LIFEBRANDZ LTD

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

## FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 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 | | |
|---|---|---|---|
| | Year ended 31 July | | % Increase/ (Decrease) |
| | 2010 S$'000 | 2009 S$'000 | |
| Revenue | 32,058 | 30,399 | 5% |
| Other gains (net) | | | |
| - Miscellaneous | 687 | 2,099 | -67% |
| Expenses | | | |
| - Inventories and consumables used | (7,856) | (7,343) | 7% |
| - Advertising, media and entertainment | (4,096) | (4,600) | -11% |
| - Employee benefits | (10,046) | (10,320) | -3% |
| - Amortisation, depreciation and impairment | (2,753) | (4,587) | -40% |
| - Finance | (46) | (59) | -21% |
| - Rental on operating leases | (4,489) | (4,337) | 3% |
| - Transportation | (66) | (91) | -28% |
| - Legal and professional fees | (489) | (912) | -46% |
| - Contract services | (420) | (577) | -27% |
| - Licence and permits | (51) | (456) | -89% |
| - Property, plant & equipment written off | - | (5,229) | -100% |
| - Other operating expenses | (2,414) | (4,866) | -50% |
| Changes in inventories of finished goods | 13 | (237) | -105% |
| Total expenses | (32,713) | (43,614) | -25% |
| Profit/(loss) before income tax | 32 | (11,116) | -100% |
| - Income tax (expenses)/credit | (9) | 109 | NM |
| **Profit/(loss) from operations attributable to equity holders of the Company** | 23 | (11,007) | -100% |

**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 | |
|---|---|---|
| | Year ended 31 July | |
| | 2010 S$'000 | 2009 S$'000 |
| Profit/(loss) from operations attributable to equity holders of the Company | 23 | (11,007) |
| Other comprehensive income | - | - |
| Total comprehensive profit/(loss) attributable to equity holders of the Company | 23 | (11,007) |

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

| | The Group | |
|---|---|---|
| | Year ended 31 July | |
| | 2010 S$'000 | 2009 S$'000 |
| a) Depreciation on property, plant and equipment | 2,740 | 4,542 |
| b) Amortisation of intangible assets | 13 | 45 |
| c) Interest expenses | - | 58 |
| d) Allowance for doubtful debts and bad debts written off | 31 | 412 |
| e) Inventories written down | 2 | 6 |
| f) Deposits/prepayments written off | 19 | 792 |
| g) Intangible asset written off | - | 632 |
| h) Foreign exchange gain | (2) | (118) |
| i) Interest income | (13) | (29) |
| j) Service charge surplus | (353) | (998) |
| k) Other income | (97) | (52) |
| l) Bad debts recovered | (82) | - |
| m) (Gain)/loss on disposal of Property, Plant & Equipment | (140) | 3 |

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 | |
|---|---|---|---|---|
| | **31/7/2010 S$'000** | **31/7/2009 S$'000** | **31/7/2010 S$'000** | **31/7/2009 S$'000** |
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash and cash equivalents | **5,159** | 2,583 | **3,715** | 1,357 |
| Trade and other receivables | **760** | 545 | **7,648** | 4,045 |
| Other current assets | **757** | 981 | **142** | 462 |
| Inventories at cost | **463** | 449 | - | - |
| | **7,139** | 4,558 | **11,505** | 5,864 |
| **Non-Current Assets** | | | | |
| Property, plant and equipment | **6,143** | 6,789 | **35** | 2 |
| Intangible assets | - | 13 | - | - |
| Investments in subsidiaries | - | - | **1,500** | 1,000 |
| Intercompany long term loan | - | - | **1,000** | 1,000 |
| | **6,143** | 6,802 | **2,535** | 2,002 |
| **Total Assets** | **13,282** | 11,360 | **14,040** | 7,866 |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Trade and other payables | **3,794** | 6,767 | **6,358** | 5,155 |
| Borrowings | - | 191 | - | 191 |
| Current income tax liabilities | **12** | 4 | **4** | 4 |
| | **3,806** | 6,962 | **6,362** | 5,350 |
| **Non-current Liabilities** | | | | |
| Deferred tax liabilities | **109** | 109 | - | - |
| | **109** | 109 | - | - |
| **Total Liabilities** | **3,915** | 7,071 | **6,362** | 5,350 |
| **Net Assets** | **9,367** | 4,289 | **7,678** | 2,516 |
| **SHAREHOLDERS' EQUITY** | | | | |
| Share capital and share premium | **47,076** | 42,021 | **47,076** | 42,021 |
| Accumulated losses | **(37,709)** | (37,732) | **(39,398)** | (39,505) |
| **Total equity** | **9,367** | 4,289 | **7,678** | 2,516 |

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

| | The Group | | | |
|---|---|---|---|---|
| | As at 31/7/2010 | | 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 |
| | - | - | - | 191 |

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 | |
|---|---|---|
| | Year ended 31 July | |
| | **2010** | **2009** |
| | **S$'000** | **S$'000** |
| **Cash flows from operating activities** | | |
| Profit/(loss) before tax | **32** | (11,116) |
| Adjustments for: | | |
| Depreciation and amortisation | **2,753** | 4,587 |
| Allowance for doubtful debts | **7** | 142 |
| Bad debts written off | **23** | 270 |
| Interest income | **(13)** | (29) |
| Interest expense | **1** | 59 |
| Property, plant & equipment written off | **-** | 5,229 |
| Impairment of intangible assets | **-** | 632 |
| Prepayment written off | **-** | 792 |
| Deposits written off | **19** | - |
| Inventories written-down | **2** | 6 |
| Net (gain)/loss on disposal of Property, Plant and Equipment | **(140)** | 3 |
| Operating profit before working capital changes | **2,684** | 575 |
| Changes in operating assets and liabilities, net of effects from | | |
| Trade and other receivables | **(319)** | (471) |
| Prepayment | **223** | 104 |
| Inventories | **(15)** | 231 |
| Trade and other payables | **(2,918)** | 296 |
| **Cash (used in)/from operating activities** | **(345)** | 735 |
| Income tax paid | **-** | (5) |
| **Net cash (used in)/from operating activities** | **(345)** | 730 |
| **Cash flows from investing activities** | | |
| Purchases of property, plant and equipment | **(2,095)** | (3,280) |
| Interest received | **13** | 29 |
| **Net cash used in investing activities** | **(2,082)** | (3,251) |
| **Cash flows from financing activities** | | |
| Repayments of borrowings | **(191)** | (7,021) |
| Proceeds from issuance of shares | **5,505** | - |
| Share issuance expenses | **(450)** | - |
| Proceeds from disposal of Property, Plant and Equipment | **140** | - |
| Interest expense paid | **(1)** | (59) |
| **Net cash from/(used in) financing activities** | **5,003** | (7,080) |
| **Net increase/(decrease) in cash and cash equivalents** | **2,576** | (9,601) |
| Cash and cash equivalents at the beginning of the financial period | **2,583** | 12,184 |
| **Cash and cash equivalents at end of the financial period** | **5,159** | 2,583 |

1(c)(i) **Analysis of the balances of cash and cash equivalents**

| | | |
|---|---|---|
| Cash and bank balances | 5,159 | 2,583 |

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 July 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 August 2009** | **42,021** | **-** | **(37,732)** | **-** | **4,289** |
| Net profit for the period | **-** | **-** | **23** | **-** | **23** |
| Issuance of shares | **5,505** | **-** | **-** | **-** | **5,505** |
| Share issue expenses | **(450)** | **-** | **-** | **-** | **(450)** |
| **Balance at 31 July 2010** | **47,076** | **-** | **(37,709)** | **-** | **9,367** |
| Balance at 1 August 2008 | 42,021 | - | (26,725) | - | 15,296 |
| Net loss for the period | - | - | (11,007) | - | (11,007) |
| Balance at 31 July 2009 | 42,021 | - | (37,732) | - | 4,289 |

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

| | Share Capital | Accumulated Losses | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Balance at 1 August 2009** | **42,021** | **(39,505)** | **2,516** |
| Net profit for the period | **-** | **107** | **107** |
| Issuance of shares | **5,505** | **-** | **5,505** |
| Share issue expenses | **(450)** | **-** | **(450)** |
| **Balance at 31 July 2010** | **47,076** | **(39,398)** | **7,678** |
| Balance at 1 August 2008 | 42,021 | (21,939) | 20,082 |
| Net loss for the period | - | (17,566) | (17,566) |
| Balance as at 31 July 2009 | 42,021 | (39,505) | 2,516 |

**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 | |
|---|---|---|
| | **31/7/2010** | 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 statement of comprehensive income, statement of financial position, 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 | |
|---|---|---|
| | **Year ended 31 July** | |
| | **2010** | **2009** |
| Earnings/(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) | **0.00** | (1.50) |
| | **0.00** | (1.50) |

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 | |
|---|---|---|---|---|
| | **Year ended 31 July** | | **Year ended 31 July** | |
| | **2010** | **2009** | **2010** | **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 maintained its revenue at S$32.1 million for the financial year ending 31 July 2010,with an increase of 5% over last year.
Since the abolishment of service charges at many of our outlets to maintain their competitiveness, net miscellaneous sales have retreated 67% from S$2.1 million in FY2009 to S$0.7 million in FY2010.

Costs and Expenses

To streamline its operations, the Group's cost containment efforts continue to show improvements with a 25% decline in overall expenses, from S$43.6 million in FY2009 to S$32.7 million in FY2010. Significant savings came from license and permits, operating expenses, legal and professional fees and finance costs.

Additionally, cuts were made to advertising, media and entertainment expenses, from S$4.6 million to S$4.1 million and transportation cost shrank 28% from S$91,000 in FY2009 to S$66,000 in FY2010. Employee benefits declined 3% year-on-year and rental on operating leases edged up 3% for the year. The board has kindly waived the director fees for the current financial period. The Group has also managed to recover bad debts of S$82,000 for the financial year ended 31 July 2010 and have accordingly reduced its allowance for doubtful debts and bad debts written off to S$31,000 for the same period.

All things considered, the Group has succeeded in significantly narrowing its losses from S$11 million in FY2009 to a net operating profit of S$23,000 in FY2010.

Balance Sheets and Cashflow

Non-current assets made up of property, plant and equipment stood at S$6.1 million as at 31 July 2010 whereas current assets saw a surge from S$4.6 million in FY2009 to S$7.1 million in FY2010.

This was largely due to a significant increase in cash and cash equivalents from S$2.6 million to S$5.2 million over the same period, bolstered by the proceeds from the 3-for-2 rights issue on 19 August 2009.

Trade and other receivables expanded slightly from S$0.5 million as at 31 July 2009 to S$0.8 million as at 31 July 2010. Inventories at cost crept up to S$463,295 due to a recovery in overall business compared to a year ago.

The Group incurred capital expenditure of S$2.1 million as at 31 July 2010. This mainly includes the establishment of Mulligan Clarke Quay, Mulligan Resort World and Mulligan Pattaya and the refurbishment and upkeep of existing brands at Clarke Quay and Sentosa Cafe Del Mar. Throughout the year, the management has also reduced its bank borrowings to naught, improving its overall capital structure.

Trade and other payables have reduced from S$6.8 million as at 31 July 2009 to S$3.8 million as at 31 July 2010. Equity attributable to shareholders of the Group as at 31 July 2010 amounted to S$9.4 million, representing an increase of 118.6% from S$4.3 million as at 31 July 2009. Based on existing issued share capital of 1,835 million shares (31 July 2009: 734 million shares), net asset value per ordinary share as at 30 April 2010 for the Group stood at 0.51 Singapore cents.

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 group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Despite the recovery of the overall economy in Singapore in 2010 and the recent encouraging operating performance, the management remains mindful of the cyclical nature of the business and maintains a cautiously optimistic outlook about the future. Cost-cutting measures will remain a priority as the Group explores ways to streamline its business lines and effectively manage its operations across its portfolio.

Riding on the success of Mulligan's Irish Bar at The Cannery at Clarke Quay, the management has replicated that concept by establishing two other outlets, one at Resort World Sentosa and the other in Pattaya,Thailand, a renowned vacation destination in Southeast Asia.

In addition to the above developments, the management will continue to look for ways to strengthen the Group's existing portfolio of brands, whilst at the same time remain on the lookout for opportunities to create new business lines through new ventures. The Group believes that it has the right fundamentals in place to move with the business cycles and remains confident that its capabilities and experience will allow it to react quickly to any changes in the macroeconomic environment and the industry in which it operates.

As per our announcement made on 29 October 2009, the Writ of Summons filed by M/S Giorgio Ferrari Pte Ltd is still on going and the Group will update on any further development accordingly.

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.

**PART II ADDITIONAL INFORMATION REQUIRE FOR FULL YEAR ANNOUNCEMENT**

13 **Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

The Group operates its businesses under a single business segment of lifestyle. The products that are sold under this strategic business unit are subjected to similar risks and returns. As the Group has a single business segment, no business segment analysis is presented. In FY2010, Singapore is the only country which its lifestyle business were operated in, and therefore, there is no geographical segment analysis needed.

14 **In the review of performance, the factors leading to any changes in contribution to turnover and earnings by the business or geographical segments**

For discussion on material changes, please refer to paragraph 8.

15 **A breakdown of sales**

| **Continuing Operations** | The Group **31/7/2010** | **31/7/2009** | **% Increase/ (Decrease)** |
|---|---|---|---|
| Revenue reported for the first half year | **16,559** | 16,733 | -1% |
| Operating loss after tax reported for the first half year | **(155)** | (2,093) | -93% |
| Revenue reported for the second half year | **15,499** | 13,666 | 13% |
| Operating profit/(loss) after tax reported for the second half year | **178** | (8,914) | -102% |

16 **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

**Total Annual Dividend**

| **(S$)** | **Latest Full Year 31/7/2010** | **Previous Full Year** 31/7/2009 |
|---|---|---|
| Ordinary | - | - |
| Preference | - | - |
| **Total** | - | - |

**ON BEHALF OF THE BOARD OF DIRECTORS**

**Lee Shieh-Peen Clement**
**Director**

**Lim Miang Bernard**
**Director**

**29 September 2010**