InvoCare Limited and Controlled Entities

Interim financial report

For the half-year ended 30 June 2017

InvoCare Limited and Controlled Entities

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 2017.

Directors

The persons who were directors of InvoCare Limited during the entire half-year period and until the date of this report are as below:

Richard Fisher (Chairman)

Martin Earp (Chief Executive Officer)

Richard Davis

Joycelyn Morton

Gary Stead

Robyn Stubbs (appointed 1 January 2017)

Christine Clifton resigned as an independent Non-executive director effective 28 February 2017.

Dividends

The directors have determined a fully franked interim dividend of 18.50 cents per share (2016: 17.00 cents per share fully franked) which will be paid on 6 October 2017.

The Dividend Reinvestment Plan ("DRP") will apply, with shares to be purchased on market and allocated at no discount from the undiscounted average of the daily volume weighted average sale price, rounded down to the nearest cent, of InvoCare shares sold in the ordinary course of trading on the ASX during the period of ten trading days after, but not including, the DRP election date of 8 September 2017. Any shortfall in the DRP take up will not be underwritten.

Operating and Financial Review

Result highlights: Half-Year	2017 $'000	2016 $'000	Change $'000	
Total sales to external customers	**218,226**	214,509	3,717	1.7%
Other revenue (excluding interest income)	4,715	4,787	(72)	(1.5%)
Operating expenses (i)	(171,007)	(172,024)	1,017	0.6%
Operating EBITDA (i)	**51,934**	47,272	4,662	9.9%
Operating margin	*23.8%*	*22.0%*		*1.8%*
Depreciation and amortisation	(10,604)	(10,418)	(186)	(1.8%)
Finance costs	(6,214)	(6,966)	752	10.8%
Interest income	520	443	77	17.4%
Business acquisitions costs	(171)	(26)	(145)	-
Operating earnings before tax (i)	**35,465**	30,305	5,160	17.0%
Income tax on operating earnings (i)	(10,982)	(8,740)	(2,242)	(25.7%)
Effective tax rate	*31.0%*	*28.8%*		*2.1%*
Operating earnings after tax (i)	**24,483**	21,565	2,918	13.5%
Operating earnings per share (i)	*22.3 cents*	*19.7 cents*	*2.6 cents*	*13.2%*
Net gain on undelivered prepaid contracts after tax (i)	17,000	5,229	11,771	-
Asset sales gain after tax (i)	294	1,053	(759)	-
Non-controlling interest	(46)	(43)	(3)	-
Net profit after tax attributable to ordinary equity holders of InvoCare Limited	**41,731**	27,804	13,927	50.1%
Basic earnings per share	38.0 cents	25.4 cents	12.6 cents	49.6%
Diluted earnings per share	37.9 cents	25.4 cents	12.5 cents	49.2%
Interim ordinary dividend per share	18.50 cents	17.00 cents	1.50 cents	8.8%

(i) 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 and significant items. The previous table summarises the key reconciling items between net profit after tax attributable to InvoCare shareholders and operating EBITDA and operating earnings before and after tax. The operating EBITDA and operating earnings before and after tax information included in this table has not been subject to any specific audit or review procedures by our auditor but has been extracted from the accompanying financial report.

Financial overview

Solid sales results combined with on-going cost management delivered strong bottom line financial performance. Group operating EBITDA improved by $4.7 million or 9.9% to $51.9 million (2016: $47.3 million). For the comparable business, operating EBITDA increased $3.5 million or 7.1% to $52.7 million (2016: $49.2 million). This was achieved through a combination of an increased number of deaths, increased case averages and effective cost management which mitigated some erosion in market share. The Group's operating EBITDA to sales margins improved across all segments to 23.8%, an improvement of 180bps on the margin of 22.0% achieved in the previous corresponding period ("PCP"). The comparable business excludes the USA, which closed its funeral business earlier this year leaving the cremation business as a stand-alone operation. Operating losses generated by the USA operations decreased year on year by $1.2 million.

Group sales were up 1.7% or $3.7 million to $218.2 million (2016: $214.5 million). The increase was achieved despite a strong competitive environment in the Group's core Australian market that resulted in a 0.7% decrease in funeral case volumes when compared with 2016. Funeral case volume impact on revenue was offset by higher average contract values and improved performance in the New Zealand and Singapore markets. Excluding two large memorial sales in the Cem Crem business in H1 last year, comparable business sales were up 2.5% or $5.4 million.

The Protect & Grow Plan announced in February 2017 is underway with the investment in our properties set to begin at the end of the peak winter trading period. The phasing of the work was structured to minimise business disruption. The program will be implemented as three core work streams. The Network and Brand optimisation ("NBO") work stream will address changes in customer preferences and optimise the Group's network of brands, locations and product offerings in order to increase market share. The second work stream, People & Culture, will improve on an already strong culture of service delivery and further empower our local management to drive and grow their businesses. The third work stream is focussed on realising the operational efficiencies inherent in InvoCare's scale. This program will position the group to meet increasing demand and generate better returns on invested capital over the next decade.

A strong focus on productivity and cost discipline resulted in an increase of 0.2% in the comparable business' operating costs over the PCP which is lower than CPI. This was achieved primarily by containing cost of goods sold together with savings in other expenses such as travel, information technology, doubtful debts and professional fees.

Group earnings after tax were up by 13.5% or $2.9 million to $24.5 million (2016: $21.6 million) with comparable business operating earnings after tax up by 7.3% or $1.7 million on the PCP to $25.6 million.

Reported profit after tax was up 50.1% or $13.9 million to $41.7 million (2016: $27.8 million). For the comparable business, reported profit was up 42.4% or $12.8 million to $42.8 million (2016: $30.0 million). In addition to the operating earnings growth, reported profit benefited from non-cash after tax gains on undelivered prepaid contracts of $17.0 million compared to PCP gains of $5.2 million and after tax asset sale gains of $0.3 million compared to $1.0 million in the PCP.

Cash flows remained strong for the half-year. Ungeared, tax free operating cash flow was 102% of operating EBITDA (2016: 95%), underpinning the Company's ability to pay a fully franked interim dividend of 18.50 cents per share, which is 1.50 cents up on last year.

Sales, Operating EBITDA, margins and major profit & loss line items

The following table summarises sales revenue, operating EBITDA and margins by country segments.

Half-Year	2017	2016	Change	
	$'000	$'000	$'000	%
Sales Revenue				
Australia	**186,610**	184,582	2,028	1.1%
New Zealand	**22,497**	20,606	1,891	9.2%
Singapore	**8,429**	8,386	43	0.5%
Comparable business	**217,536**	213,574	3,962	1.9%
USA	**690**	935	(245)	(26.2%)
Total	**218,226**	214,509	3,717	1.7%
Operating EBITDA				
Australia	**44,100**	41,616	2,484	6.0%
New Zealand	**4,558**	3,706	852	23.0%
Singapore	**4,039**	3,899	140	3.6%
Comparable business	**52,697**	49,221	3,476	7.1%
USA	**(763)**	(1,949)	1,186	60.9%
Total	**51,934**	47,272	4,662	9.9%
Margin on sales				
Australia	**23.6%**	22.5%		1.1%
New Zealand	**20.3%**	18.0%		2.3%
Singapore	**47.9%**	46.5%		1.4%
Comparable business	**24.2%**	23.0%		1.2%
USA	**(110.7%)**	(208.5%)		-
Total	**23.8%**	22.0%		1.8%

The Operating EBITDA performance by major income statement line item for the Group is presented in the next table.

Half-Year	2017		2016		Change	
	$'000	% of Gross Sales	$'000	% of Gross Sales	$'000	
Group						
Sales Revenue	**218,226**	**100.0%**	**214,509**	**100.0%**	**3,717**	**1.7%**
Other revenue	4,715	2.2%	4,787	2.2%	(72)	(1.5%)
Expenses:						
Cost of goods sold	(59,972)	27.5%	(60,011)	28.0%	39	0.1%
Personnel	(76,814)	35.2%	(75,263)	35.1%	(1,551)	(2.1%)
Advertising and promotions	(7,976)	3.7%	(8,731)	4.1%	755	8.6%
Occupancy and facility expenses	(14,411)	6.6%	(14,325)	6.7%	(86)	(0.6%)
Motor vehicle expenses	(3,818)	1.7%	(3,785)	1.8%	(33)	(0.9%)
Other expenses	(8,016)	3.7%	(9,909)	4.6%	1,893	19.1%
Operating expenses	(171,007)	78.4%	(172,024)	80.2%	1,017	0.6%
Operating EBITDA	**51,934**	**23.8%**	**47,272**	**22.0%**	**4,662**	**9.9%**
Operating margin %	*23.8%*		*22.0%*			*1.8%*

The Operating EBITDA performance by major income statement line item for the comparable business is presented in the next table.

Half-Year	2017		2016		Change	
	$'000	% of Gross Sales	$'000	% of Gross Sales	$'000	
Comparable Business						
Sales Revenue	**217,536**	**100.0%**	**213,574**	**100.0%**	**3,962**	**1.9%**
Other revenue	4,501	2.1%	4,721	2.2%	(220)	(4.7%)
Expenses:						
Cost of goods sold	(59,888)	27.5%	(59,818)	28.0%	(70)	(0.1%)
Personnel	(75,795)	34.8%	(74,146)	34.7%	(1,649)	(2.2%)
Advertising and promotions	(7,861)	3.6%	(7,654)	3.6%	(207)	(2.7%)
Occupancy and facility expenses	(14,314)	6.6%	(14,221)	6.7%	(93)	(0.7%)
Motor vehicle expenses	(3,769)	1.7%	(3,684)	1.7%	(85)	(2.3%)
Other expenses	(7,713)	3.5%	(9,551)	4.5%	1,838	19.2%
Operating expenses	(169,340)	77.8%	(169,074)	79.2%	(266)	(0.2%)
Operating EBITDA	**52,697**	**24.2%**	**49,221**	**23.0%**	**3,476**	**7.1%**
Operating margin %	*24.2%*		*23.0%*			*1.2%*

Commentary on the results is provided in the following sections of this report.

Sales

Key components of the comparable sales movements by market segment are summarised below:

- **Australian funeral sales** increased 1.5% or $2.0 million to $137.9 million (2016: $135.9 million).
    - Average revenue per funeral case, excluding disbursements and delivered prepaid impacts, increased 5.1% over the PCP and contributed an estimated $5.5 million to sales and EBITDA. The growth in average revenue per case stemmed from a strong performance by all the brands across InvoCare's network and specifically, from growth in Victoria where the Group operates a number of premium brands.
    - The number of funeral services performed was down 1.8% compared to the previous half. InvoCare's market intelligence indicates that a decline in market share was the main contributor. Market share has been impacted by a number of factors including the regional manager restructure, the retirement of some long serving employees who were well-regarded members of their community, changing customer preferences and price competition in the traditional market segment in NSW metropolitan markets, Queensland and WA. These factors are not seen as systemic and the combination of short term actions along with the implementation of the Protect & Grow plan will deliver market share improvement.
    - The number of new prepaid funeral contracts sold by the Australian business was up 0.6% on the previous year coming off a very strong performance to the end of financial year 2016. The number of new prepaid contracts continues to exceed prepaid services performed by 24% (2016: 21%). Prepaid funerals performed in the year were 14.3% (2016: 14.3%) of at-need funerals.
- **Australian cemeteries and crematoria sales** recorded an increase of 0.4% or $0.2 million to $48.8 million (2016: $48.6 million) reflecting fewer exceptionally high value contracts compared to 2016. Two particularly large burial site sales were recognised in the first quarter of 2016.
- **New Zealand sales** (in NZ$) were up 7.3% or $1.7 million to $24.0 million (2016: $22.3 million). Funeral case volumes were up 5.7% driven by an increase in the number of deaths, as market share remained relatively stable. Case averages were up 2.9%. The two memorial parks in Christchurch contributed $1.1 million to sales, up $0.1 million or 10.9% on the PCP. In AU$, New Zealand sales were up 9.2% to $22.5 million (2016: $20.6 million) which included favourable foreign exchange movements of $0.4 million.
- **Singapore funeral sales** (in SG$) increased by 5.0% to $8.9 million (2016: $8.5 million). The number of funeral services performed increased by 4.3% coupled with a 1.3% improvement in average revenue per case in a competitive environment where market share remained stable. In AU$, Singapore sales were in line with the previous year at $8.4 million (2016: $8.4 million), including un-favourable foreign exchange movement of $0.4 million.
- Intra-group elimination of cemeteries and crematoria sales to InvoCare owned funeral homes amounted to $6.6 million (2016: $6.8 million).

The **USA business**, as announced in early 2017, completed an orderly shutdown of its funeral operations which was established as a start-up in 2015 and ceased operations in March 2017. The crematory business continues to operate. USA operations contributed US$0.5 million, (AU$0.7 million), to Group's sales revenue in 2017.

Other revenue

Other revenue was largely in line with last year at $4.7 million (2016: $4.8 million). Other revenue mainly comprises administration fees upon initial sale of prepaid funeral contracts and trailing commissions on prepaid funds. Also included in other revenue is a non-refundable fee of $0.7 million (2016: $0.6 million) received for an option granted to a prospective purchaser of a property owned by the Group.

Operating expenses

Comparable operating expenses (excluding depreciation, amortisation, acquisition related costs and finance costs) at $169.3 million were largely in line with the previous half (2016: $169.1 million). Excluding the impact of corporate office redundancies of $0.6 million (2016: $1.1 million) and $0.2 million of project related costs (2016: $0.5 million), the increase on the PCP was modest at 0.7%.

Cost of goods sold as a percentage of sales improved by 50bps to 27.5% compared to the PCP favourably impacted by product mix.

Personnel costs were up 2.2%. Excluding the impact of corporate office redundancies of $0.6 million (2016: $1.1 million) and $0.1 million of project related personnel costs (2016: $0.3 million), the increase on the PCP was 3.4%, consistent with the awards and enterprise agreements in place for the majority of the workforce. The USA business personnel costs include $0.4 million one-off redundancy costs associated with the closure of its funeral business.

Advertising and marketing expenditure for the Group decreased by $0.7 million or 8.6% to $8.0 million (2016: $8.7 million). The decrease was mainly driven by the cessation of the brand awareness campaign in USA, which had run in the first half of 2016. The comparable business increased its spend by $0.2 million or 2.7% to $7.9million including better leverage of both national and multi-brand advertising.

Motor vehicle, occupancy and facility group expenses were largely in line with last year.

Other group expenses decreased by $1.9 million or 19.1% to $8.0 million (2016: $9.9 million). Cost discipline delivered reductions in expenditure on travel, information technology, doubtful debts and professional fees.

Operating EBITDA

Comparable operating EBITDA (excluding InvoCare USA) increased by $3.5 million or 7.1% to $52.7 million (2016: $49.2 million) with margins improving to 24.2% compared to 23.0% achieved in the previous half.

Total operating EBITDA for the group increased by 9.9% or $4.7 million to $51.9 million (2016: $47.2 million). This included losses from InvoCare USA of $0.8 million (USD $0.6 million).

There was no significant impact from foreign exchange movements on operating EBITDA during the half-year.

Depreciation and amortisation expenses

Depreciation and amortisation expenses were up $0.2 million in 2017 to $10.6 million (2016: $10.4 million).

Finance costs

Finance costs decreased by $0.8 million to $6.2 million (2016: $7.0 million). The decrease was primarily the result of lower margins as swaps expired and interest rates declined, contributing to a lowering of the Group's effective interest rate.

Undelivered prepaid contract performance

Net gains on undelivered prepaid contracts were $24.3 million (2016: $7.5 million). The current half-year gain comprised an increase of $32.9 million in the fair value of funds under management offset by growth of $8.6 million in the future liability to deliver prepaid services.

The fair value uplift of $32.9 million in funds under management was $18.4 million higher than last year due to returns on the main Guardian Fund recording better returns on listed investments and unlisted property investments.

During the half-year, the prepaid liability was increased to progressively recognise the impact of expected price increases. This resulted in liability growth of $8.6 million, up from $7.1 million last year.

Please refer to the accompanying financial statements for detailed Consolidated Income Statement and Consolidated Balance Sheet impact of undelivered prepaid contract performance.

Approximately 85% of InvoCare's prepaid funds under management are with the Over Fifty Guardian Friendly Society. Asset allocations for this fund remained relatively steady over the half with strong returns delivered from direct property and hybrid investments. The trustees of the Guardian fund continue to evaluate asset allocation strategies to deliver appropriate returns at acceptable levels of risk and volatility. This may result in a further shift in asset classes should the right opportunities be identified.

Movements in the total asset mix of all funds under management over the last 18 months are illustrated in the following table:

	June 2017 %	Dec 2016 %	June 2016 %	Dec 2015 %
Equities	**17**	13	15	17
Property	**30**	32	27	26
Cash and fixed interest	**53**	55	58	57

Asset sale gains

The net after tax impact of asset sales gains was down $0.8 million on the previous year. The previous half had benefited from the sale of properties housing the Group's former corporate office in Sydney, Australia.

Impairment

Following a review of the carrying value of assets, no changes to impairment were deemed necessary (2016: Nil).

Income tax expense

Income tax expense on reported profit was $18.3 million (2016: $10.9 million), representing an effective rate of 30.4% (2016: 28.2%).

Income tax expense on operating earnings[1] increased by $2.2 million to $10.9 million (2016: $8.7 million) and the effective rate was 31.0% (2016: 28.8%).

Tax on operating earnings has increased to more normal levels. Unrecognised prior period capital losses were recovered in 2016 reducing both the 2016 tax expense and effective tax rate.

[1] Operating earnings is non-IFRS financial information

Cash flow highlights

Half-Year	2017 $'000	2016 $'000
Net cash provided by operating activities	**30,525**	22,518
Asset sale proceeds	**1,547**	3,684
Asset purchases	**(17,858)**	(15,355)
Purchase of subsidiaries and businesses	**(171)**	(1,213)
Payments to funds for prepaid contract sales	**(20,492)**	(18,496)
Receipts from funds for prepaid contracts performed	**20,452**	18,300
Net cash used in investing activities	**(16,522)**	(13,080)
Dividends paid to InvoCare Limited shareholders	**(28,057)**	(24,482)
Dividends paid to non-controlling interests in subsidiaries	**-**	(79)
Net increase in borrowings	**19,353**	18,970
Net cash used in financing activities	**(8,704)**	(5,591)
Net increase in cash during year	**5,299**	3,847
Cash at start of year	**11,528**	8,679
Exchange rate effects	**(95)**	24
Cash at end of the half year	**16,732**	12,550

Cash flows provided by operating activities were up on the first half of last year by $8.0 million to $30.5 million. This was impacted by working capital movements.

The operating EBITDA conversion to cash ratio for the period was 102% which was up compared to the 95% achieved for first half 2016 as shown in the table below.

Half-Year	2017 $'000	2016 $'000
Operating EBITDA	**51,934**	47,272
Cash provided by operating activities	**30,525**	22,518
Add finance costs	**5,903**	6,814
Add Income tax paid	**16,474**	15,434
Less interest received	**(2)**	(15)
Ungeared, tax free operating cash flow	**52,900**	44,751
Proportion of operating EBITDA converted to cash	**102%**	95%

The conversion ratio was impacted by working capital movements and improved debt collection.

Asset purchases included capital expenditure related to:

Half-Year	2017 $'000	2016 $'000
Property, refurbishments and facility upgrades	**12,053**	6,399
Motor vehicles	**2,492**	3,300
Digital business	**1,083**	3,494
Other assets	**2,230**	2,162
Total capital expenditure	**17,858**	15,355

The increase in capital expenditure mainly related to acquisition of a property in Singapore.

The 2016 final dividend of 25.50 cents per share, totalling $28.0 million, was paid in April 2017 (April 2016: 22.25 cents per share, $24.5 million). This included on market share purchases of $2.6million (2016: $2.7 million) in relation to the dividend reinvestment plan.

Capital management

At 30 June 2017, the Group had drawn down $254 million borrowings (from total $290 million debt facilities) compared to $252 million at 30 June 2016 and $235 million at 31 December 2016. Net debt at 30 June 2017 was $236 million which compared to the balance at 30 June 2016 of $239 million and 31 December 2016 of $223 million.

The Group has $290 million in bi-lateral, multi-currency, revolver facilities which comprise five-year tranche of $170 million, maturing in December 2018, and a five-year tranche of $120 million, maturing in December 2020. In July 2017 modifications to the facility agreements were executed which resulted in an increase of $60 million in the tranche expiring in December 2018.

The five-year tranche maturing in December 2018 is provided in four equal $42.5 million proportions by Australia and New Zealand Banking Group Limited ("ANZ"), Commonwealth Banking Group Limited ("CBA"), Westpac Banking Corporation ("Westpac") and HSBC Bank Australia Limited ("HSBC") or their New Zealand affiliates. The five-year tranche maturing in December 2020 is provided by ANZ ($45 million), CBA ($45 million) and HSBC ($30 million). The Group intends to renegotiate the tranche falling due in 2018 in the latter part of 2017.

The current facilities' drawings comprise A$172.0 million, SG$31.5 million and NZ$54.5 million. The foreign currency drawings naturally hedge investments in foreign Singapore and New Zealand markets.

Financial covenant ratios on the borrowing facilities are a Leverage Ratio (being Net Debt to operating EBITDA adjusted for acquisitions) which must be no greater than 3.5 and an Interest Cover Ratio (being operating EBITDA to net interest) which must be greater than 3.0. Both these ratios continue to be comfortably met at 30 June 2017, being 1.998:1 and 11.450:1 respectively.

To maintain certainty over cash flows, the Group has policies limiting exposure to interest rate fluctuations. In accordance with InvoCare's policy, at balance date, 73% of Australia and New Zealand debt principal was covered by floating to fixed interest rate swaps. Due to the level of stability of Singapore interest rates and their quantum Singapore debt is not covered by interest rate swaps.

The overall average effective interest rate is currently 4.4% (2016: 5.0%), inclusive of fixed rates on hedged debt, floating rates on unhedged debt, undrawn commitment fees and amortisation of establishment fees.

Headroom on the debt facilities of $36 million, and cash of $17 million, provide $53 million in available funds at 30 June 2017. This amount together with the facility limit increase and operating cash flows will provide further capacity to fund near-term growth opportunities.

Progress on Protect & Grow 2020

2020 Plan: Protect & Grow

As announced in February 2017, InvoCare has embarked on a four-year plan named "Protect & Grow". The program is estimated to cost $200 million and its focus is to ensure that InvoCare's strong operational platform, developed over 20 years, is maintained and improved, and that growth by acquisition is augmented by the significant opportunities identified through management's operational and market review in the business' existing network.

The Protect & Grow plan has three core work streams:

- **Network and Brand Optimisation** – refresh and enhance existing facilities to better meet the evolving needs of customers, and growth through the opening of new locations within and adjacent to the existing network.
- **People and Culture –** ensure that InvoCare provides the highest level of responsiveness to customer needs and further strengthens the culture of accountability and collaboration. In order to promote collaboration the structure of how InvoCare operates will shift to managing locations by geography rather than by brands and empowering local leaders.
- **Operational Efficiencies –** will be driven by a major project of renewing InvoCare's business systems and operational practices. In addition, InvoCare will invest in standalone operational centres that will ensure it is positioned to cope with the increased level of demand that will be driven by favourable demographics and increased market share.

The implementation will occur over a four- year period, allowing the company to monitor the performance of the investments and make adjustments where required. It is expected that the benefits associated with these investments will be evident from 2018 and that expected returns will be consistent with what the Group has earned over previous years. Without the Protect & Grow investment plan, there is a risk that returns could be eroded over the long term.

Planning for the roll-out of the Network and Brand Optimisation has been largely completed in this period with implementation set to commence at the end of the peak winter trading period. Good progress has also been made with regard to delivering the objectives for 2017 in both the culture programme and operational efficiencies. The culture programme is being developed by a group from within the operational business that represents all geographic regions as well as many of the technical disciplines. The culture planning team will deliver the finalised plan in conjunction with senior management and it will be launched to the wider business in H2 2017. It is also pleasing to report that, after a detailed competitive tender process, the company has selected the Oracle platform for its ERP system moving forward. The company selected PrimeQ as its implementation partner to work with Oracle. Work with the broader operational business is progressing, with the focus currently on working with individual operational groups to deliver the phase 1 objectives. Training in the new system is anticipated to start in late H2 2017 with the current go-live date in H1 2018.

Funding the 2020 Plan

The $200 million plan will be funded by a combination of operation cash flow, additional debt and sale of surplus properties, with the company seeking to maintain a shadow credit rating equivalent to Investment Grade.

The sourcing of debt will be undertaken in two tranches. Firstly, InvoCare increased its existing facilities to $350 million (up from $290 million) in July 2017. This will fund the initial work and provide a sensible amount of headroom to allow for opportunistic acquisitions and maintain a conservative liquidity buffer. The longer term funding plan (2018-20) will be put in place in time to meet requirements.

Outlook

The short term outlook for the core pillars of growth is summarised below:

- **Demographics** – a reversion to the long-term growth trend (1.5% increase in deaths pa);
- **Market Share** – currently anticipating a decline in 2017, stabilising in 2018 and increasing beyond;
- **Case Average** – growth consistent with history;
- **Operating Expenses** – continued focus on productivity gains;
- **Acquisitions / New Developments** – increased activity in both new developments and acquisitions following the network and brand review.

The outlook for 2017 anticipates a continued improvement in the Group's financial performance with high single-digit growth forecast for both operating EBITDA and operating EPS.

Total comparable sales revenue for the month of July 2017 was up approximately 1.7% on July 2016. This indicates no significant change to the volume trends experienced in the first half, continuing the slight decline in market share registered in first half 2016. Accordingly, InvoCare is not expecting to experience funeral case volume growth in the second half of 2017. Consistent with past practice, funeral prices were increased as planned in late 2016 and cemetery and crematoria prices went up during the first quarter of 2017. In Australia, the annual funeral price review have now been aligned with market and occurred in June.

Large memorial contracts have been signed in late June / early July with revenue forecast to be recognised by the end of the financial year. On-going productivity initiatives continue and will underpin full-year operating EBITDA growth in percentage terms similar to the first half. As is always the case, the outlook for the balance of 2017 is highly dependent on the number of deaths that occur in 2017, which can cause short-term volatility, despite the positive longer-term trend.

The Group's capital expenditure in 2017 is expected to be approximately $80 million. The main investments planned include the first year of the NBO program (refreshing of funeral homes, chapel facilities and fitouts of new shopfronts), continuing cemeteries development, motor vehicles and digital technology.

Acquisitions will continue to be a component of InvoCare's growth with a new focus on acquisitions in the regional markets. A disciplined approach is applied in assessing acquisitions and there is no certainty as to the occurrence or timing of any acquisitions.

With respect to capital management, dividends are expected to continue to comprise at least 75% of operating earnings after tax and, for the full year, be at least equal to the 2016 full year dividend. Sufficient funds should be available from existing debt facilities and free cash flows for capital expenditure and smaller "bolt on" acquisitions in the shorter term. If a more substantial opportunity arises, alternative funding, such as an equity raising, would be considered.

The longer-term outlook is for continuing improvement in operating EBITDA performance and for double-digit operating EPS growth once the benefits of the Protect & Grow investments are fully captured.

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 13.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, 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 instrument.

Signed in accordance with a resolution of the Board of Directors.

Richard Fisher	Martin Earp
Director	**Director**

Sydney
16 August 2017

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Auditor's Independence Declaration

As lead auditor for the review of InvoCare Limited for the half-year ended 30 June 2017, 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.

Michelle Chiang

Michelle Chiang
Partner
PricewaterhouseCoopers

Sydney
16 August 2017

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InvoCare Limited and Controlled Entities

Consolidated Income Statement

For the half-year ended 30 June 2017

	Notes	Half-Year 2017 $'000	Half-Year 2016 $'000
Revenue from continuing operations		**222,941**	219,296
Finished goods, consumables and funeral disbursements		**(59,972)**	(60,011)
Employee benefits expense		**(61,529)**	(61,224)
Employee related and on-cost expenses		**(15,285)**	(14,039)
Advertising and public relations expenses		**(7,976)**	(8,731)
Occupancy and facilities expenses		**(14,411)**	(14,325)
Motor vehicle expenses		**(3,818)**	(3,785)
Other expenses		**(8,016)**	(9,909)
		51,934	47,272
Depreciation and amortisation expense		**(10,604)**	(10,418)
Finance costs		**(6,214)**	(6,966)
Interest income		**520**	443
Net gain on undelivered prepaid contracts	3	**24,286**	7,470
Acquisition related costs		**(171)**	(26)
Net gain on disposal of non-current assets		**298**	990
Profit before income tax		**60,049**	38,765
Income tax expense		**(18,273)**	(10,918)
Profit from continuing activities		**41,777**	27,847
Profit for the half-year		**41,777**	27,847
Profit is attributable to:			
Equity holders of InvoCare Limited		**41,731**	27,804
Non-controlling interests		**46**	43
		41,777	27,847

	Notes	2017	2016
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents per share)	6	**38.0**	25.4
Diluted earnings per share (cents per share)	6	**37.9**	25.4

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

InvoCare Limited and Controlled Entities

Consolidated Statement of Comprehensive Income

For the half-year ended 30 June 2017

	Notes	Half-Year 2017 $'000	Half-Year 2016 $'000
Profit for the half-year		**41,777**	27,847
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges, net of tax		**49**	(392)
Changes in foreign currency translation reserve, net of tax		**(635)**	714
Other comprehensive income for the half-year, net of tax		**(586)**	322
Total comprehensive income for the half-year		**41,191**	28,169
Total comprehensive income for the half-year is attributable to:			
Equity holders of InvoCare Limited		**41,145**	28,126
Non-controlling interests		**46**	43
		41,191	28,169

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

InvoCare Limited and Controlled Entities

Consolidated Balance Sheet

For the half-year ended 30 June 2017

	Notes	June 2017 $'000	December 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**16,732**	11,528
Trade and other receivables		**45,242**	48,556
Inventories		**26,861**	25,738
Prepaid contract funds under management	3	**42,849**	39,260
Property held for sale		**2,519**	2,704
Deferred selling costs		**1,794**	1,536
Total current assets		**135,997**	129,322
Non-current assets			
Trade and other receivables		**29,213**	27,976
Other financial assets		**4**	4
Property, plant and equipment		**334,605**	332,008
Prepaid contract funds under management	3	**464,948**	433,796
Intangible assets		**151,212**	152,495
Deferred selling costs		**9,667**	9,590
Total non-current assets		**989,649**	955,869
Total assets		**1,125,646**	1,085,191
LIABILITIES			
Current liabilities			
Trade and other payables		**35,849**	44,671
Derivative financial instruments		**350**	966
Current tax liabilities		**5,102**	9,935
Prepaid contract liabilities	3	**38,722**	37,595
Deferred revenue		**11,960**	10,243
Provisions		**15,341**	14,511
Total current liabilities		**107,324**	117,921
Non-current liabilities			
Trade and other payables		**-**	91
Borrowings		**253,060**	234,455
Derivative financial instruments		**2,335**	1,774
Deferred tax liabilities		**47,617**	41,062
Prepaid contract liabilities	3	**411,499**	400,433
Deferred revenue		**52,976**	52,216
Provisions		**3,440**	3,029
Total non-current liabilities		**770,927**	733,060
Total liabilities		**878,251**	850,981
Net assets		**247,395**	234,210
EQUITY			
Contributed equity		**135,957**	134,914
Reserves		**5,766**	7,344
Retained profits		**104,489**	90,815
Parent entity interest		**246,212**	233,073
Non-controlling interests		**1,183**	1,137
Total equity		**247,395**	234,210

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

InvoCare Limited and Controlled Entities

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2017

	Notes	Attributable to Owners of InvoCare Limited					
		Contri-buted equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non con-trolling interest $'000	Total equity $'000
Balance at 1 January 2017		**134,914**	**7,344**	**90,815**	**233,073**	**1,137**	**234,210**
Total comprehensive income for the half-year		**-**	**(586)**	**41,731**	**41,145**	**46**	**41,191**
Transactions with owners in their capacity as owners:							
Dividends paid	4	**-**	**-**	**(28,057)**	**(28,057)**	**-**	**(28,057)**
Deferred employee share plan shares vesting during the half year	5	**1,043**	**(1,043)**	**-**	**-**	**-**	**-**
Employee shares – value of services		**-**	**51**	**-**	**51**	**-**	**51**
Balance at 30 June 2017		**135,957**	**5,766**	**104,489**	**246,212**	**1,183**	**247,395**
Balance at 1 January 2016		133,694	5,529	63,054	202,277	1,161	203,438
Total comprehensive income for the half-year		-	322	27,804	28,126	43	28,169
Transactions with owners in their capacity as owners:							
Dividends paid	4	-	-	(24,482)	(24,482)	(79)	(24,561)
Deferred employee share plan shares vesting during the half year	5	866	(866)	-	-	-	-
Employee shares – value of services		-	623	-	623	-	623
Balance at 30 June 2016		134,560	5,608	66,376	206,544	1,125	207,669

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

InvoCare Limited and Controlled Entities

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2017

	Notes	Half-Year 2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		**250,879**	240,286
Payments to suppliers and employees (including GST)		**(201,874)**	(199,670)
Other revenue		**3,895**	4,135
		52,900	44,751
Interest received		**2**	15
Finance costs		**(5,903)**	(6,814)
Income tax paid		**(16,474)**	(15,434)
Net cash inflow from operating activities		**30,525**	22,518
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**1,547**	3,684
Purchase of subsidiaries and other businesses including acquisition costs, net of cash acquired		**(171)**	(1,213)
Purchase of property, plant and equipment		**(17,858)**	(15,355)
Payments to funds for pre-paid contract sales	3	**(20,492)**	(18,496)
Receipts from funds for pre-paid contracts performed	3	**20,452**	18,300
Net cash outflow from investing activities		**(16,522)**	(13,080)
Cash flows from financing activities			
Proceeds from borrowings		**30,291**	46,970
Repayment of borrowings		**(10,938)**	(28,000)
Dividends paid to InvoCare Limited shareholders		**(28,057)**	(24,482)
Dividends paid to non-controlling interests in subsidiaries		**-**	(79)
Net cash outflow from financing activities		**(8,704)**	(5,591)
Net increase in cash and cash equivalents		**5,299**	3,847
Cash and cash equivalents at the beginning of the half-year		**11,528**	8,679
Effects of exchange rate changes on cash and cash equivalents		**(95)**	24
Cash and cash equivalents at the end of the half-year		**16,732**	12,550

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Basis of preparation of the half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed consolidated 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 2016 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*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2 Segment Information

(a) Description of segments

The operating segments are based on the management reporting regularly reviewed by the Chief Executive Officer ("CEO"). This reporting is based on the operational location of the business because different economic and cultural factors impact the growth and profitability of the segments.

(b) Segment information provided to the CEO

The segment information provided to the CEO for reportable segments to 30 June 2017 and 30 June 2016 is outlined below.

	Australian Operations	Singapore Operations	New Zealand Operations	Other Operations	Consolidated
Half-Year	**2017**	**2017**	**2017**	**2017**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from external customers	**186,610**	**8,429**	**22,497**	**690**	**218,226**
Other revenue (excluding interest income)	**4,243**	**180**	**78**	**214**	**4,715**
Operating expenses	**(146,744)**	**(4,570)**	**(18,017)**	**(1,676)**	**(171,007)**
Operating EBITDA (i)	**44,109**	**4,039**	**4,558**	**(772)**	**51,934**
Depreciation and amortisation	**(9,047)**	**(137)**	**(1,325)**	**(95)**	**(10,604)**
Finance costs	**(4,438)**	**(371)**	**(1,407)**	**2**	**(6,214)**
Interest income	**518**	**-**	**2**	**-**	**520**
Income tax expense	**(17,589)**	**(400)**	**(279)**	**(5)**	**(18,273)**
Total goodwill	**85,780**	**13,816**	**45,898**	**1,619**	**147,113**
Total assets	**981,231**	**49,028**	**92,723**	**2,664**	**1,125,646**
Total liabilities	**785,531**	**32,911**	**59,548**	**261**	**878,251**

	Australian Operations	Singapore Operations	New Zealand Operations	Other Operations	Consolidated
Half-Year	**2016**	**2016**	**2016**	**2016**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from external customers	**184,443**	**8,386**	**20,606**	**1,074**	**214,509**
Other revenue (excluding interest income)	**4,310**	**294**	**105**	**78**	**4,787**
Operating expenses	**(147,137)**	**(4,781)**	**(17,005)**	**(3,101)**	**(172,024)**
Operating EBITDA (i)	**41,616**	**3,899**	**3,706**	**(1,949)**	**47,272**
Depreciation and amortisation	**(8,860)**	**(273)**	**(1,186)**	**(99)**	**(10,418)**
Finance costs	**(5,452)**	**(347)**	**(1,167)**	**-**	**(6,966)**
Interest income	**430**	**-**	**12**	**1**	**443**
Income tax expense	**(10,240)**	**(519)**	**(150)**	**(9)**	**(10,918)**
Total goodwill	**85,780**	**13,992**	**46,380**	**1,721**	**147,873**
Total assets	**944,820**	**42,414**	**93,841**	**4,116**	**1,085,191**
Total liabilities	**759,677**	**28,776**	**61,889**	**639**	**850,981**

(i) non-IFRS financial information.

2 Segment Information continued

(b) Segment information provided to the CEO continued

Operating EBITDA of $51,934,000 (2016: $47,272,000) is reconciled to profit before tax on the face of the consolidated income statement.

(c) Segment information - accounting policies

The consolidated entity operates in one industry, being the funeral industry, with significant operations in Australia, New Zealand and Singapore and smaller operations in Hong Kong and the USA.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of prepaid funds under management assets, operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. Segment liabilities consist primarily of prepaid funds under management liabilities, trade and other creditors and employee benefits and, in the case of Singapore, include an allocation of the long-term borrowings raised in Australia to fund the investment in Singapore. New Zealand has long-term borrowings which are arranged in New Zealand but with the support of Australia. Group's operations in Hong Kong and the USA have been aggregated under "Other Operations" in the tables above due to their relatively small size.

3 Prepaid contracts

(a) Impact on statement of comprehensive income

Half-Year	2017 $'000	2016 $'000
Gain on prepaid contract funds under management	**32,890**	14,538
Change in provision for prepaid contract liabilities	**(8,604)**	(7,068)
Net gain on undelivered prepaid contracts	**24,286**	7,470

(b) Movements in prepaid contract funds under management

Half-Year	2017 $'000	2016 $'000
Balance at the beginning of the year	**473,056**	422,284
Sale of new prepaid contracts	**20,492**	18,496
Initial recognition of contracts paid by instalment	**1,811**	1,717
Redemption of prepaid contract funds following service delivery	**(20,452)**	(18,300)
Increase in fair value of contract funds under management	**32,890**	14,538
Balance at the end of the half-year	**507,797**	438,735
Current	**42,849**	36,615
Non-current	**464,948**	402,120

(c) Movements in prepaid contract liabilities

Half-Year	2017 $'000	2016 $'000
Balance at the beginning of the year	**438,028**	408,448
Sale of new prepaid contracts	**20,492**	18,496
Initial recognition of contracts paid by instalment	**1,811**	1,717
Decrease following delivery of services	**(18,714)**	(17,848)
Increase due to re-evaluation of delivery obligation	**8,604**	7,068
Balance at the end of the half-year	**450,221**	417,881
Current	**38,722**	35,774
Non-current	**411,499**	382,107

(d) Nature of contracts under management and liabilities

Prepaid contracts are tripartite agreements, currently entered into and performed in Australia only, 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.

3 Prepaid contracts continued

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 the change in selling prices during the period.

The assignment of the benefit of the invested funds to InvoCare, in most cases, 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 generally 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 $7,230,000 (2016: $6,930,000). 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 $32,890,000 in prepaid contract funds under management (2016: $14,538,000) was higher than the non-cash growth due to selling price increases of $8,604,000 in the liability for future service delivery obligations (2016: $7,068,000).

4 Dividends

	Half-year ended	
	2017	2016
	$'000	$'000
Dividend paid during the half-year		
Final ordinary dividend in respect of the previous year of 25.50 cents (2016: 22.25 cents) per fully paid ordinary share, fully franked based on tax paid at 30%.	**28,058**	24,482
Dividends paid to members of InvoCare Limited	**28,058**	24,482
No dividends were paid to non-controlling interests during the half-year (2016: 10.03 cents per share)	**-**	79
	28,058	24,561
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 18.50 cents per fully paid ordinary share (2016: 17.00 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 6 October 2017 (2016: 7 October 2016), but not recognised as a liability at the end of the half-year, is:	**20,356**	18,705
Franking credit balance		
The amount of franking credits available for subsequent financial years are:		
Franking account balance at the end of the reporting period	**35,521**	**31,819**
Franking credits that will arise from the payment of income tax payable at the end of the reporting period	**3,962**	**2,984**
Reduction in franking account resulting from the payment of the proposed interim dividend of 18.50 cents (2016: 17.00 cents)	**(8,724)**	**(8,016)**
	30,759	**26,787**

5 Movements in contributed equity

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

Half-Year	2017 Shares	2016 Shares	2017 $'000	2016 $'000
Treasury shares				
Movement of treasury shares during the half-year				
Shares vesting during the half-year	(88,264)	(81,640)	(1,043)	(866)
Total	(88,264)	(81,640)	(1,043)	(866)

6 Earnings per share – weighted average number of ordinary shares

Half-Year	2017 Shares	2016 Shares
Weighted average number of ordinary shares used as a denominator in calculating:		
Basic earnings per share	**109,761,693**	109,644,322
Diluted earnings per share	**110,248,034**	109,644,322

7 Contingencies

	June 2017 $'000	December 2016 $'000
The parent entity and consolidated entity had contingent liabilities at 30 June 2017 in respect of bank guarantees given for leased premises of controlled entities to a maximum of:	**1,543**	**1,510**

8 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).

	June 2017 $'000	December 2016 $'000
Level 2		
Prepaid contract funds under management	**507,797**	473,056
Derivative financial instruments	**(2,685)**	(2,740)
Level 3		
Contingent consideration	**(283)**	(283)

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 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.

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.

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 2016 Annual Financial Report.

9 Events occurring after balance date

No significant subsequent events, not otherwise disclosed, have occurred since 30 June 2017.

InvoCare Limited and Controlled Entities

Directors' Declaration

For the half-year ended 30 June 2017

In the directors' opinion:

(a) the financial statements and notes set out on pages 14 to 24 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 2017 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	Martin Earp
Director	**Director**

Sydney
16 August 2017

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 (the company), which comprises the consolidated balance sheet as at 30 June 2017, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for InvoCare Group (the consolidated entity). The consolidated entity comprises 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 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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 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*.

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:

1. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulation* 2001.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michelle Chiang

Michelle Chiang
Partner

Sydney
16 August 2017

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