

## FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 APRIL 2012

## 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			The Group		
	3 months ended 30 April		% Increase/ (Decrease)	9 months ended 30 April		% Increase/ (Decrease)
	2012 S\$'000	2011 S\$'000		2012 S\$'000	2011 S\$'000	
Revenue	6,977	8,347	-16%	22,717	25,752	-12%
Other gains (net)						
- Miscellaneous	26	80	-68%	112	332	-66%
Expenses						
- Inventories and consumables used	(1,499)	(1,966)	-24%	(5,325)	(6,499)	-18%
- Advertising, media and entertainment	(1,003)	(1,093)	-8%	(3,159)	(3,082)	2%
- Employee benefits	(2,668)	(2,738)	-3%	(8,315)	(8,517)	-2%
- Amortisation and depreciation	(601)	(926)	-35%	(2,266)	(2,627)	-14%
- Finance	-	(3)	NM	-	(10)	NM
- Rental on operating leases	(1,214)	(1,292)	-6%	(3,667)	(3,011)	-4%
- Transportation	(12)	(17)	-29%	(36)	(46)	-22%
- Legal and professional fees	(213)	(235)	-9%	(684)	(760)	-10%
- Contract services	(145)	(90)	61%	(366)	(257)	42%
- Licence and permits	(40)	(48)	-17%	(102)	(151)	-32%
- Other operating expenses	(1,597)	(762)	NM	(3,171)	(1,942)	63%
Changes in inventories of finished goods	(137)	(204)	-33%	14	41	-66%
Total expenses	(9,129)	(9,374)	-3%	(27,077)	(27,661)	-2%
Loss before income tax	(2,126)	(947)	NM	(4,248)	(1,577)	NM
- Income tax credit	14	-	NM	34	-	NM
Loss from operations attributable to equity holders of the Company	(2,112)	(947)	NM	(4,214)	(1,577)	NM

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		The Group	
	3 months ended 30 April		9 months ended 30 April	
	2012 S\$'000	2011 S\$'000	2012 S\$'000	2011 S\$'000
Loss from operations attributable to equity holders of the Company	(2,112)	(947)	(4,214)	(1,577)
Other comprehensive income:				
Foreign currency translation	(11)	(20)	(9)	(73)
Total comprehensive loss attributable to equity holders of the Company	(2,123)	(967)	(4,223)	(1,650)

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

	The Group		The Group	
	3 months ended 30 April		9 months ended 30 April	
	2012 S\$'000	2011 S\$'000	2012 S\$'000	2011 S\$'000
a) Depreciation on property, plant and equipment	601	926	2,266	2,627
b) Foreign exchange loss	-	-	-	7
c) Interest income	(2)	(3)	(7)	(9)
d) Service charge surplus	-	(27)	(48)	(198)
e) Bad debts recovered	-	(7)	(6)	(29)
f) Loss/(gain) on disposal of property, plant and equipment	21	-	22	(6)
g) Property, plant & equipment written off	198	-	421	-

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	
	30/04/2012 S\$'000	31/7/2011 S\$'000	30/04/2012 S\$'000	31/7/2011 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	4,537	6,097	3,158	3,311
Trade and other receivables	277	157	7,862	7,363
Other current assets	449	960	16	175
Inventories at cost	340	327	-	-
	<u>5,603</u>	<u>7,541</u>	<u>11,036</u>	<u>10,849</u>
<b>Non-Current Assets</b>				
Property, plant and equipment	3,005	3,213	14	35
Investments in subsidiaries	-	-	1,821	1,821
Intercompany long term loan	-	-	1,000	1,000
	<u>3,005</u>	<u>3,213</u>	<u>2,835</u>	<u>2,856</u>
<b>Total Assets</b>	<u>8,608</u>	<u>10,754</u>	<u>13,871</u>	<u>13,705</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	5,021	3,625	7,098	6,910
Provision	837	-	-	-
Hire purchase	6	6	-	-
Current income tax liabilities	4	4	4	4
	<u>5,868</u>	<u>3,635</u>	<u>7,102</u>	<u>6,914</u>
<b>Non-current Liabilities</b>				
Provision	56	206	-	-
Hire purchase	4	8	-	-
Deferred tax liabilities	10	10	-	-
	<u>70</u>	<u>224</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>5,938</u>	<u>3,859</u>	<u>7,102</u>	<u>6,914</u>
<b>Net Assets</b>	<u>2,670</u>	<u>6,895</u>	<u>6,769</u>	<u>6,791</u>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital and share premium	47,076	47,076	47,076	47,076
Foreign currency translation	(12)	(3)	-	-
Accumulated losses	(44,394)	(40,178)	(40,307)	(40,285)
<b>Total equity</b>	<u>2,670</u>	<u>6,895</u>	<u>6,769</u>	<u>6,791</u>

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

	The Group			
	As at 30/4/2012		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 #	4	-	8	-
	<u>4</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 30 April	
	2012 S\$'000	2011 S\$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(2,126)	(947)
<u>Adjustments for:</u>		
Depreciation on property, plant and equipment	601	926
Loss on disposal of property, plant and equipment	21	-
Property, plant and equipment written off	198	-
Exchange realignment	(11)	(20)
Interest income	(2)	(3)
Total adjustments	<u>807</u>	<u>903</u>
<b>Operating loss before changes in working capital</b>	<b>(1,319)</b>	<b>(44)</b>
<u>Changes in working capital</u>		
Decrease in trade and other receivables	187	241
Decrease in other current assets	265	61
Decrease in inventories	138	204
Increase/(decrease) in trade and other payables	<u>1,137</u>	<u>(155)</u>
Total changes in working capital	<u>1,727</u>	<u>351</u>
<b>Cash generated from operation</b>	<b>408</b>	<b>307</b>
Interest received	2	3
Income taxes refund	14	-
<b>Net cash generated from operating activities</b>	<b>424</b>	<b>310</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	4	-
Purchase of property, plant and equipment	<u>(371)</u>	<u>(84)</u>
<b>Net cash used in investing activities</b>	<b>(367)</b>	<b>(84)</b>
<b>Cash flows from financing activities</b>		
Repayments of hire purchase	<u>(1)</u>	<u>-</u>
<b>Net cash used in financing activities</b>	<b>(1)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>56</b>	<b>226</b>
Cash and cash equivalents at the beginning of the financial period	<u>4,481</u>	<u>4,909</u>
<b>Cash and cash equivalents at end of the financial period</b>	<b>4,537</b>	<b>5,135</b>
1(c)(i) <b>Analysis of the balances of cash and cash equivalents</b>		
Cash and bank balances	<u>4,537</u>	<u>5,135</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 30 April 2012 - Group

	Share Capital S\$'000	Foreign Currency Translation S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 February 2012	47,076	(1)	(42,282)	4,793
Net loss for the period	-	(11)	(2,112)	(2,123)
<b>Balance at 30 April 2012</b>	<b>47,076</b>	<b>(12)</b>	<b>(44,394)</b>	<b>2,670</b>
Balance at 1 February 2011	47,076	(53)	(38,339)	8,684
Net loss for the period	-	(20)	(947)	(967)
<b>Balance at 30 April 2011</b>	<b>47,076</b>	<b>(73)</b>	<b>(39,286)</b>	<b>7,717</b>

(ii) Consolidated statement of changes in equity for the period ended 30 April 2012 - Company

	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 February 2012	47,076	(40,321)	6,755
Net profit for the period	-	14	14
<b>Balance at 30 April 2012</b>	<b>47,076</b>	<b>(40,307)</b>	<b>6,769</b>
Balance at 1 February 2011	47,076	(39,356)	7,720
Net profit for the period	-	47	47
<b>Balance at 30 April 2011</b>	<b>47,076</b>	<b>(39,309)</b>	<b>7,767</b>

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	
30/4/2012	31/7/2011
1,835,000,000	1,835,000,000

Total number of issued shares excluding treasury shares

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 30 April 2012	2011

(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)

(0.12)	(0.05)
<b>(0.12)</b>	<b>(0.05)</b>

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	
	30/04/2012	31/07/2011	30/04/2012	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)	0.15	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\$7.0 million for Q3 FY2012, a decline of 16% from S\$8.3 million of last financial year's quarter. The decrease in the quarter sales was affected mainly from the ceased operation of Café Del Mar at Sentosa due to the expiration of the franchise licence, and the closure of Lunar Café due to the slow business activities at Resort World Sentosa. Both premises have been reinstated and handover to the landlords. The sales decline was also contributed from lesser operating outlets at the Clarke Quay premises, which performance have been unexpectedly slow and competitive in the reported quarter.

Miscellaneous income and expenses consisting of service charges, interest income, bad debt recovery and other related miscellaneous income decreased from S\$80,000 to S\$26,000 for Q3 FY 2012 comparing Q3 FY2011. The decline was mainly due to the abolishment of service charge at the outlets to enhance competition level, lower recovery of bad debts and loss on assets disposed in the respective period.

##### Cost & Expenses

For Q3 FY2012, inventories and consumables used declined by 24% to S\$1.5 million. The decline in cost consumption was due to the lower sales performance in the reported quarter. The cost margin has maintained positively at 23% with consistent effort in bringing down such cost component. Advertising, media and entertainment expenses has decreased 8% to S\$1.0 million comparing the Q3 FY2012 and Q3 FY2011. Employee benefits dropped 3% to S\$2.6 million was mainly due to the lesser operating outlets in the reported quarter. Amortisation and depreciation saw a decrease from S\$926,000 to S\$601,000 mainly due to the lesser depreciation charge from the active operating outlets in Q3 FY2012.

The Group saw rental on operating leases decrease 6% to S\$1.2 million in Q3 FY2012 due to the saving from relocation of our head office to our Clarke Quay's premises. Rental component is expected to be higher effective next quarter onwards due to the new rental rates for the new lease. Legal and professional fees maintained at S\$213,000 in the reported 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 17% to S\$40,000 in Q3 FY2012 was broadly due to the drop in licence fee payout in the current quarter. Contract services include mainly security services increased to S\$145,000 in Q3 FY2012 from S\$90,000 in Q3 FY2011 being for ramping up tighter security control to the existing and new concepts at the Clarke Quay premises. Other operating expenses increased to S\$1.6 million for Q3 FY2012 which includes reinstatement cost provision of S\$100,000 at Café Del Mar, S\$240,000 at Lunar Café, and S\$520,000 for the reinstatement of Clarke Quay premises. There was also a write-off of fixed asset amounted to S\$198,000 as occurred during the reinstatement in the reported quarter.

The group has consistently maintained and reduced expenses across all levels. Positively, the group saw a decrease in finance cost and transportation expenses in Q3 FY2012. Transportation expense has decreased by 29% to S\$12,000 over same quarter last year.

Overall, total expenses decreased from S\$9.4 million in Q3 FY2011 to S\$9.1 million in Q3 FY2012. Excluding reinstatement and asset write-off amounts, total expenses in the reported quarter would be lower. Due to the lower sales performance in Q3 FY2012, the Group registered a loss of S\$2.1 million as compared to a loss of S\$947,000 in Q3 FY2011.

##### Balance Sheets and Cash Flow

The Group's current assets recorded at S\$5.6 million. Non-current assets comprising property, plant and equipment maintained at S\$3.0 million as at 30 April 2012 after taking into account of depreciation in Q3 FY2012.

Trade and other receivables increased to S\$277,000 as at Q3 FY2012 broadly due to the sponsorship billing to suppliers of S\$87,000 and the trade receivable billing of S\$120,000 during the quarter. There was a decrease for other current assets which include prepayment and security deposit from S\$960,000 to S\$449,000. The decrease was mainly due to recovery of deposit paid for upgrading and related project. Inventory amount saw a slight increase from S\$327,000 to S\$340,000 at end of Q3 FY2012 mainly due to stock holding for the new concepts and the lower sales activities in the related quarter.

Trade and other payables increased to S\$5.0 million as at end of Q3 FY2012. Trade and other payables include trade suppliers payables, payables to contractors and services, and provisions and accrual for the year. The increase in payable was mainly due to the increase in the renovation and services payables occurred during the period. Provision amounted to S\$837,000 relates to provision on reinstatement for the premises at Clarke Quay and Sentosa outlets.

Non-current liabilities include provision made for lease reinstatement of S\$56,000, amount due for hire purchase of S\$4,000 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\$424,000 million for Q3 FY2012. Capital expenditure of S\$371,000 was mainly incurred for the new outlets and the addition fitting works for the existing outlets during the quarter.

Cash and cash equivalents stood at S\$4.5 million as at 30 April 2012, 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 and the cash outlay for the renovation and reinstatement cost during the quarter.

Equity attributable to shareholders of the Group as at 30 April 2012 amounted to S\$2.7 million. Based on existing issued share capital of 1,835 million shares, net asset value per ordinary shares as at 30 April 2012 of the Group stood at 0.15 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 environment. The Board is mindful of the intense competition of this industry. The Board is monitoring the operating landscape closely to ensure pro-active measures and initiatives are taken swiftly to boost business performance and activities.
- Managing and controlling the cost of operation will remain a top priority whilst the Group focuses on improving the existing portfolio of brands and its performance.
- The management will also like to update the Writ of Summons filed by M/S Giorgio Ferrari Pte Ltd ("GFPL"). By way of an Order of Court dated 25 May 2012, the High Court of Singapore dismissed GFPL's claim in the Writ and ordered cost of the action to be paid by GFPL to the Company and the four subsidiaries. The dismissal of GFPL's claim was by reason of a default by GFPL to fully comply with the terms of an Order of Court dated 6 February 2012. GFPL has filed a notice of appeal in the High Court of Singapore to appeal against the Order of Court dated 25 May 2012 that dismissed GFPL's claim. The hearing of the appeal is scheduled to be heard on 9 July 2012.
- The Group will update on 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/recommended, a statement to that effect**
- No dividend has been declared/recommendeded for the year under review.
- 13 **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**
- The Group did not has a general mandate for interested person transactions. There were no interested person transactions with amount more than S\$100,000 during Q3FY12.
- 14 **Statement pursuant to Rule 705(5) 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 Q3FY12 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement  
Director

Lim Miang Bernard  
Director

14 June 2012