

Appendix 4D

Half Year Report

1. Company details

Name of entity

Life Corporation Ltd

ABN

48 108 051 529

Half year ended

31 December 2016

The previous corresponding period refers to the comparative amounts for the half-year period ended 31 December 2015.

2. Results for announcement to the market

S\$

2.1 Total revenues	: up	38.6% to 1,808,456
2.2 Net loss for the period attributable to members	: up	2.5% to (1,080,213)
2.3 Dividends	: Nil	

Refer to the Review and results of operations in the Directors Report

3. Net tangible assets/(liabilities) backing per ordinary security

As at 31 December 2016 : (2.2) cents

As at 30 June 2016 : (0.7) cents

4. Control gained or lost over entities

There is no change of control over entities during the half-year period.

5. Dividends

No dividend was paid during the half-year period. The Directors do not recommend the payment of a dividend in respect of the half-year period.

The above statement should be read in conjunction with the accompanying notes.

6. Dividend reinvestment plans

Not applicable

7. Details of associates and joint venture entities

Not applicable

8. Foreign entities

Please refer to note 11 of the Condensed Half-Year Financial Report.

9. Review of the half year financial report

This report is based on accounts which have been reviewed.

Sign here:



Victor Hoo
Singapore

28 February 2017

Life Corporation Ltd

ABN 48 108 051 529

Condensed Half-Year Financial Report

Period Ended 31 December 2016

Life Corporation Ltd
Half-year Financial Report
for the period ended 31 December 2016

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Life Corporation Ltd

Directors' Report

The directors of Life Corporation Ltd submit herewith their report and the consolidated financial report of the Company for the half-year ended 31 December 2016.

The names and particulars of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Name	Particulars
Samuel Kong	Chairman (non-executive)
Victor Hoo	Executive Director, Chief Executive Officer
Voiron Chor	Non-executive Director
Kam Yuen	Non-executive Director (Resigned on 7 Oct 2016)
Mark Ryan	Non-executive Director (Resigned on 7 Oct 2016)
Kenneth Lim	Executive Director (Resigned on 31 Aug 2016)
Simon Hoo	Executive Director (Resigned on 26 Jul 2016)

The Company Secretary is Andrew Lord (BSc, LLB).

Review and results of operations

The consolidated revenue and net loss for the period attributable to members represent the results of operations of Life Corporation Ltd and its controlled entities for the period from 1 July 2016 to 31 December 2016. Details of controlled entities are set out in note 11 to the half-year financial statements for the period ended 31 December 2016.

- Revenue was S\$1,808,456 for the half-year ended 31 December 2016 as compared to S\$1,305,176 for the half-year ended 31 December 2015 (an increase of 38.6%). Revenue is generated from the provision of funeral services and sales of related supplies. The increase is mainly due to higher sales in customised funeral packages compared to prior period.
- Interest and other income were S\$387,433 for the half-year ended 31 December 2016 as compared to S\$775,691 for the half-year ended 31 December 2015 (a decrease of 50.1%). This is mainly due to a decrease in net unrealised gain on valuation of derivative financial liability of S\$381,136. Kindly refer to note 9 for further details on valuation of conversion feature of the convertible bond.
- Marketing expenses were S\$71,912 for the half-year ended 31 December 2016 as compared to S\$75,260 for the half-year ended 31 December 2015 (a decrease of 4.4%). This is mainly attributable to decrease in marketing related costs for business development activities.
- Administration and other expenses were S\$1,291,595 for the half-year ended 31 December 2016 as compared to S\$1,601,654 for the half-year ended 31 December 2015 (a decrease of 19.4%). The decrease is mainly due to the continued effort on lowering operating expenses of the group.

The above statement should be read in conjunction with the accompanying notes.

Life Corporation Ltd

Directors' Report

- Borrowing costs were S\$585,542 for the half-year ended 31 December 2016. The borrowing costs relate to the interest expense accrued for the convertible bond issued in FY2015 and interest arising from finance lease liabilities.

Net loss attributable to members for the half-year ended 31 December 2016 was S\$1,080,213, an increase of 2.5% as compared to S\$1,053,836 for the half-year ended 31 December 2015. The slight increase in net loss is a result of the decrease in the unrealised gain on valuation of derivative financial offsetting by decreased operating expenses and increased operating revenue.

Details of significant costs are set out in note 2.2.

- Cash and cash equivalents as at 31 December 2016 was S\$1,868,181.
- Trade and other receivables at 31 December 2016 was S\$422,760 as compared to S\$345,887 at 30 June 2016. The increase was in tandem with increased in revenue activities.
- Plant and equipment at 31 December 2016 was S\$557,784 as compared to S\$449,857 at 30 June 2016. The increase is due to acquisition of motor vehicles during the half-year period.
- Asset under development at 31 December 2016 was S\$2,521,128 as compared to S\$2,456,989 at 30 June 2016. This pertains to the lease of land parcel in Tampines Road, Singapore and relevant expenses and taxes directly attributable to the acquisition of the lease of the land and related expenditure incurred for construction of a fully automated columbarium.
- Trade and other payables at 31 December 2016 was S\$1,314,717 as compared to S\$1,152,431 at 30 June 2016. The increase was driven by higher business volume during the period.
- The Company's intangible asset had a carrying value of S\$2,107,000 at 31 December 2016. There is no impairment recognized in the current period.

On 7 May 2015, the Singapore government accepted the proposal from Life Corporation Services (S) Pte Ltd ("LFC Services") a wholly-owned subsidiary of Life Corporation Ltd for a pilot project to construct a fully-automated columbarium located at land site in Tampines Road, North-Eastern Singapore ("the Site").

On 12 October 2015, the Singapore government formally granted LFC Services a 30 year lease of the site for approximately S\$2,333,700 including all relevant taxes and a payable maintenance deposit of S\$3,000,000.

As of 31 December 2016, the building construction, design and concept plans are pending approvals from the relevant authorities and the approval of the project funding prior to commencement of construction. Any significant transaction will be announced in due course and in full compliance with disclosure obligations.

Auditor's independence declaration

In accordance with section 307C of the *Corporations Act 2001*, we have obtained a declaration of independence from our auditors Ernst and Young, a copy of which follows this Report.

Life Corporation Ltd

Directors' Report

This report is made in accordance with a resolution of the directors.

On behalf of the Board



Victor Hoo

Singapore

28 February 2017



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Auditor's Independence Declaration to the Directors of Life Corporation Ltd

As lead auditor for the review of Life Corporation Ltd for the half-year ended 31 December 2016, I declare 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 review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Life Corporation Ltd and the entities it controlled during the financial period.

Ernst & Young

V L Hoang
Partner
28 February 2017



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Report on the half-year financial report to the members of Life Corporation Ltd

We have reviewed the accompanying half-year financial report of Life Corporation Ltd, which comprises the consolidated statement of financial position as at 31 December 2016, 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 half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Life Corporation Ltd and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

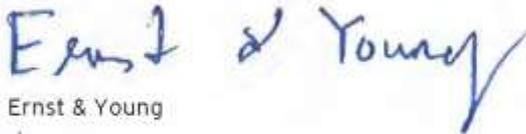
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Life Corporation Ltd is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



V L Hoang
Partner
Perth

28 February 2017

Life Corporation Ltd

Director's Declaration

In accordance with a resolution of the directors of Life Corporation Ltd, I state that:

In the opinion of the directors:

- a) The financial statements and notes of the consolidated entity for the financial period ended 31 December 2016 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*
- b) Subject to the achievements of matters described in note 2, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Victor Hoo

Singapore

28 February 2017

Life Corporation Ltd

Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2016

	Note	Half-year ended 31 December 2016 S\$	Half-year ended 31 December 2015 S\$
Revenue	2.1(a)	1,808,456	1,305,176
Cost of sales		(1,327,053)	(935,608)
Gross profit		481,403	369,568
Other income	2.1(b)	387,433	775,691
Marketing expenses		(71,912)	(75,260)
Administration and other expenses	2.2	(1,291,595)	(1,601,654)
Borrowing costs	2.2	(585,542)	(522,181)
Loss before income tax		(1,080,213)	(1,053,836)
Income tax benefit		-	-
Loss after income tax		(1,080,213)	(1,053,836)
Net loss for the period		(1,080,213)	(1,053,836)
Other comprehensive income			
<i>Items to be reclassified subsequently to profit or loss</i>			
Foreign currency translation gains attributable to parent		-	6,751
Total comprehensive losses for the period, net of tax		(1,080,213)	(1,047,085)
Loss after income tax attributable to:			
Non-controlling interests		-	-
Members of parent		(1,080,213)	(1,047,085)
		(1,080,213)	(1,047,085)
Total comprehensive losses attributable to:			
Non-controlling interests		-	-
Members of parent		(1,080,213)	(1,047,085)
		(1,080,213)	(1,047,085)
Loss per share attributable to the ordinary share equity holders of the company:			
Basic loss per share (cents per share)	7	(1.53)	(1.49)
Diluted loss per share (cents per share)	7	(1.53)	(1.49)

The above statement should be read in conjunction with the accompanying notes.

Life Corporation Ltd

Consolidated Statement of Financial Position as at 31 December 2016

	Note	31 December 2016 S\$	30 June 2016 S\$
Current assets			
Cash and cash equivalents	4	1,868,181	2,253,436
Trade and other receivables	3	422,760	345,887
Prepayments		17,948	54,104
Inventories		32,887	27,461
Total current assets		2,341,776	2,680,888
Non-current assets			
Property, plant and equipment		557,784	449,857
Asset under development	10	2,521,128	2,456,989
Intangible asset	8	2,107,000	2,107,000
Total non-current assets		5,185,912	5,013,846
Total assets		7,527,688	7,694,734
Current liabilities			
Trade and other payables		1,314,717	1,152,431
Provisions		7,337	50,549
Deferred revenue		1,753,279	1,397,741
Finance lease liability		26,269	-
Other liability		144,426	92,746
Income tax payable		43,931	44,951
Convertible bond - current	9	1,305,000	1,035,000
Total current liabilities		4,594,959	3,773,418
Non-current liabilities			
Convertible bond – non-current	9	1,657,379	1,344,800
Derivative financial liability	9	72,682	424,744
Finance lease liability		182,789	-
Other liability		-	51,680
Deferred tax liability		465,366	465,366
Total non-current liabilities		2,378,216	2,286,590
Total liabilities		6,973,175	6,060,008
Net assets		554,513	1,634,726
Equity			
Contributed equity	5	94,136,740	94,136,740
Foreign currency translation reserve		(2,599,174)	(2,599,174)
Other reserve		(2,382,449)	(2,382,449)
Employee equity benefits reserve		4,146,654	4,146,654
Convertible bond reserve		4,357,999	4,357,999
Accumulated losses		(97,105,257)	(96,025,044)
Attributable to equity holders of the parent		554,513	1,634,726
Total equity		554,513	1,634,726

The above statement should be read in conjunction with the accompanying notes.

Life Corporation Ltd

Consolidated Statement of Cash Flows for the half-year ended 31 December 2016

	Note	Half-year ended 31 December 2016 S\$	Half-year ended 31 December 2015 S\$
Cash flows from operating activities			
Receipts from customers		2,266,247	1,772,866
Payments to suppliers and employees		(2,534,154)	(2,631,802)
Interest received		380	441
Interest paid		(6,382)	(3,522)
Tax paid		(1,020)	(21,772)
Net cash flows used in operating activities		(274,929)	(883,789)
Cash flows from investing activities			
Purchase of plant and equipment		(82,051)	-
Purchase of assets under development	10	(70,767)	(2,420,547)
Proceeds from disposal of plant and equipment		32,000	
Net cash flows used in investing activities		(120,818)	(2,420,547)
Cash flows from financing activities			
Payment of finance lease liabilities		(6,343)	-
Net cash flows used in financing activities		(6,343)	-
Net decrease in cash and cash equivalents held		(402,090)	(3,304,336)
Cash and cash equivalents at the beginning of the financial period	4	2,253,436	5,864,181
Effects of exchange rate changes on the balance of cash held in foreign currencies		16,835	1,948
Cash and cash equivalents at the end of the financial period	4	1,868,181	2,561,793

The above statement should be read in conjunction with the accompanying notes.

Life Corporation Ltd

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2016

	Attributable to equity holders of the parent						
	Contributed equity S\$	Foreign currency translation reserve S\$	Accumulated losses S\$	Employee equity benefits reserve S\$	Convertible bond reserves S\$	Other reserves S\$	Total S\$
At 1 July 2016	94,136,740	(2,599,174)	(96,025,044)	4,146,654	4,357,999	(2,382,449)	1,634,726
Loss for the period	-	-	(1,080,213)	-	-	-	(1,080,213)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive (losses)/gain for the half-year, net of tax	-	-	(1,080,213)	-	-	-	(1,080,213)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-
At 31 December 2016	94,136,740	(2,599,174)	(97,105,257)	4,146,654	4,357,999	(2,382,449)	554,513

The above statement should be read in conjunction with the accompanying notes.

Life Corporation Ltd

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2015

	Attributable to equity holders of the parent						
	Contributed equity S\$	Foreign currency translation reserve S\$	Accumulated losses S\$	Employee equity benefits reserve S\$	Convertible bond reserves S\$	Other reserves S\$	Total S\$
At 1 July 2015	94,136,740	(2,599,174)	(93,370,863)	4,146,654	4,357,999	(2,382,449)	4,288,907
Loss for the period	-	-	(1,053,836)	-	-	-	(1,053,836)
Other comprehensive income	-	6,751	-	-	-	-	6,751
Total comprehensive (losses)/gains for the half-year, net of tax	-	6,751	(1,053,836)	-	-	-	(1,047,085)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-
At 31 December 2015	94,136,740	(2,592,423)	(94,424,699)	4,146,654	4,357,999	(2,382,449)	3,241,822

The above statement should be read in conjunction with the accompanying notes.

Life Corporation Ltd

Notes to the Financial Statements for the half-year ended 31 December 2016

1. Corporate information

The half-year consolidated financial statements of the Company for the six months ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 28 February 2017.

Life Corporation Ltd is a for-profit company limited by shares, incorporated in Australia and currently trading in Australia and Singapore. The shares of the Company are publicly traded on the Australian Securities Exchange.

The Company and its controlled entities' ("collectively, the Group") principal activities were the provision of multi-religion funeral services relating to burials or cremations and including other related ancillary services and supplies.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The half-year consolidated financial statements for the six months ended 31 December 2016 are condensed general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should read in conjunction with the Group's annual report for the year ended 30 June 2016 and considered together with any public announcements made by the Group during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The cash and cash position at 31 December 2016 was S\$1,868,181 (30 June 2016: S\$2,253,436). As at 31 December 2016, the Group had net current liabilities of S\$2,253,183 (30 June 2016: net current liabilities of S\$1,092,530).

As further outlined in note 9, the Group also had a convertible bond liability with a face value of \$6,000,000. The accrued contractual interest on the convertible bond as at 31 December 2016 was S\$1,305,000 and was due to be paid on 31 January 2017.

Due to the delay of the columbarium construction, the Group has not been able to generate sufficient cash as planned and therefore was not able to meet its interest payment obligation on 31 January 2017. This constitutes an Event of Default under clause 8 of the Convertible Bond Deeds, under which the bondholders may at their election give the Group a notice in writing (a "Default Redemption Notice") declaring the principal of \$6,000,000 and interest to be immediately due and payable in full on the Default Redemption Date (being at least 20 Business Days after the date of receipt by the Issuer of the Default Redemption Notice) specified in the Default Redemption Notice.

As at 31 December 2016, the ability of the Group to continue its operations is dependent on the Group:

- a) obtaining a waiver from the bondholders not to issue a Default Redemption Notice under the Convertible Bond Deeds due to late payment of interest
- b) reaching an agreement with the bondholders to defer the interest payments of S\$1,305,000.

Life Corporation Ltd

Notes to the Financial Statements for the half-year ended 31 December 2016

- c) obtaining and securing necessary regulatory approvals and required financing to commence the columbarium construction
- d) generating sufficient cash inflows to meet on-going expenditure commitments

As of the date of this report, management has notified the bondholders of the intention to defer the required interest payments and is currently in negotiation with the respective bondholders to obtain a waiver on the Event of Default. The Directors are confident that they will be able to obtain the necessary regulatory approvals and financing in order to proceed with the columbarium development and therefore will be able to reach a consensus with the bondholders on the deferral of interest payments and waiver of the Event of Default.

Should the Group not be able achieve the matters set out as above, there would be significant uncertainty as to whether the Group would be able to meet its debts as and when they fall due and thus continue as a going concern.

The financial report of the Group does not contain any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amount or classification of liabilities that may be necessary should the Group not continue as a going concern.

Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the half-year condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2016.

From 1 July 2016, the Group has adopted all Australian Accounting Standards and Interpretations mandatory from annual periods beginning on or after 1 July 2016.

Adoption of these Standards and Interpretations did not have a material effect on the financial performance and position of the Group.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective.

Comparatives

Certain balances have been reclassified to conform to the current year presentation. As a result, the "convertible bond – current" at 30 June 2016 has increased by S\$1,035,000 with a corresponding decrease in the "convertible bond – non-current".

Life Corporation Ltd

Notes to the Financial Statements for the half-year ended 31 December 2016

	Half-year ended 31 December 2016 S\$	Half-year ended 31 December 2015 S\$
2.1 Revenue		
(a) Revenue		
Revenue from rendering of services	1,804,314	1,300,561
Revenue from sales of goods	-	1,110
	1,804,314	1,301,671
Other revenue		
Referral fee	4,142	3,505
Total revenue	1,808,456	1,305,176
(b) Other income		
Sundry income	35,371	42,493
Net unrealised gain on derivative financial liability (refer note 9)	352,062	733,198
	387,433	775,691
Total revenue and other income	2,195,889	2,080,867

2.2 Losses before income tax

Losses before income tax includes the following items of expense:

	Half-year ended 31 December 2016 S\$	Half-year ended 31 December 2015 S\$
Included in cost of sales:		
Cost of inventories recognised as expense	52,161	44,000
Employee benefit expense:		
Wages and salaries	283,576	254,313
Defined contribution plan expense	-	-
Included in borrowing costs:		
Interest on convertible bond	582,579	522,181
Interest on finance lease	2,963	-
Included in administrative and other expenses:		
Depreciation of plant and equipment	114,849	89,221
Operating lease rental expenses	86,481	162,504
Employee benefit expense:		
Wages and salaries	614,398	654,694
Defined contribution plan expense	71,482	59,270

Life Corporation Ltd

Notes to the Financial Statements for the half-year ended 31 December 2016

2.2 Losses before income tax (cont'd)

Losses before income tax includes the following items of expense: (cont'd)

	Half-year ended 31 December 2016 S\$	Half-year ended 31 December 2015 S\$
Included in administrative and other expenses: (cont'd)		
Other expenses:		
Legal and professional	40,094	196,458
Travel	31,994	53,537
Consultancy	11,560	51,397
Advertising and promotion	59,101	29,474
Impairment loss on receivables	8,316	-
Loss on disposal of fixed assets	21,283	-

3 Trade and other receivables

	31 December 2016 S\$	30 June 2016 S\$
<i>Current</i>		
Trade receivables	117,692	127,746
Goods and services tax recoverable	80,017	74,290
Other receivables	225,051	143,851
	422,760	345,887

4 Notes to statement of cash flows

For the purpose of the statement of cash flows, cash includes cash on hand and in banks. Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank and in hand

	31 December 2016 S\$	30 June 2016 S\$
	1,868,181	2,253,436
	1,868,181	2,253,436

Life Corporation Ltd

Notes to the Financial Statements for the half-year ended 31 December 2016

	31 December 2016	30 June 2016
	S\$	S\$
5 Contributed equity		
Balance at beginning of the period	94,136,740	94,136,740
Issue of shares during the period	-	-
- Nil (2016:Nil) fully paid ordinary shares		
Balance at end of the period	94,136,740	94,136,740

6 Non-controlling interests

Non-controlling interests represent the interests in PT Cordlife Indonesia not held by the Group. PT Cordlife Indonesia remained dormant during the half-year.

	Half-year ended 31 December 2016	Half-year ended 31 December 2015
7 Loss per share		
Net loss for the period attributable to members for basic loss	S\$(1,080,213)	S\$(1,053,836)
Add: Interest on convertible bond debt	S\$582,579	S\$522,181
Less: Unrealised gain on derivative financial liability (conversion feature)	S\$(352,062)	S\$(733,198)
Net loss for the period attributable to members for diluted loss	S\$(849,696)	S\$(1,264,853)
Weighted average number of ordinary shares for basis loss per share	70,960,655	70,960,655
Effects of dilution from convertible bond	35,971,223	36,266,925
Weighted average number of ordinary shares for diluted loss per share	106,931,878	107,227,580

Total potential ordinary shares issuable under the convertible bonds are considered anti-dilutive, which could be dilutive in the future.

Life Corporation Ltd

Notes to the Financial Statements for the half-year ended 31 December 2016

8 Intangible asset

	<u>Brand</u>	<u>Total</u>
	S\$	S\$
Cost		
At 1 July 2016	2,107,000	2,107,000
Acquisition of a subsidiary	-	-
Exchange differences	-	-
At 31 December 2016	<u>2,107,000</u>	<u>2,107,000</u>
Amortisation and impairment		
At 1 July 2016	-	-
Impairment	-	-
At 31 December 2016	<u>-</u>	<u>-</u>
Net book value		
At 30 June 2016	<u>2,107,000</u>	<u>2,107,000</u>
At 31 December 2016	<u>2,107,000</u>	<u>2,107,000</u>

Brand relates to the “SFS” brand name for the Group’s funeral services that were acquired in the business combination in prior year. The useful life of the brand is estimated to be indefinite. As at 31 December 2016, the asset has been allocated to the SFS Care CGU for impairment testing.

The brand name is tested for impairment annually (as at 30 June) and when circumstances indicate the carrying value may be impaired. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. Management performed an impairment assessment as at 31 December 2016 for the funeral services business in Singapore. The recoverable amount of the funeral services business has been determined based on value in use calculations using cash flow projections from financial budget approved by management covering a five-year period plus a terminal value calculated using the discounted cash flow model.

The projected cash flows reflect the decreased sales of the premium funeral services and a post-tax discount rate of 12.97% (30 June 2016: 12.97%) was applied. Cash flows beyond the five-year period have been extrapolated using a 1% growth rate (30 June 2016: 1%). As a result of this analysis, management did not identify any impairment for this cash generating unit to which the intangible asset of S\$2,107,000 is allocated.

Key assumptions used in value in use calculations and sensitivity to changes in assumption:

The calculation of value in use for the SFS Care CGU is most sensitive to the following assumptions:

- Growth rates used to extrapolate cash flows beyond the forecast period
- Discount rates

Growth rate – Rates are based on published industry research on the death rates in Singapore. Management recognizes that the possibility of new entrants and demand in premium funeral services can have significant impact on the growth rate assumptions.

Life Corporation Ltd

Notes to the Financial Statements for the half-year ended 31 December 2016

8 Intangible asset (cont'd)

Discount rate – Discount rate of 12.97% represent the current market assessment of the risk specific to the funeral service business, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

The discount rate calculation is derived from the weighted average cost of capital (WACC) of SFS Care Pte Ltd. Industry specific risk is incorporated by applying individual beta factors. The discount rate used for discounting cash flows in the valuation is post-tax discount rate. The post-tax discount rate applied to the post-tax cash flow is 12.97% and pre-tax discount rate is 17.18% (2015: 15.16%).

Goodwill allocated to the SFS Care CGU was fully impaired in the prior year.

9 Convertible bond

On 30 July 2014, the Company issued an unsecured convertible bond to GM Investment Company Ltd and Northeast Capital Pte Ltd (collectively known as “the bond holder”) to finance the purchase of the lease of land in Singapore and development of the columbarium business. Under the terms of the bond, the Company granted the bond holder the right to convert the bond into fully paid ordinary shares at an exercise price of A\$0.16 per share at any time after the 24 months of the issuance of the bond (“Initial Period”). If no election is made, the bond will be redeemed at the maturity date. Under the terms of the bond, the Company holds the right to early redeem the bond any time after the Initial Period at a revised interest accrual rate of 11% per annum.

Interest accrues at 9% per annum compounding annually on overdue amounts. Interest accrued for the Initial Period will be initially capitalised to the debt then paid six months after the Initial period. Thereafter interest is payable 6 monthly in arrears. With the bonds commencement date of 30 July 2014, the two-year Initial Period for capitalisation period expired on 30 July 2016. The first interest payment date was 31 January 2017 being six months after the expiry of the Initial Period. At that interest payment date, the Group was required to pay an interest of \$1,350,000.

Due to the current liquidity position, the Group was not able to meet its interest payment obligation on 31 January 2017. This constitutes an Event of Default under clause 8 of the Convertible Bond Deeds, under which the bondholders may at their election give the Group a notice in writing (a “Default Redemption Notice”) declaring the principal of \$6,000,000 and interest to be immediately due and payable in full on the Default Redemption Date (being at least 20 Business Days after the date of receipt by the Issuer of the Default Redemption Notice) specified in the Default Redemption Notice. No Default Redemption Notice has been received as of the date of this financial report.

The bond has a redemption value of S\$6,000,000 and a maturity date of 5 years from the funding date. The conversion feature represents a derivative liability and was recognised at fair value of S\$1,224,189 as at 30 June 2015 and subsequently re-measured at fair value which was S\$72,682 as at 31 December 2016 resulting in a net accumulated unrealised gain of S\$1,151,507 of which S\$352,062 was recognised in the half year ended 31 December 2016 (31 December 2015: 733,198). The host debt contract was recognised as the residual value of S\$1,188,356 as at 30 June 2015 and is subsequently measured at amortised cost which was S\$2,962,379 as at 31 December 2016. The effective interest rate on the convertible bond is considered to be 75%.

The fair value of the conversion feature is determined using an option pricing model which incorporates market observable inputs such as share price (A\$0.01), share volatility (128.25%), foreign exchange rate (A\$1:S\$1.0425) and is therefore sensitive to reasonably possible changes in these inputs. These market observable inputs are categorised as Level 2 inputs of the fair value hierarchy. Refer to note 17 for details.

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Notes to the Financial Statements for the half-year ended 31 December 2016

10 Asset under development

On 7 May 2015, the Singapore government accepted proposal from Life Corporation Services (S) Pte Ltd (“LFC Services”), a wholly-owned subsidiary of Life Corporation Ltd for a pilot project for the construction of a fully-automated columbarium located at a land site along Tampines Road, North-Eastern Singapore (“the Site”).

On 12 October 2015, the Singapore government formally granted LFC Services a 30-year lease of the Site for S\$2,333,700 including all relevant taxes and a payable maintenance deposit of S\$3,000,000.

On 1 April 2016, LFC Services was issued with formal regulatory documentation being the State Lease as well as the Certificate of Title to the Site.

As at 31 December 2016, an asset under development totalling S\$2,521,128 (30 June 2016: S\$2,456,989) has been recognised representing the premium paid upfront for the parcel of the land (exclusive GST) and related expenditure incurred for the automated columbarium development.

Financing costs incurred during the year were not capitalised as part of the cost of the asset under development given the columbarium project is not in active development.

The asset under development are stated at fair value. Please refer to the Group’s annual report for the year ended 30 June 2016 for the basis of fair value determination.

11 Controlled entities

The consolidated financial statements include the financial statements of Life Corporation Ltd and the subsidiaries listed in the following table.

Name of entity	Country of incorporation	Ownership interest	Ownership interest
		31/12/2016 %	30/6/2016 %
Parent entity			
Life Corporation Ltd	Australia		
Controlled entities			
Life Corporation International Pte Ltd+*	Singapore	100	100
Life Corporation Services (S) Pte Ltd	Singapore	100	100
Cordlife Pty Ltd##	Australia	100	100
Cordlife Sciences Ltd*	Thailand	100	100
Cygenics (Thailand) Ltd*##	Thailand	49	49
PT Cordlife Indonesia+*	Indonesia	65	65
SFS Care Pte Ltd+	Singapore	100	100
Eternal Pure Land Pte Ltd+*	Singapore	100	100

+ Investments held directly or indirectly by Life Corporation Services (S) Pte Ltd

Cygenics (Thailand) Ltd is considered a controlled entity as Life Corporation Ltd has 99% of the voting rights and share of profits

Entity was deregistered during last financial year.

* Entities were dormant during the year.

Life Corporation Ltd

Notes to the Financial Statements for the half-year ended 31 December 2016

12 Segment information

The Group identified its operating segments based on the internal reports that were reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

On 29 November 2013, the shareholders of the Company approved the acquisition of SFS Care Pte Ltd. Accordingly, the Group now operates within the premium funeral and related services sector in the Singaporean market and has been organised into one main operating segment. All of the Group's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating disclosures are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. The Group now operates from one geographical location, being Singapore.

For half-year ended 31 December 2016, there were no major customers who individually accounted for more than 10% of revenue. All revenue during the year was generated by customers domiciled in Singapore. All non-current assets stated in the balance sheet are located in Singapore.

The Group's revenue by products and services has been disclosed at note 2.1(a).

13 Subsequent events

As discussed in note 9, due to the current liquidity position, the Group was not able to meet its interest payment obligation on 31 January 2017. This constitutes an Event of Default under clause 8 of the Convertible Bond Deeds, under which the bondholders may at their election give the Group a notice in writing (a "Default Redemption Notice") declaring the principal of \$6,000,000 and interest to be immediately due and payable in full on the Default Redemption Date (being at least 20 Business Days after the date of receipt by the Issuer of the Default Redemption Notice) specified in the Default Redemption Notice. No Default Redemption Notice has been received as of the date of this financial report.

There has not been any other matter or circumstance that has arisen since the end of the half-year period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

14 Contingent liabilities and contingent assets

Since the last annual reporting date, there have been no material changes in contingent assets or liabilities.

15 Options and Performance Rights Plan

During the financial period, no options were granted.

Life Corporation Ltd

Notes to the Financial Statements for the half-year ended 31 December 2016

16 Dividends

The company did not pay any dividends during the half-year period. The Directors do not recommend the payment of a dividend in respect of the half-year period.

17 Financial instruments

Fair value

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than cash and cash equivalents, trade and other receivables, trade and other payables, finance lease liabilities and other current liabilities whose carrying amounts are reasonable approximations of fair values:

	Carrying amount		Fair value	
	31 December 2016	30 June 2016	31 December 2016	30 June 2016
	S\$	S\$	S\$	S\$
Liabilities measured at fair value:				
Derivative financial liability (note 9)	72,682	424,744	72,682	424,744
Liabilities for which fair values are disclosed:				
Convertible bond (note 9)	2,962,379	2,379,800	5,837,246	5,388,303
Total	3,035,061	2,804,544	5,909,928	4,795,520

Life Corporation Ltd

Notes to the Financial Statements for the half-year ended 31 December 2016

17 Financial instruments (cont'd)

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's liabilities.

Fair value measurement hierarchy for liabilities as at 31 December 2016:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		S\$	S\$	S\$	S\$
Liabilities measured at fair value:					
Derivative financial liability (note 9)	31 December 2016	72,682	-	72,682	-
Liabilities for which fair values are disclosed:					
Convertible bond (note 9)	31 December 2016	5,837,246	-	5,837,246	-

There have been no transfers between Level 1, Level 2 or Level 3 during the period.

Fair value measurement hierarchy for liabilities as at 30 June 2016:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		S\$	S\$	S\$	S\$
Liabilities measured at fair value:					
Derivative financial liability	30 June 2016	424,744	-	424,744	-
Liabilities for which fair values are disclosed:					
Convertible bond	30 June 2016	5,388,303	-	5,388,303	-

There have been no transfers between Level 1, Level 2 or Level 3 during 2016.

Life Corporation Ltd

Notes to the Financial Statements for the half-year ended 31 December 2016

17 Financial instruments (cont'd)

The management assessed that the fair values of cash at bank, trade and other receivables, trade payables, finance lease liabilities and other current liabilities approximate their carrying amounts largely due to short-term maturities of these instruments.

The fair value of financial liabilities is included at the amount of which instruments could be exchanged in a current transaction between willing parties, other than forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

- Fair value of the convertible bond is estimated by discounting future cash flows using bond interest rate and discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value of the convertible bond.
- Conversion feature of the convertible bond represents a derivative financial liability which is valued using a valuation technique, i.e the binomial tree model. The model incorporates various inputs including share price volatility, foreign exchange rate, and share price for the conversion.

18 Related party transactions

Related party balances

- (a) Refer to note 9 for the convertible bond transaction with Northeast Capital Pte Ltd which Mr Hoo Hung Chye, a key management personnel has significant financial interest in.
- (b) Included in the other receivable balance in note 3 is an amount due from Singapore Funeral Services of S\$138,014 (30 June 2016: S\$82,485) which Mr Victor Hoo, a key management personnel has significant financial interest in.

Except as disclosed above, there are no other related party balances as at 31 December 2016.