with amortisation charges for intangible assets generated through the MSS and Ecco acquisitions, including intellectual property, customer lists and restraint of trade agreements, down \$117,000 to \$335,000 (2014: \$455,000).

## NPAT & Cash Flow

■ NPAT ■ Operating Cash Flow



Operating cash flow was down 35% on pcp to \$6.4 million (2014: \$9.8 million).

The Government's change in company tax instalments from quarterly to monthly negatively impacted this year's cash flow by \$1.3 million.

Stock holding increased by \$2.0 million as sales slowed in the Electrical, Power and Infrastructure segment and with investment in new products.

Stock management remains a critical focus for operating cash flow generation over the coming 12 months.

## Acquisitions

Management devotes significant effort and resource to the selection and appropriate engagement of acquisitions aligned with our strategic objectives that will add accretive and long term sustainable earnings to our business.

Effective 1 May 2015, we acquired selected assets of the Australian based System Control Engineering Pty Ltd and the shares of New Zealand based System Control Engineering NZ Limited (SCE). The acquisition provides us with a strong foothold in industrial and commercial gas and plumbing markets with a well-established channel and strong product brands.

Whilst the product set and customer base has limited overlap with the existing Group, significant synergies exist from the consolidation of properties and back office functions. These synergies will be realized over the next 24 months.

A final deferred payment of \$0.7 million was also made for the Ecco Pacific acquisition.

## Overview by Segment

### Electrical, Power and Infrastructure

This segments earnings in the past have been closely tied to residential & commercial building approvals, engineering construction associated with primary resources and capital works associated with power networks and infrastructure construction.

While there is currently very strong activity in residential construction, there has been a significant decline in demand from the electrical wholesale market which has, in years past, been the most important channel to this market.

Commercial construction remains subdued and Engineering construction associated with primary resources continues to decline.

Expenditure on power networks has remained at a low level as both QLD and NSW utilities re-structure and/or prepare to sell power assets.

We have responded with a wider product range, more investment in stock availability and further investment in representative sales resources.

Despite these initiatives, reduced demand has seen revenue for this segment fall by 9% to \$83.8 million (2014: \$92.3 million). EBITDA was down 29% to \$6.5 million (2014: \$9.2 million) as a result of reduced revenue.

Price management and strategies to take advantage of the opportunities that will arise from increased residential and infrastructure construction is the primary focus for this segment.

### Innovative Electrical Solutions

Strong support from an existing customer and defence related contracts have been the key contributors to a revenue increase of 23%. Improved export sales and cost control together with improved margins, a result of product development and exchange rates, all contributed to strong growth in EBITDA of more than 58%.

The development of new products remains the key focus of this segment. Further product launches will be made in the coming year.

### Gas and Plumbing

This is our newest segment resulting from the acquisition of SCE on 1 May 2015.

The segment contributed \$5.8 million in revenue and \$0.8 million in EBITDA for the last two months of the financial year. Had SCE been owned for the full financial year, revenue for the segment would have been \$28.4 million with EBITDA of \$1.7 million. However the profit contribution to Group earnings was offset by more than \$0.4 million in one off costs associated with the acquisition.

We expect this segment to be a key contributor to earnings for the coming financial year.

## Product Innovation, Quality and Standards

We continue to invest in the design and development of products targeting growth areas of the Australian economy with the aim of delivering continued positive results for our shareholders.

Last year Legend was awarded four new patents.

We have focused our product development on energy efficient and energy saving products for lighting, switching and power management. These will be sold through both our electrical and power divisions. In addition we are expanding our range of specialized power linesmen tools, jointing products (complimentary to our core range of lugs) and application specific heavy duty electrical connectors specific to power utilities.



## Quality Standards Certification

Legend is committed to supplying quality products and operates NATA laboratories in both Sydney and Adelaide to ensure our products are certified to the standards relevant to their applications.

Currently Legend is certified to test and issue 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, AS/NZS 3425, BS 4579-2, IEEE 837 and is certified to manufacture products to these standards under an AS/NZS ISO9001 Quality Management System.

## People Talent, Workplace Environment and Safety

We recognize that our team members are our most important asset. Securing and retaining the very best people is critical to both the growth and maintenance of our business.

All recruitment within Legend 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:

- M.B.A.
- WHS (Workplace Health and Safety)
- First Aid
- Fire & Emergency procedures
- Materials handling training
- Dangerous Goods training
- Bullying and harassment training
- NATA training
- Engineering apprenticeship
- Cert III Engineering – Mechanical Trade
- Internal Auditing
- Leadership Training
- Cert II Business Administration
- Project Management
- Bachelor of Business

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 suit family needs
- Full time to part-time transitional employment
- Flexible working hours
- Working from home
- Compressed working week

# CHIEF EXECUTIVE OFFICER'S REPORT

Legend offers high quality on-site childcare facilities 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

Free gym membership is offered to all employees to aid in improving general fitness and health. This has seen a reduction in absenteeism numbers and added health awareness from participating employees.

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

	2015		2014	
	Female	Male	Female	Males
<b>Board</b>	0	100	0	100
<b>Management, Finance, Administration</b>	48	52	40	60
<b>Other</b>	28	72	33	67
<b>Total</b>	33	67	36	64

## 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 needs, in the balance of the Company there is significant involvement of both female and male employees at each level of operations.

The current gender balance in Legend Australia is 33% (2014: 36%), down on the prior year as a result of the acquisition of SCE.

## Health and Safety

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

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

The Group has a low rate of lost time through injury. A total of 2 lost time injuries were reported for the year with an average lost time injury frequency rate of 4.7 against a national warehouse/storage industry average of 12.7 which we use as a benchmark. The achievement of no lost time injuries continues to be the Company's objective.

Legend has also commenced the certification program for AS/NZS 4801 Occupational Health and Safety Management Systems. AS/NZS 4801:2001 is used as the benchmark to assess Occupational Health & Safety Management systems in Australia and New Zealand. The audit program is expected to be completed in 2016.

## Environment

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

Legend has successfully completed the Stage 1 audits for ISO14001 Environmental Management Systems Certification.

ISO14001 is the internationally recognized and independently audited standard for the management control and continuous improvement of an organisation's environmental performance. The Stage 2 audits are being progressively rolled out to each site, with the last audit scheduled for completion in December 2015.

## Outlook and Business Strategies

Our core strategy to maintain and extend our leadership remains; quality, range, availability, service and innovation.

Our markets have been challenging in the last three years due to the continuing decline in Australian engineering construction related to primary resources, delays in the commencement of new infrastructure projects and reduced demand from traditional residential construction related electrical wholesale markets.

We have successfully dealt with what has been a declining market by expanding our product range and investing in improved stock availability, client representation and other market initiatives but have not delivered significant growth.

The continued decline in the Australian dollar is a benefit to some of our businesses, but in others has led to an increase in the cost of goods. While all of our competitors are subject to the same issues, managing margin continues to present a considerable challenge.

We believe the Company is well positioned within the markets we serve. Each of our businesses has a specific plan to deal with the challenges we see ahead. We will continue our focus on innovation in product development, channels to market and client service initiatives to better realise market opportunities.

Our strong balance sheet, modest net debt levels and prudent management of operating costs will allow a continued focus on both organic and acquisitive growth to deliver growth in the year ahead.

I would like to extend my thanks to our client business partners, suppliers, shareholders and board members.

It is our people that underpin the successful outcomes of our business and I take this opportunity to express my pride in their achievements and thank each of them for their commitment across what has been a challenging year.

Yours Sincerely



Brad Dowe  
Chief Executive Officer & Managing Director  
Legend Corporation Limited

20 August 2015

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 2015.

## 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 is an experienced non-executive director, chairman and former chief executive of both private and listed companies within Australia and internationally, spanning 25 years in diverse companies ranging from engineering, manufacturing and professional services to larger contracting businesses. Bruce was the recipient of the Ernst & Young "Entrepreneur of the Year" award in the Southern California region, June 2005.

Directorships held in other listed entities:

Chairman of Hub24 Limited (appointed October 2012)

Previous directorships held in the last three years:

Feore Limited (appointed December 2011, resigned July 2013)

Chairman of Q Technology Group Limited (appointed December 2010, resigned December 2014)

Interest in shares:

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 and computing for over 25 years. His experience covers all facets of engineering, electronics, manufacturing processes, software system development and international business operations. Bradley is a member of the Legend Nomination Committee.

Directorships held in other listed entities:

None

Previous directorships held in the last three years:

None

Interest in shares:

62,304,578

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 Nominations 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



# DIRECTORS' REPORT

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:

PMP Limited (appointed March 2003, resigned November 2012)

Structural Systems Limited (appointed May 2004, resigned November 2014)

Interest in shares:

705,000

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 companies BSA Limited, UXA Resources Limited and Australian Zircon NL.

## Meetings of Directors

During the financial year, 14 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 Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings	
	A	B	A	B	A	B	A	B
<b>Bruce Higgins</b>	9	9	3	3	1	1	1	1
<b>Bradley Dowe</b>	9	9	*	*	*	*	1	1
<b>Ian Fraser</b>	9	9	3	3	1	1	1	1

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 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 1 May 2015 the Group expanded its product offering and industry coverage into gas and plumbing through the acquisition of System Control Engineering Group (SCE). Readers are referred to Note 32 of the financial statements for further details in regards to the acquisition.

## Operating Results and Review of Operations for the Year

### Operating Results

Net Profit after Tax (NPAT) for the Group was \$6,856,000, an increase of 2% on the prior year (2014: \$6,694,000).

Revenue from the sale of goods was up less than 1% on the prior corresponding period (pcp) with gross profit up 2% and gross margin up from 43.6% in 2014 to 44.3%.

Overhead expenses were up \$777,000 or 2% on 2014 with \$406,000 of this increase directly attributable to the acquisition of SCE.

Depreciation and amortisation was up \$30,000 or 1%, and finance costs down \$228,000 or 19% on pcp.

In addition to the information disclosed in the following Review of Operations, readers are referred to the Chief Executive Officer's Report (pages 11 to 19) for further details and analysis of the Group's performance and financial position.



## Review of Operations

### Electrical, Power and Infrastructure

Segment revenue of \$83,779,000 was 9% lower than last year (2014: \$92,258,000).

Gross margins were consistent year on year with overhead expenses down 3%. Earnings before Interest Taxation, Depreciation and Amortisation (EBITDA) were down 29% to \$6,455,000 (2014: \$9,150,000).

### Innovative Electrical Solutions

Segment revenue was up 23% to \$15,355,000 (2014: \$12,501,000). Sales of in-house developed products remained consistent year on year despite the decline in electrical, power and infrastructure sales.

EBITDA was up 58% to \$6,344,000 (2014: \$4,010,000) as a result of improved revenue.

### Plumbing and Gas

System Control Engineering Group (SCE) was acquired 1 May 2015, providing the Group with a significant presence in the gas and plumbing tools, products and spare parts markets.

In the last two months of the year SCE contributed \$5,803,000 in revenue and EBITDA of \$787,000. Had SCE been owned for the full financial year, revenue for the segment would have been \$28,419,000 with EBITDA of \$1,654,000.

## Financial Position

As at 30 June 2015 net assets of the Group were \$67,035,000, an increase of \$3,058,000 on the prior year.

An additional \$10,500,000 was drawn in bank debt on 1 May 2015 to fund the acquisition of SCE. Net bank debt of \$21,209,000 at year end remains conservative against earnings at 1.6 times EBITDA.





## Net Bank Debt



The Group executed a new Corporate Letter of Offer (CLO) with Australian and New Zealand Banking Group Limited effective 23 June 2015. Debt facilities offered under the CLO expire in June 2017.

The Directors believe the Group remains in a strong financial position to expand and grow current operations.

### Significant Changes in State of Affairs

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

- Acquisition of System Control Engineering Group:

On 1 May 2015, the Group acquired selected business assets of System Control Engineering Pty Ltd, a Melbourne based business with offices in Adelaide, Brisbane and Sydney, and the shares of Auckland based System Control Engineering NZ Limited. The acquisition was made as part of the Group's overall strategy to enhance its value chain with a range of high quality industrial products and project capabilities in the areas of gas and plumbing. The maximum cost of the acquisition will be \$18,719,000; an initial payment of \$9,999,000 was paid on completion with a further \$1,000,000 payable 31 December 2015. Four deferred payments totaling \$7,720,000 might be made subject to the achievement of Earnings before Interest and Taxation targets. For further details, readers are directed to Note 32 of the financial statements.

- Redemption of share capital:

On 26 September 2014, the Group redeemed 300,000 shares previously issued under the Group Level Investment Plan. As vesting conditions had not been met, the shares were redeemed for nil consideration and cancelled.

## Unissued Shares Under Options

During the year ended 30 June 2015 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 of Legend Corporation Limited or any controlled entity within the Group under option.

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 \$1,644,000 (0.75 cents per share) was paid on 4 May 2015 (2014: \$1,646,000).

Subsequent to the end of the financial year, the Directors have declared a fully franked final dividend of \$2,192,002 (1.0 cents per share) to be paid 23 October 2015 (2014: \$2,192,000)

## Events Arising Since the End of the Reporting Period

Apart from the final dividend declared, 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.

## 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.

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, Grant Thornton Australia Limited, 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 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 Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- 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 as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, Grant Thornton Australia Limited, and its related practices for audit and non-audit services provided during the year are set out in Note 6 to the financial statements.

## Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 36, which forms part of this report.

## Rounding of Amounts

Legend Corporation Limited is a type of Company referred to in ASIC Class Order 98/100 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.

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

The principles of the Group's executive strategy and 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. Bonus paid in the period fully vested and none were forfeited.

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. No receivable amount is recognised in relation to this loan, as from an accounting perspective, this represents an in substance option which is recognised as an expense over the vesting period.

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 2014 Annual General Meeting

Legend received more than 91.4% of "yes" votes on its remuneration report for the 2014 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:

	2015	2014	2013	2012	2011
<b>Net profit before tax</b>	\$9.9M	\$9.7M	\$9.5M	\$13.6M	\$11.5M
<b>Net profit after tax</b>	\$6.9M	\$6.7M	\$6.7M	\$9.4M	\$8.0M
<b>EPS (cents)</b>	3.1	3.1	3.1	4.3	3.7
<b>Dividends paid (cents)</b>	1.85	1.85	1.7	2.0	1.8
<b>Share price at year-end (cents)</b>	26	29	23	32	31

### 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 following table.

# DIRECTORS' REPORT

## Directors and Other Key Management Personnel Remuneration

		SHORT-TERM BENEFITS			POST EMPLOYMENT BENEFITS	EQUITY-SETTLED SHARE-BASED PAYMENTS			Total	Percentage of remuneration that is performance based %
		Salary, fees and leave	Profit share and bonuses	Non-monetary	Pensions and superannuation	Shares / Units	GLIP Shares (1)	Options / Rights (2)		
		\$	\$	\$	\$	\$	\$	\$		
<b>Executive Director</b>										
Mr Bradley Dowe Managing Director / Chief Executive Officer	2015	330,000	-	25,032	31,350	-	-	-	386,382	-
	2014	330,000	-	24,280	30,525	-	-	-	384,805	-
<b>Non-Executive Directors</b>										
Mr Bruce Higgins Chairman / Independent Non-executive Director	2015	127,284	-	-	-	-	-	-	127,284	-
	2014	127,284	-	-	-	-	-	-	127,284	-
Mr Ian Fraser Independent Non- executive Director	2015	66,038	-	-	6,274	-	-	-	72,312	-
	2014	66,038	-	-	6,108	-	-	-	72,146	-
<b>Other Key Management Personnel</b>										
Mr Hamish McEwin Chief Financial Officer	2015	302,742	-	-	28,761	-	-	-	331,503	-
	2014	301,963	-	-	25,000	-	-	-	326,963	-
Mr David Humphreys Group Marketing Manager (3)	2015	64,502	-	-	3,943	-	-	-	68,445	-
	2014	223,265	-	-	20,652	-	-	-	243,917	-
Mr Mark Phillips General Manager Sales CABAC (4)	2015	119,676	10,000	-	8,601	-	-	-	138,277	7.2
	2014	292,500	40,000	-	26,825	-	-	-	359,325	11.1
Mr Chris Grawich General Manager Sales CABAC (5)	2015	132,446	-	-	9,373	-	-	-	141,819	-
Mr Edward Fyvie General Manager Sales Power	2015	239,800	36,000	-	22,781	-	-	-	298,581	12.1
	2014	241,648	15,000	-	20,333	-	-	-	276,981	5.4
Total Key Management Personnel	2015	1,382,488	46,000	25,032	111,083	-	-	-	1,564,603	
	2014	1,582,698	55,000	24,280	129,443	-	-	-	1,791,421	

- (1) The value of shares issued under the GLIP is determined using the Black-Scholes method. It is reported as remuneration during the year of issue and does not take into consideration any vesting period attached to those shares. For the purposes of the Remuneration Report the full value of the GLIP shares were reported in the year of grant in 2013. The financial statements report the option expense over the vesting period.
- (2) The value of options issued is determined using the Black-Scholes method. It is reported as remuneration during the year of issue and does not take into consideration any vesting period attached to those options. For the purposes of the Remuneration Report the full value of the options were reported in the year of grant. The financial statements report the option expense over the vesting period.
- (3) David Humphreys – Resigned 5 September 2014
- (4) Mark Phillips – Resigned 19 December 2014
- (5) Chris Grawich – Appointed 2 February 2015



## GLIP payments

The minimum 10% year-on-year growth in NPBT was not achieved during the current financial year therefore no payment will be made under the Plan for the 2015 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	BASED SALARY	TERM OF AGREEMENT	NOTICE PERIOD
Mr Bradley Dowe	\$330,000	UNSPECIFIED	SIX (6) MONTHS
Mr Hamish McEwin	\$303,479	UNSPECIFIED	SIX (6) MONTHS
Mr Chris Grawich	\$295,370	UNSPECIFIED	THREE (3) MONTHS
Mr Edward Fyvie	\$239,800	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 remain subject to vesting periods or repayment of the loan are as follows:

The value of shares issued under the GLIP was determined using the Black-Scholes method. These shares cannot be traded subject to the vesting period or before the repayment of the loan.

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	284,827
Mr Hamish McEwin	15.8.2012	629,032	0.126	15.8.2015	15.8.2017	185,134

## Options (granted over unissued shares)

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.

At the date of this report there are no options on issue. For all options on issue during the financial year, vesting requirements were not met and therefore the options forfeited.

### 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

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2015	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes	Balance at year end	Vested during the year	Vested and exercisable
Mr Bruce Higgins	150,000	-	-	(150,000)	-	-	-
Mr Ian Fraser	75,000	-	-	(75,000)	-	-	-
	225,000	-	-	(225,000)	-	-	-

30 June 2014	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes	Balance at year end	Vested during the year	Vested and exercisable
Mr Bruce Higgins	300,000	-	-	(150,000)	150,000	-	-
Mr Ian Fraser	150,000	-	-	(75,000)	75,000	-	-
	450,000	-	-	(225,000)	225,000	-	-

\* Other changes during the year reflected above includes those options that have been forfeited by holders as well as issued during the year under review

## g. KMP Shareholdings

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

30 June 2015	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year *	Balance at year end
Mr Bruce Higgins	3,677,150	-	-	-	3,677,150
Mr Ian Fraser	675,000	-	-	30,000	705,000
Mr Bradley Dowe	62,304,578	-	-	-	62,304,578
Mr Hamish McEwin	1,048,370	-	-	-	1,048,370
	67,705,098	-	-	30,000	67,735,098

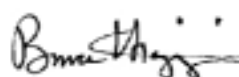
30 June 2014	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year *	Balance at year end
Mr Bruce Higgins	3,677,150	-	-	-	3,677,150
Mr Ian Fraser	675,000	-	-	-	675,000
Mr Bradley Dowe	62,304,578	-	-	-	62,304,578
Mr Hamish McEwin	1,048,370	-	-	-	1,048,370
Mr David Humphreys	650,220	-	-	-	650,220
	68,355,318	-	-	-	68,355,318

\* Other changes during the year refers to shares purchased or sold during the financial year.

The tables above only include KMP with share holding.

## 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

20 August 2015

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**Auditor's Independence Declaration  
To the Directors of Legend Corporation Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Legend Corporation Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



A J Archer  
Partner - Audit & Assurance

Sydney, 20 August 2015

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# Financial Statements



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated Group	
		2015 \$000	2014 \$000
Sales revenue	2	102,251	102,094
Finance income	2	67	83
<b>Total revenue</b>		<b>102,318</b>	<b>102,177</b>
Other income	2	71	73
Changes in inventories		1,874	2,336
Raw materials and consumables used		(58,834)	(59,942)
Employee benefits expense		(21,547)	(21,461)
Depreciation and amortisation expense		(2,415)	(2,385)
Finance costs	3	(973)	(1,201)
Occupancy costs		(3,265)	(3,216)
Other expenses		(7,371)	(6,729)
Profit before income tax	3	9,858	9,652
Income tax expense	4	(3,002)	(2,958)
<b>Profit for the year attributable to the members of the parent</b>		<b>6,856</b>	<b>6,694</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the members of the parent</b>		<b>6,856</b>	<b>6,694</b>
		<b>CENTS</b>	<b>CENTS</b>
Basic earnings per share	8	3.1	3.1
Diluted earnings per share	8	3.1	3.1

The accompanying notes form part of these financial statements

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	Consolidated Group	
		2015 \$000	2014 \$000
<b>Current assets</b>			
Cash and cash equivalents	9	5,931	6,577
Trade and other receivables	10	22,187	15,280
Inventories	11	29,421	23,887
Current tax assets	19	312	-
Other current assets	12	872	809
<b>Total current assets</b>		<b>58,723</b>	<b>46,553</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	7,280	7,490
Deferred tax assets	19	1,860	2,013
Goodwill	14	44,905	40,761
Other intangible assets	14	8,851	3,443
<b>Total non-current assets</b>		<b>62,896</b>	<b>53,707</b>
<b>Total assets</b>		<b>121,619</b>	<b>100,260</b>
<b>Current liabilities</b>			
Trade and other payables	16	14,087	10,695
Financial liabilities	17	-	66
Borrowings	18	4,788	3,000
Current tax liabilities	19	-	1,101
Short-term provisions	20	3,835	3,470
<b>Total current liabilities</b>		<b>22,710</b>	<b>18,332</b>
<b>Non-current liabilities</b>			
Trade and other payables	16	6,126	-
Borrowings	18	22,351	16,640
Deferred tax liability	19	2,655	1,084
Long-term provisions	20	742	227
<b>Total non-current liabilities</b>		<b>31,874</b>	<b>17,951</b>
<b>Total liabilities</b>		<b>54,584</b>	<b>36,283</b>
<b>Net assets</b>		<b>67,035</b>	<b>63,977</b>
<b>Equity</b>			
Issued capital	21	74,281	74,281
Reserves	22	8,407	5,349
Accumulated losses		(15,653)	(15,653)
<b>Total equity</b>		<b>67,035</b>	<b>63,977</b>

The accompanying notes form part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

Consolidated Group	Notes	Issued Capital \$000	Option Reserve \$000	Profits Reserve \$000	Accumulated Losses \$000	Total \$000
<b>Balance at 1 July 2013</b>		74,281	199	-	(13,238)	61,242
Profit attributable to members of the parent entity		-	-	-	6,694	6,694
Transfer to profit reserve		-	-	6,694	(6,694)	-
<b>Total comprehensive income for the period</b>		-	-	<b>6,694</b>	-	<b>6,694</b>
Dividends		-	-	(1,646)	(2,415)	(4,061)
Option expense		-	102	-	-	102
<b>Transactions with owners in their capacity as owners</b>		-	<b>102</b>	<b>(1,646)</b>	<b>(2,415)</b>	<b>(3,959)</b>
<b>Balance at 30 June 2014</b>		<b>74,281</b>	<b>301</b>	<b>5,048</b>	<b>(15,653)</b>	<b>63,977</b>
Profit attributable to members of the parent entity		-	-	-	6,856	6,856
Transfer to profit reserve		-	-	6,856	(6,856)	-
<b>Total comprehensive income for the period</b>		-	-	<b>6,856</b>	-	<b>6,856</b>
Shares issued during the year		-	-	-	-	-
Dividends	<b>7</b>	-	-	(3,836)	-	(3,836)
Option expense		-	38	-	-	38
<b>Transactions with owners in their capacity as owners</b>		-	<b>38</b>	<b>(3,836)</b>	-	<b>(3,798)</b>
<b>Balance at 30 June 2015</b>		<b>74,281</b>	<b>339</b>	<b>8,068</b>	<b>(15,653)</b>	<b>67,035</b>

The accompanying notes form part of these financial statements



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated Group	
		2015	2014
		\$000	\$000
<b>Cash flows from operating activities</b>			
Receipts from customers		100,548	104,451
Payments to suppliers and employees		(89,183)	(90,706)
Interest received		67	63
Finance costs		(973)	(1,202)
Income tax paid		(4,106)	(2,853)
<b>Net cash provided by operating activities</b>	<b>26</b>	<b>6,353</b>	<b>9,753</b>
<b>Cash flows from investing activities</b>			
Proceeds from the sale of plant and equipment		53	33
Purchase of property, plant and equipment		(813)	(1,121)
Acquisition of subsidiaries, net of cash	<b>32</b>	(9,906)	(1,800)
Proceeds from employee loans		7	26
<b>Net cash used in investing activities</b>		<b>(10,659)</b>	<b>(2,862)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(3,836)	(4,061)
Repayment of borrowings		(3,000)	(3,235)
Proceeds from bank loans		10,500	1,827
<b>Net cash used in financing activities</b>		<b>3,664</b>	<b>(5,469)</b>
Net decrease in cash and cash equivalents held		(642)	1,422
Cash and cash equivalents at beginning of financial year		6,577	5,160
Exchange differences on cash and cash equivalents		(4)	(5)
<b>Cash and cash equivalents at end of financial year</b>	<b>9</b>	<b>5,931</b>	<b>6,577</b>

The accompanying notes form part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 1: Statement Of Significant Accounting Policies

This financial report covers Legend Corporation Limited ('Parent Entity') 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.

### (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 Interpretations, 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.

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').

Legend Corporation Limited is a public company incorporated and domiciled in Australia. The address of its registered office is 1 Butler Drive, Hendon, South Australia, 5014.

The consolidated financial statements for the year ended 30 June 2015 were approved and authorised for issue by the board of directors on 20 August 2015.

### (b) Application of new and revised Accounting Standards

*Amendments to AASB's and the new interpretation that are mandatorily effective for the current year*

In the current year, the Group has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for the current year end.

#### *AASB 2012-3 Amendments to Australian Accounting standards – Offsetting Financial Assets and Financial Liabilities*

The amendments to AASB 132 clarify the requirements relating to the offsetting of financial assets and financial liabilities. Specifically the amendments clarify the meaning of 'currently has a legally enforceable right of set off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application amendment does not have any material impact on the disclosures or on the amounts recognised in the Groups consolidated Financial statements.

#### *AASB 2013-3 Amendments to AASB 136- Recoverable Amount Disclosures for Non-Financial Assets.*

The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used with are in line with the disclosure required by AASB 13 Fair Value Measurements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

The application of these amendments does not have any material impact on the disclosures in the Groups Financial statements.

## *AASB 2013-5 Amendments to Australian Accounting Standards- Investment Entities*

The amendments to AASB 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with investment management services;
- Commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both;
- Measure and evaluate performance substantially all of its investments on a fair value basis.

Consequential amendments have been made to AASB 12 and AASB 127 to introduce new disclosure requirements for investment entities.

As the company is not an investment entity (assessed based on criteria set out on AASB 10 as at 1 July 2014), the application of the amendments does not have any material impact on the amounts recognised or the amounts disclosed in the Groups consolidated financial statements.

## *AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011 – 2013 Cycles)*

The annual improvements 2010-2012 has made a number of amendments to various AASBs which are summarized below.

- The amendments AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included in the definition of 'vesting condition'. The amendments to AASB 2 are effective for share based payment transactions for which the grant date is on or after 1 July 2014.
- The amendments to AASB 3 clarify that contingent consideration that is classed as an asset or liability should be measured at fair value at each reporting date irrespective of which the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. These amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.
- The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments segregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total reportable segments assets to the entity's assets should be provided only if the segment assets are regularly provided to the chief operating decision maker.
- The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payments with no stated interest rate at their invoice amounts without discounting, if the effect if discounting is immaterial.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

- The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment of intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account the accumulated impairment losses.
- The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However disclosure of the components of such compensation is not required.

The annual improvements 2011-2013 has made a number of amendments to various AASBs which are summarised below.

- The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.
- The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definition of financial assets or financial liabilities with AASB 132.
- The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently an entity acquiring investment property must determine whether:
  - The property meets the definition of investment property under AASB 140; and
  - The transaction meets the definition of a business combination under AASB 3.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Groups consolidated financial statements.

*AASB 1031 Materiality, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality) AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)*

The revised AASB 1031 is an interim standard that cross references to other Standards and the 'Framework for Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. This does not have any material impact on the disclosures or the amounts recognised in the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## (c) Standards and Interpretations in issue not yet adopted

New / revised pronouncement	Superseded pronouncement	Nature of change	Effective date	Likely impact on initial application
<p>AASB 9 Financial Instruments (December 2014)</p> <p>[Also refer to AASB 2013-9 and AASB 2014-1 below]</p>	<p>AASB 139 Financial Instruments: Recognition and Measurement</p>	<p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <p>a Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.</p> <p>b Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.</p> <p>d Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p>	<p>1 January 2018</p>	<p>The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.</p>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

		<p>e Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"><li>• the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI')</li><li>• the remaining change is presented in profit or loss</li></ul> <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:</p> <ul style="list-style-type: none"><li>• classification and measurement of financial liabilities;and</li><li>• derecognition requirements for financial assets and liabilities.</li></ul> <p>AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.</p> <p>Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.</p>		
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

<p>AASB 15 Revenue from Contracts with Customers</p>	<p>AASB 118 Revenue AASB 111 Construction Contracts Int. 113 Customer Loyalty Programmes Int. 115 Agreements for the Construction of Real Estate Int. 118 Transfer of Assets from Customers</p>	<p>AASB 15:</p> <ul style="list-style-type: none"> <li>• Replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue related interpretations:</li> <li>• Establishes a new revenue recognition model</li> <li>• Changes the basis for deciding whether revenue is to be recognised over time or at a point in time</li> <li>• Provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licences)</li> <li>• Expands and improves disclosures about revenue</li> </ul>	<p>1 January 2017</p>	<p>Based on the directors preliminary assessment it is expected that first time adoption of AASB 15 for the year ending 30 June 2018 will not have a material impact on the revenue recognised in the financial statements.</p>
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

<p>AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</p>	<p>None</p>	<p>The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 Business Combinations, should:</p> <ul style="list-style-type: none"> <li>• apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e., the existing interest is not re-measured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and</li> <li>• provide disclosures for business combinations as required by AASB 3 and other Australian Accounting Standards.</li> </ul>	<p>1 January 2016</p>	<p>When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.</p>
<p>AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</p>	<p>None</p>	<p>The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.</p> <p>The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e., a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:</p> <p>i The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or</p> <p>ii When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.</p>	<p>1 January 2016</p>	<p>When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.</p>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

<p>AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</p>	<p>None</p>	<p>The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.</p>	<p>1 January 2016</p>	<p>When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.</p>
<p>AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</p>	<p>None</p>	<p>The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011).</p> <p>The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture. Any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 Business Combinations. Full gain or loss is recognised when the assets or subsidiary constitute a business. Whereas gain or loss attributable to other investors interests is recognised when the assets or subsidiary do not constitute a business.</p> <p>The amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128 (2011).</p>	<p>1 January 2016</p>	<p>When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.</p>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

<p>AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle</p>	<p>None</p>	<p>These amendments arise from the issuance of Annual Improvements to IFRSs 2012-2014 Cycle in September 2014 by the IASB.</p> <p>Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of AASB 5 Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of AASB 5.</p>	<p>1 January 2016</p>	<p>When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.</p>
<p>AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</p>	<p>None</p>	<p>The amendments:</p> <ul style="list-style-type: none"> <li>• clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information.</li> <li>• clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated.</li> <li>• add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position.</li> <li>• clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order.</li> <li>• remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy.</li> </ul>	<p>1 January 2016</p>	<p>When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.</p>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	None	The narrow-scope amendments to AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interests in Other Entities and AASB 128 Investments in Associates and Joint Ventures introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.	1 January 2016	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## **(d) Basis of consolidation**

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2015. The parent controls a subsidiary if it is exposed, or has rights, to the variable return from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. 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. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

## **(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 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 payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is 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 using the liability method 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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.

Legend Corporation Ltd and wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

## Taxation of financial arrangements

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Group has assessed the potential impact of these changes on the Group's tax position and these are not considered to be significant. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2015 (2014: \$Nil).

## (g) Inventories

Inventories are 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 expenses.

## (h) Property Plant and Equipment

### Plant and equipment

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

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

### Depreciation

Depreciation is recognised 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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Leasehold improvements	2.5 - 30%
Motor Vehicles	18 - 25%
Plant and Equipment	1 - 40%

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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) Leased assets**

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are treated as operating 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**

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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 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.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## (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.

### Other intangibles assets

#### Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

#### Trademarks and licences

Trademarks and licenses are recognised at cost of acquisition. Trademarks and licenses have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Trademarks and licenses are amortised over their useful life of 5 years.

#### Acquired intangible assets

Customer lists, Relief from Royalty, Non compete and interlectual property intangible assets recognised in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values. (see note 1 (d)). These intangible assets are amortised over their lives based on future cash flow forecasts. The following useful lives are applied:

- Customer lists: 3-20 years
- Non compete agreement: 5 years
- Intellectual property: 15 years
- Brand Names: Indefinite useful life

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 company.

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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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 bond rates published by G100 and Milliman Australia.

## **(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) Provisions**

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and the amounts can be estimated reliably. Timing of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at reporting date, including the risks and uncertainties associated with the present obligation.

## **(q) 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.

## **(r) 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.

### **Interest and dividend income**

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## **(s) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.

## **(t) 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 Australian Tax Office. 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.

## **(u) 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.

## **(v) Rounding of amounts**

The Parent Entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest \$1,000.

## **(w) Critical accounting estimates and judgements**

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.

### *Impairment of assets*

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. See note 14 for further information on the impairment testing.

### *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. For further details on the fair value of contingent consideration refer to note 32.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Valuation of intangibles

Management applies judgements in selecting valuation techniques and setting valuation assumptions to determine the fair values of intangible assets and to estimate the useful lives of these assets. Refer to note 14 for more detail on the valuation of intangible assets.

## Provision for inventory obsolescence

The group 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 inventory items are provisioned based on management expectations of the expected percentage of cost to be recovered when the items are sold.

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

The financial report was authorised for issue on 20 August 2015 by the Board of Directors.

## Note 2: Revenue

		Consolidated Group	
		2015	2014
		\$000	\$000
<b>a.</b>	<b>Operating Activities</b>		
	Sale Of Goods	102,251	102,094
	<b>Sales Revenue</b>	<b>102,251</b>	<b>102,094</b>
<b>b.</b>	<b>Interest Revenue From</b>		
	- Bank Deposits	67	83
<b>c.</b>	<b>Other Income</b>		
	- Other Income	71	73

## Note 3: Profit For The Year

		Consolidated Group	
		2015	2014
		\$000	\$000
<b>a.</b>	<b>Expenses</b>		
	Cost of sales	56,960	57,606
	Foreign currency translation losses	73	78
	Bad and doubtful debts (trade debtors):	135	-
	Rental expense on operating leases		
	- Minimum lease payments	2,703	2,622
	Research and development costs	589	842
	Employee benefits expenses	21,547	21,461
	(Gain) / loss on disposal of plant and equipment	(2)	6
<b>b.</b>	<b>Finance costs</b>		
	Interest expense for financial liabilities:		
	- Other interest expense	973	1,201

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 4: Income Tax Expense

	Notes	Consolidated Group	
		2015 \$000	2014 \$000
<b>a. The components of tax expense comprise:</b>			
Current tax		2,654	3,028
Deferred tax	<b>19</b>	348	(125)
Adjustment for current tax of prior years		-	55
		<b>3,002</b>	<b>2,958</b>
<b>b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:</b>			
Prima facie tax payable on profit before income tax at 30% (2014: 30%)			
- Consolidated group		2,957	2,896
<b>Add:</b>			
Tax effect of:			
- Other non-allowable items		45	40
- Employee share expenses during the year		-	31
- Prior year under/(over) provision for income tax			55
- Adjustment for tax expense from prior years		-	(64)
		<b>45</b>	<b>62</b>
<b>Income tax attributable to entity</b>		<b>3,002</b>	<b>2,958</b>
The applicable weighted average effective tax rates are as follows:		30%	31%

## Note 5: Interests Of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2015.

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

Short-term employee benefits	1,453,520	1,661,978
Post-employment benefits	111,083	129,443
Termination benefits	-	-
Share-based payments shares/units	-	-
Share-based payments GLIP shares	-	-
Share-based payments options/rights	-	-
	<b>1,564,603</b>	<b>1,791,421</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 6: Auditors' Remuneration

	Consolidated Group	
	2015	2014
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report	236,973	214,500
- Due Diligence Services	101,500	-
Remuneration of other auditors of subsidiaries for:		
- Auditing or reviewing the financial report	-	15,000

## Note 7: Dividends

	\$000	\$000
Dividends declared during the year:		
Fully franked dividend payment (1.1 cents per share)	-	2,415
Fully franked dividend payment (1.0 cents per share)	2,192	-
Fully franked interim dividend (0.75 cents per share)	1,644	1,646
	<b>3,836</b>	<b>4,061</b>

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	19,607	17,162
- Franking credits that will arise from payment of income tax	-	1,097
	<b>19,607</b>	<b>18,259</b>

## Note 8: Earnings Per Share

Both the basic and diluted earnings per share have been calculated using the profit attributable to the shareholders of the parent company (Legend Corporation Limited) as the numerator, i.e no adjustments to profit were necessary in 2015 or 2014.

a. The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in basic earnings per share	219,200,251	219,500,251
Weighted average number of dilutive options outstanding	-	-
Weighted average number of shares used in diluted earnings per share.	<b>219,200,251</b>	<b>219,500,251</b>

b. Anti-dilutive options on issue not used in dilutive EPS calculation	-	225,000
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 9: Cash And Cash Equivalents

Notes

Consolidated Group

2015  
2014  
\$000 \$000

Cash and cash equivalents include the following components:

Cash at bank and in hand	26	5,931	6,577
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## Note 10: Trade And Other Receivables

Trade receivables		22,743	15,438
Allowance for impairment of receivables	10a	(556)	(196)
		22,187	15,242
Other receivables		302	340
Allowance for impairment of other receivables	10a	(302)	(302)
		-	38
<b>Total trade and other receivables</b>		<b>22,187</b>	<b>15,280</b>

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. Certain trade receivables were found to be impaired and an allowance for credit losses of \$69,000 (2014: \$0) has been recorded accordingly within other expenses. The impaired trade and other receivables are due from customers experiencing financial difficulties.

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

Balance 1 July		498	568
Amounts written off (uncollectable)		(22)	(70)
Impairment loss allowance		69	-
Impairment allowance arising as part of the business acquisition		313	-
<b>Balance at 30 June</b>		<b>858</b>	<b>498</b>

An analysis of unimpaired trade receivables that are past due is given in Note 30.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 11: Inventories

### Consolidated Group

	2015	2014
	\$000	\$000
Inventories consist of the following:		
At cost		
Raw material and stores	3,209	2,750
Work in progress	165	114
Finished goods	20,263	19,781
	<b>23,637</b>	<b>22,645</b>
At net realisable value		
Finished goods	5,784	1,242
	<b>29,421</b>	<b>23,887</b>

Inventories written off during the year 139 122

No reversals of previous write downs were recognised as a reduction of expense in 2015 or 2014. None of the inventories are pledged as security for liabilities.

## Note 12: Other Current Assets

Prepayments	872	809
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 13: Property, Plant & Equipment

The Group's property, plant and equipment consists of manufacturing machinery, warehousing, IT equipment and other equipment primarily consisting of fixtures and fittings. The carrying amount can be analysed as follows:

	Plant and Equipment \$000	Motor Vehicles \$000	Leasehold Improvements \$000	Total \$000
<b>Gross carrying amount</b>				
Balance at 1 July 2014	26,226	99	1,509	27,834
Acquired through business combination	718	390	-	1,108
Additions	779	-	30	809
Disposals	(31)	(77)	-	(108)
Balance at 30 June 2015	27,692	412	1,539	29,643
<b>Depreciation and impairment</b>				
Balance 1 July 2014	(19,485)	(44)	(815)	(20,344)
Disposals	16	42	-	58
Depreciation expense	(1,932)	(20)	(125)	(2,077)
Balance at 30 June 2015	(21,401)	(22)	(940)	(22,363)
<b>Carrying amount at 30 June 2015</b>	<b>6,291</b>	<b>390</b>	<b>599</b>	<b>7,280</b>
<b>Gross carrying amount</b>				
Balance at 1 July 2013	25,289	152	1,349	26,790
Additions	961	-	160	1,121
Disposals	(24)	(53)	-	(77)
Balance at 30 June 2014	26,226	99	1,509	27,834
<b>Depreciation and impairment</b>				
Balance 1 July 2013	(17,706)	(44)	(696)	(18,446)
Disposals	18	14	-	32
Depreciation expense	(1,797)	(14)	(119)	(1,930)
Balance at 30 June 2014	(19,485)	(44)	(815)	(20,344)
<b>Carrying amount at 30 June 2014</b>	<b>6,741</b>	<b>55</b>	<b>694</b>	<b>7,490</b>

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

No property, plant or equipment has been pledged as security for liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 14: Intangible Assets

Notes  
Consolidated Group  
2015  
2014  
\$000  
\$000

<b>Goodwill</b>			
<b>Gross carrying amount</b>			
Balance 1 July		58,069	58,442
Recognition of separately identifiable intangible assets		-	(373)
Acquired through asset acquisition	32	4,144	-
Acquired through business combination		-	-
Balance at 30 June		62,213	58,069
<b>Accumulated impairment</b>			
Balance 1 July		(17,308)	(17,308)
Impairment loss recognised		-	-
Balance 30 June		(17,308)	(17,308)
<b>Carrying amount at 30 June</b>		<b>44,905</b>	<b>40,761</b>

The increase in the carrying amount of goodwill results from the acquisition of business assets of System Control Engineering Pty Ltd and 100% of the issued capital of System Control Engineering NZ Limited at 1 May 2015. 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.

	2015	2014
	\$000	\$000
Hendon Semiconductors Pty Ltd	12,047	12,047
Legend Corporate Services Pty Ltd	28,073	28,073
Ecco Pacific Limited	641	641
System Control Engineering Pty Ltd	4,113	-
System Control Engineering NZ Limited	31	-
	<b>44,905</b>	<b>40,761</b>

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed 5 year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

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

	Growth Rate		Pre-tax Discount Rate	
	2015	2014	2015	2014
Hendon Semiconductors Pty Ltd	-3.28%	2.30%	12.19%	15.82%
Legend Corporate Services Pty Ltd	6.71%	8.50%	12.19%	15.82%
Ecco Pacific Limited	1.00%	2.00%	12.19%	15.82%
System Control Engineering Pty Ltd	28.60%	N/A	12.19%	N/A
System Control Engineering NZ Limited	28.60%	N/A	12.19%	N/A

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 14: Intangible Assets (cont)

Management has based the value-in-use calculation on budgets for each cash generating unit. 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 lifecycle. 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.

### Other intangible assets

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

	Brand Name \$000	Customer Relationships \$000	Non Compete Agreement \$000	Intellectual Property \$000	Total \$000
<b>Gross carrying amount</b>					
Balance at 1 July 2014	2,500	1,438	743	419	5,100
Acquired through business combination	3,300	1,947	496	-	5,743
Balance at 30 June 2015	5,800	3,385	1,239	419	10,843
<b>Amortisation and impairment</b>					
Balance 1 July 2014	-	(1,161)	(415)	(81)	(1,657)
Amortisation	-	(158)	(149)	(28)	(335)
Balance at 30 June 2015	-	(1,319)	(564)	(109)	(1,992)
<b>Carrying amount at 30 June</b>	<b>5,800</b>	<b>2,066</b>	<b>675</b>	<b>310</b>	<b>8,851</b>

### Gross carrying amount

Balance at 1 July 2013	2,000	1,417	624	419	4,460
Acquired through business combination	500	21	119	-	640
Balance at 30 June 2014	2,500	1,438	743	419	5,100

### Amortisation and impairment

Balance 1 July 2013	-	(898)	(250)	(54)	(1,202)
Amortisation	-	(263)	(165)	(27)	(455)
Balance at 30 June 2014	-	(1,161)	(415)	(81)	(1,657)

<b>Carrying amount at 30 June 2014</b>	<b>2,500</b>	<b>277</b>	<b>328</b>	<b>338</b>	<b>3,443</b>
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All amortisation and impairment charges (or reversals if any) are included within depreciation and amortisation.

### Brand Name

On acquisition of the assets of System Control Engineering Pty Ltd and 100% of the share capital of System Control Engineering NZ Limited 31 May 2015 the company secured the exclusive rights and ownership of the System Control brand name for use in Australian and New Zealand. This brand name is considered key to the ongoing success of the business.

The Directors are of the opinion that the brand names acquired have an indefinite life. Under Australian Accounting Standards intangibles with indefinite useful lives must be tested annually for impairment.

A relief from royalty discounted cash flow method was used to calculate the capitalised value of the royalty stream associated with the brand. This was based on financial forecasts covering a 10 year period. A pre-tax discount rate of 13.8% was adopted in the calculation.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 15: Controlled Entities

### a. Controlled Entities Consolidated

	Country of Incorporation	PERCENTAGE OWNED (%) <sup>*</sup>	
		2015	2014
<b>Subsidiaries of Legend Corporation Limited</b>			
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
MSS Power Systems Pty Ltd	Australia	100	100
Ecco Pacific Limited	New Zealand	100	100
System Control Engineering NZ Limited	New Zealand	100	-
<b>Subsidiaries of Legend Corporate Services Pty Ltd</b>			
Legend Pacific Pty Ltd	Australia	100	100
Legend Performance Technology (Thailand) Company Ltd	Thailand	100	100
<b>Subsidiaries of Cable Accessories (Holdings) Pty Ltd</b>			
Cable Accessories (Australia) Pty Ltd	Australia	100	100
Cable Projects Pty Ltd	Australia	100	100
<b>Subsidiaries of IES Investments Pty Ltd</b>			
Hendon Semiconductors Pty Ltd	Australia	100	100
<b>Subsidiaries of MSS Fibre Pty Ltd</b>			
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, MSS Power and Fibre Systems Pty Ltd, Ecco Pacific Limited and System Control Engineering NZ Limited 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 Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 16: Trade And Other Payables

	Notes	Consolidated Group	
		2015 \$000	2014 \$000
<b>Current</b>			
Trade payables		8,485	9,180
Sundry payables and accrued expenses		5,602	1,515
	<b>21</b>	<b>14,087</b>	<b>10,695</b>
<b>Non Current</b>			
Sundry payables and accrued expenses		6,126	-
	<b>21</b>	<b>6,126</b>	<b>-</b>

## Note 17: Other Financial Liabilities

<b>Derivative Financial Instruments</b>			
US Dollar forward contracts		-	66
		<b>-</b>	<b>66</b>

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.

## Note 18: Borrowings

<b>Current</b>			
<b>Secured liabilities</b>			
Bank bills		4,788	3,000
	<b>18b</b>	<b>4,788</b>	<b>3,000</b>
<b>Non-current</b>			
<b>Secured liabilities</b>			
Bank bills	<b>18b</b>	22,351	16,640
		<b>22,351</b>	<b>16,640</b>
<b>a. Bank bills Total current and non-current secured liabilities</b>			
Bank bills	<b>21</b>	27,139	19,640
		<b>27,139</b>	<b>19,640</b>
<b>b. Bank Bills And Equipment Facilities</b>			

Bank bills and equipment facilities have been provided by Australia and New Zealand Banking Group Limited. The Letter of Offer under which these facilities were offered was signed on 23 June 2015.

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 23 June 2017 and 30 April 2018. The bills mature on the last business day of every month. As at 30 June 2015, \$13,500,000 of the bank bills is under fixed interest rate arrangement and \$13,639,600 of the bank bills is under floating interest rate arrangement. The current blended interest rate is 2.41% (2014: 2.075%) payable on each interest payment date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 18: Borrowings (cont)

### Bank bills are secured by:

- i. 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, MSS Power & Fibre Systems 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 and System Control Engineering NZ Limited.

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

- i. **Debt to EBITDA Ratio**

The Debt to EBITDA Ratio for any relevant period does not exceed 3.00:1.

- ii. **Interest Cover Ratio**

The Interest Cover Ratio for any relevant period is not less than 3.00:1.

- iii. **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.

To the date of this report, the company has complied with all banking covenants.

## Note 19: Tax

a. Current	Consolidated Group	
	2015 \$000	2014 \$000
Income tax refund receivable	312	-
Income tax payable	-	1,101
<b>b. Non-Current</b>		
Deferred tax assets comprise:		
Provisions	1,843	1,988
Other	17	25
	<b>1,860</b>	<b>2,013</b>
Deferred tax liabilities comprise:		
Intangible assets	<b>2,655</b>	<b>1,084</b>
	<b>2,655</b>	<b>1,084</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 19: Tax (cont)

### Consolidated Group

	2015	2014
	\$000	\$000

#### i. Deferred tax liabilities

The movement in deferred tax liability account is as follows:

Other		
Opening balance	1,084	977
Charge/(credit) to profit or loss	(152)	(85)
Intangible assets	1,723	192
Closing balance	<b>2,655</b>	<b>1,084</b>

#### ii. Deferred tax assets

The movement in deferred tax assets account is as follows:

Provisions		
Opening balance	1,988	1,912
(Charge)/credit to profit or loss	(492)	76
Acquired in business combination	347	-
Closing balance	<b>1,843</b>	<b>1,988</b>
Other		
Opening balance	25	36
(Charge)/credit to profit or loss	(8)	(11)
Closing balance	<b>17</b>	<b>25</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 20: Provisions

	Employee Benefits \$000	Total \$000
<b>Consolidated Group</b>		
Opening balance 1 July 2014	3,697	3,697
Additional provisions	696	696
Additional provisions from business combination	1,047	1,047
Amounts used	(863)	(863)
<b>Balance at 30 June 2015</b>	<b>4,577</b>	<b>4,577</b>

	Consolidated Group	
	2015 \$000	2014 \$000
<b>Analysis of total provisions</b>		
Current	3,835	3,470
Non-current	742	227
	<b>4,577</b>	<b>3,697</b>

### 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 21: Issued Capital

	Consolidated Group	
	2015 \$000	2014 \$000
219,200,251 (2014: 219,500,251) fully paid ordinary shares	<b>74,281</b>	<b>74,281</b>

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.

<b>a. Ordinary shares</b>	No.	No.
At beginning of reporting period		
Shares issued during the year:	219,500,251	219,500,251
Forfeited under Group Level Incentive Program	(300,000)	-
Total shares authorised 30 June	<b>21c</b>	<b>219,200,251</b>

None of the parent's shares are held by any company in the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 21: Issued Capital (cont)

### b. Options

For information relating to the Legend Corporation Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at year-end, refer to Note 27 Share-based payments.

### c. Employee share scheme

For information relating to the Legend Corporation Limited Employee Share Scheme, including details of shares issued during the financial year, and Group Level Incentive Plan refer to Note 27 Share-based payments.

### d. Capital Management

Management controls the capital of the Group in order to maintain a debt to equity ratio within pre-determined benchmarks, 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 2015 and 30 June 2014 are as follows:

	Notes	Consolidated Group	
		2015 \$000	2014 \$000
Borrowings	18	27,139	19,640
Less cash and cash equivalents	9	(5,931)	(6,577)
Net debt		21,208	13,063
Trade and other payables	16	20,213	10,695
Net debt including trade and other payables		41,421	23,758
Total equity		67,035	63,977
Total capital		<b>108,456</b>	<b>87,735</b>
Gearing Ratio		<b>39%</b>	<b>27%</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 22: Reserves

	Consolidated Group	
	2015 \$000	2014 \$000
<b>a. Option reserve</b>		
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	301	199
Option expense	38	102
<b>Balance at the end of the year</b>	<b>339</b>	<b>301</b>

### b. 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	5,048	-
Net profit/ for the year	6,856	6,694
Dividends paid	(3,836)	(1,646)
<b>Balance at the end of the year</b>	<b>8,068</b>	<b>5,048</b>

## Note 23: Leases

### a. Operating lease commitments

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

Payable - minimum lease payments

- not later than 12 months	3,172	2,693
- between 12 months and 5 years	6,431	6,799
- greater than 5 years	-	-
	<b>9,603</b>	<b>9,492</b>

The most significant property lease at Seven Hills NSW which commenced on 30 May 2008 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. An option exists to renew the lease at the end of the 10 year term for an additional two terms of 5 years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 24: Contingent Liabilities And Contingent Assets

### Related party guarantee provided

Legend Corporation Limited, Legend Corporate Service 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 Fibre Systems Pty Ltd, MSS Power Systems Pty Ltd, MSS Power and Fibre Systems Pty Ltd, ECCO Pacific Limited and System Control Engineering NZ Limited have provided guarantees as described in Note 15b Controlled Entities and Note 18b Borrowings. No deficiencies of net assets exist in the entities concerned at 30 June 2015.

### Bank Guarantees and Letter of Credit

The Group has a number of bank guarantees and letters of credit available to it. Refer to Note 26 for details of facilities available to the group.

## Note 25: 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.

##### *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*

On 1 May 2015 the Group acquired selected business assets of System Control Engineering and 100% of the issued capital of System Control Engineering NZ Limited. Both acquisitions form part of the Gas and Plumbing Supplies segment. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## *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 arms-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.

## **Segment Information**

### 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 25: Operating Segments (cont)

### (i) Segment performance

	Electrical, Power and Infrastructure		Innovative Electrical Solutions		Gas and Plumbing		Consolidated Group	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>								
Revenue from external customers	83,779	92,258	12,669	9,836	5,803	-	102,251	102,094
Inter-segment revenues	-	-	2,686	2,665	-	-	-	-
<b>Total revenue</b>	<b>83,779</b>	<b>92,258</b>	<b>15,355</b>	<b>12,501</b>	<b>5,803</b>	<b>-</b>	<b>102,251</b>	<b>102,094</b>
<b>Result</b>								
Earnings before interest, taxation, depreciation and amortisation	6,455	9,150	6,344	4,010	787	-		
Depreciation and amortisation	(2,185)	(2,161)	(192)	(229)	(39)	-		
Segment operating profit	4,270	6,989	6,152	3,781	748	-	11,170	10,770
Finance income							67	83
Finance costs							(973)	(1,201)
Cost directly associated with acquisition							(406)	-
Profit before income tax							9,858	9,652
Income tax expense							(3,002)	(2,958)
<b>Profit after income tax</b>							<b>6,856</b>	<b>6,694</b>

### (ii) Segment assets and liabilities

	Electrical, Power and Infrastructure		Innovative Electrical Solutions		Gas and Plumbing		Consolidated Group	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Assets</b>								
Segment assets	44,566	46,195	8,755	7,848	12,370	-	65,691	54,043
Tax assets							2,172	2,013
Intangible assets							53,756	44,204
<b>Total assets</b>							<b>121,619</b>	<b>100,260</b>
<b>Liabilities</b>								
Segment liabilities	20,554	12,893	1,115	1,565	3,121	-	24,790	14,458
Tax liabilities							2,655	2,185
Borrowings							27,139	19,640
<b>Total liabilities</b>							<b>54,584</b>	<b>36,283</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 25: Operating Segments (cont)

### (iii) Revenue and assets by geographical region

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

	Consolidated Group	
	2015	2014
	\$000	\$000
Australia	97,204	96,832
New Zealand	5,047	5,262
	<b>102,251</b>	<b>102,094</b>

### (iv) Major customers

The Group supplies one single external customer in the electrical, power and infrastructure segment which accounts for 19% of external revenue of the Group (2014: 22%). The next most significant customer in the electrical, power and infrastructure segment accounts for 8% (2014:7%) of external revenue of the Group. The Group supplies one single external customer in the innovative electrical solutions segment which accounts for 7% of external revenue of the Group (2014: 4%).

## Note 26: Cash Flow Information

a. Reconciliation of Cash Flow from Operations with Profit after Income Tax			
Profit after income tax		6,856	6,694
<b>Non-cash flows in profit</b>			
- Depreciation and amortisation		2,416	2,385
- Net loss/gain on disposal of property plant and equipment	<b>Note 3</b>	(2)	6
- Interest accrued on employee loans		-	(20)
- Unrealised (gain)/loss on foreign denominated balances		132	(153)
- Employee option expense		38	102
<b>Change in assets and liabilities, net of the effect of purchase and disposal of subsidiaries</b>			
- (Increase)/decrease in trade receivables		(1,414)	2,214
- (Increase)/decrease in current assets		92	(246)
- (Increase)/decrease in inventories		(937)	(1,511)
- (Increase)/decrease in deferred tax assets		520	(64)
- Increase/(decrease) in trade payables and accruals		443	146
- Increase/(decrease) in provisions		(167)	265
- Increase/(decrease) in income tax payable		(1,419)	30
- Increase/(decrease) in deferred tax liabilities		(205)	(95)
<b>Cash flow from operations</b>		<b>6,353</b>	<b>9,753</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 26: Cash Flow Information (cont)

Notes

Consolidated Group

2015  
2014  
\$000 \$000

### b. Credit Standby Arrangements and Loan Facilities with Banks

Credit facilities	35,863	28,951
Amounts utilised	(30,261)	(23,376)
	<b>5,602</b>	<b>5,575</b>

The Australia and New Zealand Banking Group Limited provided facilities with a total limit of \$35.6 million and are summarised as follows:

- i. Interchangeable Facility (1) with a limit of \$18.75 million including fixed rate fully drawn advance facility and cash advance facility.
- ii. Interchangeable Facility (2) with a limit of \$4.6 million including overdraft facility, standby letter of credit or guarantee facility, documentary credit issuance / documents surrendered facility and trade finance loan facility.
- iii. Interchangeable Facility (3) with a limit of \$10.5 million including fully drawn advance facility and cash advance facility.
- iv. Commercial Card Facility with a limit of \$0.25 million.
- v. Electronic Payway Facility with a limit of \$1.2 million.
- vi. Asset Finance Facility with a limit of \$0.25 million.

The Australia and New Zealand Banking Group Limited will continue to provide finance so long as the Parent Entity and Consolidated Group do not breach borrowing requirements or financial ratios as detailed in Note 18.

The ANZ Bank New Zealand Limited provided facilities with a total limit of \$0.31 million and are summarised as follows:

- \$0.03 credit card facility
- \$0.28 million trade finance loan facility

## Note 27: Share-Based Payments

The following share-based payment arrangements existed at 30 June 2015:

On 2 November 2012, two tranches of 225,000 share options were granted to non-executive directors to accept ordinary shares at exercise prices of \$0.3019 subject to vesting conditions. The first tranche was forfeited during the 2014 financial year as vesting conditions were not met. The remaining options were also forfeited during the current year as vesting conditions were not met.

All options granted to key management personnel are ordinary shares in Legend Corporation Limited, which confer a right of one ordinary share for every option held.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 27: Share-Based Payments (cont)

	Consolidated Group			
	2015		2014	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	225,000	0.30	450,000	0.30
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	(225,000)	-	(225,000)	-
<b>Outstanding at year-end</b>	<b>-</b>	<b>-</b>	<b>225,000</b>	<b>0.30</b>
<b>Exercisable at year-end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Included under employee benefits expense in the statement of profit or loss and comprehensive income is \$32,363 (2014: \$101,096), which relates, in full, to equity-settled share-based payment and Group Level Incentive Plan transactions.

### Employee Share Plan

The company has established an employee share plan (ESP) by which the Company's Board may issue shares to employees and executive directors of the company or its subsidiaries.

The ESP is administered in accordance with the terms of the ESP rules, which are summarised below:

- Shares may be issued under the ESP at the discretion of the Board to employees and executive directors of the company or its subsidiaries upon such terms as the Board may determine, including restrictions as to when shares issued under the ESP can be sold. Any proposed issue of shares to executive directors require shareholder approval under the Listing Rules.
- The aggregate number of shares on issue under the plan should not exceed 5% of the total number of shares on issue at any time. The number of shares which may be allocated to any one eligible employee shall be restricted so that the eligible employee is able to cast no more than 5% of votes at a General Meeting of the company.
- The company may issue shares under the ESP at a price up to the equivalent of 90% of the weighted average ASX market price for shares during the 5 trading days prior to the date of invitation to participate.
- Shares issued under the ESP will be ordinary fully paid shares in the company and from the date of issue will rank equally with all other ordinary fully paid shares in the company.
- Participants must not sell, transfer, assign, mortgage, charge or otherwise encumber a share issued under the plan until the later of the following;
  - a) for shares issued for nil consideration until such time as the Board may determine in its absolute discretion;
  - b) the expiry of any service continuity period specified by the company;
  - c) the satisfaction of any performance criteria specified by the company.
- The company may (but is not obligated to) buy-back shares, within 12 months of cessation of employment, at a price equal to the weighted average ASX market price for shares during the 5 trading days immediately preceding the date of cessation (or \$0.01 in the case of no cash consideration).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 27: Share-Based Payments (cont)

	Number of shares granted	Fair value at issue date (per share) \$	Fair value at issue date (aggregate) \$000
16 March 2004 - issued	2,187,000	0.59	1,290
22 November 2004 - bought back	(15,500)	-	-
10 December 2004 - issued	100,000	0.53	53
30 June 2005 - issued	855,000	0.60	513
21 October 2005 - bought back	(10,500)	-	-
29 March 2006 - bought back	(46,000)	-	-
22 December 2006 - issued	268,000	0.775	208
26 August 2009 - issued	462,863	0.092	43
16 August 2010 - issued	196,883	0.164	32
30 September 2010 - option exercised	300,000	0.100	30
3 November 2010 - issued	92,001	0.164	15
29 March 2011 - issued	40,046	0.340	14
6 September 2011 - option exercised	150,000	0.100	15
1 November 2011 - issued	234,375	0.320	75
18 April 2012 - issued	14,706	0.340	5
15 August 2012- issued	50,834	0.313	51
<b>Total issued</b>	<b>4,879,708</b>		

### 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 2015 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)		
<b>Total on issue</b>	<b>1,596,774</b>		



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 28: Events After The Reporting Period

There have been no events between 30 June 2015 and the date of these financial statements which necessitate adjustments to the statements of financial position, and comprehensive income at that date.

## Note 29: Related Party Transactions

Notes Consolidated Group  
2015 2014

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

### a. Director-Related Entities

Legend Corporate Services Pty Ltd leases a number of properties from the Backstop Property Trust, which is owned and controlled by Bradley Dowe. Lease charges for the year were:	-	21,033
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## Note 30: Financial Instrument Risk

\$000 \$000

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:

### Financial Assets

Cash and cash equivalents	9	5,931	6,577
Loans and receivables	10	22,187	15,280
		<b>28,118</b>	<b>21,857</b>

### Financial Liabilities

Trade and other payables	16	20,213	10,695
Other financial liabilities	17	-	66
Borrowings	18	27,139	19,640
		<b>47,352</b>	<b>30,401</b>

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 30: Financial Risk Management (cont)

### 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.

#### 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 including 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 reflect's 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 18: 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 30: Financial Risk Management (cont)

### Financial liability and financial asset maturity analysis.

Consolidated Group	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Financial liabilities due for payment</b>								
Bank bills	5,730	3,933	21,054	18,095	3,231	-	30,015	22,028
Trade and other payables	14,087	10,695	6,126	-	-	-	20,213	10,695
<b>Total expected outflows</b>	<b>19,817</b>	<b>14,628</b>	<b>27,180</b>	<b>18,095</b>	<b>3,231</b>	<b>-</b>	<b>50,228</b>	<b>32,723</b>

Notes	Consolidated Group	
	2015 \$000	2014 \$000

#### 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 receivables to customers. 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:

#### Classes of financial assets- carrying amounts:

Cash and cash equivalents	5,931	6,577
Trade and other receivables	22,187	15,280
<b>Carrying amount</b>	<b>28,118</b>	<b>21,857</b>

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	3,598	2121
30 to 59 days	412	321
60 to 90 days	248	90
Greater than 90 days	226	123
<b>Total</b>	<b>4,484</b>	<b>2,655</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 30: Financial Risk Management (cont)

The Group has no significant concentration of credit risk with any single counter party, however the top 20 customers of the Group represents approximately 42% (2014: 66%) 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.

### 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 value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

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.

Consolidated Group	Footnote	2015		2014	
		Net Carrying Value \$000	Net Fair Value \$000	Net Carrying Value \$000	Net Fair Value \$000
<b>Financial assets</b>					
Cash and cash equivalents	(i)	5,931	5,931	6,577	6,577
Trade and other receivables	(i)	22,187	22,187	15,280	15,280
<b>Total financial assets</b>		<b>28,118</b>	<b>28,118</b>	<b>21,857</b>	<b>21,857</b>
<b>Financial liabilities</b>					
Trade and other payables	(i)	20,213	20,213	10,695	10,695
Bank bills	(ii)	27,139	27,139	19,640	19,640
<b>Total financial liabilities</b>		<b>47,352</b>	<b>47,352</b>	<b>30,335</b>	<b>30,335</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 30: Financial Risk Management (cont)

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.

### 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
<b>Year Ended 30 June 2015</b>		
+/- 2% interest rates	+/- 278	+/- 278
+/- 15% \$A/\$US	+/- 1,742	+/- 1,742
<b>Year Ended 30 June 2014</b>		
+/- 2% interest rates	+/- 594	+/- 594
+/- 15% \$A/\$US	+/- 1,755	+/- 1,755

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 31: Legend Corporation Limited Parent Company Information

Consolidated Group

	2015	2014
	\$000	\$000
<b>Parent entity</b>		
<b>Assets</b>		
<b>Non-current assets</b>		
Trade and other receivables	1,346	1,346
Deferred tax assets	325	325
Financial assets	39,703	40,301
<b>Total non-current assets</b>	<b>41,374</b>	<b>41,972</b>
<b>Total assets</b>	<b>41,374</b>	<b>41,972</b>
<b>Net assets</b>	<b>41,374</b>	<b>41,972</b>
<b>Equity</b>		
Issued capital	74,281	74,281
Reserves	339	301
Accumulated losses	(33,246)	(32,610)
<b>Total equity</b>	<b>41,374</b>	<b>41,972</b>
<b>Financial performance</b>		
Loss for the year	(636)	(4,795)
<b>Total comprehensive income</b>	<b>(636)</b>	<b>(4,795)</b>

### a. Contingent liabilities of the Parent Entity

As described in Note 15b: Controlled Entities and Note 18b: Borrowings, Legend Corporation Limited is party to the cross guarantee between the wholly-owned entities of the Group under which each company guarantees the debts of the other.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 32: Acquisitions

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

On 1 May 2015 Legend Corporation Limited acquired selected business assets of System Control Engineering Pty Ltd (SCE) and the shares of System Control Engineering NZ Limited.

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.

<b>Consideration transferred</b>	<b>\$000</b>
<b>Fair value of consideration</b>	
Amount settled in cash	9,999
Fair value of contingent consideration	7,126
<b>Total cost of acquisition</b>	<b>17,125</b>

### Contingent consideration

Under the deferred payment arrangements, the Group is required to pay \$1,000,000 on 31 December 2015.

A further four deferred payments, up to a maximum of \$7,719,759 are payable no later than

- \$1,000,000 no later than 31 August 2016
- \$1,750,000 no later than 31 August 2017
- \$ 2,150,000 no later than 31 August 2018
- \$2,819,759 no later than 31 August 2019

The payments are contingent on the achievement of EBIT targets each year. EBIT targets are combined for both System Control Engineering Pty Ltd and System Control Engineering NZ Limited. Current EBIT forecasts indicate that the SCE Group will achieve the required targets and the full value of the deferred consideration has been included.

### Acquisition related costs

Acquisition related costs of \$406,000 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 32: Acquisitions (cont)

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

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

	System Control Engineering Pty Ltd \$000	System Control Engineering NZ Ltd \$000	Total \$000
<b>Cash and cash equivalents</b>	297	508	805
Trade and other receivables	4,924	309	5,233
Inventories	3,887	809	4,696
Other current assets	155	-	155
<b>Total Current Assets</b>	<b>9,263</b>	<b>1,626</b>	<b>10,889</b>
Property, plant and equipment	996	120	1,116
Intangible assets	5,743	-	5,743
Deferred tax assets	352	18	370
<b>Total Non Current Assets</b>	<b>7,091</b>	<b>138</b>	<b>7,229</b>
<b>Total Assets</b>	<b>16,354</b>	<b>1,764</b>	<b>18,118</b>
Trade and other payables	2,234	128	2,362
Current tax liabilities	-	6	6
Short-term provisions	929	29	958
<b>Total Current Liabilities</b>	<b>3,163</b>	<b>163</b>	<b>3,326</b>
Long-term provisions	89	-	89
Deferred tax liabilities	1,722	-	1,722
<b>Total Non Current Liabilities</b>	<b>1,811</b>	<b>-</b>	<b>1,811</b>
<b>Total Liabilities</b>	<b>4,974</b>	<b>163</b>	<b>5,137</b>
<b>Net identifiable assets and liabilities</b>	<b>11,380</b>	<b>1,601</b>	<b>12,981</b>

The initial accounting for both 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
Consideration transferred	17,125
Fair value of net identifiable assets acquired	(12,981)
	<b>4,144</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 32: Acquisitions (cont)

<b>Net cash out flow on acquisition</b>	<b>Total \$000</b>
Consideration paid in cash	9,999
Cash and cash equivalent balances acquired	(805)
	<b>9,194</b>

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

Included in the profit for the year is \$176,000 attributable to the additional business generated by System Control Engineering Pty Ltd and \$61,000 attributable to System Control Engineering NZ Limited.

Had these business combinations been effected at 1 July 2014, the revenue of the Group from continuing operations would have been \$124,933,000 and profit for the year from continuing operations would have been \$7,494,000. As the business combinations are provisionally accounted for at year end, the profit for the year does not take into consideration any amortisation expense on separately identifiable intangible assets.

### Ecco Pacific Limited

\$712,000 was paid in deferred settlement payments on 31 October 2014. The payment was the final deferred consideration for the acquisition of selected business assets of Ecco Pacific Limited on 31 October 2012, bringing total consideration for this acquisition to \$2,800,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

## Note 33: 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**

1 Butler Drive  
HENDON SA 5014

### **Legend Corporate Services T/A CABAC**

8 Distribution Place  
SEVEN HILLS NSW 2147

### **Hendon Semiconductors Pty Ltd**

1 Butler Drive  
HENDON SA 5014

### **MSS Fibre Systems Pty Ltd and MSS Power Systems Pty Ltd**

2/77 Bayfield Road East  
BAYSWATER NORTH VIC 3135

### **Ecco Pacific Limited**

70 Carmont Place  
MT WELLINGTON, AUCKLAND NZ 1061

### **System Control Engineering Pty Ltd**

5 Alfred Street  
BLACKBURN VIC 3130

### **System Control Engineering NZ Ltd**

182 Station Road  
PENROSE AUCKLAND NZ 1061

1. In the opinion of the directors of Legend Corporation Limited:

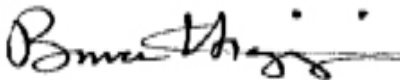
- a. The consolidated financial statements and notes of Legend Corporation Limited are in accordance with the Corporations Act 2001, including;
  - i. giving a true and fair view of its financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. There are reasonable grounds to believe that Legend Corporation Limited will be able to pay its debts when they become due and payable.

The company and its wholly-owned subsidiaries, Legend Corporate Services Pty Ltd, Legend Pacific Pty Ltd, Cable Accessories (Holdings) Pty Ltd, Cable Accessories (Australia) Pty Ltd, Cable Projects Pty Ltd, IES Investments Pty Ltd, Hendon Semiconductors Pty Ltd, MSS Fibre Systems Pty Ltd, MSS Power and Fibre Systems Pty Ltd, MSS Power Systems Pty Ltd, Ecco Pacific Limited and System Control Engineering NZ limited have entered into a deed of cross guarantee under which the company and its subsidiaries guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

2. 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 year ended 30 June 2015.
3. The consolidated financial statements comply with the International Financial Reporting standards as confirmed in note 1a.

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



**Bruce E Higgins**

Chairman of Directors  
Legend Corporation Limited

20 August 2015

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **Independent Auditor's Report To the Members of Legend Corporation Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Legend Corporation Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the 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 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

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

### **Auditor's opinion**

In our opinion:

- a the financial report of Legend Corporation Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### **Report on the remuneration report**

We have audited the remuneration report included in pages 29 to 35 of the directors' report for the year ended 30 June 2015. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Legend Corporation Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



A J Archer  
Partner - Audit & Assurance

Sydney, 20 August 2015

# 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 31 July 2015.

### Substantial shareholders

The following were substantial shareholders as at 31 July 2015:

Name	Number of fully paid ordinary shares held	% held
Dowe Holdings Pty Ltd	62,304,578	28.42
Tiga Trading Pty Ltd & Thorney Holdings Pty Ltd & Thorney Pty Ltd	36,850,000	16.81
Keith Knowles	16,797,788	7.66

### 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	Holdings of Ordinary Shares	% of Issued Capital
1 – 1000	127	0.01
1,001 – 5,000	288	0.41
5,001 – 10,000	199	0.75
10,001 – 100,000	595	10.08
100,001 – and over	135	88.75
<b>Total number of security holders</b>	<b>1,344</b>	<b>100.00</b>

### Unmarketable Parcels

	Minimum Parcel Size	Number of Holders	Units
Ordinary Shares	\$500.00 AT \$0.27/UNIT	196	101,918

### 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 31 July 2015

<b>Name</b>	<b>Number of fully paid ordinary shares held</b>	<b>% held</b>
Dowe Holdings Pty Ltd	57,760,460	26.35
UBS Nominees Limited	30,157,500	13.76
HSBC Custody Nominees Australia Limited	16,357,984	7.46
Keith Knowles	11,037,986	5.04
National Nominees Limited	7,911,814	3.61
J P Morgan Nominees Australia Limited	4,607,365	2.10
Cornish Group Investments Pty Ltd	3,500,000	1.60
Parks Australia Pty Ltd	3,279,199	1.50
Dowe Family Superannuation Fund	3,250,000	1.48
Mrs Ruth Janine Higgins	3,143,850	1.43
MFM Properties Pty Ltd	2,969,048	1.35
M R and J N Simpson	2,549,473	1.16
Mrs Edna Knowles	2,480,603	1.13
J and S D Yates	2,280,000	1.04
BNP Paribas Nominees NZ Limited	2,259,379	1.03
P and J Higgins	2,000,000	0.91
Mrs Valmae Margaret Buckley	1,841,000	0.84
M and J Potter Pty Ltd	1,600,000	0.73
Mr Con Panayotopoulos	1,375,000	0.63
Backstop Pty Ltd	1,294,118	0.59
<b>TOTAL</b>	<b>161,654,779</b>	<b>73.74</b>

### Restricted and Escrowed Securities

Shares issued under the Group Level Incentive Plan to key management personnel total 1,596,774. These shares are ordinary shares having the same voting rights and rights to dividends as other issued capital. The shares however have a three year vesting period from the date of issues and can only be traded after the repayment of the loan provided by the Company to fund the purchase of these shares.

### Unissued equity securities

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



## AUSTRALIA

### New South Wales

8 Distribution Place  
Seven Hills NSW 2147  
Telephone 133 122  
Facsimile 1300 303 310

10 Welder Road  
Seven Hills NSW 2147  
Telephone (61) 2 9838 9966  
Facsimile (61) 2 9838 8788

### Queensland

Unit 4  
67 Robinson Road East  
Virginia QLD 4014  
Telephone (61) 7 3637 5577  
Facsimile (61) 7 3637 5587

14 Josephine Street  
Loganholme QLD 4129  
Telephone (61) 7 3801 4223  
Facsimile (61) 7 3801 4229

### South Australia

1 Butler Drive  
Hendon SA 5014  
Telephone (61) 8 8401 9888  
Facsimile (61) 8 8244 9520

### Victoria

Unit 2  
77 Bayfield Road East  
Bayswater North VIC 3153  
Telephone (61) 3 9729 0244  
Facsimile (61) 3 9729 0308

5 Alfred Street  
Blackburn VIC 3130  
Telephone (61) 3 9845 0000  
Facsimile (61) 3 9878 5337

### Western Australia

6B Hunt Street  
Malaga WA 6090  
Telephone (61) 8 9464 8400  
Facsimile (61) 8 9242 4433

## NEW ZEALAND

### Auckland

70 Carmont Place  
Mt Wellington Auckland NZ  
1061  
Telephone (64) 8 0077 6969  
Facsimile (64) 8 0088 6969

182 Station Road  
Penrose Auckland NZ 1061  
Telephone (64) 9 636 1401  
Facsimile (64) 9 636 1525



[www.legendcorporate.com](http://www.legendcorporate.com)