

LIFEBRANDZ LTD

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

FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 OCTOBER 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		
	3 months ended 31 October		%
	2012	2011	Increase/ (Decrease)
	S\$'000	S\$'000	
Revenue	<u>5,981</u>	<u>7,822</u>	-24%
Other gains (net)			
- Miscellaneous	10	18	-44%
Expenses			
- Inventories and consumables used	(1,576)	(1,893)	-17%
- Advertising, media and entertainment	(827)	(989)	-16%
- Employee benefits	(2,062)	(2,763)	-25%
- Amortisation and depreciation	(226)	(874)	-74%
- Finance	-	-	NM
- Rental on operating leases	(1,265)	(1,277)	-1%
- Transportation	(8)	(12)	-33%
- Legal and professional fees	(145)	(229)	-37%
- Contract services	(110)	(79)	39%
- Licence and permits	(19)	(36)	-47%
- Other operating expenses	(387)	(698)	-45%
Changes in inventories of finished goods	113	73	55%
Total expenses	<u>(6,512)</u>	<u>(8,777)</u>	-26%
Loss before income tax	(521)	(937)	-44%
- Income tax credit/(expenses)	-	-	NM
Loss from operations attributable to equity holders of the Company	<u>(521)</u>	<u>(937)</u>	-44%

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	
	2012	2011
	S\$'000	S\$'000
Loss from operations attributable to equity holders of the Company	(521)	(937)
Other comprehensive income:		
Foreign currency translation	(1)	(5)
Total comprehensive loss attributable to equity holders of the Company	<u>(522)</u>	<u>(942)</u>

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

	The Group	
	3 months ended 31 October	
	2012	2011
	S\$'000	S\$'000
a) Depreciation on property, plant and equipment	226	874
b) Interest income	(3)	(2)
c) Service charge surplus	-	(27)
d) Bad debts recovered	-	(6)
e) Loss on disposal of property, plant and equipment	-	2

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	
	31/10/2012 S\$'000	31/07/2012 S\$'000	31/10/2012 S\$'000	31/07/2012 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	1,941	1,742	304	714
Trade and other receivables	205	282	4,937	4,658
Other current assets	331	396	26	19
Inventories at cost	394	282	-	-
	<u>2,871</u>	<u>2,702</u>	<u>5,267</u>	<u>5,391</u>
Non-Current Assets				
Property, plant and equipment	3,508	3,585	8	10
Fixed deposit	1,980	1,980	1,980	1,980
Investments in subsidiaries	-	-	321	321
Intercompany long term loan	-	-	1,000	1,000
	<u>5,488</u>	<u>5,565</u>	<u>3,309</u>	<u>3,311</u>
Total Assets	<u>8,359</u>	<u>8,267</u>	<u>8,576</u>	<u>8,702</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	5,276	4,661	6,429	6,594
Hire purchase	6	6	-	-
Current income tax liabilities	4	4	56	60
	<u>5,286</u>	<u>4,671</u>	<u>6,485</u>	<u>6,654</u>
Non-current Liabilities				
Provision	1,134	1,134	-	-
Hire purchase	1	2	-	-
	<u>1,135</u>	<u>1,136</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>6,421</u>	<u>5,807</u>	<u>6,485</u>	<u>6,654</u>
Net Assets	<u>1,938</u>	<u>2,460</u>	<u>2,091</u>	<u>2,048</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	47,076	47,076	47,076	47,076
Foreign currency translation	2	3	-	-
Accumulated losses	(45,140)	(44,619)	(44,985)	(45,028)
Total equity	<u>1,938</u>	<u>2,460</u>	<u>2,091</u>	<u>2,048</u>

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

	The Group			
	As at 31/10/2012		As at 31/07/2012	
	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 #	1	-	2	-
	<u>1</u>	<u>-</u>	<u>2</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		
	2012 S\$'000	2011 S\$'000
Cash flows from operating activities		
Loss before tax	(521)	(937)
<u>Adjustments for:</u>		
Depreciation on property, plant and equipment	226	874
Loss on disposal of property, plant and equipment	-	2
Property, plant and equipment written off	-	2
Exchange realignment	(1)	(5)
Interest income	(3)	(2)
Provision	-	100
Operating (loss)/profit before changes in working capital	(299)	34
<u>Changes in working capital</u>		
Decrease in trade and other receivables	77	7
Decrease in other current assets	65	92
Increase in inventories	(112)	(72)
Increase in trade and other payables	615	133
Net cash generated from operating activities	346	194
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	23
Purchase of property, plant and equipment	(149)	(611)
Net cash used in investing activities	(149)	(588)
Cash flows from financing activities		
Repayments of hire purchase	(1)	(1)
Interest received	3	2
Net cash generated from financing activities	2	1
Net increase/(decrease) in cash and cash equivalents	199	(393)
Cash and cash equivalents at the beginning of the financial period	1,742	6,097
Cash and cash equivalents at end of the financial period	1,941	5,704
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	1,941	5,704

- 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 2012 - Group

	Share Capital S\$'000	Foreign Currency Translation S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 August 2012	47,076	3	(44,619)	2,460
Net loss for the period	-	(1)	(521)	(522)
Balance at 31 October 2012	47,076	2	(45,140)	1,938
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	47,076	(8)	(41,115)	5,953

(ii) Consolidated statement of changes in equity for the period ended 31 October 2012 - Company

	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 August 2012	47,076	(45,028)	2,048
Net profit for the period	-	43	43
Balance at 31 October 2012	47,076	(44,985)	2,091
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

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	
	31/10/2012	31/07/2012
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 2012.

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 2012, except for the adoption of new or revised FRS that are mandatory for financial years on or after 1 August 2012. 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 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)	(0.03)	(0.05)
	(0.03)	(0.05)

- 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	
	31/10/2012	31/07/2012	31/10/2012	31/07/2012
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.11	0.13	0.11	0.11

- 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\$6.0 million for Q1 FY2013, with a drop of 24% from S\$7.8 million of last financial year's quarter. The decline in sales activities was mainly due to lesser operation outlets in the current quarter as compared to the operating outlets in the same quarter last year before the revamp and refurbishment of the business operation of the Group. Positively, the existing concepts of Aquanova, Mulligan's and Zirca maintained the business pace and presence at the Clarke Quay premises, which environment has been very challenging and competitive.

Miscellaneous income and expenses consisting of service charges, interest income, bad debt recovery and other related miscellaneous income decreased from S\$18,000 to S\$10,000 for Q1 FY2013 comparing Q1 FY2012. The decline was mainly due to the abolishment of service charge at the outlets and recovery of bad debts in the respective period.

Cost & Expenses

For Q1 FY2013, inventories and consumables usage saw a decline of 17% to S\$1.6 million. The decrease was mainly due to the lower sales performance in Q1 FY2013. With the lower sales and competition level, the cost margin has slightly increased to about 26% in the reported quarter. Advertising, media and entertainment expenses reduced by 16% to S\$827,000 as the Group has taken steps to reduce such cost component in Q1 FY2013. Employee benefits dropped by 25% to S\$2.1 million, was mainly due to lesser operating outlets in Q1 FY 2013. Amortisation and depreciation declined by about 74% to S\$226,000 mainly due to the lesser depreciation charge for the active operating outlets in Q1 FY2013.

The Group saw rental on operating leases maintained at S\$1.3 million in Q1 FY2013. Legal and professional fees decreased 37% to S\$145,000 as there was lesser cost incurred during the quarter. The decrease in licence and permits by 47% to S\$19,000 was broadly due to the drop in licence fee payout and lesser operating outlets in Q1 FY2013. Contract services include mainly security services increased from S\$79,000 to S\$110,000 in Q1 FY2013 being incurred for ramping up tighter security control and safety demand to the operating outlets at the Clarke Quay premises. Other operating expenses saw a decrease of 45% to S\$387,000 mainly coming from lesser operating outlets, and cost control initiatives carried out at the group level.

The Group has taken prudent measures to maintain and reduce expenses in Q1 FY2013. Overall, total expenses declined from S\$8.8 million in Q1 FY2012 to S\$6.5 million in Q1 FY2013. With a lower sales generated due to lesser operating outlets in the reported quarter, the Group registered a loss of S\$521,000 in Q1 FY2013 which was lower than the loss of S\$937,000 incurred in last financial year's quarter.

Balance Sheets and Cash Flow

The Group's current assets held steady at S\$2.9 million. Non-current assets maintained at S\$5.5 million as at 31 October 2012 comprising fixed deposit of S\$2.0 million, and property, plant and equipment at S\$3.5 million after taking into account of depreciation in Q1 FY2013.

Trade and other receivables has decreased from S\$282,000 to S\$205,000 mainly due to the Group's consistent collection effort during the quarter. There was a decrease for other current assets which include security deposit and prepayment from S\$396,000 to S\$331,000. The decrease was mainly due to recovery of deposit for related work advances and projects. Inventory amount saw an increase to S\$394,000 at end of Q1 FY2013 mainly due to stock holding for the coming festive year end period.

Trade and other payables increased to S\$5.3 million as at end of Q1 FY2013. Trade and other payables include trade suppliers' payables, payables to contractors and services, and provisions and accrual for the year. The increase in trade and other payables were mainly due to the commitment incurred during the revamp and reinstatement of the Clarke Quay premises.

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

The Group generated net cash in operating activities of S\$346,000 for Q1 FY2013. Capital expenditure of S\$149,000 was mainly incurred on the improvement and addition fitting works for the existing location. Cash and cash equivalents stood at S\$1.9 million as at 31 October 2012.

Equity attributable to shareholders of the Group as at 31 October 2012 amounted to S\$1.9 million. Based on existing issued share capital of 1,835 million shares, net asset value per ordinary shares as at 31 October 2012 of the Group stood at 0.11 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.

Effectively managing and controlling the operation cost will remain a top priority whilst the Group focuses on improving 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 to appeal against the dismissal of the High Court Appeal ("CA Appeal"). Accordingly, GFPL was to file the Record of Appeal by 16 November 2012, failing which, the CA Appeal shall be deemed to have been withdrawn. GFPL failed to file and serve its Record of Appeal by 16 November 2012. Consequently, the court informed parties on 19 November 2012 that the CA Appeal is now deemed to have been withdrawn. 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/recommendeded, 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)(i). 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 Q1FY13.

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 Q1FY13 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement
Director

Lim Miang Bernard
Director

13 December 2012