

LIFEBRANDZ LTD

(Company Registration Number. 200311348E)

(Incorporated in the Republic of Singapore)

**EMPHASIS OF MATTER BY INDEPENDENT AUDITOR ON AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016**

In compliance with Rule 704(4) of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board of Directors of Lifebrandz Ltd (the “Company”) would like to announce that the Company’s Independent Auditors (the “Auditors”), Mazars LLP had included in the Independent Auditor’s Report an Emphasis of Matter in the Company’s financial statements for the financial year ended 31 July 2016. The opinion of the Auditors remains unqualified.

A copy of the Independent Auditors’ Report and Note 2 to the financial statements are annexed to this announcement for information.

The Board confirms that all material disclosures have been provided for trading of the Company’s shares to continue.

Shareholders of the Company are advised to read the Audited Financial Statements in its annual report 2016, which will be despatched in due course.

By Order of the Board

Chng Weng Wah

Chief Executive Officer / Executive Director

31 October 2016

This announcement has been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor is: -

Name: Mr. Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.)

Address: Six Battery Road, #10-01, Singapore 049909

Tel: 6381 6946

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LIFE BRANDZ LTD

Report on the financial statements

We have audited the accompanying financial statements of LifeBrandz Ltd (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 July 2016, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on Page 35 to 78.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Group and the statements of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LIFE BRANDZ LTD

Emphasis of Matter

We draw attention to Note 2 to the financial statements which describe the material uncertainty that may cast significant doubt about the Group's and the Company's abilities to continue as going concerns. Our opinion is not qualified in respect of this matter.

The Group was in net current liability and net liability positions of \$164,000 and \$158,000 as of 31 July 2016, and incurred net loss of \$1,067,000 and net operating cash outflows of \$987,000 for the financial year then ended. The Company was in net current assets position of \$267,000 as of 31 July 2016, and incurred net loss and net operating cash outflows of \$40,000 and \$890,000, respectively, during the financial year then ended.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Notwithstanding these conditions, the Group's and the Company's financial statements have been prepared on a going concern basis on the following assumptions:

- (i) Successful fund raising of \$1.5 million during the next financial year ending 31 July 2017

As announced on 27 October 2016, the Company has entered into a term sheet (the "Term Sheet") with I M Quarries Limited (the "Vendor"), in which the Company proposed to acquire the entire issued and paid-up share capital of Three Crystals Hong Kong Limited (the "Target Company") from the Vendor for a purchase consideration of \$70 million (the "Proposed Acquisition") which shall be satisfied by the allotment and issue of new ordinary shares, free from encumbrances, in the share capital of the Company to the Vendor at an issue price to be calculated based on a valuation of the Company at \$20 million.

According to the Term Sheet, the Company and the Target Company shall raise up to \$5 million by way of convertible bonds and/or issue of new shares placement on terms to be agreed between parties, of which \$1.5 million will be raised prior to the completion of the Proposed Acquisition by the end of the next financial year ending 31 July 2017 (the "Pre-Completion Funds"). The completion of the Proposed Acquisition is subject to the satisfactory clearance of certain precedent conditions.

Management is of the view that the Company and Target Company will be able to raise the Pre-Completion Funds by the aforementioned timeline which could then be used to fund the Group's and Company's operating activities.

- (ii) Ability to raise additional funds consequent to the announcement of the Proposed Acquisition

Management is of the view that they will be able to raise additional funds in view of the Proposed Acquisition which could then be used to finance the Group's and Company's operating activities.

If the above funds are not forthcoming, the Group and the Company may be unable to continue in operational existence for the foreseeable future. Accordingly, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the statement of financial position, and the non-current assets may be reclassified to current assets. In addition, the Group and the Company may be unable to discharge their liabilities in the normal course of business and the non-current liabilities may be reclassified to current liabilities. Further liabilities may also be provided as they arise. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as going concerns.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, and have been properly kept in accordance with the provisions of the Act.

MAZARS LLP

Public Accountants and
Chartered Accountants
Singapore

27 October 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

2. GOING CONCERN

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