Life Corporation Ltd

ABN 48 108 051 529

Annual Report

For the year ended 30 June 2017

Life Corporation Ltd

Corporate Information

ABN 48 108 051 529

Directors

Mr Samuel Kong	(Chairman, Non-executive)
Mr Victor Hoo Kwok Chye	(Chief Executive Officer, Executive)
Mr Voiron Chor	(Non-executive)

Company secretary and solicitors

Mr Andrew Lord
Lord Commercial Lawyers
Level 10, 167 Queen Street
Melbourne, Victoria 3000
Australia
Tel: +613 9600 0162

Registered Office

Level 10, 167 Queen Street
Melbourne, Victoria 3000
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Tel: +613 9600 0162

Principal Place of Business

988 Toa Payoh North, #07-05
Singapore 319002
Tel: +65 6295 0080

Share Registry

Link Market Services Ltd
Tower 4, 727 Collins Street
Melbourne, Victoria 3008
Australia
Tel: +61 1300 554 474

Bankers

Commonwealth Bank of Australia
DBS Bank Ltd

Auditors

Ernst & Young
Ernst & Young Building
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Perth WA 6000 Australia
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Life Corporation Ltd

Corporate Governance Statement

The directors of Life Corporation Ltd ("Life Corporation" or the "Company") are responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council (CGC) published guidelines and its Corporate Governance Principles and Recommendations. The directors guide and monitor the business and affairs of Life Corporation on behalf of the shareholders by whom they are elected and to whom they are accountable.

Life Corporation complies with the CGC's Principles as follows.

Principle 1 - Lay solid foundations for management and oversight

	Recommendation	Comply Yes / No	Reference / explanation
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	Yes	Page 6
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Yes	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with proper functioning of the board.	Yes	
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it: and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: > the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purpose); or > if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Yes	Page 13 and website

Principle 1 - Lay solid foundations for management and oversight (cont'd)

	Recommendation	Comply Yes / No	Reference / explanation
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committee and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	Yes	Page 8 and website
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	Website

Principle 2 - Structure the Board to add value

	Recommendation	Comply Yes / No	Reference / explanation
2.1	The board of a listed entity should: (a) have a nomination committee which: > has at least three members, a majority of whom are independent directors; and > is chaired by an independent director, and disclose: > the charter of the committee: > the members of the committee; and > as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members to those meetings; or (b) if it does not have a nomination committee, disclose the fact and processes it employs to address board succession issue and to ensure that the board has the experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	No	Page 9 and website
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	Directors Report

Principle 2 - Structure the Board to add value (cont'd)

	Recommendation	Comply Yes / No	Reference / explanation
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors: (b) if a director has an interest, position, association or relationship of the type described but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Yes	Page 8
2.4	A majority of the board of a listed entity should be independent directors.	Yes	Page 8
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	Page 8
2.6	A listed entity should have a program for inducting new directors and to provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	Website

Principle 3 – Act ethically and responsibly

	Recommendation	Comply Yes / No	Reference / explanation
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Yes	Website

Principle 4 - Safeguard integrity in corporate reporting

	Recommendation	Comply Yes / No	Reference / explanation
4.1	The board of a listed entity should: (a) have an audit committee which: > has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and > is chaired by and independent director, who is not the chair of the board, and disclose: > the charter of the committee:	No	Page 10 and website

Principle 4 - Safeguard integrity in corporate reporting (cont'd)

	Recommendation	Comply Yes / No	Reference / explanation
	> the relevant qualifications and experience of the members of the committee; and > in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management, and internal control which is operating effectively.	Yes	Page 11
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions form security holders relevant to the audit	Yes	Page 13

Principle 5 - Make timely and balanced disclosure

	Recommendation	Comply Yes / No	Reference / explanation
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	Website

Principle 6 - Respect the rights of shareholders

	Recommendation	Comply Yes / No	Reference / explanation
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	Page 12 & 13
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	

Principle 6 - Respect the rights of shareholders (cont'd)

	Recommendation	Comply Yes / No	Reference / explanation
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Page 12 & 13
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Page 12 & 13

Principle 7 - Recognise and manage risk

	Recommendation	Comply Yes / No	Reference / explanation
7.1	The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: > has at least three members, a majority of whom are independent directors; and > is chaired by an independent director, and disclose: > the charter of the committee; > the members of the committee: and > as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Yes	Page 11 and website
7.2	The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes	Page 11
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and whole role it performs; or (b) if it does not have an internal audit function, that fact and processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	Page 10
7.4	A listed entity should disclose whether it has any material exposure to economic environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	Page 18

Principle 8 – Remunerate fairly and responsibly

	Recommendation	Comply Yes / No	Reference / explanation
8.1	The Board of a listed entity should: (a) have a remuneration committee which: > has at least three members, a majority of whom are independent directors; and > is chaired by an independent director, and disclose: > the charter of the committee; > the members of the committee: and > as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee disclose that fact and the processes it employs setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	No	Page 12 and website
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	Remuneration report
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes	Remuneration report

Life Corporation's corporate governance practices were in place throughout the year ended 30 June 2017.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Life Corporation, refer to our website: www.lifecorplimited.com

Board Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well-equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The responsibility for the operation and administration of the Company is delegated, by the Board, to the CEO and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive team.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, Given the size of the company and board, all decisions which would be delegated to specialist committees such as Audit, Nomination and Remuneration are handled by the full board. The Company Charter provides for the establishment of specialist committees and operations of the company increase or the board expands then the need for specialist committees will be revisited.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to manage the business.
- On-going development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of Life Corporation.
- Implementation of budgets by management and monitoring progress against budget through the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the Board include:

- Approval of the annual and half-year financial reports.
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.
- Reporting to shareholders.
- Approval and appointment of the CEO.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' Report. Directors of Life Corporation are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality threshold set, the following directors of the Company are considered to be independent:

Name	Position
Samuel Kong	Chairman (Non-Executive)
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)

The Board recognises the Corporate Governance Council's recommendation that the Chair should be an independent director.

There are procedures in place, agreed by the Board, to enable the directors in furtherance of the duties to seek independent professional advice at the Company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Samuel Kong	10 years 3 months
Voiron Chor	8 years 7 months
Victor Hoo Kwok Chye	3 years 4 months

Performance

The Board has committed to future annual reviews of its performance, individually and collectively, as well as annual reviews of key management against measurable and qualitative indicators.

Life Corporation's Human Resources Management Plan encompasses a structured training and development program for all employees including management, which is directly aligned to achieving Life Corporation's business objectives.

Directors whose performance is consistently unsatisfactory may be asked to resign.

Trading policy

Under Life Corporation's Securities Trading Policy, an executive or director must not trade in any securities of Life Corporation at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Directors, the CEO, consultants, members of senior management and other employees must first obtain consent before commencing to trade from:

- the Chair in the case of directors and the CEO;
- the Audit Committee and Company Secretary in the case of the Chair; and
- the CEO in the case of officers, consultants, members of senior management and other employees.

In addition, the following blackout periods are imposed prior to and post publication of quarterly, half year and annual reporting:

- 2 weeks before and one day after Life Corporation is required to release quarterly cash flow announcements. Quarterly cash flow announcements are released on the last business day of January, April, July and October.
- 4 weeks before and one day following the announcement of the half year and full year results as the case may be.
- 1 day following the release of price sensitive information.

As required by the ASX Listing Rules, Life Corporation notifies the ASX of any transaction conducted by directors in the securities of Life Corporation.

Nomination Committee

Given the size of the company and board, all decisions ordinarily associated with a Nomination were handled by the full board.

Audit Committee

Given the size of the company and board, all decisions ordinarily associated with an of the audit committee were handled by the full board albeit acting as an audit committee. As at the date of this report, there are only two non-executive directors on the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report on page 20. For additional details regarding the Audit Committee, including a copy of its charter, please refer to our website.

Internal audit

The Company does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with the Chief Executive Officer, the Group Financial Controller and the Board who continually monitor the Company's internal and external risk environment.

In addition to the risk management framework, the Company's internal compliance and control system is based on a financial reporting system that aims to ensure that financial reporting is both accurate and timely.

The Company's control processes include;

- Annual audit and half year review by the external auditor
- Monthly review of financial performance compared to the budget and forecast
- Oversight of financial information by the members of the Audit Committee.

The Company's auditors review the adequacy, nature, extent and effectiveness of the internal control and management processes.

Risk

The Company does not have a separate Risk Committee. The Board has continued its proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of Life Corporation's approach to creating long-term shareholder value.

In recognition of this, the Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal control. In doing so the Board has taken the view that it is crucial to all board members to be a part of this process and as such, has not set a separate management committee.

The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the CEO, including responsibility for day-to-day design and implementation of the Company's risk management and internal control system. Management reports to the Board on the Company's key risks and the extent to which it believes these risks are being adequately managed.

Management is required by the Board to carry out specific management activities. The consideration and approval by the Board each year of Life Corporation's strategy, business plans and financial budgets involve identification of significant risks and the implementation of appropriate strategies to deal with them. The Board also requires management reporting against projected results. The Board receives monthly reports by management on financial performance and business development activities.

CEO and CFO certification

In accordance with section 295A of the Corporations Act 2001, the Chief Executive Officer and Chief Financial Officer equivalent have provided a written statement to the Board that:

- His views provided on Life Corporation's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and

- Life Corporation's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO equivalent can only be reasonable rather than absolute. This is due to such factors as the need for judgment, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not, and cannot be, designed to detect all weaknesses in control procedures.

In response to this, internal control questions are required to be completed by key management personnel.

Remuneration

It is Life Corporation's objective to provide maximum stakeholder benefit from the retention of a high quality. Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, Life Corporation has implemented an incentive scheme which is available to employees of Life Corporation. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives.
- Attraction of high quality management to Life Corporation.
- Performance incentives that allow executives to share in Life Corporation's success.

For details of the remuneration received by directors and senior executives in the current period please refer to the remuneration report, which is contained within the Directors' Report on page 21.

There is no scheme to provide retirement benefits to non-executive directors.

Given the size of the company and board, all decisions of the remuneration committee were handled by the full board. The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the Chief Executive Officer and executive team.

The members of the Remuneration Committee comprise all members of the Board and all effective remuneration decisions are made by the Board through Board meetings.

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report on page 20.

For additional details regarding the Remuneration Committee, including a copy of its charter, please refer to our website.

Shareholder communication policy

Pursuant to Principle 6, Life Corporation's objective is to promote effective communication with its shareholders at all times.

Life Corporation is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about Life Corporation's activities in a balanced and understandable way.
- complying with continuous disclosure obligations contained in the ASX Listing Rules and the *Corporations Act 2001* in Australia.
- communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the Annual Report and notices of annual general meeting; and
- by posting relevant information on Life Corporation's website.

Life Corporation's website www.lifecorplimited.com has a dedicated Investor Relations section and for the purpose of publishing all important company information and relevant announcements made to the market.

The external auditors are required to attend the Annual General Meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Diversity policy

The Company values diversity and recognises the benefits it can bring to the organisations ability to achieve its goals. Accordingly, the Company has developed a diversity policy, a copy of which can be found on the Company website. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

In accordance with this policy and ASX Corporate Governance Principles, the Board has established the following objectives in relation to gender diversity. The aim is to achieve these objectives by 30 June 2019 as the director and senior executive positions become vacant and appropriately skilled candidates are available:

	Actual as at 30 June 2017		Actual as at 30 June 2016		Objective
	Number	%	Number	%	%
Number of women employees in the whole organisation	13	38%	11	34%	40% - 60%
Number of women in senior executive positions	0	0%	2	33%	40% - 60%
Number of women on the Board	0	0%	0	0%	40% - 60%

The directors of Life Corporation Ltd ("the Company") submit their report on the Company and its controlled entities ("the Group") for the financial year ended 30 June 2017.

Directors

The names and particulars of the directors of the Company during or since the end of the financial year are as below. Directors were in office for this entire period unless otherwise stated.

Name	Particulars
Samuel Kong (Kong Kam Yu) ACA	Chairman (Non-executive Director). Mr Kong graduated from the Imperial College of London in 1992 and qualified as a Chartered Accountant from the Institute of Chartered Accountants of England and Wales in 1995. He has worked for a number of accounting firms, including a leading international accounting firm before joining a listed healthcare group in Hong Kong in 2001. He is currently responsible for the group's finances, corporate projects and company secretarial matters. Since September 2012, Mr Kong holds directorship in another listed company, Golden Meditech Holdings Limited, a company listed on the Hong Kong Stock Exchange.
Victor Hoo Kwok Chye B.Sc (Hons)	Executive Director. Mr Hoo joined the Company in December 2013 with the completion of the acquisition of SFS Care Pte Ltd. On 26 July 2016, Mr Hoo was appointed as the Company's Chief Executive Officer. Mr Hoo co-founded Singapore Funeral Services (SFS) in 1998 to provide funeral related services. In 2012, he co-founded SFS Care Pte Ltd, which was the successor to SFS. Since its establishment, SFS Care Pte Ltd has expanded the services previously offered by SFS and took the defining step of upgrading its range of services to provide bespoke premium services and a one-stop service model including embalming, display caskets, and ancillary services. Mr Hoo's knowledge of and experience in the funeral services industry will be invaluable as the Company seeks to grow the business. Mr Hoo holds a B.Sc (Hons) in Management Studies from the University of London.
Voiron Chor M.Fin	Non-executive Director. Mr Chor was an Executive Director of JP Morgan Chase Bank. Prior to that he was a Vice President of Private Wealth Management for Morgan Stanley Asia Limited. He has over 10 years' experience in financial investment and research in capital markets. Mr Chor holds a Masters of Finance from RMIT University Melbourne.

Name	Particulars
Kam Yuen	Non-executive Director. Mr Kam has substantial experience in the healthcare industry and is the founder of Golden Meditech Holdings Limited, a leading healthcare corporation in China providing integrated healthcare in cordblood banking, medical devices, healthcare services and natural herbal medicines. Mr. Kam graduated from the Beijing Second Foreign Languages Institute, the People's Republic of China in 1985 and has over 20 years of management experience in international business. Mr Kam is the Chairman and Chief Executive Officer of Golden Meditech Holdings Limited, a company listed on Hong Kong Stock Exchange since 2001 till present and Chairman of China Cord Blood Corporation, a company listed on the New York Stock Exchange from 2012 onwards. Mr Kam has resigned as a Non-Executive Director on 7 Oct 2016.
Simon Hoo CPA	Executive Director, Chief Executive Officer and Chief Financial Officer. Mr Hoo joined the company in June 2004 and is a Certified Public Accountant in Australia and a Chartered Accountant in Singapore. He holds a Master in Business Administration from the University of Manchester. He has more than 10 years of experience in both corporate finance and business development including the development of emerging markets for Life Corporation Ltd. Prior to his appointment as Executive Director of Life Corporation, Mr Hoo served as a Senior Corporate Finance Manager with work scopes including valuation, financial modelling/analysis, structuring, negotiation, risk management and the establishment of exit mechanisms for all of Life Corporations markets. Mr Hoo has resigned from the position of Chief Executive Officer, Chief Financial Officer and Executive Director on 26 July 2016.
Kenneth Lim BA	Executive Director. Mr Lim joined the company in October 2013 and was pivotal in the negotiation and implementation of the acquisition by the Company of SFS Care Pte Ltd. Mr Lim has over 20 years' experience in investment banking and corporate advisory services, including private equity and special situation investments. He has held various leadership positions and been involved in complex financial workouts, turnarounds and interim management. His experiences provide a valuable resource to the Company. Mr Lim holds a BA in Management and is presently a director of Global Eagle Capital Pte Ltd, a company specialising in fiduciary matters. Mr Lim has resigned as an Executive Director on 31 August 2016.

Name	Particulars
Mark Ryan B Com, ACA	Non-executive Director. Mr Ryan is the Accounting and Finance Director of the Kellogg Joint Venture Gorgon, a multinational consortium engaged to engineer, procure and construct an LNG processing facility in the north-west of Australia. The project has a capital expenditure budget in excess of $35 billion. Mr Ryan's previous corporate experience included roles as Financial Controller and Company Secretary. Mr Ryan has resigned as a Non-Executive Director on 7 Oct 2016.

Company secretary

The Company Secretary, Mr Andrew Lord (BSc, LLB), was appointed on 16 April 2004. He is a member of the Law Institute of Victoria and is admitted as a Barrister and Solicitor to the High Court of Australia and the Supreme Court of Victoria. He is a principal of Lord Commercial Lawyers. He is an independent contractor of the Company and invoices the Company from time to time based on hours worked on an hourly rate.

Corporate information

Corporate structure and principal activities

Life Corporation is a company limited by shares, incorporated in Australia and operating in Singapore. Life Corporation is the ultimate holding company of the Group. The shares of the Company are publicly traded on the Australian Securities Exchange.

The Company and its controlled entities' ("consolidated entity" or "the Group") principal activities in the course of the financial year were the provision of multi-religion funeral services relating to burials or cremations and including other related ancillary services and supplies. During the year, the Group was also in the process of obtaining required regulatory and funding to construct an automated columbarium in Singapore.

Operating and financial review

Operating results

Net loss attributable to members for the year ended 30 June 2017 was S$6,238,399, an increase of 135% as compared to S$2,654,181 for the year ended 30 June 2016. The increase in the net loss in comparison to the year ended 30 June 2016 is mainly as a result of:

- the additional interest expenses of S$2,727,566 due to the acceleration of interest expenses recognised on the bond following the Group's default on its interest expense repayment on the loan on 31 January 2017. Refer to note 13 for further information.
- an impairment expense of S$572,379 recognised in this year on the asset under development (refer to note 14)

The above is partially offset by:

- an increase in the sales and gross margin. Revenue was S$3,703,848 as compared to S$2,705,551 in FY2016, an increase of 37%. Revenue is generated from the provision of funeral services and sales of related supplies. The increase is mainly due to increase in the number of sales for certain premium funeral packages as compared to FY2016.

- a decrease in the administrative expenses of S$219,228 as a result of the intensified efforts of management on lowering the operating expenses of the Group despite the Group's increased business activities.
- an increase in other income from S$895,330 in FY2016 to S$1,308,289. The increase is mainly due to the gain from investment disposal of S$405,240 and debt forgiveness of S$207,000 offset by a decrease in the net unrealised gain on the fair value of the derivative financial liability from S$799,445 to S$419,344.

Financial position

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

Group cash position as at 30 June 2017 was S$1,190,535 (30 June 2016: S$2,253,436) and its current liabilities as at 30 June 2017 was S$10,813,760 (30 June 2016: S$3,773,418) mainly attributed to a convertible bond liability of S$7,575,000, a deferred revenue liability of S$1,827,377 and a trade and other payable of S$1,312,506. The net cash outflows for the current financial year amounted to S$1,040,237 (2016: S$3,604,899).

As noted in note 13, the Group has a convertible bond liability with a face value of S$6,000,000. 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 S$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 a result, the Group has accelerated the recognition of the interest expenses on the loan to increase its carrying value to S$7,575,000 being the amount due and payable to the bondholders if they were to call the loan at the balance date.

On 30 June 2017, the Group entered into the Debt Capitalisation Agreements with the bondholders to convert the outstanding bonds into 1,442,857,142 shares in the Group. The Agreements are subject to the shareholders' approval at an Extraordinary General Meeting ("EGM") to be held on 9 October 2017. The bondholders have confirmed they will not demand for a repayment of any part of the outstanding balance until 30 November 2017. Upon successful completion of the Group's recapitalisation, one of the bondholders has also undertaken to provide the required financial support to assist the Group in meeting its liabilities as and when they fall due for 12 months from the date of signing the Company's financial statement.

As at 30 June 2017, the ability of the Group to continue its operations is dependent on the Group:

a) obtaining necessary approval from shareholders to convert the outstanding bonds into 1,442,857,142 shares in the Group
b) obtaining required financial support from its shareholders upon the completion of the debt re-capitalisation and generating sufficient cash inflows to meet on-going expenditure commitments
c) obtaining and securing necessary regulatory approvals and required financing to commence the columbarium construction

The Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be successful in achieving the above.

Should the Group not achieve the matters set out above, there is a significant uncertainty whether it will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the company not be able to continue as a going concern.

As at the date of this report, the Company has ASX and ASIC approval for a proposed bond holder debt to equity conversion, share buyback, and delisting. A full announcement regarding the recapitalisation and de-listing proposal was made to the market on 8 September 2017 with the EGM to be held on 9 October 2017.

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to above or in the financial statements or notes thereto.

Subsequent events

On 8 September 2017, the Group announced the details of the proposed debt capitalisation, share consolidation, share buyback and delisting from the ASX, covering the following:

- The proposed capitalisation of the bond debts owned by the Group to Northeast Capital Pte Ltd (Northeast) and GM Investment Company Ltd (GM) and the issue of 1,442,857,142 shares in the Company to Northeast and GM in return for the extinguishment of those debts
- The proposed consolidation of the Company's issued shares on the basis that every 100 shares in the Company held by a shareholder as at 5 October 2017 will be converted into one share (rounded to the nearest whole number of shares)
- The proposed equal access buyback of all shares (after the Company undertakes an unmarketable parcel buyback) at a price of $A0.005 per share (on a pre-consolidation basis)
- The proposed de-listing of the Company's shares from the ASX.

The above is subject to the shareholder approval at an EGM to be held on 9 October 2017.

There has not been any other matter or circumstances that have arisen since the end of the reporting period that has significantly affected, or may significantly affect, the operations of the consolidated entities, the results of those operations, or the state of affairs of the consolidated entities in future financial periods.

Likely developments and expected results

In addition to the proposed debt capitalisation, share consolidation, share buyback and delisting from the ASX as discussed above, in FY 2018, Life Corporation will focus on the development of the first automated columbarium in Singapore. The project is the first pilot project in Singapore focusing on an automated columbarium management system intending to achieve a new level of unique and personalised memorialisation experiences for families. As of the date of this report, the Group is in the midst of obtaining necessary government regulatory approvals.

Management will persist to intensify efforts on continuing to lower operating expenses of the Group; while SFS Care Pte Ltd intends to continue to expand its base of pre-planning of funeral service packages in addition to the services of premium as-need funeral services packages. Pre-planning of funeral is anticipated to be one of the key driver of growth for the Group.

Environmental regulations

The principal activities of the Company and its controlled entities did not create any significant environmental impact to any material extent.

Dividends

The Company did not pay any dividends during the financial year (2016: nil). The directors do not recommend the payment of a dividend in respect of the financial year.

Share options

Unissued shares

As at the date of this report, there are no unissued ordinary shares under options.

Shares issued as a result of the exercise of options

During and since the end of the financial year no share options were granted to, or exercised by the directors and executives of the Company or the Group.

Indemnification and insurance of directors and officers

During the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Life Corporation Ltd against legal costs incurred in defending proceedings for conduct other than:

(a) A wilful breach of duty
(b) A contravention of section 182 or 183 of the Corporation Act 2001, as permitted by section 199B of the Corporations Act 2001

The total amount of insurance contract premiums paid was S$5,889.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, three Board meetings and two Audit Committee meetings were held.

	Board of Directors		Audit Committee		Nomination Committee		Remuneration Committee**	
Directors	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
Samuel Kong	3	3	2	2	-	-	-	-
Victor Hoo Kwok Chye	3	3	2	2	-	-	-	-
Voiron Chor	3	3	2	2	-	-	-	-
Mark Ryan *	2	2	1	1	-	-	-	-
Simon Hoo *	1	1	-	-	-	-	-	-
Kenneth Lim *	1	-	-	-	-	-	-	-
Kam Yuen *	1	-	-	-	-	-	-	-

* Resigned during FY 2016 as below:
  - Mr. Simon Hoo resigned on 26 July 2016
  - Mr. Kenneth Lim resigned on 31 August 2016
  - Mr. Kam Yuen resigned on 7 Oct 2016
  - Mr. Mark Ryan resigned on 7 Oct 2016

** The members of the Remuneration and Nomination Committees comprise all members of the Board and all effective remuneration and nomination decisions are made by the Board through Board meetings. Given the size of the company and the board, all decisions of the remuneration committee and nomination committee were handled by the full board.

Directors' shareholdings

The following table sets out each director's relevant interest in equity instruments comprising shares and options in shares of the Company or a related body corporate as at the date of this report.

Directors	**Fully paid ordinary shares**	**Partly paid ordinary shares**	**Executive share options**
Life Corporation Ltd			
Victor Hoo Kwok Chye	4,486,001	–	–
Samuel Kong	545,735	–	–
Voiron Chor	33,334	–	–

Remuneration report (Audited)

Contents

1. Remuneration report overview

The Directors of Life Corporation Ltd present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2017 (FY17). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for Life Corporation's key management personnel (KMP):

- Non-executive directors (NEDs)
- Executive directors and senior executives (collectively the executives)

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

The table below outlines the KMP of the Group and their movements during FY17.

Name	Position	Term as KMP
Non-executive directors		
Samuel Kong	Chairman, Non-Executive Director	Full financial year
Kam Yuen	Non-Executive Director	Partial financial year
Mark Ryan	Non-Executive Director	Partial financial year
Voiron Chor	Non-Executive Director	Full financial year
Executive directors		
Simon Hoo	Executive Director	Partial financial year
Kenneth Lim	Executive Director	Partial financial year
Victor Hoo Kwok Chye	Executive Director	Full financial year
Senior executives		
Hoo Hung Chye	Client Service Director	Full financial year
Fexlicia Lee Pei Yue	Group Financial Controller	Partial financial year
Andrew Lord	Company Secretary	Full financial year

Following are the changes to KMP after the reporting date and before the date the financial report was authorised for issue:

Simon Hoo resigned on 26 July 2016
Kenneth Lim resigned on 31 August 2016
Kam Yuen resigned on 7 Oct 2016
Mark Ryan resigned on 7 Oct 2016
Fexlicia Lee Pei Yue resigned on 7 Oct 2016

Victor Hoo became the Chief Executive Officer on 27 July 2016.

There were no other changes to KMP in this time.

Remuneration report (Audited) (cont'd)

2. Overview of executive remuneration

2A. How we determine executive remuneration policies and structures

Three principles guide our decisions about executive remuneration at Life Corporation:

- Fairness: provide a fair level of reward to all employees
- Transparency: build a culture of achievement by transparent links between reward and performance
- Alignment: promote mutually beneficial outcomes by aligning employee, customer and shareholder interests

2B. Our executive remuneration policies and structures

The Group reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy and market practices.

Executives receive fixed remuneration and variable remuneration consisting of short-term incentive opportunities. Executive remuneration levels are reviewed annually by the Remuneration Committee with reference to the remuneration guiding principles and movements.

The chart below provides a summary of the structure of executive remuneration in FY17:

Remuneration component	Payment method	Purpose	Link to performance
Fixed remuneration	Comprises base salary, superannuation and non-monetary benefits	• Set with reference to role, market and experience • Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.	• No direct link to Company performance
STI component	Paid in cash	• Rewards executives for their contribution to achievement of Group targets, as well as individual key result areas (KRAs).	• Linked to financial and non-financial corporate and individual measures of performance • Include contribution to revenue based on client sign-ups, customer services, risk management, product management and leadership contributions

Remuneration report (Audited) (cont'd)

2. Overview of executive remuneration (cont'd)

2C. Elements of remuneration

In the 2017 financial year, the executive remuneration framework consisted of the following components:

- Fixed remuneration; and
- Variable STI remuneration.

Fixed remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- The scope of the executive's role
- The executive's skills, experience and qualifications
- Individual performance

It is set with reference to comparable roles in similar companies.

Executive contracts of employment do not include any guaranteed base pay increases. These are reviewed annually by the Board and management. The process consists of a review of the Company and individual performance, relevant comparative remuneration internally and externally.

Short-term incentive (STI)

The Group operates an annual STI program that is available to executives and awards a cash bonus subject to the attainment of clearly defined Group and individual measures.

Actual STI payments awarded to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key result areas (KRAs) covering financial and non-financial, corporate and individual measures of performance.

Performance measures – Key Results Areas ("KRA")
Financial measure: • Revenue
Non-financial measure: • Identification of new business opportunities • Clients sign-ups • Product development & management • Risk management • Leadership/ team contribution

The achievement of these is measured through the line managers' review during each appraisal cycle, unaudited financial information as well as internal reporting statistics.

These performance measures were chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value.

Remuneration report (Audited) (cont'd)

2. Overview of executive remuneration (cont'd)

2C. Elements of remuneration (cont'd)

On an annual basis, after consideration of performance against KRAs, the Board and management will determine the amount, if any, of the short-term incentive to be paid to each executive. This process usually happens two months after the reporting date. Payments made are delivered as a cash bonus in the following reporting period.

The maximum bonus payable is not determined in advance. Instead, STI payments are made at the discretion of the Board. The bonus approved and paid for 2017 is S$27,900 (2016: S$38,500) for the Executive Directors and S$12,000 (2016: S$20,000) for other key management personnel. The bonus was paid in August 2016 and January 2017.

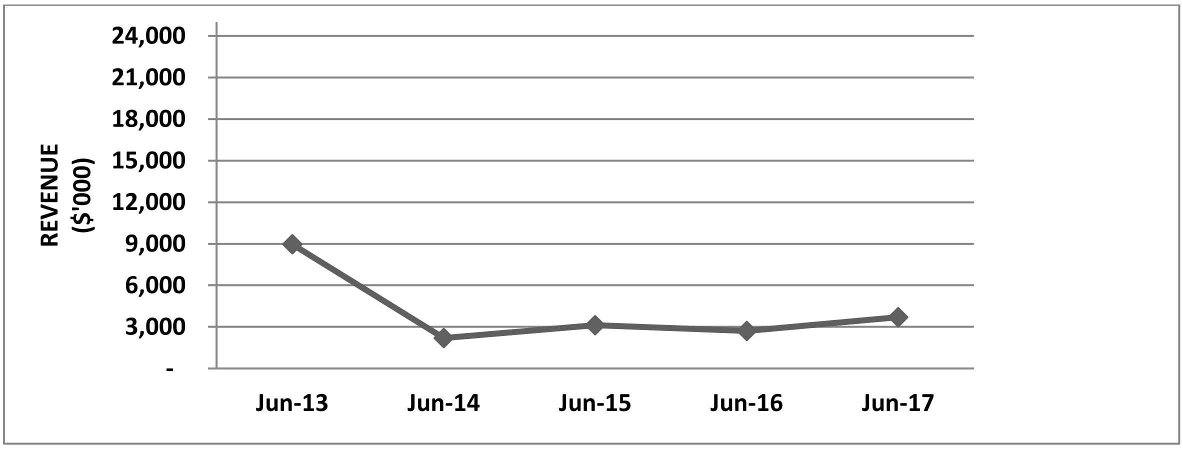
3. Performance and executive remuneration outcomes in FY17

3A. Actual remuneration earned by executives in FY17

The actual remuneration earned by executives in FY17 is set out in section 6 below. This provides shareholders with a view of the remuneration actually paid to executives for performance in FY17.

3B. Performance against STI measures

Group performance is reflected in the movement of the Group's revenue over time. Revenue reflects the growth and performance of the Group and revenue is largely based on the number of funeral services sign-ups and delivery. The graph below shows the Group's revenue history over the past five years (including the current period).



The table below summarises the consequence of the Group's performance on shareholder value for the financial year and the previous four financial years in the form of changes in share price (in accordance with the requirements of the *Corporations Act 2001*):

Financial year ended 30 June	2013	2014	2015	2016	2017
Closing share price (A$ as 30 June)	0.05	0.15	0.10	0.04	0.002

Remuneration report (Audited) (cont'd)

4. How remuneration is governed

4A. Remuneration decision making

Remuneration committee

The remuneration committee comprises all members of the Board.

The remuneration committee is responsible for making recommendations to the Board on the remuneration arrangements for non-executive directors (NEDs) and executive directors.

Specifically, the Board approves the remuneration arrangements of the CEO and other executives and all awards made under the long-term incentive (LTI) plan, following the recommendations from the remuneration committee. The Board also sets the aggregate remunerations of NEDs, which is subject to shareholders approval and NED fee levels. The remuneration committee approves, having regard to the recommendations made by the CEO, the level of the Group short-term incentive (STI) pool.

The remuneration committee meets on as-need basis through the year. The CEO attends certain remuneration committee meetings by invitation, where management input is required. The CEO is not present during any discussions related to his own remunerations arrangements.

Further information on the committee's role, responsibilities and membership can be seen at www.lifecorplimited.com.

4B. Share trading policy

The Group securities trading policy applies to all non-executive directors ("NEDs") and executives. The policy prohibits employees from dealing Life Corporation securities while in possession of material non-public information relevant to the Group.

4C. Executive employment agreements

Remuneration arrangements for executives are formalised in employment agreements. The following outlines the details of contracts with executives:

Chief Executive Officer

Mr Victor Hoo Kwok Chye was appointed as Chief Executive Officer on 26 July 2016. Victor Hoo is employed under contract.

The key features of the contract may be summarised as follows:

- Mr Victor Hoo receives a fixed base salary of S$162,000 per annum plus compulsory superannuation and a fixed transport allowance of S$19,200 per annum. Effective March 2017, Mr Hoo's fixed base salary increased to S$180,000 per annum plus compulsory superannuation and a fixed transport allowance of S$24,000 per annum;
- The Company may terminate Mr Hoo's employment by giving 3 months' written notice to Mr Hoo or may make payment to him in a sum equal to the base salary he would have earned if he had been given the relevant period of notice; and
- Mr Hoo may terminate his employment by giving a period of notice of 3 months in writing. Failure to give such notice entitles the Company to deduct from any monies owing to Mr Hoo an amount representing the number of weeks or days of the notice period he did not work.

Remuneration report (Audited) (cont'd)

4. How remuneration is governed (cont'd)

4C. Executive employment agreements (cont'd)

Other KMP

The other key executives are also under rolling employment contracts, the key features of which are as follows:

- Payment of fixed remuneration (base salary, superannuation, transport allowance and non-monetary benefits);
- The Company may terminate the employee's employment by giving 2 to 3 months' written notice to the employee or may make payment to him in a sum equal to the base salary he would have earned if he had been given the relevant period of notice;
- The Company may terminate the employee's appointment immediately without notice (or payment in lieu of notice) if the employee:
    - fails or refuses to comply with a reasonable and lawful direction given to him by the Company;
    - is, in the reasonable opinion of the Company, guilty of serious and wilful neglect or misconduct in the discharge of his duties;
    - has committed a serious breach, or is persistently in breach of any term of the contract and has failed to remedy such breach within 14 days of being requested by the Company in writing to do so;
    - is made bankrupt;
    - is charged with any criminal offence which may bring the Company into disrepute; or
    - breaches any material provision of the contract.
- The employee may terminate the employment by giving a period of notice of 2 to 3 months in writing. Failure to give such notice entitles the Company to deduct from any monies owing to the employee an amount representing the number of weeks or days of the notice period the employee did not work.

5. Overview of non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. NEDs receive fees only and do not participate in any performance-related incentive awards. NEDs may be reimbursed for expenses reasonably incurred in attending to the Group's affairs.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to non-executive directors ("NEDs") of comparable companies. The Board considers advice from external consultants when undertaking the review process. Effective April 2016, Mr. Kam and Mr. Kong agreed to waive their fees while other non-executive directors agreed to reduce their fees by 50% until further notice.

The remuneration of NEDs for the year ended 30 June 2017 and 30 June 2016 are detailed in Table 3 and table 4 in page 28 & 29.

Remuneration report (Audited) (cont'd)

5. Overview of non-executive director remuneration (cont'd)

Maximum aggregate NED fee pool

The Company's Constitution and the ASX listing rules specify that the NED pool shall be determined from time to time by a general meeting. The latest determination was at the 2009 annual general meeting (AGM) held on 30 November 2009 when shareholders approved an aggregate fee pool of $250,000 per year.

6. Statutory and share-based compensation

6A. Executive KMP remuneration for the year ended

The following table discloses the remuneration of the executive KMP of the Company:

Table 1: Remuneration for the year ended 30 June 2017

	Short-Term				Post Employ-ment		
Director	**Salary and fees** S$	**Bonus** S$	**Other^** S$	**Termination** S$	**Super-annuation** S$	**Total** S$	**Performance related** %
Executive directors							
Simon Hoo*	41,963	-	1,600	-	3,293	46,856	-
Kenneth Lim**	43,734	14,400	3,200	81,600	7,260	150,194	9.6
Victor Hoo Kwok Chye	177,969	13,500	20,800	-	12,240	224,509	6.0
Senior executives							
Hoo Hung Chye	144,000	12,000	19,200	-	12,240	187,440	6.4
Fexlicia Lee***	33,566	-	3,294	-	4,736	41,596	-
Andrew Lord	43,240	-	-	-	-	43,240	-
Total	484,472	39,900	48,094	81,600	39,769	693,835	

^ Other short-term remuneration relates to payment for a fixed transport allowances paid to the Executive KMP.

* Resigned on 26 July 2016
** Resigned on 31 August 2016
*** Resigned on 7 October 2016

Remuneration report (Audited) (cont'd)

Table 2: Remuneration for the year ended 30 June 2016

Director	Short-Term			Post Employment		
	Salary and fees S$	Bonus S$	Other^ S$	Super-annuation S$	Total S$	Performance related %
Executive directors						
Simon Hoo*	166,471	13,000	19,200	13,430	212,101	6.1
Kenneth Lim**	156,427	12,000	19,200	13,260	200,887	6.0
Victor Hoo Kwok Chye	153,900	13,500	19,200	13,515	200,115	6.7
Senior executives						
Hoo Hung Chye	136,800	12,000	19,200	13,260	181,260	6.6
Fexlicia Lee***	100,077	8,000	12,000	12,580	132,657	6.0
Andrew Lord	45,424	–	–	–	45,424	–
Total	759,099	58,500	88,800	66,045	972,444	

^ Other short-term remuneration relates to payment for a fixed transport allowances paid to the Executive KMP.

* Resigned on 26 July 2016
** Resigned on 31 August 2016
*** Resigned on 7 October 2016

6B. NED remuneration for the year ended

Table 3: Remuneration for the year ended 30 June 2017

Executive	Short-Term			Post Employment		
	Salary and fees S$	Bonus S$	Other^ S$	Super-annuation S$	Total S$	Perfor-mance related %
Non-executive directors						
Kam Yuen*#	-	-	-	-	-	-
Samuel Kong#	-	-	-	-	-	-
Mark Ryan*	5,909	-	-	561	6,470	-
Voiron Chor	23,636	-	-	-	23,636	-
Total	29,545	-	-	561	30,106	

* Resigned on 7 Oct 2016
\# No director fee has been paid since April 2016

Remuneration report (Audited) (cont'd)

6B. NED remuneration for the year ended

Table 4: Remuneration for the year ended 30 June 2016

	Short-Term			Post Employment		
Executive	**Salary and fees** S$	**Bonus** S$	**Other^** S$	**Super-annuation** S$	**Total** S$	**Perfor-mance related** %
Non-executive directors						
Kam Yuen	45,450	–	–	–	45,450	–
Samuel Kong	34,088	–	–	–	34,088	–
Mark Ryan	39,769	–	–	3,778	43,547	–
Voiron Chor	39,769	–	–	–	39,769	–
Total	159,076	–	–	3,778	162,854	

There were no shares, compensation options and performance rights granted to the executives during the financial year ended 30 June 2017. No share options were vested, exercised or lapsed in FY17.

6C. Shareholdings of KMP

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Fully paid ordinary shares of Life Corporation Ltd:

	Balance at 1 July 2016 No.	**Granted as remuneration** No.	**Received on exercise of options/rights** No.	**Net other change** No.	**Balance at 30 June 2017** No.
Directors:					
Kam Yuen*	–	–	–	–	–
Samuel Kong	545,735	–	–	-	545,735
Simon Hoo*	662,001	–	–	(662,001)	-
Kenneth Lim*	1,468,419	–	–	(1,468,419)	-
Victor Hoo Kwok Chye	4,486,001	–	–	-	4,486,001
Mark Ryan*	145,844	–	–	(145,844)	-
Voiron Chor	33,334	–	–	-	33,334
Executives:					
Hoo Hung Chye	4,603,337	–	–	-	4,603,337
Fexlicia Lee Pei Yue*	10,000	–	–	(10,000)	-
Andrew Lord	33,334	–	–	-	33,334
	11,988,005	–	–	(2,286,264)	9,701,741

Simon Hoo resigned on 26 July 2016
Kenneth Lim resigned on 31 August 2016
Kam Yuen resigned on 7 Oct 2016
Mark Ryan resigned on 7 Oct 2016
Fexlicia Lee Pei Yue resigned on 7 Oct 2016

6D. Related party transactions

Other than the remuneration transactions as described above, the Group also has other related party transactions with director related companies as described below

Convertible bonds

On 30 July 2014, the Company issued an unsecured convertible bond to GM Investment Company Ltd (GM), a company related to Mr. Kam Yuen and Mr. Samuel Kong and Northeast Capital Pte Ltd (Northeast), a company related to Mr. Victor Hoo and Mr. Hoo Hung Chye (collectively known as "the bond holders") 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 holders 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 bonds will be redeemed at the maturity date. Under the terms of the bond, the Company holds the right to early redeem the bonds any time after the Initial Period at a revised interest accrual rate of 11% per annum. Details of the bonds are disclosed in note 13 to the financial statements. The balance as at 30 June 2017 and interest accrued on these loans are as below:

30 June 2017	**Loan balance S$**	**Derivative liabilities S$**	**Notional interest expense S$**	**Interest forgiveness income S$**
GM Investment Company Ltd	3,787,500	2,700	2,705,412	103,500
Northeast Capital Pte Ltd	3,787,500	2,700	2,705,412	103,500
Total	**7,575,000**	**5,400**	**5,410,824**	**207,000**

30 June 2016	**Loan balance S$**	**Derivative liabilities S$**	**Notional interest expense S$**	**Interest forgiveness income S$**
GM Investment Company Ltd	1,189,900	212,372	595,722	-
Northeast Capital Pte Ltd	1,189,900	212,372	595,722	-
Total	**2,379,800**	**424,744**	**1,191,444**	**-**

On 30 June 2017, Debt Capitalisation Agreements have been signed with the respective bondholders. The Company proposed to issue 721.4 million ordinary shares to Northeast and 721.4 million ordinary shares to GM at a price of A$0.005/S$0.00525 per share (in exchange for the outstanding loan balance. The proposal is subject to shareholders' approval at an EGM to be held on 9 October 2017. Refer to Note 13 for discussion on the interest forgiveness income.

There are no other related party transactions

End of Remuneration report (Audited)

Proceedings on behalf of the Company

There were no proceedings on behalf of the Company during or since the end of the financial year.

Auditor independence and non-audit services

Independence declaration

The directors obtained a declaration of independence from the auditors, Ernst & Young, a copy of which follows the Audit Opinion.

Non-audit services

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit services provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	S$
Tax compliance services	8,500

Signed in accordance with a resolution of the directors made pursuant to S298(2) of the *Corporations Act 2001*.

On behalf of the Board

Victor Hoo Kwok Chye

29 September 2017

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Independent Auditor's Report to the Members of Life Corporation Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Life Corporation Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1.2 Going Concern in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

Building a better working world

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. **Impairment assessment of long-life assets within the SFS Care cash generating unit**

Why significant	How our audit addressed the key audit matter
The assets allocated to the Group's SFS Care ("SFS") cash generating unit ("CGU"), which include brand names with an indefinite useful life, plant and equipment and motor vehicles, are required to be tested for impairment at each reporting date. At 30 June 2017, the SFS CGU was tested for impairment and the CGU's recoverable amount was determined using a value-in-use impairment model, based on the present value of the future cash-flows expected to be derived from the CGU. This matter was important to our audit due to the quantum of the carrying value of the long-life assets as well as the judgment involved in the assessment of their recoverable amount. As disclosed in note 12 to the financial report, the estimation of future cash-flows involves key assumptions which are inherently difficult to determine. The CGU's recoverable amount is highly sensitive to changes in these assumptions, including discount rate, growth rate, gross margin and future capital costs. The results of the Group's impairment testing are disclosed in note 12 to the financial report.	In performing our procedures on the Group's impairment assessment, we: ▸ Assessed whether all indicators of impairment had been identified. ▸ Obtained the value-in-use impairment model for SFS and assessed the key inputs, including discount rate, growth rate, gross margin and future capital costs within the model as well as its mathematical accuracy. ▸ Involved our valuation specialists to provide input on the key assumptions noted above and benchmarked where applicable against external market data. ▸ Where appropriate, we assessed the historical accuracy of the Group's budgeting and forecast process. ▸ Assessed whether all appropriate assets and liabilities were included in the CGU carrying value. ▸ Performed sensitivity analysis on key assumptions to assess the impact that reasonably possible changes would have on the CGU's recoverable amount. ▸ Considered whether the disclosure in Note 12 to the financial report was accurate and complete, in accordance with the applicable Australian Accounting Standards.

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2. Impairment assessment of the columbarium under development

Why significant	How our audit addressed the key audit matter
As part of the Group's business strategy to develop a commercial columbarium business to complement their existing funeral services business, the Group was granted a long-term lease agreement by the Singapore government for a parcel of land in Tampines on 12 October 2015. Construction of the columbarium must be completed by 16 July 2019. At 30 June 2017, the carrying value of the columbarium development was $2,754,879, comprising the land rights acquisition costs of $2,180,000 and other directly attributable development costs of $565,879, which is significant to the Group's consolidated statement of financial position. As at 30 June 2017 and through to the date of this report, the regulatory approvals and financing have not been obtained. This results in significant delay in the construction of the columbarium. As a result, the Group has performed an impairment assessment to determine if the carrying value of the columbarium development can be recovered. As disclosed in note 14 to the financial report, the assessment involves the estimation of the fair value less costs of disposal of the columbarium development costs, which was determined to be equal to the fair value less costs of disposal of the land considering the current status of the columbarium development application and required financing to commence the columbarium construction. The fair value of the land was determined by an external accredited independent valuer using the Direct Comparison Method cross checked by the Residual Method. As a result of the assessment performed by the Group, an impairment expense of $572,379 was recorded. Refer to Note 14 – Asset under development to the financial report for the amounts held on the consolidated statement of financial position by the Group as at 30 June 2017, the impairment expense recognised by the Group for the year ended 30 June 2017 and related disclosure.	In performing procedures on the Group's impairment assessment of the columbarium under development, we: ▶ Obtained the external valuation report of the land and evaluated the independence, competency and objectivity of the external valuers by considering their professional qualifications and expertise. ▶ Involved our valuation specialists to assess key assumptions such as comparable transactions and the methodology used by the external valuers in arriving at the valuation amount as well as the estimated costs to sell. ▶ Enquired of the Group to understand the progress of the development of the columbarium including status of obtaining and securing necessary regulatory approvals and required financing to commence the columbarium construction. ▶ Enquired of the Group and assessed the Board of Directors' meeting minutes and various operational reports and plans in order to understand the future plans of the Group and to evaluate whether these were considered in the Group's evaluation of impairment ▶ Assessed whether the disclosure in Note 14 to the financial report was accurate and complete, in accordance with the applicable Australian Accounting Standards.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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* and for 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.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Life Corporation Ltd for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

V L Hoang
Partner
Perth
29 September 2017

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

As lead auditor for the audit of Life Corporation Ltd for the financial year ended 30 June 2017, 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 audit

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

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

Ernst & Young

Ernst & Young

V L Hoang
Partner
29 September 2017

Life Corporation Ltd

Directors' Declaration

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

(1) In the opinion of the directors:

(a) the financial statements and notes of Life Corporation Ltd for the financial year ended 30 June 2017 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 30 June 2017 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*; and

(b) subject to the achievement of matters outlined in note 1.2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2.1.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.

On behalf of the Board

Victor Hoo Kwok Chye

29 September 2017

Life Corporation Ltd

Consolidated statement of comprehensive income
For the year ended 30 June 2017

	Note	2017 S$	2016 S$
Revenue	5(a)	3,703,848	2,705,551
Cost of sales	5(b)	(2,704,510)	(2,185,894)
Gross profit		**999,338**	**519,657**
Other income	5(a)	1,308,289	895,330
Marketing expenses		(152,712)	(158,017)
Impairment of asset under development	14	(572,379)	-
Administration expenses	5(b)	(2,464,029)	(2,683,257)
Borrowing costs	5(b)	(5,410,823)	(1,191,444)
Loss before income tax		**(6,292,316)**	**(2,617,731)**
Income tax (expense)/benefit	6	53,917	(36,450)
Loss after income tax		**(6,238,399)**	**(2,654,181)**
Net loss for the year		**(6,238,399)**	**(2,654,181)**
Other comprehensive losses			
Items that may be subsequently recycled to profit and loss:			
Foreign currency translation losses attributable to parent		-	-
Total comprehensive losses for the year, net of tax		**(6,238,399)**	**(2,654,181)**
Loss after income tax attributable to:			
Members of parent		(6,238,399)	(2,654,181)
		(6,238,399)	**(2,654,181)**
Total comprehensive losses attributable to:			
Members of parent		(6,238,299)	(2,654,181)
		(6,238,399)	**(2,654,181)**

Loss per share attributable to the ordinary share equity holders of the Company:

	Note	2017	2016
Basic loss per share (cents per share)	17	(8.79)	(3.74)
Diluted loss per share (cents per share)	17	(8.79)	(3.74)

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

Life Corporation Ltd

Consolidated statement of financial position
As at 30 June 2017

	Note	2017 S$	2016 S$
Current assets			
Cash and cash equivalents	25	1,190,535	2,253,436
Trade and other receivables	7	688,321	345,887
Prepayments		8,541	54,104
Inventories		37,214	27,461
Total current assets		**1,924,611**	**2,680,888**
Non-current assets			
Plant and equipment	8	569,166	449,857
Asset under development	14	2,182,500	2,456,989
Intangible asset	12	2,107,000	2,107,000
Total non-current assets		**4,858,666**	**5,013,846**
Total assets		**6,783,277**	**7,694,734**
Current liabilities			
Trade and other payables	9	1,312,506	1,152,431
Provisions		15,502	50,549
Deferred revenue	11	1,827,377	1,397,741
Finance lease liability	18	27,008	-
Other liability		-	92,746
Income tax payables	6	50,967	44,951
Derivative financial liability	13	5,400	-
Convertible bond	13	7,575,000	1,035,000
Total current liabilities		**10,813,760**	**3,773,418**
Non-current liabilities			
Convertible bond	13	-	1,344,800
Derivative financial liability	13	-	424,744
Finance lease liability	18	169,098	-
Other liability		-	51,680
Deferred tax liability	6	404,092	465,366
Total non-current liabilities		**573,190**	**2,286,590**
Total liabilities		**11,386,950**	**6,060,008**
Net assets/(Net Liability)		**(4,603,673)**	**1,634,726**
Equity			
Contributed equity	15	94,136,740	94,136,740
Foreign currency translation reserve	16	(2,599,174)	(2,599,174)
Other reserves	16	(2,382,449)	(2,382,449)
Employee equity benefits reserve	16	4,146,654	4,146,654
Convertible bond reserve	16	4,357,999	4,357,999
Accumulated losses		(102,263,443)	(96,025,044)
Attributable to equity holders of the parent		**(4,603,673)**	**1,634,726**
Total equity/(Net Deficiency)		**(4,603,673)**	**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 year ended 30 June 2017

	Note	2017 S$	2016 S$
Cash flows from operating activities			
Receipts from customers		4,443,548	4,083,138
Payments to suppliers and employees		(5,128,372)	(4,957,105)
Interest received		759	885
Interest and other costs of finance paid		(8,367)	(5,518)
Income taxes paid		(1,340)	(18,729)
Net cash flows used in operating activities	25(b)	**(693,772)**	**(897,329)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(220,237)	(95,424)
Purchase of asset under development		(297,890)	(2,613,046)
Purchase of assets under construction		-	-
Proceeds from investment disposal		145,240	-
Proceeds from disposal of asset		45,715	900
Net cash flows used in investing activities		**(327,172)**	**(2,707,570)**
Cash flows from financing activities			
Payment on Leasing		(19,293)	-
Net cash flows from financing activities		**(19,293)**	-
Net decrease in cash and cash equivalents held		(1,040,237)	(3,604,899)
Cash and cash equivalents at the beginning of the financial year		2,253,436	5,864,181
Effects of exchange rate changes on the balance of cash held in foreign currencies		(22,664)	(5,846)
Cash and cash equivalents at the end of the financial year	25(a)	**1,190,535**	**2,253,436**

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

Life Corporation Ltd

Consolidated statement of changes in equity
For the year ended 30 June 2017

	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 year	-	-	(6,238,399)	-	-	-	(6,238,399)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year, net of tax	-	-	(6,238,399)	-	-	-	(6,238,399)
Transactions with owners in their capacity as owners							
Issuance of shares	-	-	-	-	-	-	-
At 30 June 2017	**94,136,740**	**(2,599,174)**	**(102,263,443)**	**4,146,654**	**4,357,999**	**(2,382,449)**	**(4,603,673)**

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

Life Corporation Ltd

Consolidated statement of changes in equity (cont'd)
For the year ended 30 June 2017

	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 year	-	-	(2,654,181)	-	-	-	(2,654,181)
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive income for the year, net of tax	-	-	(2,654,181)	-	-	-	(2,654,181)
Transactions with owners in their capacity as owners							
Issuance of shares	-	-	-	-	-	-	-
At 30 June 2016	**94,136,740**	**(2,599,174)**	**(96,025,044)**	**4,146,654**	**4,357,999**	**(2,382,449)**	**1,634,726**

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

1. General information

1.1 Corporate information

The financial report of Life Corporation Ltd (the "Company") for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 29 September 2017.

Life Corporation Ltd (the parent) is a for profit company limited by shares, incorporated and domiciled in Australia and operates in Singapore. Life Corporation Ltd is the ultimate holding company of the Group. The shares of the Company are publicly traded on the Australian Securities Exchange.

The Company's registered office is located at Level 10, 167 Queen Street, Melbourne, Victoria 3000, Australia. The principal place of business is located at 988 Toa Payoh North, #07-05 Singapore 319002.

The Company and its controlled entities' ("consolidated entity" or “the Group”) principal activities in the course of the financial year were the provision of multi-religion funeral services relating to burials or cremations and including other related ancillary services and supplies.

1.2 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.

Group cash position as at 30 June 2017 was S$1,190,535 (30 June 2016: S$2,253,436) and its current liabilities as at 30 June 2017 was S$10,813,760 (30 June 2016: S$3,773,418) mainly attributed to a convertible bond liability of S$7,575,000, a deferred revenue liability of S$1,827,377 and a trade and other payable of S$1,312,506. The net cash outflows for the current financial year amounted to S$1,040,237 (2016: S$3,604,899).

As noted in note 13, the Group has a convertible bond liability with a face value of S$6,000,000. 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 and interest totalling S$7,575,000 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.

On 30 June 2017, the Group entered into the Debt Capitalisation Agreements with the bondholders to convert the outstanding bonds into 1,442,857,142 shares in the Group. The Agreements are subject to the shareholders’ approval at an Extraordinary General Meeting (“EGM”) to be held on 9 October 2017. The bondholders have confirmed they will not demand for a repayment of any part of the outstanding balance until 30 November 2017. Upon successful completion of the Group’s recapitalisation, one of the bondholders has also undertaken to provide the required financial support to assist the Group in meeting its liabilities as and when they fall due for 12 months from the date of signing the Company’s financial statement.

As at 30 June 2017, the ability of the Group to continue its operations is dependent on the Group:

a) obtaining necessary approval from shareholders to convert the outstanding bonds into 1,442,857,142 shares in the Group
b) obtaining required financial support from its shareholders upon the completion of the debt re-capitalisation and generating sufficient cash inflows to meet on-going expenditure commitments
c) obtaining and securing necessary regulatory approvals and required financing to commence the columbarium construction

1.2 Going concern (cont'd)

The Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be successful in achieving the above.

Should the Group not achieve the matters set out above, there is a significant uncertainty whether it will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the company not be able to continue as a going concern.

2. Significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on the basis of historical cost, except for derivative financial liabilities which have been measured at fair value.

The financial report is presented in Singapore dollars.

Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.2 Changes in accounting policies and disclosures

(a) New and amended accounting standards and interpretations

From 1 July 2016, Life Corporation Ltd has adopted all Australian Accounting Standards and Interpretations effective from 1 July 2016, including:

Reference	Title	Summary
AASB 2014-4	Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	The amendments clarify the principle in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments had minimal effect on the Group's financial report.

2.2 Changes in accounting policies and disclosures (cont'd)

Reference	Title	Summary
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The amendments clarify certain requirements in: - AASB 5 Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal - AASB 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to AASB 7 to condensed interim financial statements - AASB 119 Employee Benefits - regional market issue regarding discount rate - AASB 134 Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report The amendments had minimal effect on the Group's financial report.
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	This Standard makes amendments to AASB 112 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments had minimal effect on the Group's financial report.
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	The amendments to AASB 107 Statement of Cash Flows are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The amendments had minimal effect on the Group's financial report.

2.2 Changes in accounting policies and disclosures (cont'd)

(b) Accounting standards and interpretations issued but not yet effective

The following standards and interpretations have been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2017. The Group is in the process of determining the impact of the amendments of these standards and interpretations.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 9, and relevant amending standards	*Financial Instruments*	AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement*. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard*	Application date for Group*
		The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.		
AASB 15, and relevant amending standards	Revenue from Contracts with Customers	AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB Interpretation 13 *Customer Loyalty Programmes*, AASB Interpretation 15 *Agreements for the Construction of Real Estate*, AASB Interpretation 18 *Transfers of Assets from Customers* and AASB Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 *Leases*, once applied). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps: ► Step 1: Identify the contract(s) with a customer ► Step 2: Identify the performance obligations in the contract ► Step 3: Determine the transaction price ► Step 4: Allocate the transaction price to the performance obligations in the contract Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	1 January 2018	1 July 2018
AASB 16	Leases	AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees – leases of ’low-value’ assets (e.g., personal computers)	1 January 2019	1 July 2019

Reference	Title	Summary	Application date of standard*	Application date for Group*
		and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.		
2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	This Standard makes amendments to AASB 112 *Income Taxes* to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	The amendments to AASB 107 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).	1 January 2017	1 July 2017
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian	The amendments clarify certain requirements in: ▸ AASB 5 Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal	1 January 2016	1 July 2017

Reference	Title	Summary	Application date of standard*	Application date for Group*
	Accounting Standards 2012–2014 Cycle	▸ AASB 7 Financial Instruments: Disclosures - servicing contracts; applicability of the amendments to AASB 7 to condensed interim financial statements ▸ AASB 119 Employee Benefits - regional market issue regarding discount rate AASB 134 Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'		
AASB 2016-5	*Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	This Standard amends AASB 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: ▸ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ▸ Share-based payment transactions with a net settlement feature for withholding tax obligations A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018	1 July 2018
AASB Interpretation 22	*Foreign Currency Transactions and Advance Consideration*	The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.	1 January 2018	1 July 2018

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of Life Corporation Ltd and its controlled entities as at and for the period ended 30 June each year ("consolidated entity" or "the Group"). Control is achieved when the Group is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if an only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit and loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Life Corporation are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of comprehensive income of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

2.3 Basis of consolidation (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit disposal of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

2.4 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.4 Summary of significant accounting policies (cont'd)

(b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised intended to sold or consumed in the Group's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

  Or

- Cash of cash equivalent unless restricted from being exchanged or used to settle liability for at least twelve months after the reporting period

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the Group's normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

  Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

(c) Foreign currency translation

(i) *Functional and presentation currency*

Both the functional and presentation currency of Life Corporation is Singapore dollars (S$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) *Transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Differences arising on settlement or translation of monetary items are recognised in statement of comprehensive income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2.4 Summary of significant accounting policies (cont'd)

(c) Foreign currency translation (cont'd)

(ii) *Transactions and balances (cont'd)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or statement of comprehensive income are also recognised in other comprehensive income or statement of comprehensive income, respectively).

(iii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in statement of comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with a maturity of three months or less that are held for the purpose of meeting short term commitments and not for investment purposes and are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing borrowings in current liabilities on the statement of financial position.

2.4 Summary of significant accounting policies (cont'd)

(e) Inventories

Inventories of the Group are measured at the lower cost, on a first in first out basis, and net realisable value, and consist of finished goods and consumables used in the provision of services.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(f) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Office equipment	-	3 to 5 years
Plant and equipment	-	3 to 10 years
Leasehold improvements	-	3 years
Motor vehicles	-	3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition and disposal

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

2.4 Summary of significant accounting policies (cont'd)

(g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised.

(h) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

2.4 Summary of significant accounting policies (cont'd)

(h) Impairment of non-financial assets (cont'd)

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units ('CGU's) that are expected to benefit from synergies of the combination. The unit to which goodwill is allocated was the SFS Care CGU. The goodwill balance was fully impaired in the prior year.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Intangible assets with the indefinite useful lives are tested for impairment annually as at 30 June at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(i) Convertible bond

The component of the convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On issuance of the convertible bonds, the fair value of the liability component is determined using an estimated market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on an amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. Interest on the liability component of the instrument is recognised as an expense in the statement of comprehensive income.

The fair value of any derivative features embedded in the convertible bond other than the equity component are included in the liability component. Subsequent to initial recognition, these derivative features are measured at fair value with gains and losses recognised in the statement of comprehensive income.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

2.4 Summary of significant accounting policies (cont'd)

(i) Convertible bond (cont'd)

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(k) Financial instruments- initial recognition and subsequent measurement

(i) *Financial assets*

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, other financial assets and trade and other receivables.

2.4 Summary of significant accounting policies (cont'd)

(k) Financial instruments- initial recognition and subsequent measurement (cont'd)

(i) *Financial assets (cont'd)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

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 measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the statement of comprehensive income in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 Summary of significant accounting policies (cont'd)

(k) Financial instruments- initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Derecognition (cont'd)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) *Impairment of financial assets*

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

<u>Financial assets carried at amortised cost</u>

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR

2.4 Summary of significant accounting policies (cont'd)

(k) Financial instruments- initial recognition and subsequent measurement (cont'd)

(ii) *Impairment of financial assets (cont'd)*

Financial assets carried at amortised cost (cont'd)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

2.4 Summary of significant accounting policies (cont'd)

(k) Financial instruments - initial recognition and subsequent measurement (cont'd)

(iii) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payable, loans and borrowings, convertible bond and derivative financial liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group designated its derivative financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer Note 4.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.4 Summary of significant accounting policies (cont'd)

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Rendering of services

Revenue from the provision of funeral services is recognised by reference to the stage of completion of the services deliverables in respect of a particular client. Consideration received in advance is recognised as deferred revenue until the service is delivered, at which point, revenue is recognised.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to buyer, usually on the delivery of goods.

Interest revenue

Interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

(m) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

(n) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the statement of comprehensive income.

2.4 Summary of significant accounting policies (cont'd)

(n) Leases (cont'd)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(o) Taxes

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- where the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case, a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 Summary of significant accounting policies (cont'd)

(o) Taxes (cont'd)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the sales tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of sales tax recoverable from, or payable to, the taxation authority.

(p) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities in respect of employee service up to the reporting date for wages and salaries and annual leave expected to be wholly settled within 12 months of the reporting date, are measured at their nominal values using the remuneration rate due to apply at the time of settlement. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

2.4 Summary of significant accounting policies (cont'd)

(p) Employee benefits (cont'd)

Any provision made in respect of long service leave and annual leave which is not expected to be wholly settled within 12 months is measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date using the projected unit credit method.

(q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

(t) Fair value measurement

The Group measures financial instruments such as derivative at fair value at each reporting date. 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 the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participant would use when pricing the asset or liability, assuming that market participant act in their economic best interest.

2.4 Summary of significant accounting policies (cont'd)

(t) Fair value measurement (cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the used of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) as the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(u) Comparative information

Certain comparatives have been reclassified to conform with the current year classification.

3. Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements at the end of the reporting period. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

3. Significant accounting judgments, estimates and assumptions (cont'd)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. Due to the large number of debtors, this assessment is based on supportable past collection history and historical write-offs of bad debts. Details of the impairment loss allowance are outlined in Note 7.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for equipment). In addition, the condition of the assets are assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 8.

3. Significant accounting judgments, estimates and assumptions (cont'd)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU).

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include significant future investments that will enhance the asset's performance of the CGU being tested. The value in use is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Variations to expected future cash flows, and timing thereof, could result in significant changes in the recoverable amount, which in turn could impact future financial results.

The FVLCD assessment is based on a market comparison approach using available data from sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The key assumptions used to determine the recoverable amount for the CGUs are disclosed and further explained in Note 12 and Note 14.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial positions cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the binomial tree model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. See Note 10 for further disclosures.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Refer to note 6 for further information.

4. Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management processes and initiatives. The Group manages its financial risks to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees management's processes for managing each of these risks as summarised below. The Company believes that it is crucial for all Board members to be a part of this process.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's key exposure to cash flow variable interest rate risk is from the Group's cash and cash equivalents and other financial assets which relate to term deposits of varying maturities and variable interest rates during the financial year. The details of cash balances required to meet short term commitments is disclosed in Note 25.

The Group has cash balances placed with reputable banks and financial institutions. The Group manages its interest rate risks on its interest income by placing cash balances in deposits of varying maturities to access the strongest interest rates available and conserve the capital base of those funds.

At the reporting date the financial assets and liabilities of the Group that were exposed to variable interest rate that are not designated in a cash flow hedge is cash and cash equivalent amounting to S$1,190,535 (2016 : S$2,253,436), derivative financial liability of S$5,400 (2016: S$424,744)

Movements in interest rates will therefore have an impact on the Company and the Group. At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit/loss and equity would have been affected as follows:

	Net loss Higher/ (Lower)		**Other comprehensive loss Higher/ (Lower)**	
	2017	**2016**	**2017**	**2016**
	S$	S$	S$	S$
Judgements of reasonably possible movements *:				
+ 1% (2016: +1%)	11,851	25,779	11,851	25,779
- 0.5% (2016: -0.5%)	(5,926)	(16,224)	(5,926)	(16,224)

* The rate applied in 2017 is based on management expectations.

4. Financial risk management objectives and policies (cont'd)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in different currency from the respective functional currency).

Prior to 1 July 2014

The functional currency of most operations was Australian dollars. The Group was principally exposed to foreign exchange risk on those financial instruments denominated in Singapore dollars, held by entities with an Australian dollar functional currency.

Subsequent to 1 July 2014

Life Corporation Ltd and its subsidiaries has experienced a period of growth in Singapore dollar revenue stream after the acquisition of SFS Care Pte Ltd was completed in FY14. In FY15, the Company increased its Singapore dollars debts significantly. Consequently, the directors had determined that the functional currency of the Company and certain subsidiaries is Singapore dollars. As a result, operations within the Group are exposed to foreign currency risk arising from transactions and balances denominated in currencies other than Singapore dollar. Monetary items denominated in currencies other than the functional currency are translated into Singapore dollar equivalents and any associated gain or loss is taken to the income statement.

The table below shows the financial instruments by currency. The Group is principally exposed to foreign exchange risk on those financial instruments denominated in currencies other than Singapore dollar.

	30 June 2017[(1)]			**30 June 2016**		
Exposed to	AUD	Others	Total	AUD	Others	Total
Financial assets						
Cash	S$118,433	S$80,360	S$198,793	S$99,840	S$121,992	S$221,832
Financial liabilities						
Derivative financial liability	S$5,400	–	S$5,400	S$424,744	–	S$424,744

(1): Currency exposure exists in respect of balances denominated in currencies other than Singapore dollar.

The following table summarises the sensitivity of the balance of financial instruments held at the reporting date to movement in the exchange rate of the Singapore dollar to the Australian dollar, with all other variables held constant.

The derivative financial liability is sensitive to the changes in the A$/S$ exchange rate. The table below outlines the impact a change in the AUD exchange rate has on the fair value of the derivative financial liability.

4. Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

	Net loss Higher/ (Lower)		Other comprehensive loss Higher/ (Lower)	
	2017	**2016**	**2017**	**2016**
	S$	S$	S$	S$
Judgements of reasonably possible movements *:				
+ 5% (2015: 5%)	5,652	16,245	–	–
- 5% (2015: 5%)	(5,652)	(16,245)	–	–

* The rate applied in 2017 is based on management expectations.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise mainly of cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group's primary bankers are DBS Ltd and Commonwealth Bank of Australia, with whom the Group's operating accounts are held. The directors consider these financial institutions, which have ratings of at least A from Standard & Poor's, to be appropriate for the management of credit risk with regards to funds on deposit.

Trade receivables comprise amount due from individual and given the nature of the services and the highly short-term nature of trade debtors subsequent to service delivery, the Group does not perform credit checks so can potentially be subject to credit risks. To mitigate such risks, receivable balances are monitored on regular basis with the result that the Group's exposure to bad debts to date has not been significant. An impairment analysis is performed at each reporting date on an individual basis for all outstanding clients. Except for the matters above, there are no significant concentrations of credit risk within the Group.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain adequate funding to meet the operating requirements of the business and to facilitate the Group's ongoing growth plans.

The Group's liquidity risk management policy is to maintain sufficient liquid financial assets.

At reporting date, the Group has cash and cash equivalents and term deposits of S$1,190,535. Refer to note 1.2 for further discussion on the Group's liquidity position.

4. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

30 June 2017		**Cash flows**			
	Carrying amount	**Total contractual cash flows**	**Within 1 year**	**Within 2 to 5 years**	**Above 5 years**
	S$	S$	S$	S$	S$
Trade and other payables	1,312,506	1,312,506	1,312,506	–	-
Finance lease	196,106	232,565	37,224	148,896	46,445
Convertible bond	7,575,000	7,575,000	7,575,000	-	-
	9,083,612	9,120,071	8,924,730	148,896	46,445

30 June 2016		**Cash flows**			
	Carrying amount	**Total contractual cash flows**	**Within 1 year**	**Within 2 to 5 years**	**Above 5 years**
	S$	S$	S$	S$	S$
Trade and other payables	1,152,431	1,152,431	1,152,431	–	-
Other liabilities	144,426	144,426	92,746	51,680	-
Convertible bond	2,379,800	8,205,000	1,080,000	7,125,000	-
	3,676,657	9,501,857	2,325,177	7,176,680	-

Refer to Note 10 for details regarding fair value measurement of financial instruments.

Equity price risk

The fair value of derivative financial liability is susceptible to market price list arising from uncertainties about the future value of the Company's listed price. At the reporting date, the exposure to fair value of derivative financial liability is S$5,400 (2016: S$424,744). The table below outlines the impact of a change in the Company's listed share price has on the fair value of derivative financial liability as at 30 June 2016. Given the conversion option is very out of the money at 30 June 2017, any reasonable possible movement in the share prices has very immaterial impact on the value of the embedded derivatives.

	Change in share price	**Effect on loss before tax S$**	**Effect on equity S$**
30 June 2016	+10%	50,906	–
	-10%	(58,104)	–

5. Revenue and expenses

		2017 S$	2016 S$
(a)	***Revenue***		
	Revenue from the rendering of services	3,691,314	2,695,151
	Revenue from sale of goods	100	2,610
		3,691,414	**2,697,761**
	Other revenue		
	Referral fee	12,434	7,790
		12,434	**7,790**
	Total revenue	**3,703,848**	**2,705,551**
	Other income		
	Gain from investment disposal*	405,240	-
	Debt forgiveness (note 13)	207,000	-
	Net unrealised gain on re-measurement of derivative financial liability at fair value (refer to Note 10)	419,344	799,445
	Sundry income	276,705	95,885
		1,308,289	**895,330**
	Total revenue and other income	**5,012,137**	**3,600,881**

* During the financial year, the Group disposed of several unlisted investments for $405,240. The cost of these investments was NIL, resulting in a gain from investment disposal of a similar amount.

		2017 S$	2016 S$
(b)	***Expenses***		
	Included in cost of sales:		
	Cost of inventories recognised as expense	141,928	105,214
	Employee benefit expense:		
	Wages and salaries	694,123	512,395
	Included in administration expenses:		
	Depreciation of plant and equipment	213,606	188,565
	Operating lease expenses rental expenses	179,392	195,796
	Employee benefit expense:		
	- Wages and salaries	1,090,005	1,324,072
	- Defined contribution plan expense	112,591	147,595
	Other expenses:		
	- Legal and professional fees	245,766	34,174
	- Loss on fixed asset disposal	57,007	-
	- Business travel	40,436	52,830
	- Consultancy	15,518	83,472
	- Advertising and promotion	118,526	79,783
	- Impairment loss on trade receivables	46,650	7,229
	Included in borrowing costs:		
	Interest on convertible bond	5,410,823	1,191,444

6. Income tax

The major components of income tax expense for the years ended 30 June 2017 and 30 June 2016:

	2017	**2016**
	S$	S$
Current income tax:		
Current income tax charge	31,228	8,634
Current income tax benefit	–	–
Adjustment in respect of current income tax of previous year	(23,871)	27,816
Deferred tax:		
Origination of temporary differences	(61,274)	–
Adjustment in respect of current deferred tax of previous year	–	–
Income tax expense/(benefit)reported in the statement of comprehensive income	(53,917)	36,450

A reconciliation between tax expense/(benefit) and the product of accounting loss before tax multiplied by the Group's applicable income tax rate for the year ended 30 June 2017 and 2016 is as follows:

Loss before tax	(6,292,316)	(2,617,731)
Total accounting loss before income tax	(6,292,316)	(2,617,731)
Income tax benefit calculated at the Company's statutory income tax rate of 27.5% (2016: 30%)	(1,730,361)	(785,319)
Expenses not deductible for tax purposes	2,075,693	88,239
Income not subject to tax	(134,429)	82,189
Tax losses not previously recognised	(665,062)	(239,834)
Tax losses and temporary differences not brought to account as deferred tax asset	434,950	594,561
Differences in tax rates in Singapore	22,813	304,574
Under/(over) provision in prior years	(23,871)	27,816
Effect of partial exemption	(33,650)	(35,776)
Income tax expense/(benefit)	(53,917)	36,450

6. Income tax (cont'd)

	Current income tax 2017 S$	Deferred income tax 2017 S$	Current income tax 2016 S$	Deferred income tax 2016 S$
Opening balance	(44,951)	(465,366)	(27,230)	(465,366)
Charged to income	(7,357)	61,274	(36,450)	–
Other payments	1,341	–	18,729	–
	(50,967)	(404,092)	(44,951)	(465,366)

Deferred tax

	Statement of financial position 2017 S$	Statement of financial position 2016 S$
Deferred income tax at 30 June relates to the following:		
Deferred tax (assets)/liabilities		
Accelerated depreciation: plant and equipment	61,056	107,176
Intangible assets	358,190	358,190
Deferred tax not recognised	(15,154)	-
Total deferred tax liabilities recognised	404,092	465,366

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The taxation benefits of certain tax losses and temporary differences have not been brought to account since it is not probable whether future assessable income would be derived of a nature and of an amount sufficient to enable the benefits from the deductions to be realised.

The deferred tax assets arising from tax losses not brought to account is S$13,689,359 (2016: S$15,200,661).

6. Income tax (cont'd)

Deferred tax (cont'd)

Deferred tax assets not recognised	**2017**	**2016**
	S$	S$
Revenue tax losses – Australia	12,824,196	14,342,916
Revenue tax losses – Singapore	865,163	857,745
Deferred tax assets not recognised	13,689,359	15,200,661

7. Trade and other receivables

	2017	**2016**
	S$	S$
Current		
Trade receivables	300,443	187,796
Allowance for impairment loss	(86,878)	(60,050)
	213,565	127,746
Goods and services tax (GST) receivable	85,698	74,290
Interest and other receivables	389,058	143,851
	688,321	345,887

Terms and conditions

Terms and conditions relating to the above financial instruments are as follows:

(i) Trade receivables are non-interest bearing and generally on cash on delivery terms.

(ii) Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

As at 30 June 2017, current trade receivables of S$86,878 (2016: S$60,050) were impaired and fully provided for. See below for the movements in the impairment allowance account for receivables:

	2017	**2016**
	S$	S$
At 1 July	60,050	53,611
Charge for the year	46,650	7,229
Written off	(19,822)	(790)
At 30 June	86,878	60,050

7. Trade and other receivables (cont'd)

At 30 June, the ageing analysis of current trade receivables is as follows:

		Total	Neither past due nor impaired	Past due but not impaired			
				<30 days	**31 – 60 days**	**61 – 90 days**	**>90 days**
		S$	S$	S$	S$	S$	S$
2017	Consolidated	213,565	13,460	197,516	214	15	2,360
2016	Consolidated	127,746	78,449	33,747	6,074	6,173	3,303

Receivables over 30 days but not impaired is S$2,390 (2016: S$15,550). All of the customers are individuals. The business development managers have been in direct contact with the relevant customer and are satisfied that payment will be received in full.

Other balances within trade and other receivables, other than those stated above, do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

Fair value

Due to the short-term nature of current receivables, their carrying value net of impairment is assumed to approximate their fair value.

Foreign exchange and credit risk

Refer to Note 4 for details regarding the risk exposures arising from financial assets.

8. Plant and equipment

	2017	2016
	S$	S$
Leasehold improvements		
At cost	14,453	14,453
Accumulated depreciation	(14,453)	(9,636)
	-	4,817
Office equipment		
At cost	443,193	835,835
Accumulated depreciation	(301,123)	(797,354)
	142,070	38,481
Furniture & fittings		
At cost	213,144	77,271
Accumulated depreciation	(166,898)	(10,251)
	46,246	67,020

8. Plant and equipment (cont'd)

	2017	2016
	S$	S$
Motor vehicles		
At cost	1,308,201	1,225,756
Accumulated depreciation	(927,351)	(886,217)
	380,850	339,539
Total plant and equipment		
At cost	1,980,241	2,153,315
Accumulated depreciation	(1,411,075)	(1,703,458)
Total written down amount	569,166	449,857

Reconciliation of carrying amounts at the beginning and end of period

Leasehold improvements		
Net carrying amount at beginning	4,817	9,635
Depreciation expense	(4,817)	(4,818)
	-	4,817
Office equipment		
Net carrying amount at beginning	38,481	74,885
Additions	134,179	3,024
Disposals	(2,398)	–
Depreciation expense	(28,192)	(39,428)
	142,070	38,481
Furniture & fittings		
Net carrying amount at beginning	67,020	15,247
Additions	12,488	65,400
Disposals	(652)	(3,262)
Depreciation expense	(32,610)	(10,365)
	46,246	67,020
Motor vehicles		
Net carrying amount at beginning	339,539	446,493
Additions	288,640	27,000
Disposals	(99,672)	-
Depreciation expense	(147,657)	(133,954)
	380,850	339,539
Total		
Net carrying amount at beginning	449,857	546,260
Additions	435,307	95,424
Disposals	(102,722)	(3,262)
Depreciation expense	(213,276)	(188,565)
	569,166	449,857

8. Plant and equipment (cont'd)

The carrying value of motor vehicles held under hire purchase contracts as at 30 June 2017 was S$224,499 (2016: Nil). Assets under hire purchase contracts are pledged as security for the related hire purchase liabilities.

There are no other encumbrances over the fixed assets of the Group.

9. Trade and other payables

	2017	2016
	S$	S$
Trade payables	223,196	120,994
Goods and services tax (GST) payable	46,810	77,098
Remuneration accrued for non-executive directors	280,960	239,061
Non-trade payables and accruals	747,087	700,825
Provision for reinstatement cost	14,453	14,453
	1,312,506	1,152,431

Terms and conditions

Trade payables, GST payable are non-interest bearing and are normally settled on 30-60 day terms.

Non-trade payables and accruals are non-interest bearing and have repayment terms between 30-60 days.

Provision for reinstatement cost relates principally to the obligation to restore to the original state and condition of Singapore office when the lease agreement is terminated. Provisions are recognised when the obligation to restore the office premise arises.

Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value

Interest rate, foreign exchange and liquidity risk

Refer to Note 4 for details regarding risk exposures arising from financial liabilities.

10. Financial instruments

Fair value

Other than those financial liabilities associated with the convertible bonds, the fair value of other financial assets and liabilities are approximately the same as their carrying amounts. Set out below is a comparison, by class, of the carrying amounts and fair value of the convertible bond related financial instruments:

	Carrying amount		Fair value	
	2017	**2016**	**2017**	**2016**
	S$	**S$**	**S$**	**S$**
Liabilities measured at fair value				
Derivative financial liability (note 13)	5,400	424,744	5,400	424,744
Liabilities for which fair value is disclosed				
Convertible bond (note 13)	7,575,000	2,379,800	7,575,000	4,370,776
Total	**7,580,400**	**2,804,544**	**7,580,400**	**4,795,520**

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's convertible bond related financial liabilities

Fair value measurement hierarchy for liabilities as at 30 June 2017:

		Fair value measurement using			
	Date of valuation	**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 13)	30 June 2017	5,400	-	5,400	–
Liabilities for which fair value is disclosed:					
Convertible bond (note 13)	30 June 2017	7,575,000	-	7,575,000	–

At 30 June 2017, the face value and accrued interest became due and payable because the Group was in default on the bonds. Their fair value is estimated to be the same as the carrying value. There have been no transfers between Level 1, Level 2 or Level 3 during the year.

10. Financial instruments (cont'd)

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

			Fair value measurement using		
	Date of valuation	**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 13)	30 June 2016	424,744	–	424,744	-
Liabilities for which fair value is disclosed:					
Convertible bond (note 13)	30 June 2016	4,370,776	–	4,370,776	-

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

The management assessed that the fair values of cash at bank, trade and other receivable, trade payables 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 the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

- Fair value of the convertible bond is estimated using discounting future cash flows using bond interest rate and discount rate. The probabilities of the various estimate 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 valuation technique, i.e binomial tree model. The model incorporates various inputs including share price volatility, foreign exchange rate, and share price for the conversion.

10. Financial instruments (cont'd)

Reconciliation of fair value measurement of embedded derivative liability:

	Embedded derivative financial liability S$
As at 1 July 2015	1,224,189
Remeasurement recognised in profit or loss	(799,445)
As at 30 June 2016	424,744
Remeasurement recognised in profit or loss	(419,344)
As at 30 June 2017	5,400

11. Deferred revenue

	2017 S$	**2016** S$
At 1 July	1,397,741	295,010
Deferred during the year	433,500	1,107,289
Released to profit or loss	(3,864)	(4,558)
At 30 June	1,827,377	1,397,741
Current	1,827,377	1,397,741
Non-current	–	–
	1,827,377	1,397,741

The deferred revenue refers to the sales of prepaid funeral services and products.

12. Intangible asset

	Brand S$	**Total** S$
Cost		
At 1 July 2016	2,107,000	2,107,000
Acquisition of a subsidiary	-	-
Exchange differences	-	-
At 30 June 2017	2,107,000	2,107,000
Amortisation and impairment		
At 1 July 2016	-	-
Impairment	-	-
At 30 June 2017	-	-
Net book value		
At 30 June 2016	2,107,000	2,107,000
At 30 June 2017	2,107,000	2,107,000

12. Intangible asset (cont'd)

Brand relates to the "SFS" brand name for the Group's funeral services that was acquired in the business combination in financial year ended 30 June 2014. The useful life of the brand is estimated to be indefinite. As at 30 June 2017, 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 30 June 2017 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 arising from a 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. A reduction of 1% to nil in the long-term growth rate would result in an impairment of S$54,773 (2016: S$47,600) for the SFS Care CGU.

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. A rise in the post-tax discount rate to 13.50% (2016: 13.82%) in the funeral business service would result in an impairment. 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 17.35% (2016: 17.18%).

13. Convertible bond

On 30 July 2014, the Company issued an unsecured convertible bond to GM Investment Company Ltd and Northeast Capital Pte Ltd, a related party of the Company (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. 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.

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 on initial recognition and subsequently re-measured at fair value with unrealised gain/loss to be recognised in the income statement. The host debt contract was recognised at the residual value on initial recognition and is subsequently measured at amortised cost.

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 declaring the principal and interest to be immediately due and payable in full on the Default Redemption Date. As a result, management has accelerated the recognition of the interest expenses on the loan to increase the carrying value of the loan to its face value being the amount due and payable to the bondholders if they were to call the loan on 30 June 2017. This resulted in a net borrowing expense of S$5,410,823 for the year ended 30 June 2017.

On 30 June 2017, the Group and the bondholders signed Debt Capitalisation Agreements to convert the outstanding balance at 30 June 2017 into equity. The agreements are subject shareholder approval to be held on 9 October 2017. As part of the agreements, the bondholders confirmed the amount due and payable by the Group to the bondholders as at 30 June 2017, including all interest, costs, penalties and expenses whatsoever accrued under the convertible bond deeds up to 30 June 2017 to be S$7,575,000. This is S$207,000 lower than the amount that would have been due under the original contractual terms of the conversion bond deeds. This resulted in an interest expense forgiveness income of the same amount. The fair value of the embedded derivative financial liability decreased to S$5,400 resulting in an other income of S$419,344.

14. 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.

14. Asset under development (cont'd)

As at 30 June 2017, asset under development with a gross cost of S$2,754,879 (30 June 2016: S$2,456,989) has been recognised representing the premium for the parcel of land (exclusive of GST) and related expenditure for the automated columbarium development.

Due to the significant delay in getting required approval to construct the columbarium, management has performed an impairment assessment at 30 June 2017 and has written down the asset under development to S$2,182,500 being the fair value less cost to disposal ("FVLCD") of the land and has recognised an impairment write-down charge of S$572,379 as a result. The FVLCD was determined by an external independent third party valuer engaged by the Group and was based on comparable market transactions cross-checked with residual value method. The fair value methodology adopted by the external independent third party was categorised as Level 3 in the fair value hierarchy.

15. Contributed equity

	2017	**2016**
	S$	S$
70,960,655 (2016: 70,960,655) fully paid ordinary shares	94,136,740	94,136,740
Fully paid ordinary shares:		
Balance at beginning and end of financial year - 70,960,655 (2016: 70,960,655) fully paid ordinary shares	94,136,740	94,136,740

Capital management

Capital comprise of shareholders' equity as disclosed in the statement of financial position.

The Group's objective when managing capital is to ensure that the Group continues as a going concern as well as to maintain optimal returns to shareholders and other benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity as well as to allow the Group to expand and pursue future investment activities.

To adjust the capital structure to take advantage of favourable costs of capital or high returns on assets, the Group may obtain gearing through loans and borrowings, pay dividends to shareholders, return capital to shareholders or issue new shares. The Group is currently primarily equity-funded and raises capital from the market.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2017 and 30 June 2016.

16. Reserves

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Employee equity benefits reserve

The employee equity benefits reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration.

16. Reserves (cont'd)

Other reserve

When the Company purchased non-controlling interests in PT Cordlife Indonesia and Cordlife (Hong Kong) Ltd in prior years, this reserve was used to record the consideration paid in excess of the carrying value of the non-controlling interest.

Convertible bond reserve

This reserve is used to record the equity portion of the convertible bond net of transaction costs.

17. Loss per share

Basic loss per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible ordinary shares and the unrealised gain on derivative financial liability) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income used in the basic loss per share computations:

	2017	**2016**
	S$	S$
Net loss attributable to members for basic loss	(6,238,399)	(2,654,181)
Weighted average number of ordinary shares for basic earnings per share	70,960,655	70,960,655

The potential ordinary shares in the form of convertible bond was not included in computing diluted loss per share at 30 June 2017 as they are anti-dilutive (2016: NIL).

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

18. Commitments

Operating lease commitments

Operating leases relate to office premises with lease terms of between 2 to 3 years, with an option to extend for a further 1 to 3 years. All operating lease contracts contain market review clauses in the event that the consolidated entity exercises its option to renew. The consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2017	**2016**
	S$	S$
Within one year	171,435	152,462
After one year and not more than 5 years	169,098	72,625
More than 5 years	–	–
	340,533	225,087

Finance lease commitments

The Group has finance leases for various items of motor vehicles with a weighted average interest rate of 4.8%. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:

	2017		**2016**	
	Minimum Payments	**Present value of payments**	**Minimum Payments**	**Present value of payments**
	S$	**S$**	**S$**	**S$**
Not later than one year	37,224	27,008	-	-
Later than one year and less than	148,896	124,327	-	-
five years			-	-
More than five years	46,445	44,771		
	232,565	196,106	-	-

Classified as

	2017	2016
Current liability	27,008	-
Non-current liability	169,098	-
	196,106	-

19. Controlled entities

Name of Company	Country of incorporation	Percentage of Equity held by the Parent 2017 %	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 Sciences Limited ##	Thailand	-	100
Cygenics (Thailand) Ltd* ##	Thailand	-	49
PT Cordlife Indonesia+#	Indonesia	65	65
CLS Services B.V. ##	Netherlands	-	100
SFS Care Pte Ltd+	Singapore	100	100
Eternal Pure Land Pte Ltd+##	Singapore	-	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.
# Entities were dormant during the year
These were deregistered during the financial year

20. Parent entity information

	Company	
	2017	**2016**
	S$	S$
Information relating to Life Corporation Ltd:		
Current assets	406.126	141,361
Non-current assets	3,061,445	11,608,958
Total assets	3,467,571	11,750,319
Current liabilities	8,071,244	4,224,280
Non-current liabilities	-	2,804,544
Total liabilities	8,071,244	7,028,824
Net assets/(net liabilities)	(4,603,673)	4,721,495
Issued capital	94,136,740	94,136,740
Accumulated losses	(104,917,175)	(95,592,007)
Employee equity benefits reserve	4,357,999	4,357,999
Convertible bond reserve	4,146,654	4,146,654
Foreign currency translation reserve	(2,327,891)	(2,327,891)
Total shareholders' equity/ (net deficiency)	(4,603,673)	4,721,495
Profit/ (loss) of the parent entity	(9,325,168)	675,596
Total comprehensive income/ (loss) of the parent entity	(9,325,169)	675,596

There are no guarantees provided by the parent entity to its subsidiaries as at 30 June 2017. There are no contingencies for the parent entity as at 30 June 2017.

21. Segment information

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

The operating segments are identified by management based on the manner in which the product is sold, the nature and similarity of services provided, the method of service delivery, gross margin, types of customers and risks associated with the geographical market, as these were the sources of the Group’s major risks and had the most effect on the rates of return. Discrete financial information of each of these operating segments was reported to the executive management team on at least a monthly basis.

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 with all non-current assets are in Singapore.

22. Related party disclosure

(a) *Equity interests in related parties*

Equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 19 to the financial statements.

(b) *Related party transactions*

Other than the remuneration transactions as described above, the Group also has other related party transactions with director related companies as described below:

Convertible bonds

On 30 July 2014, the Company issued an unsecured convertible bond to GM Investment Company Ltd (GM), a company related to Mr. Kam Yuen and Mr. Samuel Kong and Northeast Capital Pte Ltd (Northeast), a company related to Mr. Victor Hoo and Mr. Hoo Hung Chye (collectively known as “the bond holders”) 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 holders 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 bonds will be redeemed at the maturity date. Under the terms of the bonds, the Company holds the right to early redeem the bonds any time after the Initial Period at a revised interest accrual rate of 11% per annum. Details of the bonds are disclosed in note 13 to the financial statements. The balance as at 30 June 2017 and interest accrued on these loans are as below:

30 June 2017	**Loan balance S$**	**Derivative liabilities S$**	**Notional interest expense S$**	**Interest forgiveness income S$**
GM Investment Company Ltd	3,787,500	2,700	2,705,412	103,500
Northeast Capital Pte Ltd	3,787,500	2,700	2,705,412	103,500
Total	**7,575,000**	**5,400**	**5,410,824**	**207,000**

30 June 2016	**Loan balance S$**	**Derivative liabilities S$**	**Notional interest expense S$**	**Interest forgiveness income S$**
GM Investment Company Ltd	1,189,900	212,372	595,722	-
Northeast Capital Pte Ltd	1,189,900	212,372	595,722	-
Total	2,379,800	424,744	1,191,444	-

On 30 June 2017, Debt Capitalisation Agreements have been signed with the respective bondholders. The Company proposed to issue 721.4 million ordinary shares to Northeast and 721.4 million ordinary shares to GM at a price of A$0.005/S$0.00525 per share (the Share Issues) in exchange for the outstanding loan balance. The proposal is subject to shareholders’ approval at the EGM to be held on 9 October 2017.

(c) ***Key management personnel***

Details relating to key management personnel, including remuneration paid, are included in Note 23.

(d) ***Loans to key management personnel***

No interest-free loans were provided during the year.

23. Key management personnel disclosures

Details of key management personnel

Directors:

Samuel Kong	(Chairman, non-executive)
Simon Hoo	(Director, executive)*
Kenneth Lim	(Director, executive)**
Victor Hoo Kwok Chye	(Director, executive)
Kam Yuen	(Director, non-executive)***
Mark Ryan	(Director, non-executive)***
Voiron Chor	(Director, non-executive)

Executives:

Hoo Hung Chye	(Client Service Director)
Fexlicia Lee Pei Yue	(Group Financial Controller)***
Andrew Lord	(Corporate Secretary)

* Resigned on 26 July 2016
** Resigned on 31 August 2016
*** Resigned on 7 October 2016

23. Key management personnel disclosures (cont'd)

Compensation of key management personnel

	Consolidated	
	2017	**2016**
	S$	S$
Short-term employee benefits	602,011	1,061,475
Termination benefits	81,600	–
Post Employment benefits	37,977	69,823
	721,588	1,131,298

Option/rights holdings of key management personnel

In prior years, all options/rights held by key management personnel were fully exercised. There are no options/rights granted to key management personnel during the financial year ended 30 June 2017.

24. Events after reporting date

On 8 September 2017, the Group announced the details of the proposed debt capitalisation, share consolidation, share buyback and delisting from the ASX, covering the following:

- The proposed capitalisation of the bond debts owned by the Group to Northeast Capital Pte Ltd (Northeast) and GM Investment Company Ltd (GM) and the issue of 1,442,857,142 shares in the Company to Northeast and GM in return for the extinguishment of those debts
- The proposed consolidation of the Company's issued shares on the basis that every 100 shares in the Company held by a shareholder as at 5 October 2017 will be converted into one share (rounded to the nearest whole number of shares)
- The proposed equal access buyback of all shares (after the Company undertakes an unmarketable parcel buyback) at a price of $A0.005 per share (on a pre-consolidation basis)
- The proposed de-listing of the Company's shares from the ASX

The above is subject to the shareholder approval at an EGM to be held on 9 October 2017.

There has not been any other matter or circumstances that have arisen since the end of the reporting period that has significantly affected, or may significantly affect, the operations of the consolidated entities, the results of those operations, or the state of affairs of the consolidated entities in future financial periods.

25. Notes to the statement of cash flows

	2017	**2016**
	S$	S$
(a) ***Reconciliation of cash and cash equivalents to statement of cash flows***		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	1,190,535	2,253,436
Cash and cash equivalents	1,190,535	2,253,436

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value. The Group does not have any bank overdraft financing facilities as at 30 June 2017.

25. Notes to statement of cash flows (cont'd)

(b) Reconciliation of net loss for the year after related income tax to net cash flows from operating activities:

	2017	**2016**
	S$	S$
Net loss for the year	(6,238,399)	(2,654,181)
Adjustments to reconcile loss before tax to net cash flow:		
Depreciation and amortisation of non-current assets	213,276	188,565
Impairment on assets under construction	572,379	–
Gains on investment disposal	(405,240)	–
Sundry income	(144,354)	–
Net unrealised gain on derivative financial liability	(419,344)	(799,445)
Loss on disposal of plant and equipment	57,007	2,362
Interest expense on convertible bond (net of debt forgiveness)	5,195,456	1,191,444
Exchange differences	22,664	5,846
Working capital adjustments:		
Decrease/(Increase) in assets:		
Receivables	(36,871)	335,887
Inventories	(9,753)	7,320
Increase/(Decrease) in liabilities:		
Payables and unearned revenue	554,665	843,602
Income tax payable and deferred tax liabilities	(55,258)	(18,729)
Cash outflow from operating activities	**(693,772)**	**(897,329)**

26. Remuneration of auditors

	2017	**2016**
	S$	S$
The auditor of Life Corporation Ltd is Ernst & Young		
Amounts received or due and receivable by Ernst & Young (Australia) for:		
Audit or review of the financial report of the entity and any other entity in the consolidated group	73,082	109,888
Sub-total	73,082	109,888
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
Audit or review of the financial report of the entity and any other entity in the consolidated group	67,000	128,000
Tax compliance services	8,500	8,560
Sub-total	**75,500**	**136,560**
Grand total	**148,582**	**246,448**

27. Dividends

The Company did not pay any dividends during the financial year. The directors do not recommend the payment of a dividend in respect of the financial year.

Adjusted franking account balance (tax paid basis) is nil (2016: nil).

28. Adjustment to Preliminary Financial Statement

The consolidated results of the consolidated entity for the year ended 30 June 2017 differed from those announced in the un-audited preliminary final statement (Appendix 4E) made to the Australian Securities Exchange, as follows:

	Preliminary Financial Statements S$	**Consolidated Financial Statements** S$
Loss before income tax	(6,436,743)	(6,292,316)
Income tax expense	53,917	53,917
Loss after income tax	(6,382,826)	(6,238,399)
Other comprehensive losses:		
Foreign currency translation losses attributable to parent	-	–
Total comprehensive losses for the year, net of tax	(6,382,826)	(6,238,399)

Subsequent to the preliminary results announcement on 31 August 2017, it was noted that that other liabilities were overstated by $144,427. This was corrected in the audited financial statements reducing the loss after tax by the same amount.

Additional stock Exchange Information as of 28 September 2017

Number of holders of equity securities

Ordinary share capital

70,960,655 fully paid ordinary shares are held by 560 individual shareholders.
All issued ordinary shares carry one vote per share.

Distribution of holders of equity securities

	Fully paid ordinary shares
1 - 1,000	107
1,001 - 5,000	126
5,001 - 10,000	143
10,001 - 100,000	146
100,001 and over	38
	560
Holding less than a marketable parcel	536

Securities subject to escrow

Details of number and class of securities subject to escrow that are on issue and the dates that the escrow periods end are set out below:

Fully paid ordinary shares	Date that the escrow period ends
13,398,002	1 Mar 2017
13,398,002	

Substantial shareholders

	Fully paid	
Ordinary shareholders	**Number**	**Percentage**
Citicorp Nominees Pty Limited	12,995,600	18.31%
HSBC Custody Nominees (Australia) Limited	12,102,146	17.05%
City Challenge Global Limited	7,266,667	10.24%
	32,364,413	45.61%

Twenty largest holders of quoted equity securities

	Fully paid	
Ordinary shareholders	**Number**	**Percentage**
CITICORP NOMINEES PTY LIMITED	12,995,600	18.31%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,102,146	17.05%
CITY CHALLENGE GLOBAL LIMITED	7,266,667	10.24%
MR KWOK CHYE HOO	4,466,001	6.29%
MR HUNG CHYE HOO	4,466,001	6.29%
FUI PING HOO	4,466,000	6.29%
WELLS SPRING PTE LTD	2,666,667	3.76%
GOLD BAXTER INTERNATIONAL LTD	2,053,024	2.89%
BNP PARIBAS NOMS PTY LTD	1,973,471	2.78%
CHONG SIEW HONG	1,500,000	2.11%
BNP PARIBAS NOMS PTY LTD	1,353,266	1.91%
MS LAI NA CHIU	1,235,967	1.74%
MYJK PTY LTD	1,152,450	1.62%
TANTALUM CELLULAR PRODUCTS LLC	855,658	1.21%
MS BETTY HUI	833,334	1.17%
BS FUND MANAGEMENT PTE LTD	666,667	0.94%
SIMON HOO KIA WEI	584,223	0.82%
MR MOH MING LEE	488,813	0.69%
J P MORGAN NOMINEES AUSTRALIA LIMITED	449,615	0.63%
TIONG AIK CORPORATION PTE LTD	410,172	0.58%
Total	62,340,9232	87.85%

Company secretary

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