

LIFEBRANDZ LTD

(Incorporated in the Republic of Singapore)
Company registration No. : 200311348E

FIRST QUARTER FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2009

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS (Q1,Q2,Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		% Increase/ (Decrease)
	3 months ended 31 October		
	2009 S\$'000	2008 S\$'000	
Revenue	8,366	8,491	-1%
Other gains (net)			
- Miscellaneous	147	550	-73%
Expenses			
- Inventories and consumables used	(1,969)	(1,993)	-1%
- Advertising, media and entertainment	(1,162)	(1,202)	-3%
- Employee benefits	(2,756)	(2,674)	3%
- Amortisation, depreciation and impairment	(665)	(1,059)	-37%
- Finance	(7)	(47)	-85%
- Rental on operating leases	(1,067)	(1,240)	-14%
- Transportation	(17)	(27)	-37%
- Legal and professional fees	(92)	(377)	-76%
- Contract services	(110)	(214)	-49%
- Licence and permits	(35)	(261)	-87%
- Other operating expenses	(613)	(862)	-29%
Changes in inventories of finished goods	(5)	(77)	-94%
Total expenses	(8,498)	(10,033)	-15%
Profit/(Loss) from operations attributable to equity holders of the Company	15	(992)	-102%

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year

	The Group	
	3 months ended 31 October	
	2009 S\$'000	2008 S\$'000
Profit/(Loss) from operations attributable to equity holders of the Company	15	(992)
Other comprehensive income	-	-
Total comprehensive income/(loss) attributable to equity holders of the Company	15	(992)

- i) The Group's profit/(loss) before tax is arrived at after charging / (crediting):-

	The Group	
	3 months ended 31 October	
	2009 S\$'000	2008 S\$'000
a) Depreciation on property, plant and equipment	658	1,047
b) Amortisation of intangible assets	7	12
c) Interest expenses	1	44
d) Foreign exchange gain	(1)	(87)
e) Interest income	(2)	(22)
f) Service charge surplus	(105)	(382)
g) Other income	(6)	(59)
h) Bad debts provision written back	(33)	-

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets

	The Group		The Company	
	31/10/2009 S\$'000	31/7/2009 S\$'000	31/10/2009 S\$'000	31/7/2009 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	5,813	2,583	4,142	1,357
Trade and other receivables	1,142	1,060	5,885	4,073
Other current assets	918	981	580	462
Inventories at cost	448	449	-	-
	<u>8,321</u>	<u>5,073</u>	<u>10,607</u>	<u>5,892</u>
Non-Current Assets				
Property, plant and equipment	6,639	6,789	1	2
Intangible assets	6	13	-	-
Investments in subsidiaries	-	-	1,000	1,000
Intercompany long term loan	-	-	1,000	1,000
	<u>6,645</u>	<u>6,802</u>	<u>2,001</u>	<u>2,002</u>
Total Assets	<u>14,966</u>	<u>11,875</u>	<u>12,608</u>	<u>7,894</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	5,494	7,282	4,959	5,183
Borrowings	-	191	-	191
Current income tax liabilities	4	4	4	4
	<u>5,498</u>	<u>7,477</u>	<u>4,963</u>	<u>5,378</u>
Non-current Liabilities				
Deferred tax liabilities	109	109	-	-
	<u>109</u>	<u>109</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>5,607</u>	<u>7,586</u>	<u>4,963</u>	<u>5,378</u>
Net Assets	<u>9,359</u>	<u>4,289</u>	<u>7,645</u>	<u>2,516</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	47,076	42,021	47,076	42,021
Accumulated losses	(37,717)	(37,732)	(39,431)	(39,505)
Total equity	<u>9,359</u>	<u>4,289</u>	<u>7,645</u>	<u>2,516</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	The Group			
	As at 31/10/2009		As at 31/7/2009	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less or on demand	-	-	-	191
	<u>-</u>	<u>-</u>	<u>-</u>	<u>191</u>

- 1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	3 months ended 31 October	
	2009 S\$'000	2008 S\$'000
Cash flows from operating activities		
Profit/(loss) before tax	15	(992)
Adjustments for:		
Depreciation on Property, Plant and Equipment	658	1,047
Amortisation on intangible assets	7	12
Interest income	2	(22)
Interest expense	-	44
Operating profit before working capital changes	<u>682</u>	<u>89</u>
Changes in operating assets and liabilities, net of effects from		
Trade and other receivables	(82)	(196)
Other current assets	63	(741)
Inventories	1	77
Trade and other payables	(1,788)	388
Net cash used in operating activities	<u>(1,124)</u>	<u>(383)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(508)	(608)
Interest received	(2)	22
Net cash used in investing activities	<u>(510)</u>	<u>(586)</u>
Cash flows from financing activities		
Proceeds from issuance of shares	5,505	-
Share issue expenses paid	(450)	-
Repayments of borrowings	(191)	(3,295)
Interest expense paid	-	(44)
Net cash from/(used in) financing activities	<u>4,864</u>	<u>(3,339)</u>
Net increase/(decrease) in cash and cash equivalents	3,230	(4,308)
Cash and cash equivalents at the beginning of the financial period	<u>2,583</u>	<u>12,186</u>
Cash and cash equivalents at end of the financial period	<u>5,813</u>	<u>7,878</u>
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>5,813</u>	<u>7,878</u>

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Consolidated statement of changes in equity for the period ended 31 October 2009 - Group

	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	(Accumulated losses)/ Retained earnings S\$'000	Minority Interest S\$'000	Total S\$'000
Balance at 1 August 2009	42,021	-	(37,732)	-	4,289
Net profit for the period	-	-	15	-	15
Issuance of shares	5,505	-	-	-	5,505
Share issue expenses	(450)	-	-	-	(450)
Balance at 31 October 2009	<u>47,076</u>	<u>-</u>	<u>(37,717)</u>	<u>-</u>	<u>9,359</u>
Balance at 1 August 2008	42,021	-	(26,725)	-	15,296
Net loss for the period	-	-	(992)	-	(992)
Balance at 31 October 2008	<u>42,021</u>	<u>-</u>	<u>(27,717)</u>	<u>-</u>	<u>14,304</u>

(ii) Consolidated statement of changes in equity for the period ended 31 October 2009 - Company

	Share Capital S\$'000	(Accumulated Losses)/ Retained Earnings S\$'000	Total S\$'000
Balance at 1 August 2009	42,021	(39,505)	2,516
Net profit for the period	-	74	74
Issuance of shares	5,505	-	5,505
Share issue expenses	(450)	-	(450)
Balance at 31 October 2009	47,076	(39,431)	7,645
Balance at 1 August 2008	42,021	(21,939)	20,082
Net profit for the period	-	381	381
Balance as at 31 October 2008	42,021	(21,558)	20,463

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 19 August 2009, 1,101,000,000 rights shares have been allocated and issued on a rights ratio of 3 for 2 at the rights price of \$0.005 per share.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Group	
	31/10/2009	31/7/2009
Total number of issued shares excluding treasury shares	1,835,000,000	734,000,000

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not Applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation have been adopted for the current reporting year as compared with the most recently audited financial statements of LifeBrandz Ltd for the year ended 31 July 2009.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has applied the same accounting policies and methods of computation in the presentation of the financial statements for the current reporting period compared with the audited financial statements as at 31 July 2009, except for the adoption of the FRS 108, Operating Segments and Amendments to FRS 1, Presentations of Financial Statements (Revised Presentation). The Standards relate mainly to disclosure requirements.

FRS 1 Presentation of Financial Statements (Revised Presentation)
FRS 108 Financial Instruments : Operating Segments

The adoption of the above FRS did not result in substantial changes to the Group's accounting policies.

The financial statements, comprising the consolidated income statement, balance sheets, statements of changes in equity and consolidated cashflow statements, have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

The Group	
3 months ended 31 October	
2009	2008
Profit/(Loss) per share ("EPS") for the period attributable to the equity holders of the Company :	
Based on the weighted average number of ordinary shares	
- from continuing operations - Basic (cents)	N.M (0.14)
N.M	(0.14)

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the Issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	31/10/2009	31/7/2009	31/10/2009	31/7/2009
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.51	0.59	0.42	0.53

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must a discussion of the following: -

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Income Statement

Revenue

The Group recorded stable revenues in Q1 FY2010, registering a small 1% decline of S\$125,000 to S\$8.37 million from a year ago, reflecting an improving operating environment. New additions, Mulligan's Irish Bar as well as Borgata Trattoria Osteria have been performing well since debuting in September 2009.

Revenue from service charge, recorded as a miscellaneous item, declined by 73% to S\$147,000 following the abolition of service charge at several venues.

Costs and Expenses

Total expenses fell by a margin of 15% from S\$10.03 million to S\$8.50 million. Significant decreases were registered across all major expense items including amortisation, depreciation and impairment (37% drop), finance expenses (85% drop), rental on operating leases (14% drop), legal and professional fees (76% drop), contract services (49% drop), advertising, media and entertainment (3% drop), licence and permits (87% drop) and other operating expenses (29% drop).

Rental from operating leases fell 14% from S\$1.24 million to S\$1.07 million due to the closure of Balcony and also from rebates by landlords at several other venues. Amortisation, depreciation and impairment expenses also declined from S\$1.06 million to S\$665,000 due to write-off of fixed asset relating to impairment in the last financial year. Expenses from licences and permits continued to show significant decline, falling 87% from S\$261,000 to S\$35,000 as the Group no longer had to pay royalties for the Ministry of Sound brand. Along the same vein, legal and professional fees decreased by 76% from S\$377,000 to S\$92,000 following the settlement of the lawsuits. Finance costs showed the largest proportionate decline of 85% from S\$47,000 to S\$7,000 as the Group repaid all of its bank borrowings. Contract services, advertising, media and entertainment and other operating expenses also declined due to ongoing cost control measures taken by the management.

Cost of goods sold has maintained relatively stable, falling slightly from 24.4% to 23.6%.

Compared with the same period last year, the Group has succeeded in reversing a loss of S\$992,000 to a profit of S\$15,000.

Balance Sheets and Cashflow

Cash and cash equivalents increased to S\$5.8 million, with the successfully completion of a rights issues in August 2009, which raised S\$5.1 million in net proceeds. Management also continued with its programme to reduce bank borrowings and has fully repaid all its borrowings at the end of Q1 FY2010 (from S\$191,000 in total borrowings as at the end of FY2009).

There were no material changes to Trade and other receivables. On the other hand, Trade and other payables decreased by S\$1.79 million as capital expenditure incurred for the re-launch of Zirca, Rebel and Yello Jello and legal fee expenses were repaid.

While the Group has achieved a positive cashflow position from operations amounting to S\$682,000, the payment of Trade and other payables has resulted in a negative cashflow from operating activities position of S\$1.1 million.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not Applicable.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Management is cautiously optimistic of the outlook in the coming months, as the Group returned to profitability in the most recent period. With the year-end festivities in sight, management is hopeful that the uptrend will continue. As in previous years, special promotions and packages will be introduced at the various outlets to tap into the festive cheer.

In the months to come, efforts will focus on refreshing certain venues, beginning with Yello Jello, which has already seen the introduction of local rock band Kruger, helmed by frontman John Molina.

Management will continue to manage its costs closely while concurrently looking at opportunities to refresh its branded venues to maintain at the leading edge of Singapore's F&B and entertainment scene.

With regard to the announcement made on SGXnet on 29 October 2009 in respect of a claim by M/s Giorgio Ferrari Pte Ltd for alleged breach of 4 contracts, the Company has engaged solicitor to defend this claim and will keep the shareholders informed of the progress of the matter and make such further announcements as and when appropriate.

11

Dividend

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) Date payable

Not applicable

(d) Books Closure date

Not applicable

12

If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared/recommendeded for the year under review.

13

Statement pursuant to Rule 705(4) of the listing manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the Q1FY10 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement
Director

Lim Miang Bernard
Director

11 December 2009