

LIFEBRANDZ LTD

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 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		% Increase/ (Decrease)
	Year ended 31 July		
	2013 S\$'000	2012 S\$'000	
Revenue	25,357	29,012	-13%
Other gains (net)			
- Miscellaneous	135	233	-42%
Expenses			
- Inventories and consumables used	(6,727)	(6,764)	-15%
- Advertising, media and entertainment	(3,064)	(4,185)	-27%
- Employee benefits	(8,138)	(10,506)	-23%
- Amortisation and depreciation	(1,230)	(2,518)	-51%
- Finance cost	(1)	(1)	0%
- Rental on operating leases	(5,100)	(4,799)	6%
- Transportation	(26)	(43)	-40%
- Legal and professional fees	(369)	(429)	-14%
- Contract services	(393)	(508)	-23%
- Licence and permits	(68)	(106)	-36%
- Other operating expenses	(1,217)	(3,801)	-68%
Changes in inventories of finished goods	56	(45)	NM
Total expenses	(25,277)	(33,705)	-25%
Profit / (Loss) before income tax	215	(4,460)	NM
- Income tax credit	(13)	19	NM
Profit / (Loss) for the year	202	(4,441)	NM
Attributable to :			
Equity holders of the company	343	(3,266)	
Non controlling interest	(141)	(1,175)	
	202	(4,441)	

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	
	2013 S\$'000	2012 S\$'000
Profit / (Loss) from operations attributable to equity holders of the Company	202	(4,441)
Other comprehensive income:		
Foreign currency translation	(36)	6
Total comprehensive income for the year	166	(4,435)
Attributable to :		
Equity holders of the company	307	(3,260)
Non controlling interest	(141)	(1,175)
	166	(4,435)

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

	The Group	
	Year ended 31 July	
	2013 S\$'000	2012 S\$'000
a) Depreciation on property, plant and equipment	962	2,518
b) Amortisation of intangible asset	268	-
c) Bad debts written off	3	5
d) Foreign exchange (gain)/loss	(53)	18
e) Interest income	(14)	(10)
f) Service charge surplus	-	(48)
g) Other Income	(48)	(168)
h) Bad debts recovered	-	(6)
i) (Gain)/Loss on disposal of property, plant and equipment	(20)	24
j) Property, plant & equipment written off	-	570

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	
	31/07/2013 S\$'000	31/07/2012 S\$'000	31/07/2013 S\$'000	31/07/2012 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	1,227	1,742	234	714
Trade and other receivables	1,376	282	5,037	4,658
Other current assets	313	396	24	19
Inventories at cost	337	282	-	-
	<u>3,253</u>	<u>2,702</u>	<u>6,295</u>	<u>5,391</u>
Non-Current Assets				
Property, plant and equipment	4,680	3,585	-	10
Intangible asset	2,230	-	-	-
Fixed deposit	1,980	1,980	1,980	1,980
Investments in subsidiaries	-	-	321	321
Other receivables	-	-	2,478	-
Intercompany long term loan	-	-	1,000	1,000
	<u>8,890</u>	<u>5,565</u>	<u>5,779</u>	<u>3,311</u>
Total Assets	<u>12,143</u>	<u>8,267</u>	<u>11,074</u>	<u>8,702</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	5,006	4,661	4,899	6,594
Loan	500	-	-	-
Hire purchase	2	6	-	-
Current income tax liabilities	-	4	-	60
	<u>5,508</u>	<u>4,671</u>	<u>4,899</u>	<u>6,654</u>
Non-current Liabilities				
Provision	1,134	1,134	-	-
Hire purchase	-	2	-	-
Deferred tax liabilities	-	-	-	-
	<u>1,134</u>	<u>1,136</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>6,642</u>	<u>5,807</u>	<u>4,899</u>	<u>6,654</u>
Net Assets	<u>5,501</u>	<u>2,460</u>	<u>6,175</u>	<u>2,048</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	49,951	47,076	49,951	47,076
Foreign currency translation	(33)	3	-	-
Accumulated losses	(43,101)	(43,444)	(43,776)	(45,028)
	<u>6,817</u>	<u>3,635</u>	<u>6,175</u>	<u>2,048</u>
Non controlling interest	(1,316)	(1,175)	-	-
Total equity	<u>5,501</u>	<u>2,460</u>	<u>6,175</u>	<u>2,048</u>

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

	The Group			
	As at 31/07/2013		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 #	2	500	6	-
	<u>2</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	
	Year ended 31 July 2013 S\$'000	2012 S\$'000
Cash flows from operating activities		
Profit / (loss) before tax	215	(4,460)
<u>Adjustments for:</u>		
Depreciation on property, plant and equipment	962	2,518
Amortisation of Intangible Assets	268	-
(Gain)/Loss on disposal of property, plant and equipment	(20)	24
Property, plant and equipment written off	-	570
Exchange realignment	(36)	6
Interest income	(14)	(10)
Bad debts written back	-	(6)
Bad debts written off	3	5
Finance Cost	-	1
Operating Profit / (loss) before changes in working capital	1,378	(1,352)
<u>Changes in working capital</u>		
Increase in trade and other receivables	(1,008)	(124)
Decrease in other current assets	83	564
(Increase)/decrease in inventories	(55)	45
(Decrease) / Increase in trade and other payables	(226)	830
Cash from / (used in) operation	172	(37)
Interest received	14	10
Placement of fixed deposit	-	(1,980)
Income taxes (paid) / refund	(16)	9
Net cash from / (used in) operating activities	170	(1,998)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	25	47
Purchase of property, plant and equipment	(1,527)	(2,397)
Proceeds from acquisition of business concept	323	-
Net cash used in investing activities	(1,179)	(2,350)
Cash flows from financing activities		
Repayments of hire purchase	(6)	(7)
Proceeds from short-term loans	500	-
Net cash generated from / (used in) financing activities	494	(7)
Net (decrease) in cash and cash equivalents	(515)	(4,355)
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	1,227	1,742
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	1,227	1,742

- 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 2013 - Group

	Share Capital S\$'000	Foreign Currency Translation S\$'000	Accumulated Losses S\$'000	Non Controlling Interest S\$'000	Total S\$'000
Balance at 1 August 2012	47,076	3	(43,444)	(1,176)	2,460
Issuance of new ordinary shares	2,875	-	-	-	2,875
Net profit for the period	-	(36)	343	(141)	166
Balance at 31 July 2013	49,951	(33)	(43,101)	(1,316)	5,501
Balance at 1 August 2011	47,076	(3)	(40,178)	-	6,895
Net loss for the period	-	6	(3,266)	(1,175)	(4,435)
Balance at 31 July 2012	47,076	3	(43,444)	(1,175)	2,460

(ii) Consolidated statement of changes in equity for the period ended 31 July 2013 - Company

	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 August 2012	47,076	(45,028)	2,048
Issuance of new ordinary shares	2,875	-	2,875
Net profit for the period	-	1,252	1,252
Balance at 31 July 2013	49,951	(43,776)	6,175
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

- 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	
	31/07/2013	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	
	Year ended 31 July 2013	2012
Earnings/(loss) 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	(0.18)
	<u>0.02</u>	<u>(0.18)</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 2013	Year ended 31 July 2012	Year ended 31 July 2013	Year ended 31 July 2012
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.26	0.13	0.29	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 revenue of S\$25.4 million for the financial year 2013 (FY 2013), with a drop of 13% from \$29.0 million of last financial year. The drop in sales activities was mainly due to lesser operating outlets in the current financial year as compared to the last year. Sales performance from the existing concepts and brands have been positive in the reported financial year. With the need to maintain momentum and sustain market demand, the Group innovated and rolled out 'DREAM' a futuristic-themed concept, and 'FENIX' an ultra-lounge for VIP exclusive in the last quarter. The Group also ventured into the acquisition of business rights to co-manage MINK and Royal room, a stylish and luxurious ambience of inspired electro and energetic music for members and wild party goers, to further enhance our solid establishment in the nightlife scene and activities.

Miscellaneous income and expenses consisting of service charges, interest income, bad debt recovery and other related miscellaneous income decreased from S\$233,000 to S\$135,000 for FY 2013 comparing last year. The net decrease was mainly due to abolishment of the services charge at the outlets offset with the gain on disposal of fixed assets in the current financial year.

Cost & Expenses

Inventories and consumables usage in FY 2013 saw a decline of 15% to S\$5.7 million. The cost margin has positively maintained in the range of 23% comparatively to last year. Advertising, media and entertainment expenses reduced by 27% to S\$3.1 million as the group has taken continued efforts to reduce such cost component. Employee benefits dropped by 23% to S\$8.1 million was mainly due to lesser operating outlets and lower staff structure in the reported financial year. Depreciation and impairment declined from S\$2.5 million to S\$0.9 million due to the lesser depreciation charge for the active operating outlets in FY 2013. There is a \$268,000 amortisation from the intangible asset acquired in FY2013.

The Group saw rental on operating leases increased by 6% to S\$5.1 million in FY2013 mainly due to the higher new lease rate structure compared to last financial year. Legal and professional fees saw a decrease from S\$429,000 to S\$369,000 mainly due to the lower legal fee payout and lesser related cost being incurred during the financial year. The decrease in licence and permits by 36% to \$68,000 was broadly due to the drop in licence fee payout and lesser operating outlets in FY 2013. Contract services include mainly security services decreased by 23% to \$393,000 for the financial year as the Group has taken steps to reduce and manage such security control services for the respective operating outlets at the Clarke Quay premises. Other operating expenses decreased from S\$3.8 million to S\$1.2 million mainly due to cost control of such expenses at the various outlets in the reported financial year. The comparative decrease of such expenses was also due to related concepts' reinstatement cost incurred during the last financial year for outlets that were closed in FY 2012.

The group has taken prudent measures to maintain and reduce expenses in FY 2013. The Group saw its total expenses declined from S\$33.7 million in FY2012 to S\$25.3 million in FY2013. With the continued efforts to maintain sales performance and reduce overall cost structure, the Group has succeeded in significantly turning its losses from S\$4.4 million to a net operating profit of S\$202,000 in FY2013.

Statement of Financial Position and Statement of Cash Flows

The Group's current assets held as at 31 July 2013 was S\$3.3 million. Non-current assets increased to S\$8.9 million as at 31 July 2013 comprising fixed deposit of S\$2.0 million, property, plant and equipment maintained at S\$4.7 million after taking into account of depreciation in FY 2013. Net intangible assets of S\$2.2 million as at 31 July 2013 from the business concept acquisition after amortization amount of S\$268,000 for the financial year.

Trade and other receivables increased from S\$282,000 to S\$1.4 million mainly due to additional sponsorship and promotion billings to bank and merchants for the new concepts. There was a decrease for other current assets which include security deposit and prepayment from S\$396,000 to S\$313,000. Inventory amount saw an increase from S\$282,000 to S\$337,000 as at 31 July 2013 mainly due to the higher stock holding and consumption for the new concepts.

Trade and other payables maintained at S\$5.0 million as at 31 July 2013. Trade and other payables include trade suppliers' payables, payables to contractors and services and provisions and accrual for the year. There was an outstanding loan of \$500,000 at no interest as at 31 July 2013 related to the acquisition of the business concept and funding amount by Qumulus Pte Ltd. The tenure of the loan is for one year, or undertake 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 positive net cash in operating activities of S\$170,000 for the year. Capital expenditure of S\$1.5 million was mainly incurred on the renovation and improvement work for Dream, Fenix and the existing concepts. Financing activities was mainly derived from the funding amount of S\$500,000 by Qumulus Pte Ltd. Cash and cash equivalents stood at S\$1.2 million as at 31 July 2013 as compared to S\$1.7 million of last year.

Equity attributable to shareholders of the Group as at 31 July 2013 amounted to S\$5.5 million. Based on existing issued share capital of 2,135 million shares, net asset value per ordinary shares as at 31 July 2013 of the Group stood at 0.26 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.

As per previous announcements, the Group announced that Lux Leisure Pte Ltd, a wholly owned subsidiary of the Company has entered into a master agreement in relation to the proposed acquisition of the business and assets of Qumulus Pte Ltd with the consideration to be fully satisfied on completion date by the allotment and issue of 300,000,000 new ordinary shares. The acquisition of the business and assets of Qumulus Pte Ltd was completed with the share allotted and issued as per announcement dated 30th April 2013.

Pertaining to the Writ of Summon filed by M/S Mint Studio, the management has announced on 5th July 2013 that its wholly owned subsidiary, Cannery Leisure Pte Ltd has entered into a Settlement agreement with M/S Mint Studio in respect of the Suit (the "Settlement"). Pursuant to the terms of the Settlement, the Notice of Discontinuance has been filed with the High Court on 19th July 2013.

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 the financial year 2013.

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				The Group			
		Sales Revenue				Carrying Amount of Assets		Property, Plant & Equipment and Intangible Asset	
		Year ended 31 July				31/07/2013		31/07/2012	
		2013	2012			31/07/2013	31/07/2012	31/07/2013	31/07/2012
		S\$'000	S\$'000			S\$'000	S\$'000	S\$'000	S\$'000
	Singapore	24,347	28,060			11,554	7,638	6,610	3,140
	Thailand	1,010	952			589	629	300	445
		<u>25,357</u>	<u>29,012</u>			<u>12,143</u>	<u>8,267</u>	<u>6,910</u>	<u>3,585</u>

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		
	31/07/2013	31/07/2012	% Increase/ (Decrease)
Continuing Operations			
Revenue reported for the first half year	12,352	15,740	-22%
Operating loss after tax reported for the first half year	(699)	(2,103)	-67%
Revenue reported for the second half year	13,006	13,272	-2%
Operating profit / (loss) after tax reported for the second half year	901	(2,338)	NM

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

(S\$)	Year 31/07/2013	Year 31/07/2012
	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
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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

Lim Miang Bernard
CEO / Executive Director

30 September 2013

