

LIFEBRANDZ LTD

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

FIRST QUARTER FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 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 October		%
	2010 S\$'000	2009 S\$'000	Increase/ (Decrease)
Revenue	8,085	8,366	-3%
Other gains (net)			
- Miscellaneous	125	147	-15%
Expenses			
- Inventories and consumables used	(2,054)	(1,969)	4%
- Advertising, media and entertainment	(968)	(1,162)	-17%
- Employee benefits	(2,811)	(2,756)	2%
- Amortisation, depreciation and impairment	(801)	(665)	20%
- Finance	(3)	(7)	-57%
- Rental on operating leases	(1,253)	(1,067)	17%
- Transportation	(15)	(17)	-12%
- Legal and professional fees	(296)	(92)	222%
- Contract services	(77)	(110)	-30%
- Licence and permits	(50)	(35)	42%
- Other operating expenses	(565)	(613)	-8%
Changes in inventories of finished goods	15	(5)	N.M
Total expenses	(8,878)	(8,498)	4%
(Loss)/Profit from operations attributable to equity holders of the Company	(668)	15	N.M

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 October	
	2010 S\$'000	2009 S\$'000
(Loss)/Profit from operations attributable to equity holders of the Company	(668)	15
Other comprehensive income	-	-
Total comprehensive (loss)/profit attributable to equity holders of the Company	(668)	15

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

	The Group	
	3 months ended 31 October	
	2010 S\$'000	2009 S\$'000
a) Depreciation on property, plant and equipment	801	658
b) Amortisation of intangible assets	-	7
c) Interest expenses	-	1
d) Foreign exchange (gain)/ loss	9	(1)
e) Interest income	(3)	(2)
f) Service charge surplus	(88)	(105)
g) Other income	(34)	(6)
h) Bad debts recovered	(8)	-
i) 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	
	31/10/2010 S\$'000	31/7/2010 S\$'000	31/10/2010 S\$'000	31/7/2010 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	4,707	5,159	3,241	3,715
Trade and other receivables	1,199	760	8,361	7,648
Other current assets	1,086	757	153	142
Inventories at cost	480	463	-	-
	<u>7,472</u>	<u>7,139</u>	<u>11,755</u>	<u>11,505</u>
Non-Current Assets				
Property, plant and equipment	5,975	6,143	48	35
Intangible assets	-	-	-	-
Investments in subsidiaries	-	-	1,840	1,500
Intercompany long term loan	-	-	1,000	1,000
	<u>5,975</u>	<u>6,143</u>	<u>2,888</u>	<u>2,535</u>
Total Assets	<u>13,447</u>	<u>13,282</u>	<u>14,643</u>	<u>14,040</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	4,661	3,794	6,897	6,358
Borrowings	-	-	-	-
Current income tax liabilities	12	12	4	4
	<u>4,673</u>	<u>3,806</u>	<u>6,901</u>	<u>6,362</u>
Non-current Liabilities				
Deferred tax liabilities	109	109	-	-
	<u>109</u>	<u>109</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,782</u>	<u>3,915</u>	<u>6,901</u>	<u>6,362</u>
Net Assets	<u>8,665</u>	<u>9,367</u>	<u>7,742</u>	<u>7,678</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	47,076	47,076	47,076	47,076
Accumulated losses	(38,377)	(37,709)	(39,334)	(39,398)
Currency Translation Deficit	(34)	-	-	-
Total equity	<u>8,665</u>	<u>9,367</u>	<u>7,742</u>	<u>7,678</u>
	0	(0)	0	-

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

	The Group			
	As at 31/10/2010		As at 31/7/2010	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less or on demand	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 2010 S\$'000	2009 S\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(668)	15
Adjustments for:		
Depreciation on Property, Plant and Equipment	801	658
Amortisation on intangible assets	-	7
(Gain)/loss on disposal of property, plant and equipment	6	-
Allowance for doubtful trade debts	7	-
Interest income	(3)	2
Operating profit before working capital changes	<u>143</u>	<u>682</u>
Changes in operating assets and liabilities, net of effects from		
Trade and other receivables	122	(82)
Other current assets	(329)	63
Inventories	(17)	1
Trade and other payables	298	(1,788)
Net cash used in operating activities	<u>217</u>	<u>(1,124)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(638)	(508)
Interest received	3	(2)
Net cash used in investing activities	<u>(635)</u>	<u>(510)</u>
Cash flows from financing activities		
Proceeds from issuance of shares	-	5,505
Share issue expenses paid	-	(450)
Repayments of borrowings	-	(191)
Net cash from financing activities	<u>-</u>	<u>4,864</u>
Net (decrease)/increase in cash and cash equivalents	<u>(418)</u>	<u>3,230</u>
Cash and cash equivalents at the beginning of the financial period	5,159	2,583
Effects of exchange rate changes on cash and cash equivalents	(34)	-
Cash and cash equivalents at end of the financial period	<u>4,707</u>	<u>5,813</u>
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>4,707</u>	<u>5,813</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 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 2010	47,076	-	(37,709)	-	9,367
Net loss for the period	-	(34)	(668)	-	(702)
Balance at 31 October 2010	<u>47,076</u>	<u>(34)</u>	<u>(38,377)</u>	<u>-</u>	<u>8,665</u>
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>

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

	Share Capital	(Accumulated Losses)/ Retained Earnings	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 August 2010	47,076	(39,398)	7,678
Net profit for the period	-	64	64
Balance at 31 October 2010	47,076	(39,334)	7,742
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 as at 31 October 2009	47,076	(39,431)	7,645

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 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	
	31/10/2010	31/7/2010
Total number of issued shares excluding treasury shares	1,835,000,000	1,835,000,000

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 2010.

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 preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 July 2010, except for the adoption of new or revised FRS that are mandatory for financial years on or after 1 August 2010. The adoption of these FRS has no significant impact to the Group.

- 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	
	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)	(0.04)	N.M
	<u>(0.04)</u>	<u>N.M</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	
	30/10/2010	31/7/2010	30/10/2010	31/7/2010
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.47	0.51	0.42	0.42

- 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

Income Statement in the first quarter of financial year 2011, Q1 FY2011, the Group saw a slight reduction of 3% in its revenue to S\$8.1 million, compared to S\$8.4 million a year ago. This was largely due to a drop in sales achievement that included the two-week closure of the popular Lunar Bar, which underwent renovation from 3rd to 14th October. Ther Lunar Bar re-opened to a brisk launch event on 15th October. The first quarter of the financial year is also typically a slower season as the various brands operated by the Group start displaying brisker operations moving into the second quarter in the spirit of holiday cheer.

Cost & Expenses

The Group's cost containment efforts continue to show improvements with a 17% reduction in advertising, media and entertainment expenses to S\$968,000 in Q1 FY 2011. Finance expenses plunged 57% from S\$7,000 in Q1 FY2010 to just S\$3,000 in Q1 FY2011 due to the clearance of the Group's debts in FY2010. Transportation cost, contract services and other operating expenses also saw declines in the quarter.

However, legal and professional fees expanded to S\$296,000 in Q1 FY2011 mainly due to increase in legal cost provision for the Giorgio Ferrari's law suit. Employee expense has gone up by about 2% and depreciation has increased by about 20% mainly due to the new setups of the Mulligan's concept. As such, total expenses increased 4% from S\$8.5 million in Q1 FY2010 to S\$8.9 million in Q1 FY2011. Due to lower revenue generated this quarter, the Group suffered a loss of S\$668,000 from operations attributable to equity holders of the Company.

Loss per ordinary share of the Group stood at 0.04 Singapore cents for Q1 FY2011, based on weighted average number of ordinary shares of 1,835,000,000.

Balance Sheets and Cash Flow

Non-current assets made up of property, plant and equipment stay at S\$6.0 million as at 31 October 2010 whereas current assets rose from S\$7.1 million as at 31 July 2010 to S\$7.5 million as at 31 October 2010. This was largely due to increase in trade receivables, inventory and other current assets. Trade and other payables have also increased concurrently to S\$4.7 million as at 31 October 2010.

The Group generated net cash from operating activities in the three months ended 31 October 2010 of S\$217,000 and incurred capital expenditure of S\$638,000 for the purchase of property, plant and equipment in connection with Mulligan Thailand, and the improvement expenditure at Lunar Bar and existing outlets.

Equity attributable to shareholders of the Group as at 31 October 2010 amounted to S\$8.7 million. Based on existing issued share capital of 1,835 million shares, net asset value per ordinary share as at 31 October 2010 for the Group stood at 0.47 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 operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Following the recovery of the overall economy in Singapore in 2010, LifeBrandz's portfolio of branded nightlife establishments has observed gradual improvements in their businesses. The industry has been very competitive and the group has to initiate various promotions and pricing to sustain performance. The management remains mindful of the cyclical nature of the business and maintains a cautious outlook in the direction ahead. Cost management and control will remain a top priority as the group moves ahead with its operations.

The overseas Mulligan's outlet in Thailand has not fully performed to expectation in this quarter. Positively, the sales trend has witnessed an upscale direction over August 2010 from 22% in September 2010 at S\$51,000 to 85% in October 2010 at S\$78,000. The management is positive that Mulligan's Thailand will see better performance in the months ahead.

Lunar Bar at Clarke Quay re-opened its doors with a fresh look in October 2010 and the successful launch event was encouraging. The management will continue to monitor sales and operations to ensure the smooth return of activities to the newly-refurnished outlet.

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 management will also like to express that 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/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 Q1FY11 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement
Director

Lim Miang Bernard
Director

10 December 2010