

LIFEBRANDZ LTD

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

FIRST QUARTER FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

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		%
	2011 S\$'000	2010 S\$'000	Increase/ (Decrease)
Revenue	<u>7,822</u>	<u>8,085</u>	-3%
Other gains (net)			
- Miscellaneous	18	125	-86%
Expenses			
- Inventories and consumables used	(1,893)	(2,054)	-8%
- Advertising, media and entertainment	(989)	(968)	2%
- Employee benefits	(2,763)	(2,811)	-2%
- Amortisation and depreciation	(874)	(801)	9%
- Finance	(0)	(3)	N.M
- Rental on operating leases	(1,277)	(1,253)	2%
- Transportation	(12)	(15)	-20%
- Legal and professional fees	(229)	(296)	-23%
- Contract services	(79)	(77)	3%
- Licence and permits	(36)	(50)	-28%
- Other operating expenses	(698)	(565)	24%
Changes in inventories of finished goods	73	15	N.M
Total expenses	<u>(8,777)</u>	<u>(8,878)</u>	-1%
Loss from operations attributable to equity holders of the Company	<u>(937)</u>	<u>(668)</u>	40%

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	
	2011 S\$'000	2010 S\$'000
Loss from operations attributable to equity holders of the Company	(937)	(668)
Other comprehensive income:		
Foreign currency translation	(5)	(34)
Total comprehensive loss attributable to equity holders of the Company	<u>(942)</u>	<u>(702)</u>

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

	The Group	
	3 months ended 31 October	
	2011 S\$'000	2010 S\$'000
a) Depreciation on property, plant and equipment	874	801
b) Foreign exchange loss	-	9
c) Interest income	(2)	(3)
d) Service charge surplus	(27)	(88)
e) Bad debts recovered	(6)	(8)
f) Loss on disposal of property, plant and equipment	2	6

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	
	31/10/2011 S\$'000	31/7/2011 S\$'000	31/10/2011 S\$'000	31/7/2011 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	5,704	6,097	3,499	3,311
Trade and other receivables	150	157	7,149	7,363
Other current assets	868	960	223	175
Inventories at cost	399	327	-	-
	<u>7,121</u>	<u>7,541</u>	<u>10,871</u>	<u>10,849</u>
Non-Current Assets				
Property, plant and equipment	2,923	3,213	23	35
Investments in subsidiaries	-	-	1,821	1,821
Intercompany long term loan	-	-	1,000	1,000
	<u>2,923</u>	<u>3,213</u>	<u>2,844</u>	<u>2,856</u>
Total Assets	<u>10,044</u>	<u>10,754</u>	<u>13,715</u>	<u>13,705</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	3,758	3,625	6,955	6,910
Hire purchase	6	6	-	-
Current income tax liabilities	4	4	4	4
	<u>3,768</u>	<u>3,635</u>	<u>6,959</u>	<u>6,914</u>
Non-current Liabilities				
Provision	306	206	-	-
Hire purchase	7	8	-	-
Deferred tax liabilities	10	10	-	-
	<u>323</u>	<u>224</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,091</u>	<u>3,859</u>	<u>6,959</u>	<u>6,914</u>
Net Assets	<u>5,953</u>	<u>6,895</u>	<u>6,756</u>	<u>6,791</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	47,076	47,076	47,076	47,076
Foreign currency translation	(8)	(3)	-	-
Accumulated losses	(41,115)	(40,178)	(40,320)	(40,285)
Total equity	<u>5,953</u>	<u>6,895</u>	<u>6,756</u>	<u>6,791</u>

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

	The Group			
	As at 31/10/2011		As at 31/7/2011	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less or on demand #	6	-	6	-
	<u>6</u>	<u>-</u>	<u>6</u>	<u>-</u>
Amount repayable after one year #	7	-	8	-
	<u>7</u>	<u>-</u>	<u>8</u>	<u>-</u>
# Motor vehicle under finance lease				

- 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	
	2011	2010
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(937)	(668)
<u>Adjustments for:</u>		
Depreciation on property, plant and equipment	874	801
Loss on disposal of property, plant and equipment	2	6
Property, plant and equipment written off	2	-
Allowance for doubtful debts	-	7
Exchange realignment	(5)	(34)
Interest income	(2)	(3)
Provision	100	-
Total adjustments	<u>971</u>	<u>777</u>
Operating profit before changes in working capital	34	109
<u>Changes in working capital</u>		
Decrease in trade and other receivables	7	122
Decrease/(increase) in other current assets	92	(329)
Increase in inventories	(72)	(17)
Increase in trade and other payables	133	298
Total changes in working capital	<u>160</u>	<u>74</u>
Cash generated from operation	194	183
Interest received	2	3
Net cash generated from operating activities	<u>196</u>	<u>186</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	23	-
Purchase of property, plant and equipment	(611)	(638)
Net cash used in investing activities	<u>(588)</u>	<u>(638)</u>
Cash flows from financing activities		
Repayments of hire purchase	(1)	-
Net cash used in financing activities	<u>(1)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(393)	(452)
Cash and cash equivalents at the beginning of the financial period	6,097	5,159
Cash and cash equivalents at end of the financial period	<u>5,704</u>	<u>4,707</u>
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>5,704</u>	<u>4,707</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 2011 - Group

	Share Capital S\$'000	Foreign Currency Translation S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 August 2011	47,076	(3)	(40,178)	6,895
Net loss for the period	-	(5)	(937)	(942)
Balance at 31 October 2011	<u>47,076</u>	<u>(8)</u>	<u>(41,115)</u>	<u>5,953</u>
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>8,665</u>

(ii) Consolidated statement of changes in equity for the period ended 31 October 2011 - Company

	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 August 2011	47,076	(40,285)	6,791
Net loss for the period	-	(35)	(35)
Balance at 31 October 2011	47,076	(40,320)	6,756
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

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.

Not Applicable.

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	
	31/10/2011	31/7/2011
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 2011.

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 2011, except for the adoption of new or revised FRS that are mandatory for financial years on or after 1 August 2011. 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 2011	2010
(Loss)/earnings 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)	(0.05)	(0.04)
	<u>(0.05)</u>	<u>(0.04)</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	
	31/10/2011	31/07/2011	31/10/2011	31/07/2011
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.32	0.37	0.37	0.37

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must be 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 achieved a revenue of S\$7.8 million for Q1 FY2012, a decline of 3% from S\$8.1 million of last financial year's quarter. The decrease in sales activities were mainly due to the closure of Lunar Bar and Yue Lounge for refurbishment and revamp during the month of September and October. To tap on the festive and year end period, the Group rolled out COCO, the newest East-West dance club and AQUANOVA, a restaurant bar at the heart of Clarke Quay on 2nd and 9th December respectively.

Miscellaneous income and expenses consisting of service charges, interest income, bad debt recovery and other related miscellaneous income decreased from S\$125,000 to S\$18,000 for Q1 FY 2012 comparing Q1 FY2011. The decline was mainly due to the abolishment of service charge at the outlets and lower recovery of bad debts in the respective period.

Cost & Expenses

For Q1 FY2012, inventories and consumables used declined by 8% to S\$1.9 million. The decrease was mainly due to the lower sales performance in Q1 FY2012. The cost margin has actually done better in Q1 FY2012 at 24% comparing 25% of last year's quarter. Advertising, media and entertainment expenses has increased 2% to S\$989,000 due to the wider marketing and advertising effort in sustaining sales in the reported quarter. Employee benefits dropped 2% to S\$2.8 million was mainly due to the closure of the Lunar Bar and Yue Lounge. Amortisation and depreciation increased from S\$801,000 to S\$874,000 due to accumulated setup cost of the Mulligan's outlet and related fitting work carried out at the existing outlets incurred in Q1 FY 2012.

The Group saw rental on operating leases rose 2% to S\$1.3 million in Q1 FY2012 due to the new outlet and respective annual rent adjustment. Legal and professional fees decreased 23% to S\$229,000 in the reported quarter as there were lesser related cost incurred during the quarter. Such costs include provision made for legal fees related to the on going Writ of Summons filed by M/S Giorgio Ferrari Pte Ltd. The decrease in licence and permits by 28% to S\$36,000 in Q1 FY2012 was mainly due to the lower licence fee payout in the current quarter. Contract services has maintained at S\$79,000 comparing same quarter last year. Other operating expenses saw an increase of 24% to S\$698,000 which was contributed from the provision of reinstatement cost for our King's Centre office and the increase in the existing outlets' repair and maintenance.

The group has continuously taken drastic effort to maintain and reduce expenses to contain the cost structure. Positively, the group saw a decrease in finance cost and transportation expenses in Q1 FY2012. Transportation expenses has decreased by 20% to S\$12,000 over same quarter last year.

Overall, total expenses decreased from S\$8.9 million in Q1 FY2011 to S\$8.8 million in Q1 FY2012. With a lower sales achieved in Q1 FY2012, the Group registered a loss of S\$937,000 as compared to a loss of S\$668,000 in Q1 FY2011.

Balance Sheets and Cash Flow

The group's current assets maintained at S\$7.1 million. Non-current assets comprising property, plant and equipment recorded at S\$2.9 million as at 31 October 2011 after taking into account of consistent depreciation in Q1 FY2012.

With tighter control on trade and related receivables, the group has maintained receivables at S\$150,000 as at Q1 FY2012. There was a decrease from other current assets which include prepayment and security deposit from S\$960,000 to S\$868,000. The decrease was mainly due to recovery of deposit paid for upgrading and related project. Inventory amount saw an increase from S\$327,000 to S\$399,000 at end of Q1 FY2012 mainly due to stock holding during the closure revamp of the outlets and the decrease in sales activities.

Trade and other payables maintained comparatively at S\$3.8 million as at end of Q1 FY2012. The increase in payable from S\$3.6 million to S\$3.8 million was due to the additional commitment from the revamp and renovation work carried during the reported quarter.

Non-current liabilities include provision for lease reinstatement of S\$306,000, amount due for hire purchase of S\$7,000 related to the company's motor vehicle and a deferred tax liability of S\$10,000.

The Group generated net cash in operating activities of S\$196,000 for Q1 FY2012. Capital expenditure of S\$611,000 was mainly incurred from the new outlets and the addition fitting works for the existing outlets.

Cash and cash equivalents stood at S\$5.7 million as at 31 October 2011, compared to S\$6.1 million of end of last financial year. The decline in cash position was mainly due to the drop in sales performance which results a decrease in cash collection during the quarter.

Equity attributable to shareholders of the Group as at 31 October 2011 amounted to S\$6.0 million. Based on existing issued share capital of 1,835 million shares, net asset value per ordinary shares as at 31 October 2011 of the Group stood at 0.32 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.

The Group continues to remain cautious about the outlook and condition of the overall business. The Board is mindful of the intense competition of this industry and is monitoring the operating landscape closely to ensure pro-active measures are taken swiftly to boost business performance.

Effectively managing the cost of operation will remain a top priority whilst the Group focuses on improving the existing portfolio of brands.

As highlighted on the rollout of our new concepts, the Group expects strong demand from the business performance of COCO and AQUANOVA. The Group has also situated the head office officially at the Clarke Quay premises to better manage its business and operations.

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 currently handed by our counsel. The Group will update on any further development in this matter as necessarily.

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 Q1FY12 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement
Director

Lim Miang Bernard
Director

15 December 2011