



InvoCare Limited

Interim financial report

For the half-year ended 30 June 2014

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InvoCare Limited

Directors' report

Your directors present their report on the consolidated entity consisting of InvoCare Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2014.

Directors

The persons who were directors of InvoCare Limited during the entire half-year period are as below.

Richard Fisher	Andrew Smith
Roger Penman	Christine Clifton
Aliza Knox	Richard Davis

Review of operations

The results highlights are set out in the following table, which also reconciles operating earnings after tax to net profit after tax attributable to ordinary equity holders of InvoCare:

	Half-year 2014 \$'000	Half-year 2013 \$'000	Change	
			\$'000	%
Total sales to external customers	196,060	183,641	12,419	6.8%
Other revenue	3,470	3,437	33	1.0%
Operating expenses ⁽ⁱ⁾	(154,797)	(145,787)	(9,010)	6.2%
Operating EBITDA ⁽ⁱ⁾	44,733	41,291	3,442	8.3%
Operating margin	22.8%	22.5%		0.3%
Depreciation and amortisation	(9,385)	(8,654)	(731)	8.4%
Finance costs	(7,777)	(8,350)	573	(6.9%)
Interest income	360	328	32	9.8%
Business acquisition costs	(309)	(221)	(88)	39.8%
Share of net loss of associate	(205)	(50)	(155)	310.0%
Operating earnings before tax ⁽ⁱ⁾	27,417	24,344	3,073	12.6%
Income tax expense ⁽ⁱ⁾	(7,974)	(7,112)	(862)	12.1%
Effective tax rate ⁽ⁱ⁾	29.1%	29.2%		(0.1%)
Operating earnings after tax ⁽ⁱ⁾	19,443	17,232	2,211	12.8%
Operating earnings after tax per share ⁽ⁱ⁾	17.8 cents	15.8 cents	2.0 cents	12.7%
Net gain/(loss) on undelivered prepaid contracts after tax ⁽ⁱ⁾	1,437	840	597	71.1%
Asset sale gains after tax ⁽ⁱ⁾	(33)	1,344	(1,377)	(102.5%)
Reversal of impairment loss after tax ⁽ⁱ⁾	-	2,100	(2,100)	(100.0%)
Non-controlling interest	(40)	(62)	22	(35.5%)
Net profit after tax attributable to ordinary equity holders of InvoCare	20,807	21,454	(647)	(3.0%)
Basic earnings per share	19.0 cents	19.6 cents	(0.6)cents	(3.1%)
Dividends				
Interim ordinary dividend per share	15.75 cents	15.0 cents	0.75 cents	5.0%

(i) Non-IFRS financial information.

Operating earnings after tax were up by 12.8% or \$2.2 million to \$19.4 million (2013: \$17.2 million). Reported profit after tax was down 3.0% to \$20.8 million (2013: \$21.5 million). The year on year decline was impacted by after tax impairment reversals and asset sales gains totalling \$3.4 million in 2013 which were not repeated in 2014.

Total funeral case volumes were up 1.4% but only 0.1% on a comparable basis (ie. excluding acquisitions). On a positive note the half finished strongly with case volumes on a comparable basis up 3.4% in May and June compared to a 4.2% decline experienced in the same two months in 2013.

InvoCare believes from its market intelligence that there has been an increase in the numbers of deaths in its Australian and New Zealand markets, particularly in May and June, whilst Singapore numbers have remained relatively flat. InvoCare also estimates its overall market share has remained relatively stable since December 2013 but, importantly, the declines experienced from mid-2013 have largely been arrested.

InvoCare Limited

Directors' report

Sales revenues were up 6.8% to \$196.1 million (2013: \$183.6 million) supported by volume improvements and average funeral contract values which were up 5.4% on PCP.

Group EBITDA to sales margin was up 0.3% to 22.8% (2013: 22.5%) driven by increased revenues and continued focus on cost management.

Cash flows remained strong for the half. Ungeared, tax free operating cash flow was 110% of EBITDA (2013: 118%), underpinning the ability to pay a fully franked interim dividend of 15.75 cents per share, which is 0.75 cents or 5.0% up on last year.

Non IFRS financial information

Operating EBITDA and operating earnings are financial measures which are not prescribed by Australian equivalents to International Financial Reporting Standards ("AIFRS") and represent the earnings under AIFRS adjusted for specific non-cash items and significant items. The table above summarises the key reconciling items between net profit after tax attributable to ordinary equity holders of InvoCare and operating EBITDA and operating earnings before and after tax. The operating EBITDA and operating earnings before and after tax information included in the table above has not been subject to any specific audit or review procedures by our auditor but has been extracted from the accompanying financial report.

Dividend

The directors have determined a fully franked interim dividend of 15.75 cents per share (2013: 15.0 cents per share fully franked) which will be paid on 3 October 2014.

The Dividend Reinvestment Plan ("DRP") will apply, with shares to be purchased on market and allocated at no discount from the weighted average market price of the Company's shares traded during the first ten (10) trading days after (but not including) the record date of 12 September 2014. Any shortfall in the DRP take up will not be underwritten.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars (where rounding is applicable) in accordance with that Class Order.

Signed in accordance with a resolution of the directors.



Richard Fisher
Director



Andrew Smith
Director

Sydney
19 August 2014



Auditor's Independence Declaration

As lead auditor for the review of InvoCare Limited for the half-year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of InvoCare Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'B. Entwistle', written over a light blue horizontal line.

Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
19 August 2014

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InvoCare Limited
Consolidated income statement
For the half-year ended 30 June 2014

	Notes	Half-year	
		2014 \$'000	2013 \$'000
Revenue from continuing operations		199,530	187,078
Finished goods, consumables and funeral disbursements		(57,182)	(53,930)
Employee benefits expense		(51,857)	(48,935)
Employee related and on-cost expenses		(11,778)	(11,049)
Advertising and public relations expenses		(7,626)	(6,795)
Occupancy and facilities expenses		(13,114)	(12,694)
Motor vehicle expenses		(4,107)	(3,991)
Other expenses		(9,133)	(8,393)
		44,733	41,291
Depreciation and amortisation expenses		(9,385)	(8,654)
Reversal of impairment loss		-	3,000
Finance costs		(7,777)	(8,350)
Interest income		360	328
Net gain on undelivered prepaid contracts	3	2,053	1,200
Acquisition related costs		(309)	(221)
Share of net loss of associate		(205)	(50)
Net gain on disposal of non-current assets		46	1,378
Profit before income tax		29,516	29,922
Income tax expense		(8,669)	(8,406)
Profit from continuing activities		20,847	21,516
Profit for the half-year		20,847	21,516
Profit is attributable to:			
Equity holders of InvoCare Limited		20,807	21,454
Non-controlling interests		40	62
		20,847	21,516
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents per share)	6	19.0	19.6
Diluted earnings per share (cents per share)	6	19.0	19.6

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

InvoCare Limited

Consolidated statement of comprehensive income

For the half-year ended 30 June 2014

	Notes	Half-year	
		2014 \$'000	2013 \$'000
Profit for the half-year		20,847	21,516
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges, net of tax		120	1,338
Changes in foreign currency translation reserve, net of tax		825	1,451
Other comprehensive income for the half-year, net of tax		945	2,789
Total comprehensive income for the half-year		21,792	24,305
Total comprehensive income for the half-year is attributable to:			
Equity holders of InvoCare Limited		21,752	24,243
Non-controlling interests		40	62
		21,792	24,305

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

InvoCare Limited
Consolidated balance sheet
As at 30 June 2014

	Notes	30 June 2014 \$'000	31 December 2013 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		14,928	8,899
Trade and other receivables		35,945	38,366
Inventories		22,504	21,637
Prepaid contract funds under management	3	31,555	30,480
Property held for sale		178	-
Deferred selling costs		1,099	1,039
Total current assets		106,209	100,421
Non-current assets			
Trade and other receivables		15,074	14,298
Other financial assets		61	63
Property, plant and equipment		301,088	296,545
Prepaid contract funds under management	3	353,170	343,129
Intangible assets		148,279	148,912
Derivative financial instruments		-	1
Deferred selling costs		8,593	8,493
Equity accounted investments		4,722	4,705
Total non-current assets		830,987	816,146
Total assets		937,196	916,567
LIABILITIES			
Current liabilities			
Trade and other payables		34,476	34,563
Borrowings		5	11
Derivative financial instruments		435	1,342
Current tax liabilities		5,920	9,946
Prepaid contract liabilities	3	32,637	30,481
Deferred revenue		7,325	6,925
Provisions		13,400	12,732
Total current liabilities		94,198	96,000
Non-current liabilities			
Trade and other payables		1,173	1,124
Borrowings		237,755	223,956
Derivative financial instruments		5,226	4,437
Deferred tax liabilities		28,936	28,755
Prepaid contract liabilities	3	352,814	346,044
Deferred revenue		44,447	43,527
Provisions		2,154	2,027
Total non-current liabilities		672,505	649,870
Total liabilities		766,703	745,870
Net assets		170,493	170,697
EQUITY			
Contributed equity	5	131,669	132,393
Reserves		5,551	4,423
Retained profits		31,988	32,636
Parent entity interest		169,208	169,452
Non-controlling interests		1,285	1,245
Total equity		170,493	170,697

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

InvoCare Limited

Consolidated statement of changes in equity

For the half-year ended 30 June 2014

	Attributable to owners of InvoCare Limited				Non-controlling interest	Total Equity
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000		
Balance at 1 January 2014	132,393	4,423	32,636	169,452	1,245	170,697
Total comprehensive income for the half year	-	945	20,807	21,752	40	21,792
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(21,455)	(21,455)	-	(21,455)
Deferred employee share plan shares vesting during the year	444	(444)	-	-	-	-
Acquisition of shares by the InvoCare Deferred Share Plan Trust	(1,168)	-	-	(1,168)	-	(1,168)
Employee shares – value of services	-	627	-	627	-	627
Balance at 30 June 2014	131,669	5,551	31,988	169,208	1,285	170,493
Balance at 1 January 2013	132,687	(3,120)	21,173	150,740	1,151	151,891
Total comprehensive income for the half year	-	2,789	21,454	24,243	62	24,305
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(20,902)	(20,902)	-	(20,902)
Deferred employee share plan shares vesting during the year	466	(466)	-	-	-	-
Acquisition of shares by the InvoCare Deferred Share Plan Trust	(843)	-	-	(843)	-	(843)
Transfer to InvoCare Exempt Share Plan Trust	166	-	-	166	-	166
Employee shares – value of services	-	628	-	628	-	628
Balance at 30 June 2013	132,476	(169)	21,725	154,032	1,213	155,245

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

InvoCare Limited

Consolidated statement of cash flows

For the half-year ended 30 June 2014

	Half-year	
	2014 \$'000	2013 \$'000
Cash flows from operating activities		
Receipts from customers (including GST)	221,155	209,091
Payments to suppliers and employees (including GST)	(175,341)	(163,567)
Other revenue	3,210	3,007
	49,024	48,531
Interest received	60	42
Finance costs	(7,468)	(8,112)
Income tax paid	(12,418)	(7,571)
Net cash inflow from operating activities	29,198	32,890
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	243	1,687
Purchase of subsidiaries & other businesses including acquisition costs, net of cash acquired	(1,558)	(1,641)
Purchase of interest in associates	-	(5,005)
Purchase of property, plant and equipment	(13,507)	(8,508)
Net cash outflow from investing activities	(14,822)	(13,467)
Cash flows from financing activities		
Payment for shares acquired by InvoCare Deferred Employee Share Plan Trust	(1,168)	(843)
Proceeds from borrowings	28,265	20,827
Repayment of borrowings	(14,000)	(18,000)
Dividends paid to InvoCare Limited shareholders	(21,455)	(20,902)
Net cash outflow from financing activities	(8,358)	(18,918)
Net increase in cash and cash equivalents	6,018	505
Cash and cash equivalents at the beginning of the half-year	8,899	6,081
Effects of exchange rate changes on cash and cash equivalents	11	61
Cash and cash equivalents at the end of the half-year	14,928	6,647

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

InvoCare Limited

Notes to the consolidated financial statements

30 June 2014

1 Basis of preparation of the half-year report

This condensed interim financial report for the half-year reporting period ended 30 June 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by InvoCare Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Except as disclosed in the notes to the Financial Report the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 Segment information

The segment information regularly provided to the Chief Executive Officer for the reportable operating segments for the half-year ended 30 June 2014 is as follows:

	Australian Operations		Singapore Operations		New Zealand Operations		Consolidated	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue from external customers	169,411	161,773	6,695	6,539	19,954	15,329	196,060	183,641
Other revenue (excluding interest income)	3,238	3,243	171	130	61	64	3,470	3,437
Operating expenses	(134,867)	(129,137)	(3,687)	(3,569)	(16,243)	(13,081)	(154,797)	(145,787)
Operating EBITDA	37,782	35,879	3,179	3,100	3,772	2,312	44,733	41,291
Depreciation and amortisation	(8,114)	(7,599)	(283)	(276)	(988)	(779)	(9,385)	(8,654)
Finance costs	(6,551)	(7,231)	(305)	(385)	(921)	(734)	(7,777)	(8,350)
Interest income	348	313	-	-	12	15	360	328
Share of net loss of associate	(205)	(50)	-	-	-	-	(205)	(50)
Income tax expense	(7,938)	(6,601)	(393)	(326)	(338)	(185)	(8,669)	(7,112)
Total goodwill	84,925	84,925	12,431	12,915	43,337	42,870	140,693	140,710
Total assets	831,867	812,596	37,017	37,331	68,312	66,640	937,196	916,567
Total liabilities	695,201	674,284	30,536	31,701	40,966	39,885	766,703	745,870

Operating EBITDA of \$44,733,000 (2013: \$41,291,000) is reconciled to profit before tax on the face of the consolidated income statement.

InvoCare Limited

Notes to the consolidated financial statements continued

30 June 2014

3 Prepaid contracts

(a) Impact on statement of comprehensive income

	2014 \$'000	2013 \$'000
Gain on prepaid contract funds under management	9,995	8,806
Change in provision for prepaid contract liabilities	(7,942)	(7,606)
Net gain on undelivered prepaid contracts	2,053	1,200

(b) Movements in prepaid contract funds under management

	2014 \$'000	2013 \$'000
Balance at the beginning of the year	373,609	350,905
Sale of new prepaid contracts	16,017	16,079
Initial recognition of contracts paid by instalment	1,317	1,361
Redemption of prepaid contract funds following service delivery	(16,213)	(16,322)
Increase in fair value of contract funds under management	9,995	8,806
Balance at the end of the half-year	384,725	360,829

(c) Movements in prepaid contract liabilities

	2014 \$'000	2013 \$'000
Balance at the beginning of the year	376,525	355,090
Sale of new prepaid contracts	16,017	16,079
Initial recognition of contracts paid by instalment	1,317	1,361
Decrease following service delivery	(16,350)	(16,327)
Increase due to re-evaluation of delivery obligation	7,942	7,606
Balance at the end of the half-year	385,451	363,809

(d) Nature of contracts under management and liabilities

Prepaid contracts are tripartite agreements whereby InvoCare agrees to deliver a specified funeral service, cremation or burial at the time of need and the beneficiary invests the current price of the service to be delivered with a financial institution and conditionally assigns the benefit to InvoCare. InvoCare records the value of the invested funds as an asset and revalues the invested funds to fair value at the end of each reporting period. InvoCare also records a liability at the current selling price of the service to be delivered and adjusts this liability for actual and /or expected changes in selling prices during the period.

The assignment of the benefit of the invested funds to InvoCare only becomes unconditional when InvoCare demonstrates that it has delivered the service specified. InvoCare receives the investment returns as well as the initial investment when the service has been delivered.

As required by law, the funds are controlled by trustees who are independent of InvoCare.

InvoCare permits, on request, contracts to be paid by instalments over periods not exceeding three years. In some instances these contracts are never fully paid. If, during the three-year period the contract becomes at-need, the family is given the option of either paying outstanding instalments and receiving the contracted services at the original fixed price or using the amount paid as a part payment of the at-need service. If the contract is not fully paid after three years InvoCare only permits the family to use the amounts paid as a partial payment of the at-need services. At the end of the half year the total balance of amounts received from instalment payments for incomplete contracts was \$6,489,000 (2013: \$6,037,000). These funds and the relevant liability are recognised when the contract has been fully paid.

During the half year the non-cash fair value movements (i.e. investment earnings) of \$10.0 million in prepaid contract funds under management (2013: \$8.8 million) was higher than the non-cash growth due to selling price increases of \$7.9 million in the liability for future service delivery obligations (2013: \$7.6 million).

InvoCare Limited

Notes to the consolidated financial statements continued

30 June 2014

4 Dividends

	Half-year ended	
	2014 \$'000	2013 \$'000
Dividend paid during the half-year Final dividend in respect of the previous year of 19.5 cents (2013: 19.0 cents) per fully paid ordinary share, fully franked based on tax paid at 30%.	21,455	20,902
Dividends not recognised at the end of the half-year In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 15.75 cents per fully paid ordinary share (2013: 15.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 3 October 2014 (2013: 4 October 2013), but not recognised as a liability at the end of the half-year, is	17,330	16,504
Franking credit balance The amount of franking credits available for subsequent financial years are: Franking account balance at the end of the reporting period Franking credits that will arise from the payment of income tax payable at the end of the reporting period Reduction in franking account resulting from the payment of the proposed interim dividend of 15.75 cents (2013: 15.0 cents)	25,531 4,662 (7,427)	24,771 4,573 (7,073)
	22,766	22,271

5 Movements in contributed equity

There were no movements in ordinary shares in either half-year period.

	2014 Shares	2013 Shares	2014 \$'000	2013 \$'000
Treasury shares				
Movement of treasury shares during the half-year				
Shares vesting during the half-year	(71,735)	(70,258)	(444)	(466)
Transfer to InvoCare Exempt Share Plan Trust	-	(13,939)	-	(166)
Acquisition of shares by the InvoCare Deferred Share Plan Trust	102,883	77,003	1,168	843
	31,148	(7,194)	724	211

6 Earnings per share

	2014 Shares	2013 Shares
Weighted average number of ordinary shares used as a denominator in calculating:		
Basic earnings per share	109,382,537	109,389,875
Diluted earnings per share	109,382,537	109,389,875

InvoCare Limited

Notes to the consolidated financial statements continued

30 June 2014

7 Business combinations

Tuckers Funeral & Bereavement Services

On 10 December 2012, a subsidiary InvoCare Australia Pty Limited completed the acquisition of Tuckers Funeral & Bereavement Services Pty Ltd and Geelong Mortuary Transfer Services Pty Ltd together with the property assets owned by a party related to the vendors ("Tuckers"). Tuckers has been operating since 1883, and is recognised to be one of the largest regional funeral directors in Australia. The company operates in the state of Victoria and its main facilities are located in Geelong West, with additional chapels and offices located in Grovedale, Lara and Barrabool Hills.

Included in the purchase consideration was \$2.1 million in future payments to be paid if predetermined revenue targets are achieved in each of the next three calendar years. The predetermined revenue target was achieved in 2013 and as a result a payment of \$574,000 was made during the half-year.

8 Contingencies

	30 June 2014 \$'000	31 December 2013 \$'000
The parent entity and consolidated entity had contingent liabilities at 30 June 2014 in respect of bank guarantees given for leased premises of controlled entities to a maximum of:	1,247	1,221

9 Fair value measurement

The Group measures and recognises the following financial assets and liabilities at fair value on a recurring basis:

- Prepaid contract funds under management;
- Derivative financial instruments; and
- Contingent consideration.

As of 1 January 2013, the Group adopted AASB 13 *Fair Value Measurement* which requires the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

	30 June 2014 \$'000	31 December 2013 \$'000
Level 1		
Prepaid contract funds under management	384,725	373,609
Level 2		
Derivative financial instruments	(5,661)	(5,778)
Level 3		
Contingent consideration	(1,902)	(2,437)

There were no transfers between levels during the reporting period. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

No financial instruments or derivatives are held for trading.

The carrying value less impairment provisions for trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. Non-current trade receivables are discounted to their fair value in accordance with the accounting policy outlined in Note 1(l) of the 2013 Annual Financial Report.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

InvoCare Limited

Notes to the consolidated financial statements continued

30 June 2014

9 Fair value measurement continued

The fair value of contingent consideration is calculated as the present value of the expected cash flows using a discount rate that reflects the incremental costs of borrowing used to fund the acquisition.

10 Events occurring after balance date

In the opinion of the Directors, since 30 June 2014 there have been no significant events that affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

InvoCare Limited

Directors' declaration

30 June 2013

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporation Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that InvoCare Limited will be able to pay its debts as and when they become due and payable.

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



Richard Fisher
Director



Andrew Smith
Director

Sydney
19 August 2014



Independent auditor's review report to the members of InvoCare Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of InvoCare Limited, which comprises the balance sheet as at 30 June 2014, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the InvoCare Group (the consolidated entity). The consolidated entity comprises both InvoCare Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of InvoCare Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

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Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, stylized script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to be 'Brett Entwistle', written in a cursive, stylized script.

Brett Entwistle
Partner

Sydney
19 August 2014