

LIFEBRANDZ LTD

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

FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 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		% Increase/ (Decrease)
	Year ended 31 July		
	2012 S\$'000	2011 S\$'000	
Revenue	29,012	34,816	-17%
Other gains (net)			
- Miscellaneous	191	272	-30%
Expenses			
- Inventories and consumables used	(6,764)	(8,225)	-18%
- Advertising, media and entertainment	(4,185)	(4,342)	-4%
- Employee benefits	(10,506)	(11,268)	-7%
- Amortisation and depreciation	(2,518)	(3,596)	-30%
- Finance costs	(1)	-	0%
- Rental on operating leases	(4,799)	(5,134)	-7%
- Transportation	(43)	(59)	-27%
- Legal and professional fees	(429)	(970)	-56%
- Contract services	(508)	(354)	44%
- Licence and permits	(106)	(300)	-65%
- Other operating expenses	(3,759)	(3,277)	15%
Changes in inventories of finished goods	(45)	(137)	-67%
Total expenses	(33,663)	(37,662)	-11%
Loss before income tax	(4,460)	(2,574)	73%
- Income tax credit	19	105	-82%
Loss from operations attributable to equity holders of the Company	(4,441)	(2,469)	80%

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	
	2012 S\$'000	2011 S\$'000
Loss from operations attributable to equity holders of the Company	(4,441)	(2,469)
Other comprehensive income:		
Foreign currency translation	6	(3)
Total comprehensive loss attributable to equity holders of the Company	(4,435)	(2,472)

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

	The Group	
	Year ended 31 July	
	2012 S\$'000	2011 S\$'000
a) Depreciation on property, plant and equipment	2,518	3,596
b) Bad debts written off	5	20
c) Foreign exchange loss	18	93
d) Interest income	(10)	(11)
e) Service charge surplus	(48)	(224)
f) Other income	(168)	(97)
g) Bad debts recovered	(6)	(35)
h) Loss on disposal of property, plant and equipment	24	1
i) Impairment of property, plant and equipment	-	500
j) Property, plant and equipment written off	570	217

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	
	31/07/2012 S\$'000	31/07/2011 S\$'000	31/07/2012 S\$'000	31/07/2011 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	1,742	6,097	713	3,311
Trade and other receivables	281	157	4,658	7,363
Other current assets	396	960	19	175
Inventories at cost	282	327	-	-
	<u>2,701</u>	<u>7,541</u>	<u>5,390</u>	<u>10,849</u>
Non-Current Assets				
Property, plant and equipment	3,585	3,213	11	35
Fixed deposit	1,980	-	1,980	-
Investments in subsidiaries	-	-	321	1,821
Intercompany long term loan	-	-	1,000	1,000
	<u>5,565</u>	<u>3,213</u>	<u>3,312</u>	<u>2,856</u>
Total Assets	<u>8,266</u>	<u>10,754</u>	<u>8,702</u>	<u>13,705</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	4,235	3,625	6,594	6,910
Provision	425	-	-	-
Hire purchase	6	6	-	-
Current income tax liabilities	4	4	60	4
	<u>4,670</u>	<u>3,635</u>	<u>6,654</u>	<u>6,914</u>
Non-current Liabilities				
Provision	1,134	206	-	-
Hire purchase	2	8	-	-
Deferred tax liabilities	-	10	-	-
	<u>1,136</u>	<u>224</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>5,806</u>	<u>3,859</u>	<u>6,654</u>	<u>6,914</u>
Net Assets	<u>2,460</u>	<u>6,895</u>	<u>2,048</u>	<u>6,791</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	47,076	47,076	47,076	47,076
Foreign currency translation	3	(3)	-	-
Accumulated losses	(44,619)	(40,178)	(45,028)	(40,285)
Total equity	<u>2,460</u>	<u>6,895</u>	<u>2,048</u>	<u>6,791</u>

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

	The Group			
	As at 31/07/2012		As at 31/07/2011	
	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 #	2	-	8	-
	<u>2</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	
	Year ended 31 July 2012 S\$'000	2011 S\$'000
Cash flows from operating activities		
Loss before tax	(4,460)	(2,574)
<u>Adjustments for:</u>		
Depreciation on property, plant and equipment	2,518	3,596
Bad debts written off	5	20
Property, plant and equipment written off	570	217
Loss on disposal of property, plant and equipment	24	1
Interest income	(10)	(11)
Impairment of property, plant and equipment	-	500
Bad debts written back	(6)	(35)
Exchange realignment	6	(3)
Total adjustments	<u>3,107</u>	<u>4,285</u>
Operating (loss)/profit before changes in working capital	(1,353)	1,711
<u>Changes in working capital</u>		
(Increase)/decrease in trade and other receivables	(123)	618
Decrease/(increase) in other current assets	564	(203)
Decrease in inventories	45	136
Increase/(decrease) in trade and other payables	829	(32)
Total changes in working capital	<u>1,315</u>	<u>519</u>
Cash (used in)/generated from operation	(38)	2,230
Income taxes refund/(paid)	9	(14)
Net cash (used in)/generated from operating activities	(29)	2,216
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,397)	(1,303)
Proceeds from disposal of property, plant and equipment	47	18
Interest received	10	11
Net cash used in investing activities	(2,340)	(1,274)
Cash flows from financing activities		
Repayments of hire purchase	(6)	(4)
Placement of fixed deposit	(1,980)	-
Net cash used in financing activities	(1,986)	(4)
Net (decrease)/increase in cash and cash equivalents	(4,355)	938
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>1,742</u>	<u>6,097</u>
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>1,742</u>	<u>6,097</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 July 2012 - 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	-	6	(4,441)	(4,435)
Balance at 31 July 2012	<u>47,076</u>	<u>3</u>	<u>(44,619)</u>	<u>2,460</u>
Balance at 1 August 2010	47,076	-	(37,709)	9,367
Net loss for the period	-	(3)	(2,469)	(2,472)
Balance at 31 July 2011	<u>47,076</u>	<u>(3)</u>	<u>(40,178)</u>	<u>6,895</u>

(ii) Consolidated statement of changes in equity for the period ended 31 July 2012 - 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	-	(4,743)	(4,743)
Balance at 31 July 2012	47,076	(45,028)	2,048
Balance at 1 August 2010	47,076	(39,398)	7,678
Net loss for the period	-	(887)	(887)
Balance at 31 July 2011	47,076	(40,285)	6,791

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	
	31/07/2012	31/07/2011
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	
	Year ended 31 July 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)	(0.24)	(0.13)
	<u>(0.24)</u>	<u>(0.13)</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	
	Year ended 31 July 2012	2011	Year ended 31 July 2012	2011
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.13	0.37	0.11	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 lower revenue of S\$29.0 million for the financial year 2012 (FY 2012), with a drop of 17% from S\$34.8 million of last financial year. The decline in sales activities was mainly due to the revamp of our business operation and the closure of some of our slow outlets at the Clarke Quay premises. The lower sales was also contributed 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. While maintaining our established brands of Zircra, Rebel and Mulligan's, the Group saw the successful roll out of Aquanova, a restaurant bar at the heart of Clarke Quay.

Miscellaneous income and expenses consisting of service charges, interest income, bad debt recovery and other related miscellaneous income decreased from S\$272,000 to S\$191,000 for FY 2012 comparing last year. The decline was mainly due to the abolishment of service charge at the outlets, lower recovery of bad debts and related asset disposal loss in the respective year.

Cost & Expenses

Inventories and consumables usage in FY 2012 saw a decline of 18% to S\$6.8 million. The cost margin has positively maintained in the range of 24% comparatively to last year. Advertising, media and entertainment expenses reduced by 4% to S\$4.2 million as the Group has taken steps to reduce such cost component. Employee benefits dropped by 7% to S\$10.5 million was mainly due to lesser operating outlets during the 2nd half of FY 2012. Amortisation and depreciation declined from S\$3.6 million to S\$2.5 million due to the lesser depreciation charge for the active operating outlets in FY 2012.

The Group saw rental on operating leases declined by 7% to S\$4.8 million in FY 2012 mainly due to the saving from relocation of our head office to the Clarke Quay premises and the cessation of the operating outlets in Sentosa. Rental component is expected to be high in the coming period due to the new rental rates for the new lease. Legal and professional fees saw a decrease from S\$970,000 to S\$429,000 mainly due to the legal fee provision on the Giorgio Ferrari suit. The decrease in licence and permits by 65% to S\$106,000 was broadly due to the drop in licence fee payout and lesser operating outlets in FY 2012. Contract services include mainly security services increased from S\$354,000 to S\$508,000 for the financial year being for ramping up tighter security control and safety demand to the existing and new concepts at the Clarke Quay premises. Other operating expenses saw an increase of 15% to S\$3.8 million which included fixed assets write off of about S\$570,000 and reinstatement cost of about S\$940,000 carried out on the revamp of Clarke Quay premises, King's Centre office and the cessation outlets in Sentosa.

The Group has taken prudent measures to maintain and reduce expenses in FY 2012. Overall, total expenses which included the above fixed asset write-off and reinstatement cost declined from S\$37.7 million in FY 2011 to S\$33.7 million in FY 2012. With the lower sales being generated due to the revamp exercise and the closure of the related outlets, the Group registered a loss of S\$4.4 million in FY 2012.

Balance Sheets and Cash Flow

The Group's current assets held at S\$2.7 million as at 31 July 2012. Non-current assets increased to S\$5.6 million comprising fixed deposit of S\$2.0 million, and property, plant and equipment at S\$3.6 million after taking into account of depreciation in FY 2012.

Trade and other receivables increased from S\$157,000 to S\$281,000 mainly due to sponsorship and event billings during the period. There was a decrease for other current assets which include security deposit and prepayment from S\$960,000 to S\$396,000. The decrease was mainly due to recovery of deposit for related upgrading and projects. Inventory amount saw a decrease from S\$327,000 to S\$282,000 as at 31 July 2012 mainly due to the Group's effort in reducing the holdup cost on such items.

Trade and other payables increased to S\$4.2 million as at 31 July 2012. Trade and other payables include trade suppliers payables, payables to contractors and services and provisions and accrual for the year. The increase in payables was mainly due to the increase in the renovation and services payables occurred during the period. Provision amount of S\$425,000 relates to the reinstatement cost for the premises at Clarke Quay and Sentosa outlets.

Non-current liability includes provision made for lease reinstatement of S\$1.1 million related to the new lease.

With a higher operating loss mainly contributed from lower sales activities and cost incurred on the premises revamp, the Group generated negative net cash in operating activities of S\$29,000 for FY 2012. Capital expenditure of S\$2.4 million was mainly incurred on the new outlet and the addition fitting works for the existing locations. Financing activities includes S\$2.0 million fixed deposit placement on security deposit for the new lease at Clarke Quay. Cash and cash equivalents stood at S\$1.7 million as at 31 July 2012.

Equity attributable to shareholders of the Group as at 31 July 2012 amounted to S\$2.5 million. Based on existing issued share capital of 1,835 million shares, net asset value per ordinary shares as at 31 July 2012 of the Group stood at 0.13 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 and expanding the existing portfolio of brands and its performance.

The management will 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. 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 High Court of Singapore has wholly dismissed the GFPL's Appeal on 31 July 2012. GFPL has filed a Notice of Appeal on 29 August 2012 to the Court of Appeal against the said dismissal. The Group will update on further development in this matter as necessary.

The management will also like to express that the Writ of Summon filed by M/S Mint Studio on its subsidiary Cannery Leisure Pte Ltd, is still on going and currently handed by our counsel. The Group will update on further development in this matter 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.

- 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 the financial year 2012.

PART II ADDITIONAL INFORMATION REQUIRE FOR FULL YEAR ANNOUNCEMENT

- 14 **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	
		Sales Revenue	
		Year ended 31 July	
		2012	2011
		S\$'000	S\$'000
Singapore		28,060	33,992
Thailand		952	824
		29,012	34,816

		The Group			
		Carrying Amount of Assets		Property, Plant & Equipment	
		31/07/2012	31/07/2011	31/07/2012	31/07/2011
		S\$'000	S\$'000	S\$'000	S\$'000
Singapore		7,637	10,010	3,140	2,608
Thailand		629	744	445	605
		8,266	10,754	3,585	3,213

- 15 **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.

16 A breakdown of sales

	The Group		
	31/07/2012	31/07/2011	% Increase/ (Decrease)
Continuing Operations			
Revenue reported for the first half year	15,740	17,405	-10%
Operating loss after tax reported for the first half year	(2,103)	(630)	N.M
Revenue reported for the second half year	13,272	17,411	-24%
Operating loss after tax reported for the second half year	(2,338)	(1,839)	27%

17 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

	Latest Full Year 31/07/2012	Previous Full Year 31/07/2011
(S\$)		
Ordinary	-	-
Preference	-	-
Total	-	-

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
------	-----	--	---	---

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement
Director

Lim Miang Bernard
Director

27 September 2012