

**LIFEBRANDZ LTD**

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

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 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		%
	Year ended 31 July		
	2014 S\$'000	2013 S\$'000	
Revenue	21,839	25,357	-14%
Other gains (net)			
- Miscellaneous	191	135	41%
Expenses			
- Inventories and consumables used	(8,810)	(5,727)	1%
- Advertising, media and entertainment	(3,142)	(3,064)	3%
- Employee benefits	(7,252)	(8,138)	-11%
- Amortisation and depreciation	(2,400)	(1,230)	95%
- Finance cost	(1)	(1)	0%
- Rental on operating leases	(5,097)	(5,100)	0%
- Transportation	(37)	(26)	42%
- Legal and professional fees	(276)	(369)	-25%
- Contract services	(344)	(393)	-12%
- Licence and permits	(74)	(68)	9%
- Other operating expenses	(4,344)	(1,217)	NM
Changes in inventories of finished goods	(22)	56	NM
Total expenses	(28,799)	(25,277)	14%
Loss / profit before income tax	(6,769)	216	NM
- Income tax expense	(3)	(13)	-77%
Loss / profit for the year	(6,772)	202	NM
Attributable to :			
Equity holders of the company	(5,751)	375	
Non controlling interest	(1,021)	(173)	
	(6,772)	202	

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	
	2014 S\$'000	2013 S\$'000
Loss from operations attributable to equity holders of the Company	(6,772)	202
Other comprehensive income:		
Foreign currency translation	6	(36)
Total comprehensive income for the year	(6,766)	166
Attributable to :		
Equity holders of the company	(5,745)	339
Non controlling interest	(1,021)	(173)
	(6,766)	166

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

	The Group	
	Year ended 31 July	
	2014 S\$'000	2013 S\$'000
a) Depreciation on property, plant and equipment	1,330	962
b) Amortisation of intangible asset	1,070	268
c) Impairment on property, plant and equipment	1,778	-
d) Impairment of intangible asset	1,160	-
e) Allowance on doubtful debt	205	-
f) Bad debts written off	-	3
g) Foreign exchange loss / (gain)	27	(53)
h) Interest income	(13)	(14)
i) Other income	(178)	(48)
j) Gain on disposal of property, plant and equipment	-	(20)
k) Property, plant & equipment written off	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	
	31/07/2014 S\$'000	31/07/2013 S\$'000	31/07/2014 S\$'000	31/07/2013 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	1,132	1,227	53	234
Trade and other receivables	821	1,376	3,439	5,037
Other current assets	219	313	30	24
Inventories at cost	315	337	-	-
	<u>2,487</u>	<u>3,253</u>	<u>3,522</u>	<u>5,295</u>
<b>Non-Current Assets</b>				
Property, plant and equipment	2,028	4,680	-	-
Intangible asset	-	2,230	-	-
Fixed deposit	1,980	1,980	1,980	1,980
Deposit	91	-	-	-
Investments in subsidiaries	-	-	321	321
Other receivables	-	-	621	2,478
Intercompany long term loan	-	-	-	1,000
	<u>4,099</u>	<u>8,890</u>	<u>2,922</u>	<u>5,779</u>
<b>Total Assets</b>	<u>6,586</u>	<u>12,143</u>	<u>6,444</u>	<u>11,074</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	3,332	5,006	3,415	4,899
Loan	-	500	-	-
Hire purchase	-	2	-	-
	<u>3,332</u>	<u>5,508</u>	<u>3,415</u>	<u>4,899</u>
<b>Non-current Liabilities</b>				
Provision	1,134	1,134	-	-
	<u>1,134</u>	<u>1,134</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>4,466</u>	<u>6,642</u>	<u>3,415</u>	<u>4,899</u>
<b>Net Assets</b>	<u>2,120</u>	<u>5,501</u>	<u>3,029</u>	<u>6,175</u>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital and share premium	53,336	49,951	53,336	49,951
Foreign currency translation	(27)	(33)	-	-
Accumulated losses	(48,820)	(43,069)	(50,307)	(43,776)
	<u>4,489</u>	<u>6,849</u>	<u>3,029</u>	<u>6,175</u>
Non controlling interest	(2,369)	(1,348)	-	-
<b>Total equity</b>	<u>2,120</u>	<u>5,501</u>	<u>3,029</u>	<u>6,175</u>

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

	The Group			
	As at 31/07/2014		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**

Year ended 31 July  
2014                      2013  
S\$'000                    S\$'000

**Cash flows from operating activities**

(Loss) / profit before tax (6,769)                      215

Adjustments for:

Depreciation of property, plant and equipment	1,330	962
Amortisation of intangible assets	1,070	268
Impairment on property, plant and equipment	1,778	-
Impairment on intangible assets	1,160	-
Gain on disposal of property, plant and equipment	-	(20)
Property, plant and equipment written off	28	-
Allowance for doubtful debts	205	-
Exchange realignment	6	(36)
Interest income	(13)	(14)
Bad debts written off	-	3
Finance Cost	1	1

**Operating (loss) / profit before changes in working capital** (1,204)                      1,379

Changes in working capital

Decrease / (increase) in trade and other receivables	350	(1,008)
Decrease in other current assets	3	82
Decrease / (increase) in inventories	22	(55)
Decrease in trade and other payables	(1,674)	(226)

**Cash (used in) / from operation** (2,503)                      172

Interest received	13	14
Interest paid	(1)	-
Income taxes paid	(3)	(16)

**Net cash (used in) / from operating activities** (2,494)                      170

**Cash flows from investing activities**

Proceeds from disposal of property, plant and equipment	-	25
Purchase of property, plant and equipment	(484)	(1,527)
Proceeds from acquisition of business concept	-	323

**Net cash used in investing activities** (484)                      (1,179)

**Cash flows from financing activities**

Proceeds from issue of shares	3,442	-
Repayments of hire purchase	(2)	(6)
Share issuance expenses	(57)	-
(Repayment of) / proceeds from short-term loans	(500)	500

**Net cash generated from financing activities** 2,883                      494

**Net decrease in cash and cash equivalents** (95)                      (515)

Cash and cash equivalents at the beginning of the financial period 1,227                      1,742

**Cash and cash equivalents at end of the financial period** 1,132                      1,227

- 1(c)(i) Analysis of the balances of cash and cash equivalents

Cash and bank balances	<u>1,132</u>	<u>1,227</u>
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- 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 2014 - Group

	Share Capital S\$'000	Foreign Currency Translation S\$'000	Accumulated Losses S\$'000	Non Controlling Interest S\$'000	Total S\$'000
<b>Balance at 1 August 2013</b>	49,951	(33)	(43,069)	(1,348)	5,501
Issuance of shares	3,442	-	-	-	3,442
Share issuance expenses	(57)	-	-	-	(57)
Loss for the year	-	-	(5,751)	(1,021)	(6,772)
Other comprehensive income for the year	-	6	-	-	6
<b>Balance at 31 July 2014</b>	<u>53,336</u>	<u>(27)</u>	<u>(48,820)</u>	<u>(2,369)</u>	<u>2,120</u>
Balance at 1 August 2012	47,076	3	(43,444)	(1,175)	2,460
Issuance of shares	2,910	-	-	-	2,910
Share issuance expenses	(35)	-	-	-	(35)
Profit / (loss) for the year	-	-	375	(173)	202
Other comprehensive income for the year	-	(36)	-	-	(36)
<b>Balance at 31 July 2013</b>	<u>49,951</u>	<u>(33)</u>	<u>(43,069)</u>	<u>(1,348)</u>	<u>5,501</u>

(ii) Consolidated statement of changes in equity for the period ended 31 July 2014 - Company

	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 August 2013	49,951	(43,776)	6,175
Issuance of shares	3,442	-	3,442
Share issuance expenses	(57)	-	(57)
Loss for the year	-	(6,531)	(6,531)
<b>Balance at 31 July 2014</b>	<b>53,336</b>	<b>(50,307)</b>	<b>3,029</b>
Balance at 1 August 2012	47,076	(45,028)	2,048
Issuance of shares	2,910	-	2,910
Share issuance expenses	(35)	-	(35)
Profit for the year	-	1,252	1,252
Balance at 31 July 2013	49,951	(43,776)	6,175

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	
	31/07/2014	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	
	Year ended 31 July 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)	(0.28)	0.02
	<u>(0.28)</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	
	Year ended 31 July 2014	2013	Year ended 31 July 2014	2013
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.08	0.26	0.12	0.29

- 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\$21.8 million for the financial year 2014 (FY2014), with a drop of 14% from S\$25.4 million of last financial year. The drop in sales activities was mainly due to the closure and revamp of operating outlets, slowdown in crowd traffic and increase in competition from the other clubs in the vicinity. Existing concepts like Mulligans and Fenix have been positive in the reported financial year. With the constant need to maintain business activity, the Group rolled out Hop Dog, a bar for wide variety of flavored and selection of beers and ciders in the current financial year. The related industry and venues continues to be competitive and challenging. The Group will embark on various promotion and initiatives to maintain business sales and performance.

Miscellaneous income consists of interest income and other miscellaneous income increased from S\$135,000 to S\$191,000 in FY2014 comparing last year. The increase was mainly due to recovery of legal cost and other related income in the respective financial year.

##### Cost & Expenses

Inventories and consumables used in FY2014 saw an increase of 1% to S\$5.8 million. The increase was mainly due to increase in sales promotion activities to maintain sales performance, and the higher excise duty as imposed on liquor pricing. Advertising, media and entertainment expenses increased by 3% to S\$3.1 million as the Group has taken wider and drastic efforts in promoting the club activities and promotion. Employee benefits dropped by 11% to S\$7.3 million was mainly due to the wage credit grant and cost management in staff deployment for the various concepts in the reported financial year. Amortization and depreciation increased to S\$2.4 million in FY2014 which include the amortization amount of S\$1.1 million from the intangible assets acquired in FY2013.

The Group saw the rental on operating leases maintained at S\$5.1 million in FY2014. Legal and professional fees saw a decrease of 25% to S\$276,000 mainly due to lower legal fee payout and all legal suits were resolved in FY2013. Licence and permits increased slightly to S\$74,000 was mainly due to related renewal for the existing and new concepts in FY2014. Contract services include mainly security services decreased by 12% to S\$344,000 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 increased significantly to S\$3.7 million mainly due to impairment loss on fixed assets and receivables. With the expiration and termination of the collaboration project related to Mink and Royal Room, the Group has also provided an impairment loss of S\$1.2 million on the intangible assets in the reported financial year.

Total expenses in FY2014 increased by 14% to S\$28.8 million mainly due to increase in amortization and depreciation, impairment of assets and higher costs on promotion and marketing activities. With the lower sales activities achieved for the year, the Group registered a loss of S\$6.8 million in FY2014.

#### Statement of Financial Position and Statement of Cash Flows

The Group's current assets held as at 31 July 2014 was S\$2.5 million. Non-current assets decreased to S\$4.1 million as at 31 July 2014 comprising fixed deposit of S\$2.0 million, property, plant and equipment at S\$2.0 million after taking into account of depreciation, amortization and impairment in FY2014.

Trade and other receivables decreased to S\$821,000 mainly due to the Group's consistent collection effort and related impairment during the financial year. Other current assets which include security deposit and prepayment held at S\$219,000 in the financial year. Inventory amount saw a decrease to S\$315,000 as at 31 July 2014 mainly due to the lower sales activities and stock holding for the respective concepts.

Trade and other payables decreased from S\$5.0 million to S\$3.3 million as at 31 July 2014. Trade and other payables include trade payables to suppliers and contractors, provisions and accruals for the year. The Group has taken continued efforts to pay and reduce the outstanding and operation payables during the financial year. The Group has also settled the outstanding loan of S\$500,000 to Qumulus Pte Ltd during the financial year. The Group has no outstanding loan as at 31 July 2014.

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

The Group generated negative net cash in operating activities of S\$2.5 million for the year mainly due to lower sales activities and the repayment of trade and other payables. Capital expenditure of S\$484,000 was mainly incurred on the renovation and improvement work for Hop Dog, Fenix and the existing concepts. Cash flows from financing activities of S\$2.9 million were generated from the net proceed from issuance of 425,000,000 new ordinary shares issuance and the repayment of loan to Qumulus Pte Ltd. Cash and cash equivalents stood at S\$1.1 million as at 31 July 2014.

Equity attributable to shareholders of the Group as at 31 July 2014 amounted to S\$2.1 million. Based on existing issued share capital of 2,560 million shares, net asset value per ordinary shares as at 31 July 2014 of the Group stood at 0.08 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.

Effective 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.

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. Per update announcement on 14 August 2014, the Company and the respective parties had not been able to arrive at a mutually agreeable structure of the transaction, and as such all parties had agreed to terminate the MOU as of 14 August 2014.

The Company announced on 15 August 2014 related to the closure of Mink and Royal Room clubs in May 2014 by our collaborative partner, Royal Concepts Pte. Ltd. ("Royal Concepts"). The lease for the venues at Pan Pacific Singapore was renewed by Royal Concepts to setup new concepts named "Match" and "Bang Bang". It is intended that Palms Development Pte. Ltd, a wholly owned subsidiary of the Company, will invest approximate \$120,000 and hold a 20% shareholding interest in a joint venture company, with Centurion Massive Pte. Ltd. and Cirro Pte. Ltd. will hold 60% and 20% shareholding respectively. The Company would like to update that the existing collaboration agreement with Royal Concepts has been terminated, and that Palms Development Pte. Ltd. will not participate in the joint venture.

The Group will continue to explore opportunities to expand its business profiles and operations.

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 the financial year 2014.

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 S\$'000	Amount utilised S\$'000	Balance S\$'000
Loan Repayment	500	(500)	0
Working Capital	2,885	(2,032) *	853
Total	3,385	(2,532)	853

Note :

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

	S\$'000
Rental of premises	400
Operation supplies	1,347
Marketing and promotion	285
Total	2,032

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

PART II ADDITIONAL INFORMATION REQUIRE FOR FULL YEAR ANNOUNCEMENT

- 15 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	
		2014	2013
		S\$'000	S\$'000
Singapore		20,681	24,347
Thailand		1,158	1,010
		<u>21,839</u>	<u>25,357</u>

		The Group			
		Carrying Amount of Assets		Property, Plant & Equipment and Intangible Asset	
		31/07/2014	31/07/2013	31/07/2014	31/07/2013
		S\$'000	S\$'000	S\$'000	S\$'000
Singapore		6,088	11,554	1,880	6,610
Thailand		498	589	148	300
		<u>6,586</u>	<u>12,143</u>	<u>2,028</u>	<u>6,910</u>

- 16 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.

- 17 A breakdown of sales

		The Group		
		31/07/2014	31/07/2013	%
				Increase/ (Decrease)
<u>Continuing Operations</u>				
Revenue reported for the first half year		12,634	12,352	2%
Operating loss after tax reported for the first half year		(1,040)	(699)	49%
Revenue reported for the second half year		9,205	13,005	-29%
Operating profit / (loss) after tax reported for the second half year		(5,732)	901	NM

- 18 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

	Year	Year
(\$)	31/07/2014	31/07/2013
Ordinary	-	-
Preference	-	-
Total	<u>-</u>	<u>-</u>

- 19 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

Chong Sien Chern Cedric  
CEO / Executive Director

29 September 2014