

LIFEBRANDZ LTD

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014
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)
	2014	2013		2014	2013	
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	4,984	5,518	-10%	17,619	17,870	-1%
Other gains (net)						
- Miscellaneous	5	6	-17%	64	22	NM
Expenses						
- Inventories and consumables used	(1,308)	(1,366)	-4%	(4,733)	(4,282)	11%
- Advertising, media and entertainment	(699)	(697)	0%	(2,416)	(2,348)	3%
- Employee benefits	(1,707)	(2,015)	-15%	(5,562)	(6,266)	-11%
- Amortisation and depreciation	(601)	(241)	NM	(1,792)	(688)	NM
- Finance cost	-	-	0%	(1)	-	0%
- Rental on operating leases	(1,272)	(1,278)	0%	(3,835)	(3,834)	0%
- Transportation	(6)	(8)	-25%	(28)	(23)	22%
- Legal and professional fees	53	35	NM	(101)	(252)	-60%
- Contract services	(83)	(80)	4%	(277)	(302)	-8%
- Licence and permits	(20)	(15)	33%	(55)	(48)	15%
- Other operating expenses	(312)	(325)	-4%	(899)	(1,074)	-16%
Changes in inventories of finished goods	(76)	56	NM	(63)	100	NM
Total expenses	(6,031)	(5,934)	2%	(19,762)	(19,017)	4%
Loss before income tax	(1,042)	(410)	NM	(2,079)	(1,125)	85%
- Income tax (expenses) / credit	-	-	NM	(3)	18	NM
Loss for the year	(1,042)	(410)	NM	(2,082)	(1,107)	88%
Attributable to :						
Equity holders of the company	(872)	(328)		(1,653)	(837)	
Non controlling interest	(170)	(82)		(429)	(270)	
	(1,042)	(410)		(2,082)	(1,107)	

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	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Loss from operations attributable to equity holders of the Company	(1,042)	(410)	(2,082)	(1,107)
Other comprehensive income:				
Foreign currency translation	-	9	(54)	33
Total comprehensive income for the year	(1,042)	(401)	(2,136)	(1,074)
Attributable to :				
Equity holders of the company	(872)	(319)	(1,707)	(804)
Non controlling interest	(170)	(82)	(429)	(270)
	(1,042)	(401)	(2,136)	(1,074)

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

	The Group		The Group	
	3 months ended 30 April		9 months ended 30 April	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
a) Depreciation on property, plant and equipment	333	241	990	688
b) Amortisation of intangible asset	268	-	802	-
c) Interest income	(3)	(4)	(10)	(11)
d) Other Income	(2)	-	(54)	-
e) Property, plant & equipment written off	28	-	28	-

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	
	30/04/2014 S\$'000	31/07/2013 S\$'000	30/04/2014 S\$'000	31/07/2013 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	2,055	1,227	1,083	234
Trade and other receivables	998	1,376	6,519	5,037
Other current assets	358	313	16	24
Inventories at cost	274	337	-	-
	<u>3,685</u>	<u>3,253</u>	<u>7,618</u>	<u>5,295</u>
Non-Current Assets				
Property, plant and equipment	4,183	4,680	-	-
Intangible asset	1,427	2,230	-	-
Fixed deposit	1,980	1,980	1,980	1,980
Investments in subsidiaries	-	-	321	321
Other receivables	-	-	2,478	2,478
Intercompany long term loan	-	-	1,000	1,000
	<u>7,590</u>	<u>8,890</u>	<u>5,779</u>	<u>5,779</u>
Total Assets	<u>11,275</u>	<u>12,143</u>	<u>13,397</u>	<u>11,074</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	3,358	5,006	3,343	4,899
Loan	-	500	-	-
Hire purchase	-	2	-	-
	<u>3,358</u>	<u>5,508</u>	<u>3,343</u>	<u>4,899</u>
Non-current Liabilities				
Provision	1,134	1,134	-	-
	<u>1,134</u>	<u>1,134</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,492</u>	<u>6,642</u>	<u>3,343</u>	<u>4,899</u>
Net Assets	<u>6,783</u>	<u>5,501</u>	<u>10,054</u>	<u>6,175</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	53,336	49,951	53,336	49,951
Foreign currency translation	(54)	(33)	-	-
Accumulated losses	(44,722)	(43,069)	(43,282)	(43,776)
	<u>8,560</u>	<u>6,849</u>	<u>10,054</u>	<u>6,175</u>
Non controlling interest	<u>(1,777)</u>	<u>(1,348)</u>	<u>-</u>	<u>-</u>
Total equity	<u>6,783</u>	<u>5,501</u>	<u>10,054</u>	<u>6,175</u>

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

	The Group			
	As at 30/04/2014		As at 31/07/2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less or on demand #	-	-	2	500
	<u>-</u>	<u>-</u>	<u>2</u>	<u>500</u>
Amount repayable after one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</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	
	2014	2013
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(1,042)	(410)
<u>Adjustments for:</u>		
Depreciation on property, plant and equipment	333	241
Amortisation of Intangible Assets	268	-
Property, plant and equipment written off	28	-
Exchange realignment	3	9
Interest income	(3)	(4)
Operating loss before changes in working capital	(413)	(164)
<u>Changes in working capital</u>		
Decrease in trade and other receivables	64	97
Decrease in other current assets	19	25
Decrease / (increase) in inventories	77	(56)
(Decrease) / increase in trade and other payables	(1,218)	57
Cash used in operation	(1,471)	(41)
Interest received	3	4
Net cash used in operating activities	(1,468)	(37)
Cash flows from investing activities		
Purchase of property, plant and equipment	(73)	(552)
Net cash used in investing activities	(73)	(552)
Cash flows from financing activities		
Proceeds from issue of shares	3,442	-
Repayments of hire purchase	-	(1)
Payment of expenses on issuance of additional shares	(50)	(35)
(Repayment) / proceeds from short-term loans	(500)	500
Net cash generated from financing activities	2,892	464
Net increase / (decrease) in cash and cash equivalents	1,351	(125)
Cash and cash equivalents at the beginning of the financial period	704	1,146
Cash and cash equivalents at end of the financial period	2,055	1,021
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	2,055	1,021

- 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 2014 - 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 February 2014	49,951	(57)	(43,850)	(1,607)	4,437
Issuance of shares	3,442	-	-	-	3,442
Share issuance expenses	(57)	-	-	-	(57)
Net loss for the period	-	-	(872)	(170)	(1,042)
Other comprehensive income	-	3	-	-	3
Balance at 30 April 2014	53,336	(54)	(44,722)	(1,777)	6,783
Balance at 1 February 2013	47,076	27	(43,954)	(1,363)	1,786
Issuance of shares	2,910	-	-	-	2,910
Share issuance expenses	(35)	-	-	-	(35)
Net loss for the period	-	-	(328)	(82)	(410)
Other comprehensive income	-	9	-	-	9
Balance at 30 April 2013	49,951	36	(44,282)	(1,445)	4,260

(ii) Consolidated statement of changes in equity for the period ended 30 April 2014 - Company

	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 February 2014	49,951	(43,528)	6,423
Issuance of shares	3,442	-	3,442
Share issuance expenses	(57)	-	(57)
Net profit for the period	-	246	246
Balance at 30 April 2014	53,336	(43,282)	10,054
Balance at 1 February 2013	47,076	(44,940)	2,136
Issuance of shares	2,910	-	2,910
Share issuance expenses	(35)	-	(35)
Net profit for the period	-	147	147
Balance at 30 April 2013	49,951	(44,793)	5,158

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.

The placement of 425,000,000 new ordinary shares were allotted and issued to respective Placees as per announcement dated 27 March 2014.

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	
	30/04/2014	31/07/2013
Total number of issued shares excluding treasury shares	2,560,000,000	2,135,000,000

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 2013.

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 2013, except for the adoption of new or revised FRS that are mandatory for financial years on or after 1 August 2013. 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	
	2014	2013
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)	(0.04)	(0.02)
	<u>(0.04)</u>	<u>(0.02)</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	
	3 months ended 30 April 2014	3 months ended 30 April 2013	3 months ended 30 April 2014	3 months ended 30 April 2013
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.26	0.20	0.39	0.24

- 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\$5.0 million for Q3 FY2014. There was a decline of about 10% over the corresponding quarter of last financial year. The drop in activities was mainly due to the slowdown in crowd profile, and increase in competition from other clubs in the vicinity. Existing concepts of Mulligans and the new Fenix outlet maintained popularity and business activities within the Clarke Quay environment. The quarter also saw the rollout of new concept HOP DOG, a spot for wide variety of flavored hotdogs and selection of craft beers and ciders. The related industry and venues continue to be competitive and challenging in the months ahead. The Group will embark on various promotion activities to maintain business sales and performance.

Miscellaneous income and expenses consisting of interest income, bad debt recovery and other related miscellaneous income maintained at S\$5,000 in the reported quarter.

Cost & Expenses

Inventories and consumables usage saw a decrease of 4% to S\$1.3 million. The decrease was mainly due to lower sales activities in Q3 FY2014. Advertising, media and entertainment expenses mainly related to marketing and promotion efforts for the various concepts maintained at S\$699,000 for the reported quarter. Employee benefits decreased by 15% to S\$1.7 million, was mainly due to the wage credit grant and better cost management in staff deployment for the various concepts in the reported quarter. Amortisation, depreciation and impairment increased to S\$601,000 in Q3 FY2014 which include the amortization amount of S\$268,000 from the intangible assets acquired in FY2013.

The Group saw rental on operating lease maintained at S\$1.3 million in Q3 FY2014. Legal and professional fees saw a decrease in the reported quarter being due to the legal cost recovery of S\$100K from the dismissed Giorgio Ferrari's suit. Licence and permits increased slightly to \$20,000 mainly due to related renewal for the existing and new concepts in Q3 FY2014. The group maintained contract services at S\$83,000 in Q3 FY2014. Such contract service mainly include security control and safety as deployed at the Clarke Quay premises. The Group has taken steps to reduce all related cost components in the reported quarter. Other operating expenses in Q3 FY2014 saw a decline of 4% to S\$312,000 mainly coming from cost control measures and initiatives carried out at the Group level.

Total expenses in Q3 FY2014 increased slightly by about 2% to S\$6.0 million mainly due to increase in related costs on amortization and depreciation in the reported quarter. With the lower sales activities achieved for the quarter, the Group registered a loss of S\$1.0 million in Q3 FY2014.

Statement of Financial Position and Statement of Cash Flows

The Group's current assets held as at 30 April 2014 was S\$3.7 million. Non-current assets maintained at \$7.6 million as at end Q3 FY2014 comprising fixed deposit of S\$2.0 million, property, plant and equipment maintained at S\$4.2 million after taking into account of depreciation, and net intangible assets of S\$1.4 million as at 30 April 2014 after amortization amount of S\$268,000 for the reported quarter.

Trade and other receivables decreased to S\$998,000 million mainly due to the group's consistent activities and collection effort during the quarter. Other current assets which include security deposit and prepayment increased to S\$358,000 in the reported quarter. The increase is mainly due to additional prepayment for the new concept. Inventory amount saw a decrease to S\$274,000 as at end of Q3 FY2014 due to lower stock holding and control in the reported quarter.

Trade and other payables decreased to S\$3.4 million as at end of Q3 FY2014. 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 to pay and reduce the outstanding and operation payables during the quarter. The Group has also settled the outstanding loan of S\$500,000 to Qumulus Pte Ltd in Q3 FY2014. The Group has no outstanding loan as at 30 April 2014.

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\$1.5 million for Q3 FY2014 mainly due to lower sales activities and the repayment of trade and other payables. Capital expenditure of S\$73,000 was mainly incurred on the renovation and addition fitting works for Hop Dog and the existing concepts. Financing activities of S\$2.9 million was generated from the net proceed of 425,000,000 new ordinary shares issuance and the repayment of loan to Qumulus Pte Ltd. Cash and cash equivalents stood at S\$2.1 million as at 30 April 2014.

Equity attributable to shareholders of the Group as at 30 April 2014 amounted to S\$6.8 million. Based on existing issued share capital of 2,560 million shares, net asset value per ordinary shares as at 30 April 2014 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.

Effectively managing and controlling the operation cost will remain a top priority whilst the Group focuses on improving and expanding the existing portfolio of brands and its performance.

As per Announcement dated 26 February 2014, 19 March 2014, and 27 March 2014, the Company has entered and completed the placement agreements for the allotment and issuance, an aggregate of 425,000,000 new ordinary shares ("Placement Share") in the capital of the Company, with the aggregate placement consideration amounting to S\$3,442,500. The Company also announced that it has entered into a memorandum of understanding ("MOU") with shareholders of Acteam International Co. Ltd. ("Acteam International") and 122 Middle Investment Pte. Ltd. ("Middle Investment") relating to the proposed acquisition of the respective interests in Acteam International and Middle Investment (collectively "Acquisitions"), and the proposed disposal by the Company of its existing businesses ("Business Disposal") to Centurion Private Equity Ltd and Massive Collective Pte. Ltd.

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)(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 Q3 FY2014

14 **Utilisation of proceeds from the placement of new shares.**

The net proceeds from the placement of 425,000,000 new ordinary shares at the issue price of S\$0.0081 per placement share in the share capital of the company was \$3,385,500, with the amount utilised as set out below :

Intended use of net proceeds	Net proceeds from placement shares	Amount utilised	Balance
	S\$'000	S\$'000	S\$'000
Loan Repayment	500	(500)	0
Working Capital	2,885	(1,418) *	1,467
Total	<u>3,385</u>	<u>(1,918)</u>	<u>1,467</u>

Note :

* The breakdown of the working capital utilised was as follows :-

	S\$'000
Rental of premises	400
Operation supplies	933
Marketing and promotion	85
Total	<u>1,418</u>

The use of proceed from the placement as at the date of this report, is in accordance with the intended use.

15 **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 Q3 FY2014 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Chong Sien Chern Cedric
CEO / Executive Director

12 June 2014