

Appendix 4E

Preliminary Final Report

1. Company details

Name of entity

Life Corporation Ltd

ABN

48 108 051 529

Financial year ended

30 June 2015

The previous corresponding period refers to the comparative amounts for the year ended 30 June 2014.

The functional currency of key entities of Life Corporation Ltd group has changed to Singapore dollars from Australian dollars, effective from 1 July 2014. Consistent with this change, the presentation currency of the Group has also changed to Singapore dollars. This change means that the financial information in the company's quarterly ASX reports, as well as its half-year and full-year accounts are presented in Singapore dollars. The change in presentation currency represents a voluntary change in accounting policy, which has been applied retrospectively.

All values contained in this report have been rounded to the nearest thousand Singapore dollars unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100.

2. Results for announcement to the market

					S\$'000
2.1	Total revenue from ordinary activities	: up	42%	To	3,120
2.2	Loss from ordinary activities after tax attributable to members	: up	84%	To	(5,524)
2.3	Net loss for the year attributable to members	: up	84%	To	(5,524)
2.4	Dividends	: Nil			
2.5	Record date for determining entitlements to the final dividend	: Not applicable			

2.6 Commentary on operations and results

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 ("the Group") for the year from 1 July 2014 to 30 June 2015. Details of the controlled entities are set out in note 18.2 of the Preliminary Report for the year ended 30 June 2015.

Revenue was S\$3,120,000 as compared to S\$2,197,000 in FY2014, an increase of 42%. Revenue is generated from the provision of funeral services and sales of related supplies. In FY2014, only 7 months of revenue was recognised after the completion of acquisition of SFS Care Pte Ltd in December 2013.

Other income was S\$4,502,000 as compared to S\$58,000 in FY2014. The increase is mainly due to government grants received by Singapore subsidiaries to subsidize purchase of certain qualifying productivity improvements, the release of a provision for contingent consideration of S\$200,000 and a net unrealised gain on fair value of derivative financial liability of S\$4,113,000. Kindly refer to note 8 for further details on valuation of conversion feature of the convertible bond.

Appendix 4E

Preliminary Final Report

Administration expenses were S\$10,433,000 as compared to S\$3,374,000 in FY2014. The significant increase is mainly due to impairment loss of goodwill of S\$6,336,000; expense incurred in conjunction with the terminated development of columbarium business of S\$901,000.

Borrowing costs were S\$526,000 in FY2015. The borrowing costs relate to the interest expense accrued for the convertible bond issued during the period.

Net loss attributable to members for the year ended 30 June 2015 was S\$5,524,000, an increase of 84% as compared to S\$3,007,000 for the year ended 30 June 2014. The increase in net loss is mainly arising from the high overall operating expenses base of the listed company, expense incurred in conjunction with the terminated development of columbarium business and impairment loss on goodwill recognised during the period. Moving forward, the management intends to intensify efforts on continuing lowering operating expenses of the Group; while SFS Care Pte Ltd intend to continue to expand its base of prepaid funeral service packages in addition to the services of premium as-need funeral services packages.

Details of significant costs are set out in note 2.

Life Corporation Ltd and its entities have experienced a period of growth in Singapore dollar revenue streams after the completion of acquisition of SFS Care Pte Ltd in December 2013. In addition, the Company entered into a significant Singapore dollar funding arrangement for columbarium business in current financial year. Consequently, the directors had determined that the functional currency of the key entities in the Life Corporation Ltd is Singapore dollars, effective from 1 July 2014.

Consistent with the change, the presentation currency of the Group has also changed to Singapore dollars. This change means that the financial information in the company's quarterly ASX reports, as well as its half-year and full-year accounts are presented in Singapore dollars.

As at 31 December 2014, assets under construction totalling S\$5,316,000 was recognised. This represented the tender consideration for the parcel of land (exclusive of GST) awarded in Singapore and related expenditure on the Temple and Columbarium Development ("the Development") under construction.

The Company had announced in May 2015 that the Singapore government and Eternal Pure Land Pte Ltd, the Company's affiliated entity had agreed to mutually terminate the Letter of Award dated 17 July 2014 (including the State Lease dated 7 January 2015 and the Building Agreement dated 14 October 2015). S\$5,200,988 being the tender price for the lease of land parcel and all related government and regulatory fees and expenses paid on the lease of land parcel was fully refunded to Eternal Pure Land Pte Ltd on 6 May 2015.

Separately, the Singapore government had accepted the proposal submitted by the Company for the development of an automated columbarium system on a plot of land zoned for cemetery use in Singapore. The Group is seeking to develop Singapore's first fully automated columbarium facility. The Company is in the process of completing the new land lease agreement and finalising with various parties on the building construction and business offerings. Any significant transaction will be announced in due course and in full compliance with disclosure obligations.

Consolidated statement of comprehensive income
For the year ended 30 June 2015

	Note	Year ended 30 June 2015 S\$'000	Year ended 30 June 2014 (Restated) S\$'000
Continuing Operations			
Revenue	1(a)	3,120	2,197
Cost of sales		(2,047)	(1,273)
Gross profit		1,073	924
Other income	1(b)	4,502	58
Marketing expenses		(147)	(183)
Administration expenses		(10,433)	(3,374)
Borrowing costs		(526)	-
Loss before income tax from continuing operations	2	(5,531)	(2,575)
Income tax refund/(expense)		7	(15)
Loss from after income tax from continuing operations		(5,524)	(2,590)
Discontinued operations			
Loss from discontinued operations		-	(417)
Net loss for the year		(5,524)	(3,007)
Other comprehensive losses			
<i>Items that may be subsequently recycled to profit and loss:</i>			
Foreign currency translation losses attributable to parent		(61)	(97)
Total comprehensive losses for the year, net of tax		(5,585)	(3,104)
Loss after income tax attributable to:			
Members of parent		(5,524)	(3,007)
		(5,524)	(3,007)
Total comprehensive losses attributable to:			
Members of parent		(5,585)	(3,104)
		(5,585)	(3,104)

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

Consolidated statement of comprehensive income (cont'd)
For the year ended 30 June 2015

	Year ended 30 June 2015	Year ended 30 June 2014 (Restated)
Loss per share for continuing operations attributable to the ordinary share equity holders of the Company:		
Basic loss per share (cents per share)	(7.78)	(3.65)
Diluted loss per share (cents per share)	(8.76)	(3.65)
Loss per share attributable to the ordinary share equity holders of the Company:		
Basic loss per share (cents per share)	(7.78)	(4.24)
Diluted loss per share (cents per share)	(8.76)	(4.24)

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

Consolidated statement of financial position As at 30 June 2015

		30 June 2015 S\$'000	30 June 2014 (Restated) S\$'000	1 July 2013 ⁽¹⁾ (Restated) S\$'000
Current assets				
Cash and cash equivalents	3	5,864	2,313	7,468
Trade and other receivables		493	263	3,998
Prepayments		78	87	68
Inventories		35	59	-
Total current assets		6,470	2,722	11,534
Non-current assets				
Plant and equipment		546	678	49
Intangible assets and goodwill	7	2,107	8,443	-
Total non-current assets		2,653	9,121	49
Total assets		9,123	11,843	11,583
Current liabilities				
Trade and other payables		1,439	1,231	1,758
Provisions		51	65	146
Deferred revenue		295	-	-
Income tax payables		27	67	1
Finance lease liability		93	93	-
Total current liabilities		1,905	1,456	1,905
Non-current liabilities				
Convertible bond	8	1,189	-	-
Derivative financial liability	8	1,224	-	-
Finance lease liability		52	52	-
Deferred tax liability		465	462	-
Total non-current liabilities		2,930	514	-
Total liabilities		4,835	1,970	1,905
Net assets		4,288	9,873	9,678
Equity				
Contributed equity	4	94,137	94,137	90,838
Foreign currency translation reserve		(2,599)	(2,538)	(2,441)
Other reserves		(2,382)	(2,382)	(2,382)
Employee equity benefits reserve		4,146	4,146	4,146
Convertible bond reserve		4,358	4,358	4,358
Accumulated losses	14	(93,372)	(87,848)	(84,841)
Attributable to equity holders of the parent		4,288	9,873	9,678
Total equity		4,288	9,873	9,678

⁽¹⁾: With effect from 1 July 2014, the directors of Life Corporation Ltd determined that the functional currency of the key entities is Singapore dollars. Consistent with the change in functional currency, the Group has elected to change its presentation currency from Australian dollars to Singapore dollars. As such, in accordance with AASB101.39, a third consolidated statement of financial position and notes to the restated amounts have been presented.

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

Consolidated statement of cash flows

For the year ended 30 June 2015

	Note	Year ended 30 June 2015 S\$'000	Year ended 30 June 2014 (Restated) S\$'000
Cash flows from operating activities			
Receipts from customers		3,394	2,307
Payments to suppliers and employees		(5,758)	(5,483)
Interest received		2	3
Interest and other costs of finance paid		(8)	(11)
Income taxes (paid)/refund		(46)	11
Net cash used in operating activities		(2,416)	(3,173)
Cash flows from investing activities			
Purchase of property, plant and equipment		(50)	(64)
Purchase of assets under construction		(5,565)	-
Proceeds from disposal of controlled entities (net of cash disposed)		-	3,140
Acquisition of a subsidiary, net of cash acquired	6	-	(5,310)
Proceeds from termination of land lease agreement		5,565	-
Loan repaid by other entity		-	350
Net cash used in investing activities		(50)	(1,884)
Cash flows from financing activities			
Proceeds from issuance of convertible bond		6,000	-
Net cash generated from financing activities		6,000	-
Net increase/(decrease) in cash and cash equivalents held		3,534	(5,057)
Cash and cash equivalents at the beginning of the financial year		2,313	7,468
Effects of exchange rate changes on the balance of cash held in foreign currencies		17	(98)
Cash and cash equivalents at the end of the financial year	3	5,864	2,313

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

Consolidated statement of changes in equity
For the year ended 30 June 2015

	Attributable to equity holders of the parent						Non-controlling interests	Total Equity
	Contributed equity S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Employee equity benefits reserve S\$'000	Convertible bond reserves S\$'000	Other reserves S\$'000	Total S\$'000	S\$'000
At 1 July 2013 (pre-restatement)	71,177	182	(67,688)	3,206	3,326	(1,878)	8,325	-
Adjustment on changes in presentation currency*	19,661	(2,623)	(17,153)	940	1,032	(504)	1,353	-
As at 1 July 2013 (restated*)	90,838	(2,441)	(84,841)	4,146	4,358	(2,382)	9,678	-
Loss for the year	-	-	(3,007)	-	-	-	(3,007)	-
Other comprehensive income	-	(97)	-	-	-	-	(97)	-
Total comprehensive income for the year, net of tax	-	(97)	(3,007)	-	-	-	(3,104)	-
Transactions with owners in their capacity as owners								
Issuance of shares	3,299	-	-	-	-	-	3,299	-
At 30 June 2014(restated)	94,137	(2,538)	(87,848)	4,146	4,358	(2,382)	9,873	-

*: With effect from 1 July 2014, the directors of Life Corporation Ltd determined that the functional currency of the key entities is Singapore dollars. Consistent with the change in functional currency, the Group has elected to change its presentation currency from Australian dollars to Singapore dollars. As such, in accordance with AASB101.39, a third consolidated statement of financial position and notes to the restated amounts have been presented.

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

Consolidated statement of changes in equity (cont'd)
For the year ended 30 June 2015

	Attributable to equity holders of the parent						Non-controlling interests	Total Equity
	Contributed equity S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Employee equity benefits reserve S\$'000	Convertible bond reserves S\$'000	Other reserves S\$'000	Total S\$'000	S\$'000
At 1 July 2014(restated)	94,137	(2,538)	(87,848)	4,146	4,358	(2,382)	9,873	-
Loss for the year	-	-	(5,524)	-	-	-	(5,524)	-
Other comprehensive income	-	(61)	-	-	-	-	(61)	-
Total comprehensive income for the year, net of tax	-	(61)	(5,524)	-	-	-	(5,585)	-
Transactions with owners in their capacity as owners								
Issuance of shares	-	-	-	-	-	-	-	-
At 30 June 2015	94,137	(2,599)	(93,372)	4,146	4,358	(2,382)	4,288	-

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

Notes to the preliminary financial report

	Year ended 30 June 2015 S\$'000	Year ended 30 June 2014 (Restated) S\$'000
1. Revenue		
(a) Revenue		
Revenue from the rendering of services	3,112	2,120
Revenue from sale of goods	1	47
	3,113	2,167
Other revenue		
Interest revenue	2	3
Referral fee	5	27
	7	30
Total revenue	3,120	2,197
(b) Other income		
Sundry income	99	58
Foreign exchange gain	90	-
Movement in fair value of contingent consideration	200	-
Net unrealised gain on derivative financial liability (refer to Note 8)	4,113	-
	4,502	58
Total revenue and other income	7,622	2,255

2. Loss before income tax from continuing operations

Loss before income tax includes the following items of expense:

Included in cost of sales:		
Cost of inventories recognised as expense	148	94
Employee benefit expense:		
Wages and salaries	505	322
Defined contribution plan expense	-	-
Included in borrowing costs:		
Interest on convertible bond	526	-
Included in administration expenses:		
Depreciation of plant and equipment	179	108
Operating lease expenses – rental expenses	246	172

Notes to the preliminary financial report (cont'd)

	Year ended 30 June 2015 S\$'000	Year ended 30 June 2014 (Restated) S\$'000
2. Loss before income tax from continuing operations (cont'd)		
Loss before income tax includes the following items of expense (cont'd):		
Included in administrative expenses (cont'd):		
Employee benefit expense:		
Wages and salaries	1,548	1,210
Defined contribution plan expense	160	96
Other expenses:		
Legal and professional fees	1,070	676
Business travel	87	184
Consultancy	43	27
Advertising and promotion	102	94
Impairment loss on trade receivables	-	30
Impairment loss on goodwill	6,336	-

3. Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	30 June 2015 S\$'000	30 June 2014 (Restated) S\$'000
Cash at bank and in hand	5,864	2,313
Balance at end of financial year	5,864	2,313

Notes to the preliminary financial report (cont'd)

	30 June 2015 S\$'000	30 June 2014 (Restated) S\$'000
4. Contributed equity		
Balance at beginning of financial year		
- 70,960,655 (2014:57,562,653) fully paid ordinary shares	94,137	90,838
Issue of shares during the year		
- Nil (2014:13,398,002) fully paid ordinary shares	-	3,299
	94,137	94,137

5. Non-controlling interests

Non-controlling interests represent the interests in PT Cordlife Indonesia not held by the Group.

6. Business Combinations

Information on prior year acquisition

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.

The consideration paid included an element of contingent consideration. Refer to note 20 for adjustments to the related liability in the current year.

7. Intangible assets and goodwill

	Brand S\$'000	Goodwill S\$'000	Total S\$'000
Cost			
At 1 July 2014(restated)	2,107	6,336	8,443
Acquisition of a subsidiary	-	-	-
Exchange differences	-	-	-
At 30 June 2014	2,107	6,336	8,443
Amortisation and impairment			
At 1 July 2014(restated)	-	-	-
Impairment	-	(6,336)	(6,336)
At 30 June 2015	-	(6,336)	(6,336)
Net book value			
At 30 June 2014(restated)	2,107	6,336	8,443
At 30 June 2015	2,107	-	2,107

Notes to the preliminary financial report (cont'd)

7. Intangible assets and goodwill (cont'd)

Brand relates to the “SFS” brand name for the Group’s funeral services that are acquired in the business combination in prior year. The useful life of the brand is estimated to be indefinite. As at 30 June 2015, these assets were tested for impairment.

Goodwill acquired through a business combinations and brand name with an indefinite life have been allocated to the Funeral services business in Singapore cash generating unit for impairment testing.

Goodwill is tested for impairment annually (as at 30 June) and when circumstances indicate the carrying value may be impaired. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. The impairment indicators identified related to the unfavourable budget to actual performance during the year ended 30 June 2015. The decline in sales of funeral services have led to decreased revenue recognised compared to budgeted growth. As a result, management performed an impairment assessment as at 30 June 2015 for the funeral services business in Singapore. The recoverable amount of the funeral services business has been determined based on value in use calculations using cash flow projections from financial budget approved by management covering a five-year period.

The projected cash flows reflect the decreased sales of the funeral services and pre-tax discount rate of 12.97% (30 June 2014: 12.97%) was applied. Cash flows beyond the five-year period have been extrapolated using a 1% growth rate (30 June 2014: 1%). Except as discussed below, all other assumptions remain consistent with those disclosed in the annual financial statement for the year ended 30 June 2014. As a result of this analysis, management recognised an impairment of S\$6,336,000 against goodwill previously carried at S\$6,336,000. The impairment charge is recorded within administrative expenses in the consolidated statement of comprehensive income.

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

The estimated recoverable amount of the cash generating unit is equal to its carrying value of S\$3,502,000. Consequently, any adverse change in key assumptions could result in a further impairment loss. The key assumptions for the recoverable amount are discussed below:

Growth rate – Rates are based on published industry research on the death rates in Singapore. However, the revised growth rate reflected the recognition of the decrease in sales of funeral services

Discount rate – Discount rate of 12.97% represent the current market assessment of the risk specific to the funeral service business, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is derived from the weighted average cost of capital (WACC) of SFS Care Pte Ltd. Industry specific risk is incorporated by applying individual beta factors. A rise in post-tax discount rate to 14.2% in funeral business service would result in further impairment of S\$215,000.

Notes to the preliminary financial report (cont'd)

8. Convertible bond

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

Interest accrues at 9% per annum compounding annually. Interest accrued for the Initial Period will be initially capitalised to the debt then paid six months after the Initial period. Thereafter interest is payable 6 monthly in arrears.

The bond has a redemption value of S\$6,000,000 and a maturity date of 5 years from the funding date.

The conversion feature represents a derivative liability and was initially recognised at fair value of S\$5,337,000 and subsequently re-measured at fair value which was S\$1,224,000 as at 30 June 2015 resulting in a net unrealised gain of S\$4,113,000. The host debt contract was initially recognised as the residual value of S\$663,000 and is subsequently measured at amortised cost which was S\$1,189,000 as at 30 June 2015. The effective interest rate on the convertible bond is considered to be 86%. The fair value of the conversion feature is determined using an option pricing model which incorporates market observable inputs such as share price (A\$0.10), share volatility (114%), foreign exchange rate (A\$1:S\$1.04) and is therefore sensitive to reasonably possible changes in these inputs.

9. Loans and borrowings

During the year, the Company had secured the funding from a Singapore financial institution for the construction and commissioning of the columbarium on the lease of land in Singapore.

The funding of S\$14,960,000 was to be a progressive drawdown of up to 80% of the cost for construction and commissioning of the columbarium. On completion, the facility would convert to a term loan. Interest on the facility is variable and payable monthly in arrears.

Interest will be calculated at 1.25% above the Singapore financial institution’s Enterprise Base Rate which is at 4.75% per annum. As of 30 June 2015, the Enterprise Base Rate was revised to 6.35% per annum.

The construction facility is for 18 months from initial drawdown and would convert to a 7 year term loan on completion of the construction of columbarium.

The Company announced in May 2015 that the Singapore government and Eternal Pure Land Pte Ltd, the Company affiliated entity had agreed to mutually terminate the Letter of Award (including the State Lease and Building agreement) of the lease of land.

In June 2015, the Company has requested to cancel the funding and with payment of cancellation fee of S\$224,400 stated in the loan facility agreement. The request is accepted by the Singapore financial institution in July 2015.

As of 30 June 2015, there was no drawdown of the facility.

Notes to the preliminary financial report (cont'd)

10. Assets under construction

On 8 July 2014, a wholly-owned subsidiary of Life Corporation Ltd, Eternal Pure Land Pte Ltd submitted a tender to a Singapore government statutory board to lease a land parcel for a period of 30 years for a tender consideration of S\$5,200,988.

As at 31 December 2014, assets under construction totalled S\$5,316,000 (30 June 2014: S\$Nil) which represented the tender consideration for the parcel of land (exclusive of GST) and related expenditure on the Temple and Columbarium Development ("the Development") under construction.

The Company had announced in May 2015 that the Singapore government and Eternal Pure Land Pte Ltd, the Company's affiliated entity had agreed to mutually terminate the Letter of Award dated 17 July 2014 (including the State Lease dated 7 January 2015 and the Building Agreement dated 14 October 2015).

S\$5,200,988 being the tender price for the lease of land parcel and all related government and regulatory fees and expenses paid on the lease of land parcel are fully refunded to Eternal Pure Land Pte Ltd.

11. Commentary on the results for the period

Refer to the consolidated statement of comprehensive income and note 2.6 of this report.

12. Dividends

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

13. Dividend reinvestment plans

Not applicable.

14. Accumulated losses

	30 June 2015	30 June 2014
	S\$'000	(Restated)
		S\$'000
Balance at beginning of financial year	(87,848)	(84,841)
Net loss for the year	(5,524)	(3,007)
Net loss attributable to non-controlling interests	-	-
Balance at end of financial year	(93,372)	(87,848)

Notes to the preliminary financial report (cont'd)

15. Net tangible assets backing per ordinary security

As at 30 June 2015: 3.1 cents

As at 30 June 2014: 2.0 cents

16. Control gained or lost over entities

Refer to Note 18.2.

17. Details of associates

There is no associate held by the Company.

18 Other significant information needed by an investor to make an informed assessment of the consolidated entity's financial performance and financial position

18.1 Subsequent event

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

Notes to the preliminary financial report (cont'd)

18.2 Details of controlled entities

Name of entity	Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Parent entity			
Life Corporation Ltd	Australia		
Controlled entities			
Life Corporation International Pte Ltd	Singapore	100	100
Life Corporation Services (S) Pte Ltd	Singapore	100	100
Cordlife Pty Ltd+	Australia	100	100
Cordlife Sciences Limited	Thailand	100	100
Cygenics (Thailand) Ltd*	Thailand	49	49
PT Cordlife Indonesia+	Indonesia	65	65
CLS Services B.V.	Netherlands	100	100
SFS Care Pte Ltd+	Singapore	100	100
Eternal Pure Land Pte Ltd+	Singapore	100	100

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

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

19. Segment information

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

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

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

Notes to the preliminary financial report (cont'd)

20. Financial instruments

Fair value

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those carrying amounts which are reasonable approximations of fair values:

	Carrying amount		Fair value	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)		(Restated)
Liabilities measured at fair value:				
Contingent consideration	-	200	-	200
Derivative financial liability (note 8)	1,224	-	1,224	-
Liabilities for which fair value are disclosed:				
Convertible bond (note 8)	1,189	-	1,189	-
Total	2,413	200	2,413	200

Fair value hierarchy

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

Fair value measurement hierarchy for liabilities as at 30 June 2015:

	Date of valuation	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
		S\$'000	S\$'000	S\$'000
Liabilities measured at fair value:				
Derivative financial liability (note 8)	30 June 2015	1,224	-	1,224
Liabilities for which fair value are disclosed:				
Convertible bond (note 8)	30 June 2015	1,189	-	1,189

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

Notes to the preliminary financial report (cont'd)

20. Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Fair value measurement hierarchy for liabilities as at 30 June 2014:

		Fair value measurement using				
		Date of valuation	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
			Total	(Level 1)	(Level 2)	(Level 3)
			S\$'000	S\$'000	S\$'000	S\$'000
			(Restated)	(Restated)	(Restated)	(Restated)
Liabilities measured at fair value:						
Contingent consideration	30 June 2014	200	-	-	200	

There have been no transfers between Level 1, Level 2 or Level 3 during 2014.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 30 June 2015 and 2014, are as disclosed below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Contingent consideration	DCF method	Profit after tax of SFS Care Pte Ltd in 12-month period	S\$1,000,000-S\$1,250,000	Increase (decrease) in the profit after tax would result in higher/(lower) fair value of the contingent consideration liability
		Discount rate	2015: 12.97% 2014: 12.97%	1% increase(decrease) in the discount rate would result in higher/(lower) fair value of the contingent consideration liability.

Notes to the preliminary financial report (cont'd)

20. Financial instruments (cont'd)

Contingent consideration

As part of the acquisition of SFS Care Pte Ltd, based on the performance of SFS Care Pte Ltd, a portion of the consideration was determined to be contingent based on the performance of the acquired entity. There were additional consideration payables to the previous owner of SFS Care Pte Ltd of:

- a) 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
- b) 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.

The fair value of the contingent consideration arrangement was estimated using a discounted cash flow method, taking into consideration the probability of the profit hurdles being achieved. As the performance hurdles for the contingent consideration were not met during the 12 months period after completion date, the contingent consideration liability was derecognised through profit or loss in FY2015.

Reconciliation of fair value measurement of embedded derivative liability:

	Embedded derivative financial liability
	S\$'000
As at 1 July 2014	-
Initial recognition	5,337
Remeasurement recognised in profit & loss	(4,113)
Purchases	-
Sales	-
As at 30 June 2015	1,224

21. Related party transactions

There were no related party transactions during the year ended 30 June 2015.

22. Audit of this report

This report is based on accounts which are in the process of being audited.

Sign here:

A handwritten signature in black ink, appearing to read 'Simon Hoo', with a stylized flourish at the end.

Simon Hoo

31 August 2015