

or personal use only



ANNUAL REPORT 2014
ABN 48 108 051 529



For personal use only

CONTENTS

- 01 Chairman's Message
- 02 Operations Review
- 03 Financial Review
- 04 Board of Directors
- 05 Corporate Information
- 06 Financial Statements

CHAIRMAN'S MESSAGE



Financial Year 2014 was an exciting year for Life Corporation Ltd to remember. Life Corporation has transformed itself and now focused on funeral bereavement business in Singapore, since we announced the acquisition of SFS Care Pte Ltd.

We believe there is huge market potential for funeral bereavement business in Singapore and South East Asia given the ageing population, and the economy in the region is getting wealthier and general public are willing to allocate higher budgets for better services during funeral events. Our newly acquired SFS Care Team provides one stop premium funeral services to general public, compared with small traditional families run funeral services providers. Since we acquired the SFS Care operation, we have increased marketing expenses to promote brand and service awareness to increase our market share in the industry. Despite the increase in marketing costs, SFS Care generated a net profit of \$350,000 on the back of \$1,905,000 revenue for six months period. The management believe that the marketing campaigns will help us to increase our market share, and generate higher sales in the forthcoming years.

An exciting expansion of our overall bereavement services operations is the recent investment in the columbarium business which we expect to deliver excellent returns for shareholders. We are the only company in Singapore which will have the ability to provide an integrated funeral and columbarium business. The private columbarium business will complement our existing funeral business, as people these days prefer one-stop shop for the entire funeral services. Singapore's, ageing population coupled with the limited supply of burial plots ensures Singapore's demand for columbarium spaces is growing.

The Company has recently announced in July 2014 the successful tender of a 2,000 sqm. land site for construction of a Chinese temple with a columbarium facility. The acquisition of the 30 years land lease was financed by a fully subscribed S\$6M convertible bond. We are currently in talks with the financial

institutions for financing the development of the columbarium facility. The conclusion of a definitive financing arrangement will be announced in due course. The board and management look forward to present the great financial potential and exciting plans for columbarium facility to our shareholders and partners of the group in the new financial year 2015. We believe that this first columbarium project will ultimately lay the basis for sustainable long term growth of the Company in this industry.

On behalf the board, I would like to thank the management and all employees of Life Corporation group of companies for their hard work and dedication in this milestone year of strategic achievements. I would also like to this opportunity to thank our valued shareholders for their continued support in staying with us as the Company continue its transition into its next phase of

A handwritten signature in black ink, appearing to be 'Kam Yuen', written in a cursive style.

Kam Yuen

Chairman

OPERATIONS REVIEW

In FY 2014, the shareholders of the Company approved the acquisition of a 100% interest in SFS Care Pte Ltd, an unlisted entity based in Singapore for total consideration of S\$8,000,000. SFS Care Pte Ltd is in the business of providing premium funeral services that include embalming, casket showroom, burials, facilitating funeral rites and ceremonial services. The acquisition was completed on 1 December 2013.

On 8 July 2014, a wholly-owned subsidiary of Life Corporation Ltd submitted a tender to a Singapore government statutory board to lease a land parcel with a side area of 2,000 square meters and maximum gross floor area of 3,200 square meters ("the Land") for a period of 30 years for a tender consideration of S\$5,200,988.

On 17 July 2014, the tender was successfully awarded. A deposit of S\$260,050 was paid on lodging the tender and the balance of the tender consideration is payable by two instalments due on 13 August and 14 October 2014 respectively.

The successful tender represents significant milestone for the Group's business model of providing a full suite premium funeral service. The addition of the Land will enable the Group to further enhance its business model by the development of a Chinese temple with an integrated columbarium.

The purchase of the lease of the land will be financed by a convertible bond. On 22 July 2014, Life Corporation Ltd entered into a convertible bond agreement with GM Investment Company Ltd, a wholly-owned subsidiary of Golden Meditech Holdings Limited, a company listed on the Hong Kong Stock Exchange ("Golden Meditech") and Northeast Capital Pte Ltd, a Singapore incorporated company wholly owned by Mr Hoo Hung Chye ("Northeast"). Golden Meditech and Northeast have each subscribed S\$3,000,000 making a total subscription of S\$6,000,000.

Brands Under the Group



New heaven offers funeral bereavement services dedicated to western faiths such as Christianity and Catholic.



SFS Care Pte Ltd has been offering premium funeral services that include embalming, casket showroom, burials, facilitating funeral rites and ceremonial services.



Eternal Pure Land Pte Ltd is to develop a Chinese temple with integrated columbarium and offer pre-planned funeral services and premium columbarium space packages.

New Heaven

Dignified Departures

万佛福田
心中福田



FINANCIAL REVIEW

The consolidated revenue and net loss for the period attributable to members represents the results of operations of Life Corporation Ltd and its controlled entities for the year from 1 July 2013 to 30 June 2014.

Revenue was \$1,907,000 for the year ended 30 June 2014. No comparison is made to FY2013 as the acquisition of the funeral business was completed on 1 December 2013. From the date of acquisition, SFS Care Pte Ltd has contributed \$1,905,000 of revenue and profit of \$350,000 to the loss before tax from continuing operations of the Group.

Other income was \$51,000 for FY2014 which mainly relates to government grants received by Singapore subsidiaries to subsidize the wages increase given to employee by fulfilling certain conditions and purchase of certain qualifying productivity improvements works granted by the Singapore government.

Marketing expenses were \$159,000 for FY2014. This is mainly attributable to additional advertising, marketing related costs and travelling expenses driven by business development activities and opportunities.

Administration expenses were \$2,943,000 for FY2014. The majority of the administration expenses relate to the following significant expenses:

- ASX transaction fees were \$111,000 which include the re-listing fee required in December 2013 to comply with certain listing rules due to the change in main undertakings after the completion of acquisition SFS Care Pte Ltd.
- Increase in legal, professional and consultancy fees by \$666,000 incurred in conjunction with acquisition of SFS Care Pte Ltd, re-listing of the company during the year and preparatory works relating to the business expansion with its entry to the columbarium segment as announced on 18 July 2014 with its successful tender of a land parcel lease from the Singapore government agency.
- Renovation and relocation expenses were \$120,000 incurred for the one-off renovation of the Singapore's new offices and make good costs associated with the two offices in Singapore in Singapore Science Park and Indonesia in UOB Plaza being closed permanently with the disposal of its cord blood banking business.

Staff costs and related cord blood banking operating expenses were \$375,000 which include one-time expense for retrenchment benefits, expenses incurred in shares transfer of business entities, cord blood samples logistics transfer costs due to the disposal of the cord blood banking business and legal fees for cord blood banking disposal. These expenses are classified as loss from discontinued operations in FY2014.

Net loss attributable to members for the year ended 30 June 2014 was \$2,637,000, an increase of 61% as compared to \$1,640,000 for the year ended 30 June 2013.

The shareholders of the Company approved the consolidation of ordinary shares on 29 November 2013 on the basis that each parcel of 3 shares held by a shareholder will be consolidated into 1 new share (rounded up to the nearest number). The number of issued ordinary shares before share consolidation was 172,687,354 shares. After the share consolidation, the number of issued ordinary shares was 57,562,653 shares (with rounding).

Upon the completion of acquisition of SFS Care Pte Ltd during the year, the Company issued 13,398,002 ordinary shares to individual owners of SFS Care Pte Ltd as part of the purchase considerations.

The valuation of the acquired identifiable net assets and intangible assets was completed in June 2014 and showed that the fair value at the date of acquisition was \$2,271,000. The intangible asset arising from the acquisition is the brand name of "SFS" recorded in the statement of financial position as at 30 June 2014 is \$1,791,000 which includes an exchange difference of \$54,000.

Goodwill arising on acquisition recorded in the statement of financial position as at 30 June 2014 is \$5,385,000 which includes an exchange difference of \$276,000.

In conclusion

Life Corporation Ltd and its consolidated entities ("the Group") is seeking to build a Chinese temple-cum-columbarium structure within the Temple building and is in advanced negotiations with the various parties on the building construction and business offerings although, at this stage no definitive agreement have been reached. Any significant transaction will be announced in due course and in full compliance with disclosure obligations.

Securing the Land is an important milestone in Life Corporation's funeral service business. Life Corporation's long term business expansion plans and strategic direction is to provide a full suite of premium funeral services, including the pre-planned funerals and columbarium space packages. The successful tender for the Land and the proposed development of a Chinese temple with an integrated columbarium will further enhance Life Corporation's business offerings.

BOARD OF DIRECTORS



Mr Kam Yuen
Chairman, Non-Executive



Mr Simon Hoo
Executive, Chief Executive Officer and
Chief Financial Officer



Mr Kenneth Lim
Executive



Mr Victor Hoo
Executive



Mr Samuel Kong
Non-Executive



Mr Mark Benedict Ryan
Non-Executive



Mr Voiron Chor
Non-Executive

Directors

Mr Kam Yuen (Chairman, Non-executive)
Mr Simon Hoo (Executive)
Mr Kenneth Lim (Executive)
Mr Victor Hoo (Executive)
Mr Samuel Kong (Non-executive)
Mr Mark Ryan (Non-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
Australia
Tel: +613 9600 0162

Principal Place of Business

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

Share Registry

Link Market Services Ltd
Level 4, 333 Collins Street
Melbourne, Victoria 3000
Australia
Tel: +613 9615 9932

Bankers

Commonwealth Bank of Australia

Auditors

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843
Tel: +618 9429 2222

FINANCIAL STATEMENTS

Index	Page
Corporate governance statement	07
Directors' report	16
Independent auditor's report	34
Auditor's independence declaration	36
Directors' declaration	37
Consolidated statement of comprehensive income	38
Consolidated statement of financial position	39
Consolidated statement of cash flows	40
Consolidated statement of changes in equity	41
Notes to the consolidated financial statements	43
Additional stock exchange information	95

CORPORATE GOVERNANCE STATEMENT

The directors of Life Corporation Ltd (previously known as Cordlife Limited) ("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	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes	Page 10
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Page 11
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	

Principle 2 - Structure the Board to add value

	Recommendation	Comply Yes / No	Reference / explanation
2.1	A majority of the Board should be independent directors.	Yes	Page 11
2.2	The chair should be an independent director.	Yes	Page 11
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	Page 11
2.4	The Board should establish a nomination committee.	Yes	Page 12
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes	Remuneration Report
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	

Principle 3 - Promote ethical and responsible decision-making

	Recommendation	Comply Yes / No	Reference / explanation
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> > the practices necessary to maintain confidence in the company's integrity. > the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. > the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Yes	Website

CORPORATE GOVERNANCE STATEMENT

Principle 3 - Promote ethical and responsible decision-making (cont'd)

	Recommendation	Comply Yes / No	Reference / explanation
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes	Page 15
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	Yes	
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executives positions and women on the Board.	Yes	Page 15
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	

Principle 4 - Safeguard integrity in financial reporting

	Recommendation	Comply Yes / No	Reference / explanation
4.1	The Board should establish an audit committee.	Yes	Page 12
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> > consists only of non-executive directors > consists of a majority of independent directors > is chaired by an independent chair, who is not chair of the Board > has at least three members 	Yes	Page 12
4.3	The audit committee should have a formal charter.	Yes	Page 12
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	

Principle 5 - Make timely and balanced disclosure

	Recommendation	Comply Yes / No	Reference / explanation
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	Website
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	

CORPORATE GOVERNANCE STATEMENT

Principle 6 - Respect the rights of shareholders

	Recommendation	Comply Yes / No	Reference / explanation
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Page 14
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	

Principle 7 - Recognise and manage risk

	Recommendation	Comply Yes / No	Reference / explanation
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Page 13
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Page 13
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 13
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	

Principle 8 - Remunerate fairly and responsibly

	Recommendation	Comply Yes / No	Reference / explanation
8.1	The Board should establish a remuneration committee.	Yes	Page 14
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> > Consists of a majority of independent directors > Is chaired by an independent chair > Has at least three members 	Yes	Refer to remuneration report
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Remuneration report
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	

Life Corporation's corporate governance practices were in place throughout the year ended 30 June 2014.

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

CORPORATE GOVERNANCE STATEMENT

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, it makes use of sub-committees to discharge its responsibilities. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees:

- > Audit;
- > Nomination; and
- > Remuneration.

The roles and responsibilities of these committees are discussed throughout this corporate governance statement.

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.

CORPORATE GOVERNANCE STATEMENT

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
Kam Yuen	Chairman (Non-executive)
Samuel Kong	Non-executive Director
Mark Ryan	Non-executive Director
Voiron Chor	Non-executive Director

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
Kam Yuen	5 years 11 months
Samuel Kong	7 years 3 months
Mark Ryan	5 years 7 months
Voiron Chor	5 years 7 months
Simon Hoo	2 years 8 months
Kenneth Lim	4 months 8 days
Victor Hoo	4 months 8 days

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.

During the reporting period, the Nomination Committee conducted performance evaluations that involved an assessment of each key executive's performance against specific and measurable qualitative and quantitative performance criteria.

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

CORPORATE GOVERNANCE STATEMENT

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

The Board has established a Nomination Committee, which meets at least annually, to ensure that the Board continues to operate within established guidelines, including where necessary, selecting candidates for the position of director. The Nomination Committee comprises non-executive directors.

The members of the Nomination Committee during the year ended 30 June 2014 were:

Mr Kam Yuen (Chair),
Mr Samuel Kong and
Mr Mark Ryan.

For details of directors' attendance at meetings of the Nomination Committee, refer to the Directors' Report on page 21.

For additional details regarding the Nomination Committee including its charter please refer to our website.

Audit Committee

The Board has established an Audit Committee, which operates under a charter approved by 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. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are non-executive directors. The members of the Audit Committee during the year were:

Mr Mark Ryan (Chair),
Mr Voiron Chor and
Mr Samuel Kong.

CORPORATE GOVERNANCE STATEMENT

Qualifications of Audit Committee members

Mr Ryan is a Chartered Accountant and is the Accounting and Finance Director of the Kellogg Joint Venture Gorgon, a multinational consortium.

Mr Chor has significant experience in capital markets and holds a Masters of Finance from RMIT University Melbourne.

Mr Kong has significant corporate experience and is involved in a number of listed companies. He is a Chartered Accountant.

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 21.

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

Risk

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 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 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.

CORPORATE GOVERNANCE STATEMENT

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 22.

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

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the Chief Executive Officer and executive team. The Board has established a Remuneration Committee.

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 21.

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.

CORPORATE GOVERNANCE STATEMENT

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 2016 as the director and senior executive positions become vacant and appropriately skilled candidates are available:

	Actual as at 30 June 2014		Actual as at 30 June 2013		Objective
	Number	%	Number	%	%
Number of women employees in the whole organisation	16	44%	39 [#]	57%	40% - 60%
Number of women in senior executive positions	2	29%	1 [#]	20%	40% - 60%
Number of women on the Board	0	0%	0	0%	40% - 60%

[#]Due to the disposal of subsidiaries in FY2013 (refer to note 21), majority of the employees are transferred to Cordlife Group Limited. This resulted in a decrease of number of employees, which is not a meaningful comparison from the past year.

As the Company has embarked on a new direction with the acquisition of Singapore Funeral Services it is not realistic to make comparisons between the previous business operations and current activities.

DIRECTORS' REPORT

The directors of Life Corporation Ltd submit herewith the annual financial report of the Company for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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
Kam Yuen	<p>Chairman (Non-executive). 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.</p> <p>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.</p>
Voiron Chor M.Fin	<p>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.</p>
Samuel Kong (Kong Kam Yu) ACA	<p>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.</p> <p>Since September 2012, Mr Kong holds directorship in another listed company, Golden Meditech Holdings Limited, a company listed on Hong Kong Stock Exchange.</p>
Simon Hoo CPA	<p>Executive Director 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 Life Corporation markets.</p> <p>On 23 May 2014, Mr Hoo has been appointed as Chief Executive Officer of the Company.</p>

DIRECTORS' REPORT

Name

Simon Lee
B.Sc

Particulars

Executive Director and Group Development Director. Mr Lee joined the Company in July 2002. Prior to joining the Company, he was engaged for 14 years in the IT and education industries. His responsibilities ranged from sales and marketing, regional business development, project management to management consultancy. His position immediately prior to joining Life Corporation was as Regional Sales Director for a networking company listed on the Australian Securities Exchange, which had sales revenue of US\$250 million in year 2000. He has been involved in Corporate Development for Asia (including Greater China) mergers and acquisition and corporate financing (including IPOs, privatizations, and buyouts) transactions.

Mr Lee holds a B.Sc in Aerospace Engineering from Northrop University, USA and a Master of Business Administration from Nanyang Technological University, Singapore.

Mr Lee has resigned from the Board of Directors of the Company on 23 May 2014.

Kenneth Lim
BA

Executive Director and Corporate Affairs Director appointed on 23 May 2014. 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 presently a director of Global Eagle Capital Pte Ltd, a company specialising in fiduciary matters.

Victor Hoo
B.Sc (Hons)

Executive Director appointed on 23 May 2014. Mr Hoo joined the Company in December 2013 with the completion of the acquisition of SFS Care Pte Ltd.

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 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.

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 has included roles as Financial Controller and Company Secretary.

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.

DIRECTORS' REPORT

Corporate information

Corporate structure and principal activities

Life Corporation is a company limited by shares, incorporated in Australia and operating in Australia and Asia. 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 Company acquired a 100% interest in SFS Care Pte Ltd, an unlisted entity based in Singapore for total consideration of S\$8,000,000. SFS Care Pte Ltd is in the business of providing premium funeral services that include embalming, casket showroom, burials, facilitating funeral rites and ceremonial services.

Operating and financial review

The consolidated revenue and net loss for the period attributable to members represents the results of operations of Life Corporation Ltd and its controlled entities for the year from 1 July 2013 to 30 June 2014. Details of the controlled entities are set out in note 19.

On 28 June 2013, the Company completed the disposal of cord blood and cord tissue banking businesses operated in Hong Kong, India, Philippines and certain business assets and liabilities in Indonesia to Cordlife Group Limited, an unrelated entity listed on the Singapore Stock Exchange for a total consideration of \$5,500,000.

On 29 November 2013, the shareholders of the Company approved the acquisition of a 100% interest in SFS Care Pte Ltd, an unlisted entity based in Singapore for total consideration of S\$8,000,000. SFS Care Pte Ltd is in the business of providing premium funeral services that include embalming, casket showroom, burials, facilitating funeral rites and ceremonial services. The acquisition was completed on 1 December 2013.

Revenue was \$1,907,000 for the year ended 30 June 2014. No comparison is made to FY2013 as the acquisition of the funeral business was completed on 1 December 2013. From the date of acquisition, SFS Care Pte Ltd has contributed \$1,905,000 of revenue and profit of \$350,000 to the loss before tax from continuing operations of the Group.

Other income was \$51,000 for FY2014 which mainly relates to government grants received by Singapore subsidiaries to subsidize the wages increase given to employee by fulfilling certain conditions and purchase of certain qualifying productivity improvements works granted by the Singapore government.

Marketing expenses were \$159,000 for FY2014. This is mainly attributable to additional advertising, marketing related costs and travelling expenses driven by business development activities and opportunities.

Administration expenses were \$2,943,000 for FY2014. The majority of the administration expenses relate to the following significant expenses:

- ASX transaction fees were \$111,000 which include the re-listing fee required in December 2013 to comply with certain listing rules due to the change in main undertakings after the completion of acquisition SFS Care Pte Ltd.
- Increase in legal, professional and consultancy fees by \$666,000 incurred in conjunction with acquisition of SFS Care Pte Ltd, re-listing of the company during the year and preparatory works relating to the business expansion with its entry to the columbarium segment as announced on 18 July 2014 with its successful tender of a land parcel lease from the Singapore government agency.
- Renovation and relocation expenses were \$120,000 incurred for the one-off renovation of the Singapore's new offices and make good costs associated with the two offices in Singapore in Singapore Science Park and Indonesia in UOB Plaza being closed permanently with the disposal of its cord blood banking business.

Operating and financial review (cont'd)

Staff costs and related cord blood banking operating expenses were \$375,000 which include one-time expense for retrenchment benefits, expenses incurred in shares transfer of business entities, cord blood samples logistics transfer costs due to the disposal of the cord blood banking businesses and legal fees for cord blood banking businesses disposal. These expenses are classified as loss from discontinued operations in FY2014.

Net loss attributable to members for the year ended 30 June 2014 was \$2,637,000, an increase of 61% as compared to \$1,640,000 for the year ended 30 June 2013.

Upon the completion of acquisition of SFS Care Pte Ltd during the year, the Company issued 13,398,002 ordinary shares to individual owners of SFS Care Pte Ltd as part of the purchase considerations.

The valuation of the acquired identifiable net assets and intangible assets was completed in June 2014 and showed that the fair value of the net asset acquired at the date of acquisition was \$2,271,000. The intangible asset arising from the acquisition is the brand name of "SFS" recorded in the statement of financial position as at 30 June 2014 is \$1,791,000 which includes an exchange difference of \$54,000.

Goodwill arising on acquisition recorded in the statement of financial position as at 30 June 2014 is \$5,385,000 which includes an exchange difference of \$276,000.

Life Corporation Ltd and its consolidated entities ("the Group") is seeking to build a Chinese temple-cum-columbarium structure within the Temple building and is in advanced negotiations with the various parties on the building construction and business offerings although, at this stage no definitive agreement have been reached. Any significant transaction will be announced in due course and in full compliance with disclosure obligations.

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

Tender to lease a land parcel and issuance of convertible bond

On 8 July 2014, a wholly-owned subsidiary of Life Corporation Ltd submitted a tender to a Singapore government statutory board to lease a land parcel with a side area of 2,000 square meters and maximum gross floor area of 3,200 square meters for a period of 30 years for a tender consideration of S\$5,200,988.

On 17 July 2014, the tender was successfully awarded. A deposit of S\$260,050 was paid on lodging the tender and the balance of the tender consideration is payable by two instalments due on 13 August and 14 October 2014 respectively.

The purchase of the lease of the land will be financed by a convertible bond. On 22 July 2014, Life Corporation Ltd entered into a convertible bond agreement with GM Investment Company Ltd, a wholly-owned subsidiary of Golden Meditech Holdings Limited, a company listed on the Hong Kong Stock Exchange ("Golden Meditech") and Northeast Capital Pte Ltd, a Singapore incorporated company wholly owned by Mr Hoo Hung Chye ("Northeast"). Golden Meditech and Northeast have each subscribed S\$3,000,000 making a total subscription of S\$6,000,000.

Likely developments and expected results

In FY2014, Life Corporation will be focused on the consolidation of the business of SFS Care and harnessing the benefits of the synergistic opportunities that the new business offers. SFS Care is in the business of funeral and bereavement services. Its business focus is that of providing premium funeral services. The range of services include embalming, caskets showroom, burials, facilitating multi-religion funeral rites and ceremonial services, along with other ancillary services.

DIRECTORS' REPORT

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 (2013: 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 is no unissued ordinary shares under options.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

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

The Company has, during the financial year, paid an insurance premium in respect of an insurance policy to the benefit of the directors and officers of the Company and any related bodies corporate as defined in insurance policy. The insurance grants indemnity against liabilities permitted to be indemnified by the Company under the Corporations Act 2001. The insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against in the amount of the premium.

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' REPORT

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, seven Board meetings and two Audit Committee meetings were held.

Directors	Board of Directors		Audit Committee		Nomination Committee		Remuneration Committee*	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Samuel Kong	7	7	2	2	1	1	–	–
Kam Yuen	7	4	–	–	1	1	–	–
Voiron Chor	7	6	2	2	–	–	–	–
Mark Ryan	7	7	2	2	1	1	–	–
Simon Hoo	7	7	2	2	–	–	–	–
Simon Lee	6	6	–	–	–	–	–	–
Kenneth Lim	1	1	–	–	–	–	–	–
Victor Hoo	1	1	–	–	–	–	–	–

*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.

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			
Kam Yuen	–	–	–
Simon Hoo	662,001	–	–
Kenneth Lim	1,468,419	–	–
Victor Hoo	4,486,001	–	–
Samuel Kong	116,667	–	–
Mark Ryan	78,329	–	–
Voiron Chor	33,334	–	–

DIRECTORS' REPORT

Remuneration report (Audited)

This remuneration report for the year ended 30 June 2014 outlines the remuneration arrangements of the Company and the Group in accordance with the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by Section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
 - A. Remuneration principles and strategy
 - B. Approach to setting remuneration
 - C. Detail of incentive plans
4. Executive remuneration outcomes for 2014 (including link to performance)
5. Executive contractual arrangements
6. Non-executive director remuneration arrangements (including statutory remuneration disclosures)
7. Additional statutory disclosures

1. Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purpose of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors and other senior executives of the Parent and the Group.

Directors:

Kam Yuen	(Chairman, non-executive)
Simon Hoo	(Director, executive)
Simon Lee	(Director, executive) (Resigned on 23 May 2014)
Kenneth Lim	(Director, executive) (Appointed on 23 May 2014)
Victor Hoo	(Director, executive) (Appointed on 23 May 2014)
Samuel Kong	(Director, non-executive)
Mark Ryan	(Director, non-executive)
Voiron Chor	(Director, non-executive)

Executives:

Hoo Hung Chye	(Client Service Director, KMP from 2 December 2013)
Felixcia Lee Pei Yue	(Group Financial Controller, KMP from 1 March 2014)
Andrew Lord	(Company Secretary)

There were no other changes to the KMP after the reporting date and before the date the financial report was authorised for issue.

Remuneration report (Audited) (cont'd)

2. Remuneration governance

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 regularly 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.

Remuneration report approval at FY13 AGM

The FY13 remuneration report received positive shareholder support at the FY13 AGM.

3. Executive remuneration arrangements

3A. Remuneration principles and strategy

Life Corporation's remuneration strategy is designed to attract, motivate and retain employees by identifying and rewarding high performing individuals and align the interests of executives and shareholders.

To that end, key objectives of the Company's reward framework are to ensure that remuneration practices:

- Are aligned to the Group's business strategy;
- Offer competitive remuneration benchmarked against external market;
- Provide strong linkage between individual and Group performance and rewards; and
- Align the interests of executives with shareholders.

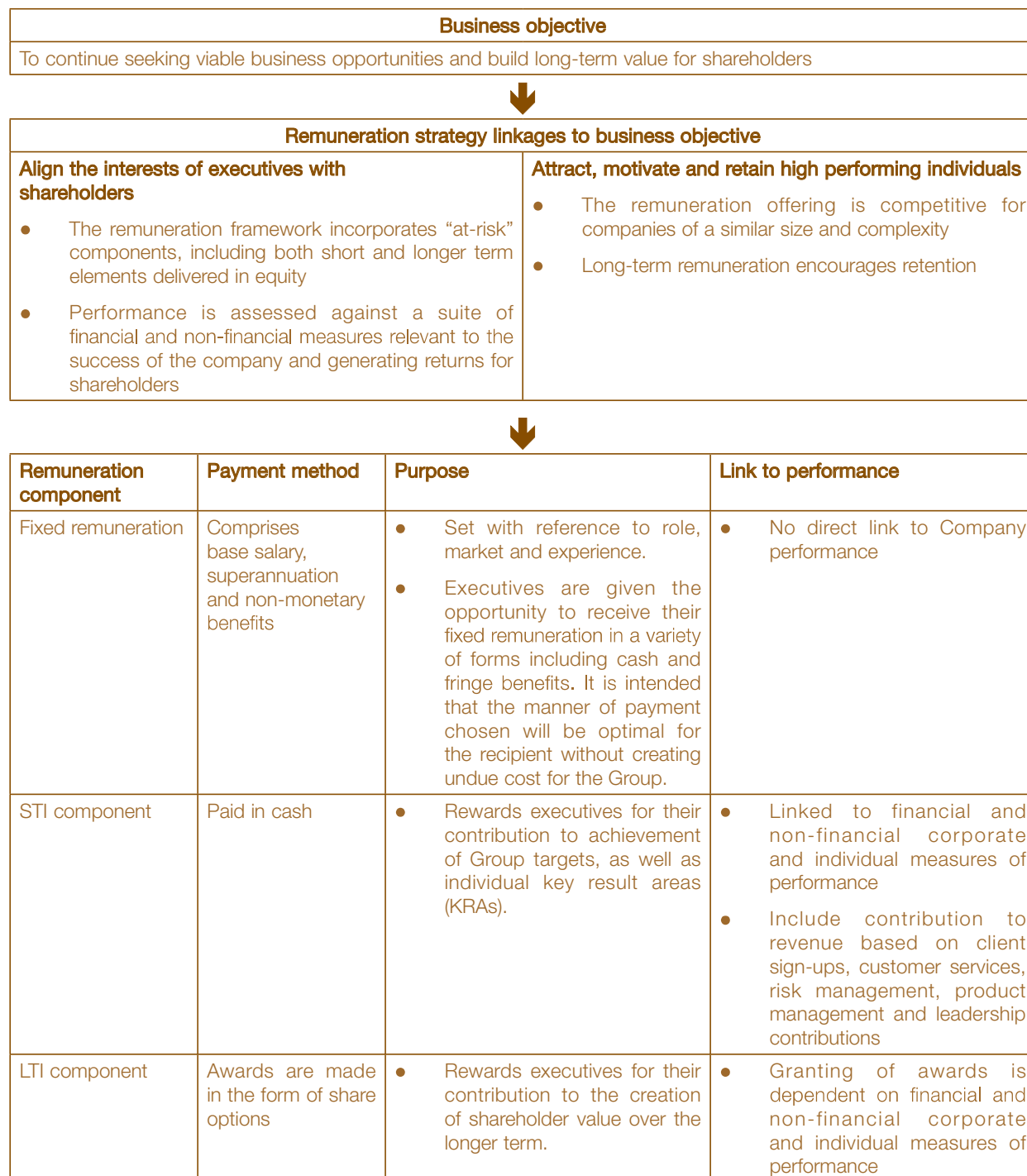
DIRECTORS' REPORT

Remuneration report (Audited) (cont'd)

3. Executive remuneration arrangements (cont'd)

3A. Remuneration principles and strategy (cont'd)

The following diagram illustrates how the Company's remuneration strategy aligns with the strategic direction and links remuneration outcomes to performance.



Remuneration report (Audited) (cont'd)

3. Executive remuneration arrangements (cont'd)

3B. Approach to setting remuneration

The Group aim to reward executives with a level of mix of remuneration commensurate with their position and responsibilities within the Group and aligned with market practice.

Remuneration levels are considered annually through a remuneration review that considers market data, insights into remuneration trends, the performance of the Company and individual, and the broader economic environment.

3C. Detail of incentive plans

In the 2014 financial year, the executive remuneration framework consisted of the following components:

- Fixed remuneration; and
- Variable STI remuneration.

Fixed remuneration

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.

The fixed component of executives' remuneration is detailed in Table 1 to Table 4.

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.

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 the 2014 financial year is \$20,362 (2013: \$24,312).

DIRECTORS' REPORT

Remuneration report (Audited) (cont'd)

3. Executive remuneration arrangements (cont'd)

3C. Detail of incentive plans (cont'd)

Long-term incentives (LTI)

LTI awards are made annually to executives in order to align remuneration with the creation of shareholder value over the long-term. As such, LTI awards are only made to executives and other key talent who have an impact on the Group's performance against the relevant long-term performance measure.

LTI grants to key management personnel are delivered in the form of share options under the Options and Performance Rights Plan. The details of the plan are stated below.

Options and Performance Rights Plan

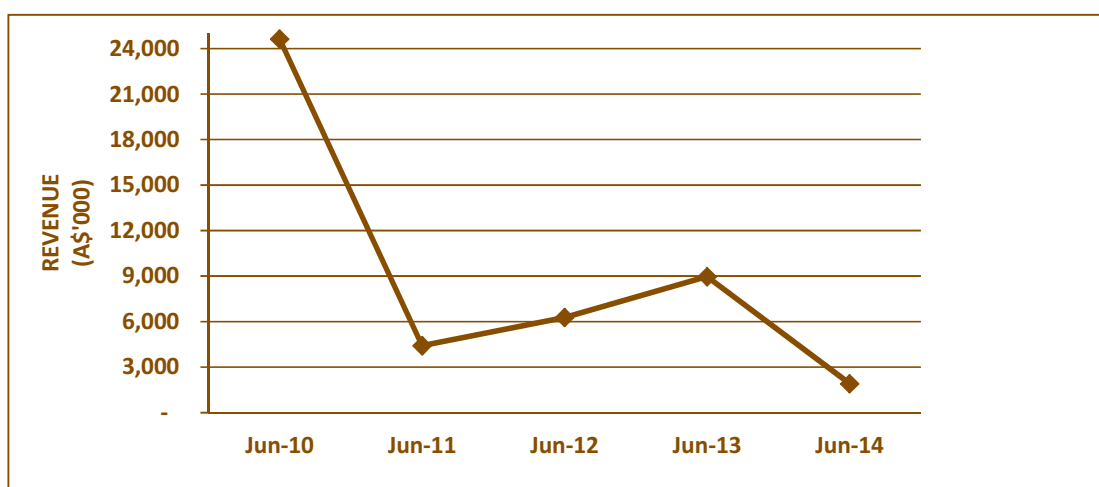
An equity incentive plan, the Options and Performance Rights Plan ("Plan") was introduced on 23 November 2005 at the Company's Annual General Meeting to foster an ownership culture within the consolidated entity and to motivate employees and directors to achieve performance targets of their respective business units. The Plan was administered by the Remuneration Committee up until 30 January 2009 and subsequent to this date it is now administered by the Board. The executive directors and employees of Life Corporation Ltd and its controlled entities are eligible to participate in the Plan, at the absolute discretion of the Board of Directors.

The number of ordinary shares in the Company acquired or subscribed for or issued upon exercise of a performance right or option under the Plan must not, when aggregated with any other ordinary shares issued under the Plan in the Company held by the participating executive directors or executives, exceed 10% of the total ordinary shares in the Company issued at the time of issue of the performance rights or options.

No LTI plans were in operations during the year.

4. Executive remuneration outcomes for 2014 (including link to performance)

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 client sign-ups. The graph below shows the Group's revenue history over the past five years (including the current period).



Remuneration report (Audited) (cont'd)

4. Executive remuneration outcomes for 2014 (including link to performance) (cont'd)

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	2010	2011	2012	2013	2014
Closing share price (\$ as 30 June)	0.37	0.10	0.05	0.05	0.15*

*: On 29 November 2013, the shareholders of the Company approved the consolidation of ordinary shares on the basis that each parcel of 3 shares held by a shareholder will be consolidated into 1 new share.

5. Executive contractual arrangements

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below:

Chief Executive Officer

The Chief Executive Officer, Mr Simon Hoo, was employed under contract. The key features of the contract may be summarised as follows:

- Mr Simon Hoo receives fixed base salary of \$103,311 and a fixed transport allowance of \$9,860 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.

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.

DIRECTORS' REPORT

Remuneration report (Audited) (cont'd)

5. Executive contractual arrangements (cont'd)

Other KMP (cont'd)

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.

The remuneration of Executives for the year ended 30 June 2014 and June 2013 are detailed in Table 3 and 4 on pages 30 and 31.

6. Non-executive director remuneration arrangements

Remuneration policy

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.

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 annual review process.

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.

Structure

The remuneration of NEDs consists of directors' fees. NEDs are also entitled to participate in the Group's Options and Performance Rights Plan, subject to the prior approval by shareholders. This is to provide retention incentive and compensation for additional roles that NEDs participate in.

The remuneration of NEDs for the year ended 30 June 2014 and 30 June 2013 are detailed in Table 1 and Table 2 on pages 29 and 30.

7. Additional statutory disclosures

This section sets out the additional disclosures required under the Corporation Act 2001.

Remuneration report (Audited) (cont'd)

7. Additional statutory disclosures (cont'd)

Remuneration of Key Management Personnel of the Company and the Group

The following table discloses the remuneration of the directors and Company Secretary of the Company:

Table 1: Remuneration for the year ended 30 June 2014

Director	Short-Term			Post Employment	Long Term	Termination payment	Total	Performance related
	Salary and fees	Bonus	Other^	Super-annuation	Long service leave			
	\$	\$	\$	\$	\$			
Executive directors								
Simon Hoo	103,311	12,240	22,950	7,480	2,465	—	148,446	8.3
Simon Lee*	99,272	8,122	14,960	7,589	—	—	129,943	6.3
Kenneth Lim**	20,624	—	2,720	1,360	—	—	24,704	—
Victor Hoo**	22,950	—	2,720	1,360	—	—	27,030	—
Non-executive directors								
Kam Yuen	60,000	—	—	—	—	—	60,000	—
Samuel Kong	45,000	—	—	—	—	—	45,000	—
Mark Ryan	45,000	—	—	12,012	—	—	57,012	—
Voiron Chor	45,000	—	—	—	—	—	45,000	—
Company Secretary								
Andrew Lord	75,963	—	—	—	—	—	75,963	—
Total	517,120	20,362	43,350	29,801	2,465	—	613,098	

^ Other short-term remuneration relates to payment for transport, travel allowances and expense paid on behalf to KMP.

* Resigned on 23 May 2014

** Appointed on 23 May 2014

DIRECTORS' REPORT

Remuneration report (Audited) (cont'd)

7. Additional statutory disclosures (cont'd)

Table 2: Remuneration for the year ended 30 June 2013

Director	Short-Term			Post Employment	Long Term	Termination payment	Total	Performance related %
	Salary and fees	Bonus	Other^	Super-annuation	Long service leave			
	\$	\$	\$	\$	\$			
Executive directors								
Steven Fang*	119,878	—	3,871	6,907	—	53,563	184,219	—
Simon Hoo	105,292	8,275	9,051	9,694	2,134	—	134,446	6.2
Simon Lee	105,035	8,236	14,482	9,704	2,141	—	139,598	5.9
Non-executive directors								
Kam Yuen	47,500	—	—	—	—	—	47,500	—
Samuel Kong	35,625	—	—	—	—	—	35,625	—
Mark Ryan	35,625	—	—	8,582	—	—	44,207	—
Voiron Chor	35,625	—	—	—	—	—	35,625	—
Company Secretary								
Andrew Lord	65,275	—	—	—	—	—	65,275	—
Total	549,855	16,511	27,404	34,887	4,275	53,563	686,495	

^ Other short-term remuneration relates to payment for transport and travel allowances to KMP.

* Resigned on 3 October 2012

The following tables disclose the remuneration of executives of the consolidated entity:

Table 3: Remuneration for the year ended 30 June 2014

Executive	Short-Term			Post Employment	Share-based Payment	Total	Performance related %
	Salary and fees	Bonus	Other^	Super-annuation			
	\$	\$	\$	\$			
Consolidated entity							
Hoo Hung Chye*	71,400	–	9,520	4,760	–	85,680	–
Fexlicia Lee Pei Yue**	33,655	–	1,360	2,720	–	37,735	–
Total	105,055	–	10,880	7,480	–	123,415	

^ Other short-term remuneration relates to payment for transport and travel allowances.

* Appointed and met the definition of key management personnel on 2 December 2013.

** Met the definition of key management personnel on 1 March 2014.

Remuneration report (Audited) (cont'd)

7. Additional statutory disclosures (cont'd)

Table 4: Remuneration for the year ended 30 June 2013

Executive	Short-Term			Post Employment			Performance related %
	Salary and fees \$	Bonus \$	Other^ \$	Super-annuation \$	Share-based Payment \$	Total \$	
Consolidated entity							
Susan Kheng*	93,588	—	12,413	10,100	—	116,101	—
Jonathan Liao*	99,624	7,801	9,060	9,810	—	126,295	6.2
Total	193,212	7,801	21,473	19,910	—	242,396	—

^ Other short-term remuneration relates to payment for transport and travel allowances.

* Resigned on 31 March 2013(Susan Kheng) and 28 June 2013 (Jonathan Liao).

There were no shares, compensation options and performance rights granted to the executives during the financial year ended 30 June 2014. No shares option vested, exercised or lapsed in FY14.

Shareholdings of key management personnel

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 2013 No.	Granted as remuneration No.	Received on exercise of options/rights No.	Net other change No.	Balance at 30 June 2014 No.
Directors:					
Kam Yuen	—	—	—	—	—
Simon Hoo	300,000	—	—	(199,999)	100,001
Simon Lee^	953,723	—	—	(953,723)	—
Samuel Kong	350,000	—	—	(233,333)	116,667
Kenneth Lim*	—	—	—	1,468,419	1,468,419
Victor Hoo*	—	—	—	4,486,001	4,486,001
Mark Ryan	186,980	—	—	(108,651)	78,329
Voiron Chor	100,000	—	—	(66,666)	33,334
Executives:					
Hoo Hung Chye**	—	—	—	4,486,001	4,486,001
Felixcia Lee Pei Yue***	—	—	—	10,000	10,000
Andrew Lord	100,000	—	—	(66,666)	33,334
	1,990,703	—	—	8,821,383	10,812,086

^ Resigned on 23 May 2014

* Appointed on 23 May 2014

** Appointed and met the definition of KMP on 2 December 2013

*** Met the definition of KMP on 1 March 2014

DIRECTORS' REPORT

Remuneration report (Audited) (cont'd)

7. Additional statutory disclosures (cont'd)

Shareholdings of key management personnel (cont'd)

	Balance at 1 July 2012 No.	Granted as remuneration No.	Received on exercise of options/rights No.	Net other change No.	Balance at 30 June 2013 No.
<i>Directors:</i>					
Kam Yuen	–	–	–	–	–
Steven Fang [^]	7,229,960	–	–	(7,229,960)	–
Simon Hoo	300,000	–	–	–	300,000
Simon Lee	953,723	–	–	–	953,723
Samuel Kong	350,000	–	–	–	350,000
Mark Ryan	186,980	–	–	–	186,980
Voiron Chor	100,000	–	–	–	100,000
<i>Executives:</i>					
Susan Kheng [*]	906,972	–	–	(906,972)	–
Jonathan Liao [*]	330,000	–	–	(330,000)	–
Andrew Lord	100,000	–	–	–	100,000
	10,457,635	–	–	(8,466,932)	1,990,703

[^] Resigned on 19 November 2012

^{*} Resigned on 31 March 2014 (Susan Kheng) and 28 June 2013 (Jonathan Liao)

End of Remuneration report (Audited)

DIRECTORS' REPORT

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:

Tax compliance services	8,155
Transaction advisory services	30,649

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

On behalf of the Board



Simon Hoo

29 September 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Life Corporation Ltd



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of Life Corporation Ltd

Report on the financial report

We have audited the accompanying financial report of Life Corporation Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Life Corporation Ltd



Opinion

In our opinion:

- a. the financial report of Life Corporation Ltd is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 22 to 32 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Life Corporation Ltd for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz

Partner

Perth

29 September 2014

AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the Directors of Life Corporation Ltd

In relation to our audit of the financial report of Life Corporation Ltd for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
29 September 2014

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Life Corporation Ltd (previously known as Cordlife Limited), 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 2014 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 2014 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) 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(a).
- (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 2014.

On behalf of the Board



Simon Hoo

29 September 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2014

Note	Consolidated	
	2014	2013
	\$'000	\$'000
Continuing operations		
Revenue	5(a) 1,907	–
Cost of sales	(1,105)	–
Gross profit	802	–
Other income	5(a) 51	–
Marketing expenses	(159)	–
Administration expenses	(2,943)	–
Loss before income tax from continuing operations	(2,249)	–
Income tax expense	6 (13)	–
Loss after income tax from continuing operations	(2,262)	–
Discontinued operations		
Loss from discontinued operations	21(b) (375)	(1,371)
Net loss for the year	(2,637)	(1,371)
Other comprehensive losses		
<i>Items that may be reclassified subsequently to profit and loss:</i>		
Foreign currency translation (losses)/gains attributable to parent	(202)	875
Foreign currency translation reserve transferred to profit and loss on disposal of subsidiaries	–	(490)
Fair value gain on available-for-sale financial assets	–	203
Reserve transferred to profit and loss on disposal of available-for-sale financial assets	–	(203)
<i>Items that will not be reclassified subsequently to profit and loss:</i>		
Foreign currency translation reserve attributable to non-controlling interest	–	(66)
Total comprehensive losses for the year, net of tax	(2,839)	(1,052)
Loss after income tax attributable to:		
Non-controlling interests	–	269
Members of parent	(2,637)	(1,640)
	(2,637)	(1,371)
Total comprehensive loss attributable to:		
Non-controlling interests	–	203
Members of parent	(2,839)	(1,255)
	(2,839)	(1,052)
Loss per share for continuing operations attributable to the ordinary equity holders of the Company:		
Basic and diluted loss per share (cents per share)	17 (3.48)	–
Loss per share for loss attributable to the ordinary equity holders of the Company:		
Basic and diluted loss per share (cents per share)	17 (4.05)	(2.85)*

*: The comparative of 2013 was restated due to consolidation of ordinary shares approved by shareholders on 29 November 2013. Refer to Note 15 for the number of issued ordinary shares before and after share consolidation and total number of ordinary shares issued as at 30 June 2014.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

		Consolidated	
	Note	2014	2013
		\$'000	\$'000
Current assets			
Cash and cash equivalents	27	1,970	6,429
Trade and other receivables	7	227	3,418
Prepayments		75	58
Inventories	8	50	–
Total current assets		2,322	9,905
Non-current assets			
Investment in associate	9	–	–
Plant and equipment	10	575	42
Intangible assets and goodwill	14	7,176	–
Total non-current assets		7,751	42
Total assets		10,073	9,947
Current liabilities			
Trade and other payables	11	1,065	1,459
Provisions		55	162
Finance lease liability		79	–
Income tax payable	6	57	1
Total current liabilities		1,256	1,622
Non-current liabilities			
Finance lease liability		44	–
Deferred tax liabilities	6	393	–
Total non-current liabilities		437	–
Total liabilities		1,693	1,622
Net assets		8,380	8,325
Equity			
Contributed equity	15	74,071	71,177
Foreign currency translation reserve	16	(20)	182
Other reserve	16	(1,878)	(1,878)
Employee equity benefits reserve	16	3,206	3,206
Convertible bond reserve	16	3,326	3,326
Accumulated losses		(70,325)	(67,688)
Total equity		8,380	8,325

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2014

Note	Consolidated	
	2014	2013
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	1,985	8,342
Payments to suppliers and employees	(4,700)	(11,753)
Interest received	2	20
Interest and other borrowing costs paid	(9)	(97)
Income taxes received/(paid)	9	(28)
Net cash used in operating activities	27(b) (2,713)	(3,516)
Cash flows from investing activities		
Purchase of plant and equipment	(55)	(262)
Proceeds from disposal of controlled entities (net of cash disposed)	21 2,741	2,330
Proceeds from disposal of equity investment	–	7,581
Acquisition of a subsidiary, net of cash acquired	13 (4,719)	–
Loan repaid by other entity	311	–
Net cash (used in)/generated from investing activities	(1,722)	9,649
Cash flows from financing activities		
Proceeds from borrowings	–	1,960
Redemption of convertible bond	–	(1,628)
Repayment of borrowings	–	(2,275)
Net cash used in financing activities	–	(1,943)
Net (decrease)/increase in cash and cash equivalents held	(4,435)	4,190
Cash and cash equivalents at the beginning of the financial year	6,429	1,441
Effects of exchange rate changes on the balance of cash held in foreign currencies	(24)	798
Cash and cash equivalents at the end of the financial year	27(a) 1,970	6,429

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2014

	Attributable to equity holders of the parent								
	Contributed equity \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Employee equity benefits reserve \$'000	Convertible bond reserves \$'000	Other reserves \$'000	Total \$'000	Non-controlling interests \$'000	Total Equity \$'000
At 1 July 2012	71,177	(203)	(66,048)	3,206	3,326	(1,878)	9,580	(310)	9,270
Loss for the year	–	–	(1,640)	–	–	–	(1,640)	269	(1,371)
Other comprehensive gain	–	385	–	–	–	–	385	(66)	319
Total comprehensive losses for the year, net of tax	–	385	(1,640)	–	–	–	(1,255)	203	(1,052)
Transactions with owners in their capacity as owners									
Disposal of non-controlling interests	–	–	–	–	–	–	–	107	107
At 30 June 2013	71,177	182	(67,688)	3,206	3,326	(1,878)	8,325	–	8,325

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2014

	Attributable to equity holders of the parent							Non-controlling interests \$'000	Total Equity \$'000
	Contributed equity \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Employee equity benefits reserve \$'000	Convertible bond reserves \$'000	Other reserves \$'000	Total \$'000		
At 1 July 2013	71,177	182	(67,688)	3,206	3,326	(1,878)	8,325	–	8,325
Loss for the year	–	–	(2,637)	–	–	–	(2,637)	–	(2,637)
Other comprehensive loss	–	(202)	–	–	–	–	(202)	–	(202)
Total comprehensive losses for the year, net of tax	–	(202)	(2,637)	–	–	–	(2,839)	–	(2,839)
Transactions with owners in their capacity as owners									
Issuance of shares	2,894	–	–	–	–	–	2,894	–	2,894
At 30 June 2014	<u>74,071</u>	<u>(20)</u>	<u>(70,325)</u>	<u>3,206</u>	<u>3,326</u>	<u>(1,878)</u>	<u>8,380</u>	<u>–</u>	<u>8,380</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

1. Corporate information

The financial report of Life Corporation Ltd (previously known as Cordlife Limited) (the “Company”) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 29 September 2014.

Life Corporation Ltd (the parent) is a for profit company limited by shares, incorporated and domiciled in Australia and operated in Australia and Asia. 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 and principal place of business is located at Level 10, 167 Queen Street, Melbourne, Victoria 3000, Australia.

The Company and its controlled entities' (“consolidated entity”) 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 Company completed the acquisition of a 100% interest in SFS Care Pte Ltd, an unlisted entity based in Singapore. SFS Care Pte Ltd is in the business of providing premium funeral services that include embalming, casket showroom, burials, facilitating funeral rites and ceremonial services. The acquisition was completed on 1 December 2013.

2. Basis of Preparation and Significant Accounting Policies

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 contingent consideration payable which has been measured at fair value.

The Company is of the kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to the “rounding” of amounts in the financial report. All values contained in this financial report have been rounded to the nearest thousand Australian dollars unless otherwise stated

(a) Compliance with Standards

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(b) *Changes in accounting policy*

The accounting policies adopted are consistent with those of the previous financial year except as follows.

From 1 July 2013, Life Corporation Ltd has adopted all Australian Accounting Standards and Interpretations mandatory for annual periods beginning on or before 1 July 2013, including:

Reference	Title	Summary
AASB 10	Consolidated Financial Statements	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p> <p>Consequential amendments were also made to other standards via AASB 2011-7 and AASB 2012-10.</p> <p>The adoption of this standard had minimal impact on the Group.</p>
AASB 11	Joint Arrangements	<p>AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.</p> <p>Consequential amendments were also made to other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.</p> <p>The amendments had minimal effect on the Group's financial report as the Group has no joint arrangements.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(b) Changes in accounting policy (cont'd)

Reference	Title	Summary
AASB 12	Disclosure of Interests in Other Entities	<p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.</p> <p>The amendments have minimal effect on the Group's financial report. Additional disclosures required by AASB 12 are set out in Note 19.</p>
AASB 13	Fair Value Measurement	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p> <p>The amendments have minimal effect on the Group's financial report. Additional disclosures required by AASB 13 are set out in Note 12.</p>
AASB 119 (Revised 2011)	Employee Benefits	<p>The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets.</p> <p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p> <p>The amendments had minimal effect on the Group's financial report</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(b) Changes in accounting policy (cont'd)

Reference	Title	Summary
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	<p>AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.</p> <p>The amendments had minimal effect on the Group's financial report</p>
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	<p>This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions..</p> <p>The amendments resulted in the relocation of certain key management personnel disclosures within the financial statements of the Group</p>

(c) Accounting standards 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 2014:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	The amendments are expected to have no or minimal effect on the Group's financial report	1 July 2014
AASB 9/IFRS9	Financial Instruments	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.	1 January 2018	The Group has not yet determined the impact of the amendments, if any	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
		IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.			
		The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.			
		The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.			
		AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.			
		The main changes are described below.			
		(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
		(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.			
		(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.			
		(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:			
		<ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss 			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
		AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.			
		Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.			
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	Other than additional disclosure, the amendments are expected to have no or minimal effect on the Group's financial report	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	<p>These amendments define an investment entity and require that, with limited exceptions; an investment entity does not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity.</p> <p>These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.</p> <p>These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.</p>	1 January 2014	The amendments are expected to have no or minimal effect on the Group's financial report	1 July 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2014-1 Part A -Annual Improvements 2010-2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010-2012 Cycle	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle. Annual Improvements to IFRSs 2010-2012 Cycle addresses the following items:</p> <ul style="list-style-type: none"> AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. 	1 July 2014	The amendments are expected to have no or minimal effect on the Group's financial report	1 July 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
		<ul style="list-style-type: none"> AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed. 			
AASB 2014-1 Part A -Annual Improvements 2011-2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011-2013 Cycle	<p>Annual Improvements to IFRSs 2011-2013 Cycle addresses the following items:</p> <ul style="list-style-type: none"> AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. AASB40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3. 	1 July 2014	The amendments are expected to have no or minimal effect on the Group's financial report	1 July 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 1031	Materiality	<p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p> <p>AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.</p>	1 January 2014	The amendments are expected to have no or minimal effect on the Group's financial report	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	<p>The Standard contains three main parts and makes amendments to a number Standards and Interpretations.</p> <p>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p> <p>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.</p>	^^	The amendments are expected to have no or minimal effect on the Group's financial report	^^

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
Amendments to IAS 16 and IAS 38****	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	<p>IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances..</p>	1 January 2016	The Group has not yet determined the impact of the amendments, if any	1 July 2016
AASB 2014-1 Part B Amendments to AASB 119	Amendments to Australian Accounting Standards - Part B Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)	<p>AASB 2014-Part B makes amendments in relation to the requirements for contributions from employees or third parties that are set out in the formal terms of the benefit plan and linked to service.</p> <p>The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service</p>	1 July 2014	The Group has not yet determined the impact of the amendments, if any	1 July 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(c) Accounting standards issued but not yet effective (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
IFRS 15 *****	Revenue from Contracts with Customers	<p>In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services)</p> <p>The core principle of IFRS 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 the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p>	1 January 2017	The Group has not yet determined the impact of the amendments, if any	1 July 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(c) *Accounting standards issued but not yet effective (cont'd)*

***** These IFRS amendments have not yet been adopted by the AASB

^^ The application dates of AASB 2013-9 are as follows:

Part A - periods ending on or after 20 Dec 2013	Application date for the Group: period ending 30 June 2014
Part B - periods beginning on or after 1 January 2014	Application date for the Group: period beginning 1 July 2014
Part C - reporting periods beginning on or after 1 January 2015	Application date for the Group: period beginning 1 July 2015

(d) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of Life Corporation Ltd and its subsidiaries as at and for the period ended 30 June each year (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 and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(d) *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

(e) *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.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the statement of comprehensive income.

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 AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(e) *Business combinations and goodwill (cont'd)*

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.

(f) *Foreign currency translation*

(i) *Functional and presentation currency*

Both the functional and presentation currency of Life Corporation and its Australian subsidiaries is Australian dollars (A\$). 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(g) *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.

(h) *Inventories*

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

Inventories are subsequently valued at the lower of cost and net realisable value.

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

(i) *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.

(j) *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(j) *Intangible assets (cont'd)*

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.

(k) *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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(l) *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.

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.

(m) *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.

(n) *Financial instruments- initial recognition and subsequent measurement*

(i) *Financial assets*

Initial recognition and measurement

Financial assets within the scope of AASB 139 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.

Subsequent measurement

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

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

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

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

(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.

Financial assets carried at amortised cost

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

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

(iii) *Financial liabilities*

Initial recognition and measurement

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. The Group's financial liabilities include trade and other payables and convertible bond which are classified as loans and borrowings.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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.

(iv) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

(o) *Non-current assets and disposal groups held for sale and discontinued operations*

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(p) *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 associated with the delivery of funeral services by reference to the stage of completion of the services deliverables in respect of a particular client.

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.

(q) *Share-based payment transactions*

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Currently the company has an Options and Performance Rights Plan in place to provide these benefits. Further details of the Plan are set out in Note 22.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes Pricing Model, further details of which are given in Note 22.

In valuing equity-settled transactions, no account is taken of any conditions other than those linked to the price of the shares of Life Corporation (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(q) *Share-based payment transactions (cont'd)*

Equity-settled awards granted by Life Corporation to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. These amounts are eliminated on consolidation. As a result, the expense recognised by Life Corporation in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(r) *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.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of 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.

(s) *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(s) **Taxes (cont'd)**

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.

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.

(t) **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(t) **Sales tax (cont'd)**

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.

(u) **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 due to be 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.

Any provision made in respect of long service leave which is not due to be 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.

(v) **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.

(w) **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.

(x) **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.

(y) **Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

2. Summary of significant accounting policies (cont'd)

(y) *Segment reporting (cont'd)*

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services, and if applicable;
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(z) *Investment in associate*

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried on the statement of financial position at cost plus acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit of an associate is shown on the face of statement of comprehensive income. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

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.

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 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

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

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 countries 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.

The Group has tax loss carry forwards amounting to \$1,427,000 (2013: \$557,000). These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiary has no taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. Further details on taxes are disclosed in Note 6.

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 27.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

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

Interest rate risk (cont'd)

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 \$1,970,000 (2013: \$6,429,000), and the contingent consideration of \$170,000 (2013: nil).

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 profit Higher/ (Lower)		Other comprehensive income Higher/ (Lower)	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Judgements of reasonably possible movements *:				
+ 1% (2013: +1%)	20	64	20	64
- 0.5% (2013: -0.5%)	(10)	(32)	(10)	(32)

* The rate applied in 2014 is based on management expectations.

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).

Due to the disposal of subsidiaries operated in India, Hong Kong, Philippines and business assets in Indonesia, the Group's statement of financial position is now limited to residual operations in Singapore.

The contingent consideration is sensitive to the changes in currency volatility. The table below outlines the impact a change in the SGD volatility input has on the fair value of the contingent consideration.

	30 June 2014
	\$'000
5% increase in volatility	9
5% decrease in volatility	(9)

The Group is therefore exposed to translation risk when reporting in Australian dollars but do not consider there to be a foreign currency risk exposure.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

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

Credit risk (cont'd)

Trade receivables comprise amount due from individual and therefore individuals cannot be subject to the types of credit assessment that could be otherwise undertaken if dealing with a corporate entity. As such, the Group 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 \$1,970,000 with no outstanding interest bearing loans or convertible notes. Hence, the Group's exposure to liquidity risk is minimal.

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

Year ended 30 June 2014

Carrying amount	Cash flows		
	Total contractual cash flows	Within 1 year	Within 2 to 5 years
\$'000	\$'000	\$'000	\$'000
Trade and other payables	895	895	–
Contingent consideration	170	170	–
	1,065	1,065	–

Year ended 30 June 2013

Carrying amount	Cash flows		
	Total contractual cash flows	Within 1 year	Within 2 to 5 years
\$'000	\$'000	\$'000	\$'000
Trade and other payables	1,459	1,459	–
	1,459	1,459	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

5. Revenue and expenses

	2014	2013
	\$'000	\$'000
(a) Revenue		
Revenue from the rendering of services	1,825	–
Revenue from sale of goods	56	–
Other revenue		
Interest revenue	3	–
Referral fee	23	–
Total revenue	1,907	–
Other income		
Sundry income	51	–
Total revenue and other income	1,958	–
(b) Expenses		
Included in cost of sales		
Cost of inventories recognised as an expense	82	–
Employee benefits expenses:		
- Wages and salaries	270	–
- Defined contribution plan expense	–	–
	270	–
Included in administration expenses		
Depreciation of plant and equipment	94	–
Operating lease rental expenses	150	–
Employee benefits expense:		
- Wages and salaries	1,329	–
- Defined contribution plan expense	84	–
	1,442	–
Other expenses:		
- Legal and professional	564	–
- Travel	160	–
- Consultancy	23	–
- Advertising and promotion	82	–
- Impairment allowance on trade receivables	26	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

6. Income tax

The major components of income tax expense for the years ended 30 June 2014 and 30 June 2013:

	2014	2013
	\$'000	\$'000
<i>Current income tax:</i>		
Current income tax charge	2	2,057
Adjustment in respect of current income tax of previous year	4	–
Utilisation of previously unrecognised tax losses	–	(2,029)
<i>Deferred tax:</i>		
Relating to origination and reversal of temporary differences	7	6
Income tax expense reported in the statement of comprehensive income	13	34

A reconciliation between tax expense and the product of accounting loss before tax multiplied by the Group's applicable income tax rate for the year ended 30 June 2014 and 2013 is as follows:

Loss before tax from continuing operations	(2,249)	–
Loss before tax from discontinued operations	(375)	(1,337)
Total accounting loss before income tax	(2,624)	(1,337)
Income tax benefit calculated at the Company's statutory income tax rate of 30% (2013: 30%)	(787)	(401)
Expenses not deductible for tax purposes	569	2,532
Income not subject to tax	(27)	–
Tax losses and temporary differences not brought to account as deferred tax asset	794	136
Utilisation of previously unrecognised tax benefits	–	(2,029)
Differences in tax rates	(501)	(220)
Statutory tax required by foreign subsidiary*	–	28
Over provision in prior years	4	6
Effect of partial exemption	(42)	(18)
Others	3	–
Income tax expense	13	34

* The Group's subsidiary in Philippines which was disposed of in FY2013 was subject to a Minimum Corporate Income Tax under the National Internal Revenue Code, chargeable at 2% of the subsidiary's gross revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

6. Income tax (cont'd)

Deferred tax

	Current income tax 2014	Deferred income tax 2014	Current income tax 2013	Deferred income tax 2013
	\$'000	\$'000	\$'000	\$'000
Opening balance	(1)	–	(10)	6
Charged to income	(6)	(7)	(28)	(6)
Charged to equity	–	–	–	–
Other payments	9	–	28	–
Acquisition of a subsidiary (Note 13)	(47)	(398)	–	–
Exchange rate adjustments	(12)	12	9	–
	(57)	(393)	(1)	–

Statement of financial position

2014	2013
\$'000	\$'000

Deferred income tax at 30 June relates to the following:

Deferred tax (assets)/liabilities

Accelerated depreciation: plant and equipment
Intangible assets

89	–
304	–
393	–

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 \$428,000 (2013: \$167,000).

Deferred tax assets

	2014	2013
	\$'000	\$'000
Revenue tax losses – Australia	–	–
Revenue tax losses – Indonesia	422	154
Revenue tax losses – Other countries	6	13
Deferred tax assets not recognised	428	167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

7. Trade and other receivables

	2014 \$'000	2013 \$'000
Current		
Trade receivables	86	14
Allowance for impairment loss	(45)	(14)
	41	–
Goods and services tax (GST) receivable	75	82
Interest and other receivables	111	3,336
	227	3,418

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) Interest receivables are due on maturity of fixed deposits. These fixed deposits have a maturity of three to twelve months.
- (iii) Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

As at 30 June 2014, current trade receivables of \$45,000 (2013: \$14,000) were impaired and fully provided for. See below for the movements in the provision for impairment of receivables:

	2014 \$'000	2013 \$'000
At 1 July	14	262
Eliminated on disposal of subsidiaries	–	(335)
Charge for the year	26	24
Exchange rate adjustment	5	63
At 30 June	45	14

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
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014	Consolidated	41	3	31	–	–	7
2013	Consolidated	–	–	–	–	–	–

Receivables past due but not impaired is \$38,000 (2013: \$Nil). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

7. Trade and other receivables (cont'd)

Movements in the impairment allowance of non-current receivables were as follows:

	2014	2013
	\$'000	\$'000
At 1 July	–	66
Eliminated on disposal of subsidiaries	–	(485)
Charge for the year	–	458
Exchange rate adjustment	–	(39)
At 30 June	–	–

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. Inventories

Inventories of the Group consisted of finished goods carried at cost that are used when rendering the funeral service.

9. Investment in associate

	2014	2013
	\$'000	\$'000
Movement in carrying amount:		
Investment in associate - at 1 July	–	–
Exchange rate adjustments	–	–
At 30 June	–	–

During the year, the Group's equity stake in Cytomatrix Pty Ltd is diluted from 25.6% to 16.5% due to additional shares issued by Cytomatrix Pty Ltd. The dilution of percentage ownership and lack of Board representation has resulted in the Group having no significant influence over the policy making process of Cytomatrix Pty Ltd. The investment in Cytomatrix hence ceases to be classify as investment in associate, and has been reclassified as an available for sale financial asset as at 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

10. Plant and equipment

	2014 \$'000	2013 \$'000
Leasehold improvements		
At cost	12	–
Accumulated depreciation	–	–
	12	–
Office equipment		
At cost	700	660
Accumulated depreciation	(625)	(618)
	75	42
Motor vehicles		
At cost	610	–
Accumulated depreciation	(122)	–
	488	–
Total plant and equipment		
At cost	1,322	660
Accumulated depreciation	(747)	(618)
Total written down amount	575	42

Reconciliation of carrying amounts at the beginning and end of period

	2014 \$'000	2013 \$'000
Leasehold improvements		
Cost	–	266
Accumulated depreciation	–	(235)
Net carrying amount at beginning	–	31
Additions	12	36
Eliminated on disposal of subsidiaries (note 21)	–	(37)
Depreciation expense	–	(31)
Exchange rate adjustment	–	1
	12	–
Office equipment		
Cost	660	1,011
Accumulated depreciation	(618)	(805)
Net carrying amount at beginning	42	206
Additions	59	88
Acquisition of a subsidiary (note 13)	9	–
Disposals	–	(5)
Eliminated on disposal of subsidiaries (note 21)	–	(111)
Depreciation expense	(33)	(145)
Exchange rate adjustment	(2)	9
	75	42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

10. Plant and equipment (cont'd)

Reconciliation of carrying amounts at the beginning and end of period (cont'd)

	2014 \$'000	2013 \$'000
Plant and equipment		
Cost	–	686
Accumulated depreciation	–	(375)
Net carrying amount at beginning	–	311
Additions	–	126
Eliminated on disposal of subsidiaries (note 21)	–	(317)
Depreciation expense	–	(129)
Exchange rate adjustment	–	9
	–	–
Motor vehicles		
Cost	–	32
Accumulated depreciation	–	(32)
Net carrying amount at beginning	–	–
Additions	70	1
Acquisition of a subsidiary (note 13)	496	–
Eliminated on disposal of subsidiaries (note 21)	–	(1)
Depreciation expense	(62)	–
Exchange rate adjustment	(16)	–
	488	–

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

11. Trade and other payables

	2014 \$'000	2013 \$'000
Trade payables	171	31
Goods and services tax (GST) payable	44	3
Non-trade payables and accruals	668	1,425
Provision for reinstatement cost	12	–
Contingent consideration payable (note 13)	170	–
	1,065	1,459

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. It includes the contingent consideration of \$170,000 payable to individual vendors from acquisition of SFS Care Pte Ltd.

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 recognized where steps have been taken to implement the restoration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

11. Trade and other payables (cont'd)

Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value, except for contingent consideration mentioned in note 12.

Interest rate, foreign exchange and liquidity risk

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

12. Financial instruments

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized 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:

- (a) Quoted prices in active markets (Level 1);
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- (c) Inputs that are not based on observable market data (Level 3).

As at 30 June 2014, the Group held the following classes of financial instruments measured at fair value:

	30 June 2014	Level 3
	\$'000	\$'000
Contingent consideration	170	170

Reconciliation of recurring fair value measurements categorised within level 3 of the fair value hierarchy

	30 June 2014
	\$'000
Opening balance	—
Fair Value on initial recognition	153
Fair value movement during the year	17
Closing balance	170

As at 30 June 2014, the Group's financial instrument carried at fair value relates to the contingent consideration arrangement recognised as part of the acquisition of SFS Care Pte Ltd (refer note 13). The fair value of the contingent consideration arrangement is estimated using a discounted cash flow method, taking into consideration the probability of the profit hurdles being achieved.

The Group recognizes transfers between the levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1, Level 2 or Level 3 fair value measurements during the year ended 30 June 2014.

The carrying value of other financial instruments not measured at fair value approximates their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

12. Financial instruments (cont'd)

The contingent consideration is sensitive to the changes in currency volatility. The table below outlines the impact a change in the SGD volatility input has on the fair value of the contingent consideration.

	30 June 2014
	\$'000
5% increase in volatility	9
5% decrease in volatility	(9)

13. Business combinations

Acquisition of SFS Care Pte Ltd

On 1 December 2013, the Group completed the acquisition of a 100% equity interest in SFS Care Pte Ltd, an unlisted company based in Singapore, providing premium funeral services that include embalming, casket showroom, burials, facilitating multi-religion funeral rites and ceremonial services along with other ancillary services.

With the disposal of the cord blood banking business the Company had been evaluating new business opportunities. The purchase of SFS Care offers an opportunity to the Company to leverage off its skill base and network to participate in an industry which has significant potential for consolidation and growth from an ageing population. Consequently, goodwill has arisen on acquisition of \$5,661,000 representing the value of expected synergies arising from acquisition.

Assets acquired and liabilities assumed	Fair value recognised on acquisition
	\$'000
Assets	
Brand (Note 14)	1,845
Plant and equipment	505
Trade and other receivables	441
Inventories	28
Cash and cash equivalents	166
Total assets	2,985
Liabilities	
Trade and other payables	(143)
Provision for income tax	(47)
Finance lease liability	(126)
Deferred tax liability	(398)
Total liabilities	(714)
Total identifiable net assets at fair value	2,271
Goodwill arising on acquisition (Note 14)	5,661
Purchase consideration transferred	7,932

The net assets recognised in the 31 December 2013 Half Year financial report were based on a provisional assessment of fair value. The Group has sought an independent valuation for the net assets and intangible assets owned by SFS Care Pte Ltd. The valuation had not been completed by the date the 31 December 2013 half-year report was approved for issue by management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

13. Business combinations (cont'd)

Acquisition of SFS Care Pte Ltd (cont'd)

The valuation of the identifiable net assets and intangible assets was completed in June 2014 and showed that the fair value of the identifiable net assets acquired at the date of acquisition was \$2,271,000. The valuation of the contingent consideration was corrected to reflect its fair value as at acquisition date. As a result of the completion of the initial accounting, the Group recognized an increase in plant and equipment of \$495,000, an increase in finance lease liability of \$126,000 and an increase in deferred tax liability of \$398,000. An intangible asset representing the brand name of "SFS" was also recognized at a fair value of \$1,845,000. Consequently the Group recognized a corresponding reduction in provisional goodwill of \$2,101,000 to give total goodwill arising on the acquisition of \$5,661,000.

Brand relates to the "SFS" brand name for the Group's funeral services arising on the acquisition recorded in the statement of financial position as at 30 June 2014 is \$1,791,000 which includes an exchange difference of \$54,000 arising on translation.

Goodwill arising on acquisition recorded in the statement of financial position as at 30 June 2014 is \$5,385,000 which includes an exchange difference of \$276,000 arising on translation.

From the date of acquisition, SFS Care Pte Ltd has contributed \$1,905,000 of revenue and profit of \$350,000 to the loss before tax from continuing operations of the Group. If the acquisition had occurred on 1 July 2013, the Group revenues would have been \$2,956,000 and net loss after tax would have been \$2,626,000 (including costs in relation to acquisition of \$258,023).

Included in the business assets acquired were receivables with a gross contractual and fair value of \$441,000 resulting from trade sales with customers. Management expected these amounts to be collected in full and converted to cash consistent with customer terms.

Purchase consideration

	\$'000
Shares issued, at fair value	2,894
Cash consideration	4,885
Contingent consideration	153
Total consideration	7,932

Analysis of cash flow on acquisition

Cash acquired with the subsidiary	166
Cash consideration paid	(4,885)
Net cash consideration	(4,719)

The Group issued 13,398,002 ordinary shares as part of the consideration for a 100% interest in SFS Care Pte Ltd. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was \$0.216 each.

Transaction costs of \$258,023 have been expensed and are included in administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

13. Business combinations (cont'd)

Acquisition of SFS Care Pte Ltd (cont'd)

Contingent consideration

As part of the share sale agreement with the previous owners of SFS Care Pte Ltd, a contingent consideration has been agreed. There will be an additional cash payment to the previous owners of SFS Care Pte Ltd of:

- S\$500,000, if the entity generates up to S\$1,250,000 of profit after tax in a 12-month period after the completion date, or
- S\$200,000, if the entity generates more than or equal to S\$1,000,000 but less than S\$1,250,000 in a 12-month period after the completion date.

As at the acquisition date, the fair value of the contingent consideration was estimated to be S\$200,000 (equivalent to \$170,000) using a discounted cash flow method, taking into consideration the probability of the aforementioned profit hurdles being achieved.

14. Intangible assets and goodwill

Cost

At 1 July 2013

Acquisition of a subsidiary (Note 13)

Exchange differences

At 30 June 2014

Amortisation and impairment

At 1 July 2013

Impairment

At 30 June 2014

Net book value

At 30 June 2014

Acquisition during the year

Brand relates to the "SFS" brand name for the Group's funeral services that are acquired in the business combination during the year. The useful life of the brand is estimated to be indefinite.

As at 30 June 2014, these assets were tested for impairment.

Goodwill acquired through business combination and brand name with indefinite life has been allocated to cash generating unit for impairment testing as below:

- Funeral services business in Singapore

The recoverable amount of the funeral services business, \$7,966,000 has been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projection is 12.97%. Cash flow beyond the five-year periods is extrapolated using a 1% growth rate that is lower than the long-term average growth rate for the industry.

As a result of this analysis, management did not identify impairment for this cash generating unit to which goodwill of \$5,385,000 is allocated.

	Brand	Goodwill	Total
	\$'000	\$'000	\$'000
Cost			
At 1 July 2013	–	–	–
Acquisition of a subsidiary (Note 13)	1,845	5,661	7,506
Exchange differences	(54)	(276)	(330)
At 30 June 2014	1,791	5,385	7,176
Amortisation and impairment			
At 1 July 2013	–	–	–
Impairment	–	–	–
At 30 June 2014	–	–	–
Net book value			
At 30 June 2014	1,791	5,385	7,176

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

14. Intangible assets and goodwill (cont'd)

Acquisition during the year (cont'd)

Key assumptions used in value in use calculations

The calculation of value in use for funeral services business is most sensitive to the following assumptions:

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

Gross profit margins – Gross profit margins of 50% are based on average values achieved in the three years preceding the beginning of the budget period.

Discount rates – Discount rates of 12.97% represent the current market assessment of the risk specific to 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 weighted average cost of capital (WACC) of SFS Care Pte Ltd. The WACC takes into both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to services. Industry-specific risk is incorporated by applying individual beta factors.

Growth rate estimates – Rates are based on published industry research on the death rates in Singapore.

Sensitivity to changes in assumptions

The recoverable amount exceeds carrying value of the cash generating unit by \$5,000. The implications of the key assumptions for the recoverable amount are discussed below:

- *Gross profit margins* – Decrease demand can lead to decline in gross margin. Higher sales discount given and unable to recover cost of additional services from customer can have significant impact on the gross profit margin assumptions. A decrease in gross margin by 5% would result in impairment of the funeral service business. Management consider that no reasonably possible change in gross profit margins would cause impairment.
- *Discount rates* – A rise in pre-tax discount rate to 15% in the funeral business service would result in impairment. Management consider that no reasonably possible change in discount rate would cause impairment.
- *Growth rate* – Management recognises 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% in the long-term growth rate would result in impairment. Management consider that no reasonably possible change in long-term growth rate would cause impairment.

15. Contributed equity

	2014	2013
	\$'000	\$'000
70,960,655 (post-consolidation) (2013: 172,687,354 pre-consolidation) fully paid ordinary shares	74,071	71,177
Fully paid ordinary shares :		
Balance at beginning of financial year		
- 172,687,354 (pre-consolidation) (2013: 172,687,354) fully paid ordinary shares	71,177	71,177
Issue of shares during the year		
- 13,398,002 (2013: Nil) fully paid ordinary shares	2,894	-
Balance at end of financial year	74,071	71,177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

15. Contributed equity (cont'd)

The shareholders of the Company approved the consolidation of ordinary shares on 29 November 2013 on the basis that each parcel of 3 shares held by a shareholder will be consolidated into 1 new share (rounded up to the nearest number). The number of issued ordinary shares before share consolidation was 172,687,354 shares. After the share consolidation, the number of issued ordinary shares was 57,562,653 shares (with rounding).

Pursuant to the share sale agreement dated 12 September 2013 between SFS Care Pte Ltd and Life Corporation Ltd, the Company issued 13,398,002 ordinary shares as part of the purchase consideration to individual owners of SFS Care Pte Ltd upon completion of acquisition during the year.

After the additional shares issued, the total ordinary shares issued by the Company is 70,960,655 shares.

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 2014 and 30 June 2013.

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. Refer to Note 22 for further details of this Plan.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

17. Earnings per share

Basic earnings 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) 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 and diluted earnings per share computations:

	2014	2013
	\$'000	\$'000
Net loss attributable to ordinary equity holders of the parent	(2,637)	(1,640)
	2014	2013
	'000	'000
Weighted average number of ordinary shares for basic earnings per share (post-consolidation)	65,051	57,563
Effect of dilution:		
Share options	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	65,051	57,563

Total anti-dilutive options which could be dilutive in the future amounts to nil at 30 June 2014 (2013: 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.

The comparative 2013 was restated due to the consolidation of ordinary shares approved by shareholders on 29 November 2013. Refer to note 15 for the number of issued ordinary shares before and after share consolidation and total number of ordinary shares issued as at 30 June 2014.

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:

	2014	2013
	\$'000	\$'000
Within one year	167	122
After one year and not more than 5 years	244	24
More than 5 years	–	–
	411	146

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

19. Controlled entities

Name of company	Country of incorporation	Percentage of equity held by the Parent	
		2014	2013
		%	%
Parent entity			
Life Corporation Ltd	Australia		
Controlled entities			
Life Corporation International Pte Ltd (previously known as Cordlife International Pte Ltd) ⁺	Singapore	100	100
Life Corporation Services (S) Pte Ltd	Singapore	100	100
Cordlife Pty Ltd	Australia	100	100
Cordlife Sciences Ltd	Thailand	100	100
CyGenics (Thailand) Ltd [#]	Thailand	49**	49
PT Cordlife Indonesia ⁺	Indonesia	65**	65
CLS Services B.V	Europe	100	100
SFS Care Pte Ltd ⁺	Singapore	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 profit

* Newly acquired during the year

[^] Newly incorporated during the year

** Entities were dormant during the year

20. Parent entity information

	Company	
	2014	2013
	\$'000	\$'000
Information relating to Life Corporation Ltd:		
Current assets	2,405	1,220
Total assets	3,021	1,840
Current liabilities	2,464	1,360
Total liabilities	2,464	1,360
Issued capital	74,071	71,177
Accumulated losses	(80,046)	(77,229)
Employee equity benefits reserve	3,206	3,206
Convertible bond reserve	3,326	3,326
Total shareholders' equity	557	480
Loss of the parent entity	(2,817)	(7,043)
Total comprehensive income of the parent entity	(2,817)	(7,043)

There are no guarantees provided by the parent entity to its subsidiaries as at 30 June 2014. There are no contingencies for the parent entity as at 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

21. Disposal of subsidiaries and business assets

(a) Details of subsidiaries and business assets disposed

No components of the entity have been disposed of in the current year reporting period. The discontinued operations below related to the previous year reporting period. The discontinued operations were a disposal group of subsidiaries that discontinued during the year ended 30 June 2013.

On 21 June 2013, the shareholders of the Company approved the sale of the Group's operating activities comprising the subsidiaries which operated its businesses in Singapore, Hong Kong, India and the Philippines and certain assets and liabilities of its Indonesian entity to Cordlife Group Limited. The disposal consideration of \$5,500,000 is payable in cash. 50% of the consideration (\$2,750,000) was received on completion date of 28 June 2013 and the balance was received during the half-year ended 31 December 2013.

On 28 June 2013, the Company had completed the sale agreement with Cordlife Group Limited.

(b) Financial performance of subsidiaries and business assets disposed

The results of the subsidiaries and business assets disposed for the year ended 30 June 2013 until disposal are presented below:

	Year ended 30 June 2014	Year ended 30 June 2013
	\$'000	\$'000
Revenue	–	10,487
Expenses	(375)	(11,824)
Loss before tax	(375)	(1,337)
Tax expense	–	(34)
Loss from discontinued operations	(375)	(1,371)

(c) Assets and liabilities of disposed subsidiaries and business assets

The major classes of assets and liabilities of subsidiaries and business assets disposed of as at 30 June 2013 were as follows:

	2013 \$'000
Assets	
Property, plant and equipment	466
Trade and other receivables	8,878
Inventories	195
Cash and cash equivalents	444
Liabilities	
Trade and other payables	2,925
Deferred revenue	2,581
Total net assets disposed of	4,477
Non-controlling interest in net assets	107
Net assets disposed of, attributable to parent	4,584

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

21. Disposal of subsidiaries and business assets (cont'd)

(c) Assets and liabilities of disposed subsidiaries and business assets (cont'd)

	2013
	\$'000
<i>Gain on disposal of subsidiaries:</i>	
Consideration	4,547
Less: Net assets disposed of, including foreign currency translation reserve	(3,257)
Add: Foreign currency translation reserve transferred to profit and loss on disposal of subsidiaries	490
	<u>1,780</u>
Income tax expense	–
Gain on disposal after tax	<u>1,780</u>
<i>Loss on disposal of business assets:</i>	
Consideration	953
Less: Net assets disposed of	(1,327)
Loss on disposal after tax	<u>(374)</u>
<i>Net cash inflow on disposal:</i>	
Cash consideration	5,500
Cash and cash equivalents balance disposed off	(444)
Subtotal	5,056
Cash consideration received	(2,330)
Foreign exchange movements	24
Cash consideration receivable	<u>2,750</u>

(d) Cash flow information of disposed entities

	2013
	\$'000
The net cash flows of the disposed entities and business assets are as follows:	
Operating activities	(200)
Investing activities	(246)
Financing activities	4
Net cash outflow	<u>(442)</u>

22. Share-based payment plan

(a) Recognised share-based payment expense

The expense recognised during the year is as follows:

	2014	2013
	\$'000	\$'000
Expense arising from equity-settled share-based payment transactions	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

22. Share-based payment plan (cont'd)

(b) *Type of share-based payment plan*

An equity incentive plan, the Options and Performance Rights Plan ("Plan") was introduced on 23 November 2005 at the Company's Annual General Meeting to foster an ownership culture within the consolidated entity and to motivate employees and directors to achieve performance targets of their respective business units. The Plan was administered by the Remuneration Committee up until 30 January 2009 and subsequent to this date it is now administered by the Board. The directors and employees of Life Corporation Ltd and its controlled entities are eligible to participate in the Plan, at the absolute discretion of the Board of Directors.

The number of ordinary shares in the Company acquired or subscribed for or issued upon exercise of a performance right or option under the Plan must not, when aggregated with any other ordinary shares issued under the Plan in the Company held by the participating directors or executives, exceed 10% of the total ordinary shares in the Company issued at the time of issue of the performance rights or options.

In 2007, performance rights allocations were made to employees. Each allocation comprised three tranches and each tranche covered a financial year (2006, 2007, 2008). The vesting of each tranche is dependent on the meeting of Key Result Areas (KRAs) and a service period of each individual. The KRAs relate to financial and non-financial corporate and individual measures of performance. Typically included are measures such as contribution to revenue based on client sign-ups, customer service, risk management, product management and leadership contributions. These measures were chosen as they represent the key drivers for success of the business and provide a framework for delivering long-term value. On termination of employment, the unvested performance rights lapse immediately.

On an annual basis, management and the Board, in line with their responsibilities, determine for each employee whether they have met their performance vesting conditions. This process usually occurs within 3 months after the reporting date.

During the year, the Plan was inactive (2013: inactive).

There was no share-based payment plan transactions during the year ended 30 June 2014.

There were no new options granted for the year ended 30 June 2014.

(c) *Summary of options granted under the Plan*

The following table illustrates the number of and movements in share options and rights issued during the year:

	2014	2013
Outstanding at the beginning of the year	–	60,000
Granted during the year	–	–
Expired during the year	–	(60,000)
Rounding adjustment	–	–
Outstanding at the end of the year	–	–
Exercisable at the end of the year	–	–

(d) *Weighted average exercise price*

The weighted average exercise price is \$Nil (2013: \$nil) as stipulated in the Options and Performance Rights Plan.

(e) *Weighted average fair value*

There were no options granted in 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

22. Share-based payment plan (cont'd)

(f) *Weighted average remaining contractual life*

There is no share option outstanding as at 30 June 2014.

(g) *Option pricing model*

As there are no market based performance hurdles attached to any of the share options issued to date and, the exercise price is \$nil (2013: \$nil), the value of each share option issued is equivalent to the share price on day of grant.

23. Segment information

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

The operating segments were identified by management based on the manner in which the product was 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.

In prior year, management had identified Indonesia, India and Philippines as reportable segments during the year. All segments were in the business of providing cord blood and cord tissue banking services, which involved the processing and storage of stem cells to their respective locations.

On 21 June 2013, the shareholders of the Company approved the sale of subsidiaries which operate its cord blood and cord tissue banking services business and certain assets and liabilities of its Indonesia entity to Cordlife Group Limited.

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.

24. Related party disclosures

(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) *Transactions with associates*

There were no transactions between the Company and the associates during the current financial year (2013: nil).

(c) *Related party balances*

Refer to Notes 7 and 11 for information regarding outstanding related party balances at 30 June 2014. There are no related party balances as at 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

24. Related party disclosures (cont'd)

(d) Key management personnel

Details relating to KMP, including remuneration paid, are included in Note 25.

(e) Loans to key management personnel

No interest-free loans were provided during the year.

25. Key management personnel disclosures

Details of key management personnel

Directors:

Kam Yuen	(Chairman, non-executive)
Simon Hoo	(Director, executive)
Simon Lee	(Director, executive) (Resigned on 23 May 2014)
Kenneth Lim	(Director, executive) (Appointed on 23 May 2014)
Victor Hoo	(Director, executive) (Appointed on 23 May 2014)
Samuel Kong	(Director, non-executive)
Mark Ryan	(Director, non-executive)
Voiron Chor	(Director, non-executive)

Executives:

Hoo Hung Chye	(Client Service Director) (Appointed on 2 December 2013)
Felixcia Lee Pei Yue	(Group Financial Controller, KMP from 1 March 2014)
Andrew Lord	(Corporate Secretary)

Compensation of key management personnel

	Consolidated	
	2014	2013
	\$	\$
Short-term employee benefits	696,767	816,256
Long-term employee benefits	2,465	57,838
Post Employment benefits	37,281	54,797
Share-based Payment	–	–
	736,513	928,891

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 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

26. Events after reporting date

Tender to lease a land parcel and issuance of convertible bond

On 8 July 2014, a wholly-owned subsidiary of Life Corporation Ltd submitted a tender to a Singapore government statutory board to lease a land parcel with a site area of 2,000 square meters and maximum gross floor area of 3,200 square meters for a period of 30 years for a tender consideration of S\$5,200,988.

On 17 July 2014, the tender was successfully awarded. A deposit of S\$260,050 was paid on lodging the tender and the balance of the tender consideration is payable by two instalments due on 13 August and 14 October 2014 respectively.

The purchase of the lease of the land will be financed by a convertible bond. On 22 July 2014, Life Corporation Ltd entered into a convertible bond agreement with GM Investment Company Ltd, a wholly-owned subsidiary of Golden Meditech Holdings Limited, a company listed on the Hong Kong Stock Exchange ("Golden Meditech") and Northeast Capital Pte Ltd, a Singapore incorporated company wholly owned by Mr Hoo Hung Chye ("Northeast"). Mr Hoo Hung Chye is one of the key management personnel of Life Corporation Ltd starting from 2 December 2013. Golden Meditech and Northeast have each subscribed S\$3,000,000 making a total subscription of S\$6,000,000.

27. Notes to the statement of cash flows

	2014	2013
	\$'000	\$'000

(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	1,970	6,429
Cash and cash equivalents	1,970	6,429

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 2014.

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

	2014	2013
	\$'000	\$'000
Net loss for the year	(2,637)	(1,371)
Depreciation and amortisation of non-current assets	95	305
Gain on disposal of subsidiaries	–	(1,780)
Gain on disposal of other investment	–	(75)
Gain on disposal of available for sale financial asset	–	(203)
Impairment loss on trade receivables	26	483
Share-based payment expense	–	–
Exchange differences	3	9
Decrease/(Increase) in assets:		
Receivables	450	(5,985)
Inventories	(22)	(33)
(Decrease)/Increase in liabilities:		
Payables	(628)	5,134
Net cash used in operating activities	(2,713)	(3,516)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2014

28. Remuneration of auditors

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

2014	2013
\$	\$
101,425	82,300

Other service in relation to the entity and any other entity in the consolidated group:
- Assurance related

18,000	–
119,425	82,300

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

90,322	181,775
--------	---------

Tax compliance services

8,155	6,051
-------	-------

Tax advisory services

–	2,542
---	-------

Transaction advisory services

30,649	30,251
--------	--------

129,126	220,619
---------	---------

248,551	302,919
---------	---------

Amounts received or due and receivable by non Ernst & Young audit firms for:

Audit of financial report and tax services

–	2,093
---	-------

29. 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 (2013: nil).

ADDITIONAL STOCK EXCHANGE INFORMATION

As at 20 September 2014

Number of holders of equity securities

Ordinary share capital

70,960,655 fully paid ordinary shares are held by 589 individual shareholders.

All issued ordinary shares carry one vote per share.

Distribution of holders of equity securities

	Fully paid ordinary shares
1 – 1,000	113
1,001 – 5,000	131
5,001 – 10,000	164
10,001 – 100,000	148
100,001 and over	33
	589
Holding less than a marketable parcel	–

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	10 December 2016
13,398,002	

Substantial shareholders

Ordinary shareholders	Fully paid	
	Number	Percentage
HSBC Custody Nominees (Australia) Limited	12,718,446	17.92%
Citicorp Nominees Pty Limited	8,098,513	11.41%
UOB Kay Hian (Hong Kong) Limited	7,682,846	10.83%
	28,499,805	40.16%

ADDITIONAL STOCK EXCHANGE INFORMATION

As at 20 September 2014

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid	
	Number	Percentage
1) HSBC Custody Nominees (Australia) Limited	12,718,446	17.92%
2) Citicorp Nominees Pty Limited	8,098,513	11.41%
3) UOB Kay Hian (Hong Kong) Limited	7,682,846	10.83%
4) City Challenge Global Limited	7,266,667	10.24%
5) Kwok Chye Hoo	4,466,001	6.29%
6) Hung Chye Hoo	4,466,001	6.29%
7) Fui Ping Hoo	4,466,001	6.29%
8) Wells Spring Pte Ltd	2,666,667	3.76%
9) Gold Baxter International Pte Ltd	2,053,024	2.89%
10) Chong Siew Hong	1,500,000	2.11%
11) UOB Kay Hian Private Limited	1,342,277	1.89%
12) Equitas Nominees Pty Limited	1,235,967	1.74%
13) Tantalum Cellular Products LLC	855,658	1.21%
14) Equitas Nominees Pty Limited	833,334	1.17%
15) BS Fund Management Pte Ltd	666,667	0.94%
16) JP Morgan Nominees Australia Limited	594,951	0.84%
17) Simon Hoo Kia Wei	584,223	0.82%
18) NEFCO Nominees Pty Ltd	507,789	0.72%
19) Moh Ming Lee	488,813	0.69%
20) Tiong Aik Corporation Pte Ltd	410,172	0.58%

ADDITIONAL STOCK EXCHANGE INFORMATION

As at 20 September 2014

Company secretary

Mr Andrew Lord
Lord Commercial Lawyers
Level 10, 167 Queen Street
Melbourne, Victoria 3000
Australia
Tel: +61 (0) 3 9600 0162

Registered office and Principal administration office

Level 10, 167 Queen Street
Melbourne, Victoria 3000
Australia
Tel: +61 (0) 3 9600 0162

Share registry

Link Market Services Ltd
Level 4, 333 Collins Street
Melbourne, Victoria 3000
Australia
Tel: +61 (0) 3 9615 9932