

LIFEBRANDZ LTD

(Incorporated in the Republic of Singapore)

Company registration No. : 200311348E

SECOND QUARTER FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2010
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		
	3 months ended 31 January		%
	2010 S\$'000	2009 S\$'000	Increase/ (Decrease)
Revenue	8,193	8,242	-1%
Other gains (net)			
- Miscellaneous	125	300	-58%
Expenses			
- Inventories and consumables used	(1,927)	(1,985)	-3%
- Advertising, media and entertainment	(996)	(1,120)	-11%
- Employee benefits	(2,701)	(2,885)	-6%
- Amortisation, depreciation and impairment	(683)	(1,157)	-41%
- Finance	(2)	(24)	-92%
- Rental on operating leases	(1,061)	(1,221)	-13%
- Transportation	(17)	(24)	-29%
- Legal and professional fees	(256)	(195)	31%
- Contract services	(115)	(127)	-9%
- Licence and permits	(35)	(74)	-53%
- Other operating expenses	(667)	(990)	-33%
Changes in inventories of finished goods	(28)	159	-118%
Total expenses	(8,488)	(9,643)	-12%
Loss from operations attributable to equity holders of the Company	(170)	(1,101)	-85%

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

	The Group	
	3 months ended 31 January	
	2010 S\$'000	2009 S\$'000
Loss from operations attributable to equity holders of the Company	(170)	(1,101)
Other comprehensive income	-	-
Total comprehensive loss attributable to equity holders of the Company	(170)	(1,101)

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

	The Group	
	3 months ended 31 January	
	2010 S\$'000	2009 S\$'000
a) Depreciation on property, plant and equipment	677	1,144
b) Amortisation of intangible assets	6	13
c) Interest expenses	-	21
d) Foreign exchange gain	(1)	5
e) Interest income	(3)	(4)
f) Service charge surplus	(93)	(244)
g) Other income	(28)	(57)
h) Bad debts recovered	(16)	-

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	
	31/1/2010 S\$'000	31/7/2009 S\$'000	31/1/2010 S\$'000	31/7/2009 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	5,923	2,583	4,543	1,357
Trade and other receivables	983	1,060	6,232	4,073
Other current assets	675	981	163	462
Inventories at cost	424	449	-	-
	<u>8,005</u>	<u>5,073</u>	<u>10,938</u>	<u>5,892</u>
Non-Current Assets				
Property, plant and equipment	6,168	6,789	0	2
Intangible assets	-	13	-	-
Investments in subsidiaries	-	-	1,000	1,000
Intercompany long term loan	-	-	1,000	1,000
	<u>6,168</u>	<u>6,802</u>	<u>2,000</u>	<u>2,002</u>
Total Assets	<u>14,173</u>	<u>11,875</u>	<u>12,938</u>	<u>7,894</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	4,871	7,282	5,260	5,183
Borrowings	-	191	-	191
Current income tax liabilities	4	4	4	4
	<u>4,875</u>	<u>7,477</u>	<u>5,264</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>4,984</u>	<u>7,586</u>	<u>5,264</u>	<u>5,378</u>
Net Assets	<u>9,189</u>	<u>4,289</u>	<u>7,674</u>	<u>2,516</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	47,076	42,021	47,076	42,021
Accumulated losses	(37,887)	(37,732)	(39,402)	(39,505)
Total equity	<u>9,189</u>	<u>4,289</u>	<u>7,674</u>	<u>2,516</u>

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

	The Group			
	As at 31/1/2010		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 January	
	2010	2009
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(170)	(1,101)
Adjustments for:		
Depreciation on Property, Plant and Equipment	677	1,144
Amortisation on intangible assets	6	13
Interest income	3	(4)
Interest expense	-	21
Operating profit before working capital changes	<u>516</u>	<u>73</u>
Changes in operating assets and liabilities, net of effects from:		
Trade and other receivables	159	(374)
Other current assets	243	572
Inventories	24	(157)
Trade and other payables	(623)	556
Net cash generated from operating activities	<u>319</u>	<u>670</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(206)	(2,634)
Interest received	(3)	4
Net cash used in investing activities	<u>(209)</u>	<u>(2,630)</u>
Cash flows from financing activities		
Repayments of borrowings	-	(3,226)
Interest expense paid	-	(21)
Net cash used in financing activities	<u>-</u>	<u>(3,247)</u>
Net increase/(decrease) in cash and cash equivalents	110	(5,207)
Cash and cash equivalents at the beginning of the financial period	5,813	7,878
Cash and cash equivalents at end of the financial period	<u>5,923</u>	<u>2,671</u>
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>5,923</u>	<u>2,671</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 January 2010 - Group

	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Accumulated losses S\$'000	Minority Interest S\$'000	Total S\$'000
Balance at 1 November 2009	47,076	-	(37,717)	-	9,359
Net loss for the period	-	-	(170)	-	(170)
Balance at 31 January 2010	<u>47,076</u>	<u>-</u>	<u>(37,887)</u>	<u>-</u>	<u>9,189</u>
Balance at 1 November 2008	42,021	-	(27,717)	-	14,304
Net loss for the period	-	-	(1,101)	-	(1,101)
Balance at 31 January 2009	<u>42,021</u>	<u>-</u>	<u>(28,818)</u>	<u>-</u>	<u>13,203</u>

(ii) Consolidated statement of changes in equity for the period ended 31 January 2010 - Company

	Share Capital	(Accumulated Losses)/ Retained Earnings	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 November 2009	47,076	(39,431)	7,645
Net profit for the period	-	29	29
Balance at 31 January 2010	47,076	(39,402)	7,674
Balance at 1 November 2008	42,021	(21,558)	20,463
Net profit for the period	-	293	293
Balance as at 31 January 2009	42,021	(21,265)	20,756

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	
	31/1/2010	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 January	
	2010	2009
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	(0.15)
	<u>N.M</u>	<u>(0.15)</u>

- 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	
	31/1/2010	31/7/2009	31/1/2010	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)	0.50	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

Revenues were stable with a slight 1% decline from S\$8.24 million to S\$8.19 million from a year ago. Following the lease expiry in July 2009, Balcony at Orchard ceased operation.

Revenue from service charge, recorded as a miscellaneous item, declined 58% to S\$125,000 following the abolition of service charge at several venues.

Costs and Expenses

The Group's cost management efforts continue to yield results. On an overall basis, total expenses fell 12% from S\$9.64 million to S\$8.49 million. Advertising, media and entertainment expenses fell 11% from S\$1.12 million to S\$1 million. Amortisation, depreciation and impairment expenses declined from S\$1.16 million to S\$683,000 due to a fixed asset write-off resulting in impairment in the last financial year. Employee benefits fell 6% from S\$2.89 million to S\$2.70 million; rental on operating leases fell 13% from S\$1.22 million to S\$1.06 million with the lease expiry of Balcony; licence and permit expenses fell 53% from S\$74,000 to S\$35,000 from cessation of payments related to the closure of Fashion Bar. The largest proportionate decline was registered for Finance expenses which fell 92% from S\$24,000 to S\$2,000 as the Group repaid all of its bank borrowings. Other operating expenses including cleaning and laundry, repair and maintenance, utilities and uniforms, registered a 33% drop from S\$990,000 to S\$667,000.

Additional provisions were made for legal expenses associated with the claim by M/s Giorgio Ferrari Pte Ltd, resulting in a 31% increase in legal and professional fees from S\$195,000 to S\$256,000.

Cost of goods sold has maintained relatively stable, with a slight increase, from 22.15% to 23.86%.

The Group incurred a loss of S\$170,000 for the quarter under review, narrowing its losses over the corresponding period by 85%.

Balance Sheets and Cashflow

Cash and cash equivalents increased to S\$5.9 million from S\$2.6 million, thanks to proceeds from the rights issue completed in August 2009. Other current assets declined from S\$981,000 to S\$675,000 following payments made in July 2009 for professional fees incurred in relation to the rights issue. The Group repaid all its borrowings in full at the end of the previous quarter.

There was no significant change to Trade and other receivables. On the other hand, Trade and other payables declined by S\$2.4 million from S\$7.3 million to S\$4.9 million proceeds from the rights issue had been used to pay down legal expenses and expenses due to a contractor.

The Group continues to enjoy positive cashflow from operations of S\$319,000. While this is down from S\$670,000 from the previous year, the full repayment of borrowings in the previous quarter and therefore nil interest expense in the quarter under review means that the Group maintains a cash position at S\$5.9 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.

With the Marina Bay Sands integrated resort coming on-stream at the end of April, management will be closely watching the impact of both integrated resorts on the visitor market and the F&B and entertainment scene here, as market response to following the launch of both IRs will be instructive in formulating strategic direction in the coming months.

Concurrently, management will continue to look at new concepts and opportunities at its venues as well as continuing with its cost management program.

Following the engagement of solicitors in defence of the claim for breach of four contracts by M/s Giorgio Ferrari Pte Ltd, the Company is awaiting trial dates and will advise shareholders of further developments 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/recommended, a statement to that effect

No dividend has been declared/recommended 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 Q2FY10 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement
Director

Lim Miang Bernard
Director

10 March 2010