

LIFEBRANDZ LTD

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

FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 APRIL 2013

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)
	2013 S\$'000	2012 S\$'000		2013 S\$'000	2012 S\$'000	
Revenue	5,618	8,977	-21%	17,870	22,717	-21%
Other gains (net)						
- Miscellaneous	6	28	-77%	22	112	-80%
Expenses						
- Inventories and consumables used	(1,386)	(1,499)	-9%	(4,282)	(5,325)	-20%
- Advertising, media and entertainment	(897)	(1,003)	-31%	(2,348)	(3,159)	-28%
- Employee benefits	(2,015)	(2,868)	-24%	(6,288)	(8,315)	-25%
- Amortisation and depreciation	(241)	(601)	-60%	(688)	(2,266)	-70%
- Rental on operating leases	(1,278)	(1,214)	5%	(3,834)	(3,867)	5%
- Transportation	(8)	(12)	-33%	(23)	(36)	-36%
- Legal and professional fees	35	(213)	NM	(262)	(684)	-63%
- Contract services	(80)	(145)	-45%	(302)	(366)	-17%
- Licence and permits	(15)	(40)	-63%	(48)	(102)	-53%
- Other operating expenses	(325)	(1,597)	-80%	(1,074)	(3,171)	-66%
Changes in inventories of finished goods	58	(137)	NM	100	14	NM
Total expenses	(5,934)	(8,129)	-35%	(19,017)	(27,077)	-30%
Loss before income tax	(410)	(2,128)	-81%	(1,125)	(4,248)	-74%
- Income tax credit	-	14	NM	18	34	-47%
Loss from operations attributable to equity holders of the Company	(410)	(2,112)	-81%	(1,107)	(4,214)	-74%

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	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Loss from operations attributable to equity holders of the Company	(410)	(2,112)	(1,107)	(4,214)
Other comprehensive income:				
Foreign currency translation	9	(11)	33	(9)
Total comprehensive loss attributable to equity holders of the Company	(401)	(2,123)	(1,074)	(4,223)

1) 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	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
a) Depreciation on property, plant and equipment	241	601	688	2,266
b) Interest income	(4)	(2)	(11)	(7)
c) Service charge surplus	-	-	-	(48)
d) Bad debts recovered	-	-	-	(8)
e) Loss on disposal of property, plant and equipment	-	21	-	22
f) Property, plant & equipment written off	-	198	-	421

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	The Group		The Company	
	30/04/2013 S\$'000	31/07/2012 S\$'000	30/04/2013 S\$'000	31/07/2012 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	1,021	1,742	43	714
Trade and other receivables	218	282	7,695	4,658
Other current assets	364	396	16	19
Inventories at cost	381	282	-	-
	<u>1,974</u>	<u>2,702</u>	<u>7,653</u>	<u>5,391</u>
Non-Current Assets				
Property, plant and equipment	3,645	3,585	2	10
Intangible asset	2,910	-	-	-
Fixed deposit	1,980	1,980	1,980	1,980
Investments in subsidiaries	-	-	321	321
Intercompany long term loan	-	-	1,000	1,000
	<u>8,535</u>	<u>5,565</u>	<u>3,303</u>	<u>3,311</u>
Total Assets	<u>10,609</u>	<u>8,267</u>	<u>10,956</u>	<u>8,702</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	4,807	4,661	6,742	6,594
Loan	500	-	-	-
Hire purchase	4	6	-	-
Current income tax liabilities	4	4	56	60
	<u>5,115</u>	<u>4,671</u>	<u>5,798</u>	<u>6,654</u>
Non-current Liabilities				
Provision	1,134	1,134	-	-
Hire purchase	-	2	-	-
	<u>1,134</u>	<u>1,136</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>6,249</u>	<u>5,807</u>	<u>5,798</u>	<u>6,654</u>
Net Assets	<u>4,260</u>	<u>2,460</u>	<u>5,158</u>	<u>2,048</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	49,981	47,076	49,951	47,076
Foreign currency translation	36	3	-	-
Accumulated losses	(45,727)	(44,619)	(44,793)	(45,028)
Total equity	<u>4,280</u>	<u>2,460</u>	<u>5,158</u>	<u>2,048</u>

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

	The Group			
	As at 30/04/2013		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 #	4	500	6	-
	<u>4</u>	<u>500</u>	<u>6</u>	<u>-</u>
Amount repayable after one year #	-	-	2	-
	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>

Secured - Motor vehicle under finance lease

Unsecured - Funding received from Qumulus Pte Ltd in connection of proposed acquisition of business and assets of Qumulus Pte Ltd

- 1 (c) A statement of cash flows (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	
	2013 S\$'000	2012 S\$'000
Cash flows from operating activities		
Loss before tax	(410)	(2,126)
<u>Adjustments for:</u>		
Depreciation on property, plant and equipment	241	601
Loss on disposal of property, plant and equipment	-	21
Property, plant and equipment written off	-	198
Exchange realignment	9	(11)
Interest income	(4)	(2)
Operating loss before changes in working capital	<u>(164)</u>	<u>(1,319)</u>
<u>Changes in working capital</u>		
Decrease in trade and other receivables	97	187
Decrease in other current assets	25	265
(Increase)/decrease in inventories	(56)	138
Increase in trade and other payables	57	1,137
Cash (used in)/generated from operation	<u>(41)</u>	<u>408</u>
Income taxes refund	-	14
Net cash (used in)/generated from operating activities	<u>(41)</u>	<u>422</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	4
Purchase of property, plant and equipment	(552)	(371)
Net cash used in investing activities	<u>(552)</u>	<u>(367)</u>
Cash flows from financing activities		
Repayments of hire purchase	(1)	(1)
Interest received	4	2
Payment of expenses on issuance of additional shares	(35)	-
Proceeds from short-term loans	500	-
Net cash generated from financing activities	<u>468</u>	<u>1</u>
Net (decrease)/increase in cash and cash equivalents	<u>(125)</u>	<u>56</u>
Cash and cash equivalents at the beginning of the financial period	1,146	4,481
Cash and cash equivalents at end of the financial period	<u>1,021</u>	<u>4,537</u>
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>1,021</u>	<u>4,537</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 2013 - Group

	Share Capital S\$'000	Foreign Currency Translation S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 February 2013	47,076	27	(45,317)	1,786
Net loss for the period	2,876	9	(410)	2,474
Balance at 30 April 2013	<u>49,951</u>	<u>36</u>	<u>(45,727)</u>	<u>4,260</u>
Balance at 1 February 2012	47,076	(1)	(42,282)	4,793
Net loss for the period	-	(11)	(2,112)	(2,123)
Balance at 30 April 2012	<u>47,076</u>	<u>(12)</u>	<u>(44,394)</u>	<u>2,670</u>

(ii) Consolidated statement of changes in equity for the period ended 30 April 2013 - Company

	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 February 2013	47,076	(44,940)	2,136
Net profit for the period	2,875	147	3,022
Balance at 30 April 2013	49,951	(44,793)	5,158
Balance at 1 February 2012	47,076	(40,321)	6,755
Net profit for the period	-	14	14
Balance at 30 April 2012	47,076	(40,307)	6,769

- 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.

Allotment of 300,000,000 new ordinary shares on 30 April 2013 pursuant to the Master Agreement entered between Qumulus Pte. Ltd. and Lux Leisure Pte. Ltd., a wholly owned subsidiary of the Company.

- 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	
	30/04/2013	31/07/2012
Total number of issued shares excluding treasury shares	2,135,000,000	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 30 April	
	2013	2012
(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 & Diluted (cents)	(0.02)	(0.12)
	<u>(0.02)</u>	<u>(0.12)</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	
	30/04/2013	31/07/2012	30/04/2013	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)	0.20	0.13	0.24	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\$5.5 million for Q3 FY2013, a decline of 21% from S\$7.0 million of last financial year's quarter. The lower sales performance was mainly due to lesser operating outlets in the current quarter as compared to the same quarter last year. With the constant need to sustain the market demand, the Group innovated and revamped Zlra club to a futuristic-themed concept 'Dream' debuted on 15 March 2013 to boost its sales performance. The existing concepts activities of Aquanova and Mulligan's maintained positively the business pace and presence at the Clarke Quay premises. The related industry and venues continue to look competitive and challenging in the months ahead. The Group will stay vigilant to keep track with the market trend and direction to maintain its performance.

Miscellaneous income and expenses consisting of service charges, interest income, bad debt recovery and other related miscellaneous income decreased to S\$9,000 for the period Q3 FY2013. The decline was mainly due to a drop in miscellaneous income and profit from assets disposal in the respective period.

Cost & Expenses

For Q3 FY2013, usage in inventories and consumables saw a decline of 9% to S\$1.4 million which was broadly due to the lower sales performance. Cost margin has increased to about 24% being due to steeper competition at the club level in the reported quarter. Advertising, media and entertainment expenses reduced by 31% to S\$67,000 as the Group continued its effort to reduce such cost component. Employee benefits have declined consistently by 24% to S\$2.0 million, mainly due to lesser operating outlets and lower staff structure in the reported quarter. Amortisation and depreciation declined by about 60% to S\$241,000 were due to the lesser depreciation charge for the active operating outlets in Q3 FY2013.

The Group saw rental on operating leases increased by about 5% to S\$1.3 million in Q3 FY2013 due to the higher new lease rate structure compared to last year's quarter. Legal and professional fees also saw a decrease in Q3 FY2013 as there was a reversal of legal cost provision of S\$160,000 on the dismissed Giorgio Ferrari's suit and lesser related cost being incurred during the quarter. Licence and permits decreased by 83% to S\$15,000 mainly due to the drop in licence fee payout from the lesser operating outlets in Q3 FY2013. Contract services include mainly security services has declined by 45% to S\$80,000 in Q3 FY2013 as the Group has taken efforts to reduce and manage such security control services for the respective operating outlets at the Clarke Quay premises. Other operating expenses saw a decrease of 80% to S\$325,000 mainly coming from cost control initiatives and management at the lesser operating outlets carried out at the group level in Q3 FY2013. The comparative decrease of such expenses was also due to related concepts' reinstatement cost incurred during last year's quarter.

The Group has taken prudent measures to maintain and reduce expenses in Q3 FY2013. The Group saw its total expenses declined from S\$9.1 million in Q3 FY2012 to S\$5.9 million in Q3 FY2013. With a lower sales performance from the lesser operating outlets in Q3 FY2013 and cushioned by a lower cost structure, the Group registered a loss of S\$410,000 in the reported quarter which was lower than the loss of S\$2.1 million incurred in last financial year's quarter.

Statement of Financial Position and Statement of Cash Flow

The Group's current assets held as at 30 April 2013 was S\$2.0 million. Non-current assets increased to S\$8.5 million as at end of Q3 FY2013 comprising fixed deposit of S\$2.0 million, property, plant and equipment at S\$3.6 million after taking into account of depreciation, and preliminary intangible asset at S\$2.9 million pertaining to the acquisition of the business concept operation and customers database of Qumulus Pte Ltd. The management is currently in discussing with the valuers to determine the purchase price allocation of the related business acquisition.

Trade and other receivables decreased from S\$282,000 to S\$218,000 mainly due to tighter collection control and lesser event activities during the period. Other current assets which include security deposit and prepayment maintained at S\$354,000 as at end of Q3 FY2013. Inventory amount saw an increase to S\$381,000 as at Q3 FY2013 mainly due to lower sales activities during the reported quarter.

Trade and other payables maintained at S\$4.6 million as at end of Q3 FY2013. Trade and other payables include trade suppliers' payables, payables to contractors and services, and provisions and accrual for the year. The Group has taken continued efforts in its payment made for operation payables and amount due to contractors and services. There was an outstanding loan at no interest as at end Q3 FY2013 in relation to the acquisition of the business concept and funding amount by Qumulus Pte Ltd. The tenure of the loan is for one year, or undertakes to be converted in the event of any capital raising exercise of the Group.

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

The Group generated negative net cash in operating activities of S\$41,000 for Q3 FY2013 mainly due to the lower sales activities in the reported quarter. Capital expenditure of S\$552,000 was mainly incurred on the renovation and improvement works for Dream and the existing outlets. Financing activities was mainly derived from the funding amount of S\$500,000 by Qumulus Pte Ltd. Cash and cash equivalents stood at S\$1.0 million as at 30 April 2013.

Equity attributable to shareholders of the Group as at 30 April 2013 amounted to S\$4.3 million. Based on existing issued share capital of 2,135 million shares, net asset value per ordinary shares as at 30 April 2013 of the Group stood at 0.20 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 stay 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 Group made an announcement on 4th March 2013 that Lux Leisure Pte Ltd ("Lux"), a wholly owned subsidiary of the Company has, on 2nd March 2013, entered into a master agreement in relation to the proposed acquisition of the business and assets of Qumulus Pte Ltd ("Qumulus") with the consideration to be fully satisfied on completion date by the allotment and issue of 300,000,000 new ordinary shares. Qumulus has agreed to provide an aggregate amount of S\$500,000 at no interest to the Group. The Group further announced on 29th and 30th May 2013 respectively that the SGX-ST has granted the in-principle approval ("AIP") for the listing and quotation of the 300,000,000 shares, and the acquisition was completed with the shares allotted and issued to Qumulus.

The management is presently in discussion with the valuers to determine the purchase price allocation of the related business acquisition. In the event that the consideration is higher than the fair value of the business acquired, the group will have a positive goodwill. In the event that the consideration is lower than the fair value of the business acquired, there will be a negative goodwill which will have a positive financial impact of the Group. Additionally, the management has begun to sign sponsorship agreements for various outlets for sponsorship revenues expect to realise by this financial year.

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 have a general mandate for interested person transactions. There were no interested person transactions with amount more than S\$100,000 during Q3FY13.

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 Q3FY13 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Lim Mlang Bernard
CEO / Executive Director

14 June 2013