

LIFEBRANDZ LTD

(Incorporated in the Republic of Singapore)

Company registration No. : 200311348E

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 OCTOBER 2016

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		
	3 months ended 31 October		Increase/ (Decrease) %
	2016 S\$'000	2015 S\$'000	
Revenue	<u>151</u>	<u>255</u>	-41%
Other gains (net)			
- Miscellaneous	-	1	N.M.
Expenses			
- Inventories and consumables used	<u>(60)</u>	<u>(136)</u>	-56%
- Advertising, media and entertainment	<u>(5)</u>	<u>(11)</u>	-55%
- Employee benefits	<u>(222)</u>	<u>(233)</u>	-5%
- Amortisation and depreciation	<u>(1)</u>	<u>(3)</u>	-67%
- Rental on operating leases	<u>(56)</u>	<u>(55)</u>	2%
- Legal and professional fees	<u>(72)</u>	<u>(59)</u>	22%
- Licence and permits	<u>-</u>	<u>(1)</u>	N.M.
- Other operating expenses	<u>(32)</u>	<u>(43)</u>	-26%
Changes in inventories of finished goods	<u>2</u>	<u>(2)</u>	N.M.
Total expenses	<u>(446)</u>	<u>(543)</u>	-18%
Loss before income tax	<u>(295)</u>	<u>(287)</u>	3%
- Income tax expense	<u>-</u>	<u>(4)</u>	N.M.
Loss for the period	<u>(295)</u>	<u>(291)</u>	1%
Attributable to :			
Equity holders of the company	<u>(295)</u>	<u>(290)</u>	
Non controlling interest	<u>-</u>	<u>(1)</u>	
	<u>(295)</u>	<u>(291)</u>	

A statement of comprehensive income (for the group), together with a comprehensive statement for the corresponding period of the immediately preceding financial year

	The Group	
	3 months ended 31 October	
	2016 S\$'000	2015 S\$'000
Loss from operations attributable to equity holders of the Company	<u>(295)</u>	<u>(291)</u>
Other comprehensive income:		
Foreign currency translation	<u>3</u>	<u>2</u>
Total comprehensive income for the period	<u>(292)</u>	<u>(289)</u>
Attributable to :		
Equity holders of the company	<u>(292)</u>	<u>(288)</u>
Non controlling interest	<u>-</u>	<u>(1)</u>
	<u>(292)</u>	<u>(289)</u>

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

The Group		
3 months ended 31 October		
	2016	2015
	S\$'000	S\$'000
a) Depreciation on property, plant and equipment	1	3
b) Other income	-	(1)
c) Foreign exchange loss - net	1	-

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	
	31/10/2016	31/7/2016	31/10/2016	31/7/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	23	93	15	77
Trade and other receivables	84	84	564	534
Other current assets	145	143	28	32
Inventories at cost	11	9	-	-
	<u>263</u>	<u>329</u>	<u>607</u>	<u>643</u>
Non-Current Assets				
Property, plant and equipment	5	6	2	2
Investments in subsidiaries	-	-	321	321
	<u>5</u>	<u>6</u>	<u>323</u>	<u>323</u>
Total Assets	<u>268</u>	<u>335</u>	<u>930</u>	<u>966</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	718	493	569	376
	<u>718</u>	<u>493</u>	<u>569</u>	<u>376</u>
Total Liabilities	<u>718</u>	<u>493</u>	<u>569</u>	<u>376</u>
SHAREHOLDERS' EQUITY				
Share capital	55,086	55,086	55,086	55,086
Foreign currency translation	(22)	(25)	-	-
Accumulated losses	(55,518)	(55,223)	(54,725)	(54,496)
	<u>(454)</u>	<u>(162)</u>	<u>361</u>	<u>590</u>
Non controlling interest	<u>4</u>	<u>4</u>	<u>-</u>	<u>-</u>
Total Equity	<u>(450)</u>	<u>(158)</u>	<u>361</u>	<u>590</u>
Total Liabilities & Equity	<u>268</u>	<u>335</u>	<u>930</u>	<u>966</u>

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

	The Group			
	As at 31/10/2016		As at 31/07/2016	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less or on demand	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount repayable after one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- 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 31 October	
2016	2015
S\$'000	S\$'000
Cash flows from operating activities	
Loss before tax	(295) (287)
<u>Adjustments for:</u>	
Depreciation of property, plant and equipment	1 3
Exchange realignment	3 2
Operating loss before changes in working capital	(291) (282)
<u>Changes in working capital</u>	
Decrease in trade and other receivables	- 42
Increase in other current assets	(2) -
(Increase) / Decrease in inventories	(2) 3
Increase / (Decrease) in trade and other payables	225 (16)
Cash used in operations	(70) (253)
Income taxes paid	- (4)
Net cash used in operating activities	(70) (257)
Net decrease in cash and cash equivalents	(70) (257)
Cash and cash equivalents at the beginning of the financial period	93 1,084
Cash and cash equivalents at end of the financial period	23 827
1(c)(i) Analysis of the balances of cash and cash equivalents	
Cash and bank balances	23 827

- 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 October 2016 - 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 2016	55,086	(25)	(55,223)	4	(158)
Net loss for the period	-	-	(295)	-	(295)
Other comprehensive income for the period	-	3	-	-	3
Balance at 31 October 2016	55,086	(22)	(55,518)	4	(450)
Balance at 1 August 2015	55,086	(29)	(54,159)	7	905
Net loss for the period	-	-	(290)	(1)	(291)
Other comprehensive income for the period	-	2	-	-	2
Balance at 31 October 2015	55,086	(27)	(54,449)	6	616

(ii) Consolidated statement of changes in equity for the period ended 31 October 2016 - Company

	Share Capital S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 August 2016	55,086	(54,496)	590
Net loss for the period	-	(229)	(229)
Balance at 31 October 2016	55,086	(54,725)	361
Balance at 1 August 2015	55,086	(54,456)	630
Net loss for the period	-	(221)	(221)
Balance at 31 October 2015	55,086	(54,677)	409

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.

As at 31 October 2016, the Company's issued capital was 3,060,000,000 shares. There has been no change in the Company's share capital between 31 October 2016 and 31 October 2015.

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	
	31/10/2016	31/07/2016
Total number of issued shares excluding treasury shares	3,060,000,000	3,060,000,000

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 2016.

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 2016, except for the adoption of new or revised FRS that are mandatory for financial years on or after 1 August 2016. 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 31 October	
	2016	2015
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)	(0.01)	(0.01)
	<u>(0.01)</u>	<u>(0.01)</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	
	31/10/2016	31/07/2016	31/10/2016	31/07/2016
Net (liabilities) / assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	(0.01)	(0.01)	0.01	0.02

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\$0.15 million for Q1 FY2017, which saw a drop of 41% over the corresponding quarter of last financial year. The sales activities from F&B at Mulligans Pattaya was slow due to a decline on tourist arrival and spending. The F&B activities was also badly affected from the death of King Bhumibol Adulyadej. Clubs and pubs operations were severely restricted in the initial period and subsequently activity has to tone down on music and songs during operations. Sales performance has been bottomed during the mourning period. F&B activities are anticipated to improve moderately for the coming months. Trading activities for the reported quarter has also contributed to the drop in sales as demand has been lukewarm due to the slowdown in related business trend. The management and operations will work collectively to maintain and enhance business operations and activities.

No miscellaneous income was recorded in Q1 FY2017, comparing to such related income derived at less than S\$0.01 million in Q1 FY2016.

Cost & Expenses

Inventories and consumables usage saw a decrease of 56% to S\$0.06 million. The decrease was mainly due to the lower sales activity for the group in the reported quarter. Advertising, media and entertainment expenses dropped by 55% to less than S\$0.01 million mainly due to lower advertising activities and cost control effort on such related expenses. Employee benefits decreased by 5% to S\$0.22 million mainly due to fewer staff deployment and effective cost control by management in the reported quarter. Amortisation and depreciation decreased by 67% to lower than S\$0.01 million in Q1 FY2017 due to lesser depreciation charges incurred for the period.

The Group saw rental on operating lease maintained at S\$0.06 million mainly incurred on rental expenses for the head office premises and outlet operations in Q1 FY2017. Legal and professional fees saw an increase of 22% to S\$0.07 million mainly due to the Sponsor fees as charged in the related quarter. The Group has taken actions and measures to reduce all related cost and expenditures in the reported quarter. Other operating expenses in Q1 FY2017 saw a decline of 26% to S\$0.03 million mainly coming from cost control measures and initiatives carried out at the operations and group level.

Total expenses in Q1 FY2017 dropped by 18% to S\$0.45 million mainly due to the effective operations structure, and collective effort in reducing and controlling all related expenses. With the prevalent sales activities and lower cost structure contained in the quarter, the Group registered and maintained a loss of S\$0.29 million in Q1 FY2017 as compared with last financial year's quarter.

Statement of Financial Position and Statement of Cash Flows

The group's current assets held as at 31 October 2016 was S\$0.26 million. Non-current assets stated at less than S\$0.01 million as at 31 October 2016 comprising property, plant and equipment maintained after taking into account of amortisation and depreciation in Q1 FY2017.

Trade and other receivables maintained at S\$0.08 million as activities has been slow for the reported quarter. Other current assets which include security deposit and prepayment maintained at S\$0.14 million as at 31 October 2016. Inventory amount saw a gradual increase to S\$0.01 million as at 31 October 2016 being due to stock holding from the slowdown in sales activities in the reported quarter.

Trade and other payables increase to S\$0.72 million as at 31 October 2016. Trade and other payables include trade suppliers' payables, payables to contractors and services, and provisions and accrual as at Q1 FY2017. The Group has cleared and settled all outstanding loans and has no outstanding loan as at 31 October 2016.

The Group generated negative net cash in operating activities of S\$0.07 million for Q1 FY2017 mainly due to lower sales activities from the group and outlet operations. There is no cash flows from financing activities in the reported quarter. With the slow transaction structure, there is also no cash flows incurred for investing activities for Q1 FY2017. Cash and cash equivalents stood at S\$0.02 million as at 31 October 2016.

The Group was in a net current liabilities of S\$0.45 million as at 31 October 2016. The Group had negative equity of S\$0.45 million at the end of the reported quarter comparing to negative equity of S\$0.16 million as at 31 July 2016, mainly due to accumulated losses recorded for the quarter.

The Company had on 18 November 2016 announced the entering into a term sheet on the proposed acquisition of the entire issued and paid-up capital of Natural Essence Group SPV. On the same day, the Company also announced the proposed placement for the issuance of 167,000,000 new ordinary shares for aggregate amount of S\$501,000.00. The directors are also exploring on fund raising activities with various parties. The materialization of these transactions would bring the Group's equity to a positive position.

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 and will continue to explore business opportunities including fund raising exercise to position and transform its business profile and strategic direction.

As per the announcement dated 18 November 2016, the Company had entered into a term sheet in relation to the proposed acquisition of the entire issued and paid-up capital of Natural Essence Group SPV for an aggregate amount of S\$25 million which will be satisfied in its entirety by the allotment and issue of new ordinary shares in the capital of the Company. The Company also announced on 18 November 2016 the proposed placement of 167,000,000 new ordinary shares for an aggregate amount of S\$501,000.00 in the share capital of the Company.

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 which amount to more than S\$100,000 during Q1 FY2017.

14 Utilisation of proceeds from the placement of new shares.

The net proceeds from the placement of 500,000,000 ordinary shares in FY2015 at the issue price of S\$0.0036 per placement share in the share capital of the company was \$1,750,000, with the amount utilised as set out below :

Intended use of net proceeds	Net proceeds from placement of shares	Amount utilised	Balance
	S\$'000	S\$'000	S\$'000
Working Capital	1,750	(1,750) *	-
Total	1,750	(1,750)	-

Note :

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

	S\$'000
Salaries & related expenses	1,172
Professional fees	404
Operating expenses	174
Total	1,750

The Company has fully utilized the net placement proceeds in accordance with the intended purposes.

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 Q1 FY2017 to be false or misleading in any material aspect.

16 Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers, in the format as set out in Appendix 7H pursuant to Rule 720(1).

ON BEHALF OF THE BOARD OF DIRECTORS

Chng Weng Wah
CEO / Executive Director

12 December 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