

LIFEBRANDZ LTD

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

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 JANUARY 2018

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 31 January 2018 S\$'000	2017 S\$'000	Increase/ (Decrease) %	6 months ended 31 January 2018 S\$'000	2017 S\$'000	Increase/ (Decrease) %
Revenue	916	231	>100%	1,342	382	>100%
Other gains (net)						
- Miscellaneous	9	-	N.M.	9	-	N.M.
Expenses						
- Inventories and services	(608)	(85)	>100%	(924)	(145)	>100%
- Advertising, media and entertainment	(41)	(2)	>100%	(53)	(7)	>100%
- Employee benefits	(534)	(226)	>100%	(927)	(448)	>100%
- Amortisation and depreciation	(9)	(1)	>100%	(13)	(1)	>100%
- Finance cost	(1)	-	N.M.	(1)	-	N.M.
- Rental on operating leases	(69)	(72)	-4%	(131)	(128)	2%
- Transportation	(5)	-	N.M.	(8)	-	N.M.
- Legal and professional fees	(91)	(74)	23%	(195)	(147)	33%
- Other operating expenses	(74)	(56)	32%	(134)	(88)	52%
Changes in inventories of finished goods	(3)	2	N.M.	(6)	4	N.M.
Total expenses	(1,435)	(514)	>100%	(2,392)	(960)	>100%
Loss before income tax	(510)	(283)	80%	(1,041)	(578)	80%
- Income tax expense	-	-	N.M.	-	-	N.M.
Loss for the period	(510)	(283)	80%	(1,041)	(578)	80%
Attributable to :						
Equity holders of the company	(510)	(282)		(1,041)	(577)	
Non controlling interest	-	(1)		-	(1)	
	(510)	(283)		(1,041)	(578)	
N.M. - Not Meaningful						

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 31 January 2018 S\$'000	2017 S\$'000	6 months ended 31 January 2018 S\$'000	2017 S\$'000
Loss from operations attributable to equity holders of the Company	(510)	(283)	(1,041)	(578)
Other comprehensive income:				
Foreign currency translation	3	3	(2)	6
Total comprehensive income for the period	(507)	(280)	(1,043)	(572)
Attributable to :				
Equity holders of the company	(507)	(279)	(1,043)	(571)
Non controlling interest	-	(1)	-	(1)
	(507)	(280)	(1,043)	(572)

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

	The Group		The Group	
	3 months ended 31 January		6 months ended 31 January	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
a) Depreciation on property, plant and equipment	9	1	13	1
b) Other income	(9)	-	(9)	-

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	
	31/01/2018	31/07/2017	31/01/2018	31/07/2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	629	2,213	436	2,098
Trade and other receivables	56	64	1,229	154
Other current assets	662	143	37	24
Inventories at cost	6	12	-	-
	<u>1,353</u>	<u>2,432</u>	<u>1,702</u>	<u>2,276</u>
Non-Current Assets				
Property, plant and equipment	190	7	5	4
Intangible asset	222	-	-	-
Deposit	168	-	-	-
Investments in subsidiaries	-	-	100	100
	<u>580</u>	<u>7</u>	<u>105</u>	<u>104</u>
Total Assets	<u>1,933</u>	<u>2,439</u>	<u>1,807</u>	<u>2,380</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	811	337	436	250
Bank borrowings	39	-	-	-
	<u>850</u>	<u>337</u>	<u>436</u>	<u>250</u>
Non-current Liabilities				
Bank borrowings	24	-	-	-
	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>874</u>	<u>337</u>	<u>436</u>	<u>250</u>
SHAREHOLDERS' EQUITY				
Share capital	58,500	58,500	58,500	58,500
Foreign currency translation	(44)	(42)	-	-
Accumulated losses	(57,397)	(56,356)	(57,129)	(56,370)
Total Equity	<u>1,059</u>	<u>2,102</u>	<u>1,371</u>	<u>2,130</u>
Total Liabilities & Equity	<u>1,933</u>	<u>2,439</u>	<u>1,807</u>	<u>2,380</u>

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

The Group				
	As at 31/01/2018		As at 31/07/2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less or on demand	-	39 *	-	-
	<u>-</u>	<u>39</u>	<u>-</u>	<u>-</u>
Amount repayable after one year	-	24 *	-	-
	<u>-</u>	<u>24</u>	<u>-</u>	<u>-</u>

* Unsecured - Bank facility

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 January	
	2018 S\$'000	2017 S\$'000
Cash flows from operating activities		
Loss before tax	(510)	(283)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	9	1
Operating loss before changes in working capital	<u>(501)</u>	<u>(282)</u>
<u>Changes in working capital</u>		
Decrease / (increase) in trade and other receivables	4	(14)
(Increase) / decrease in other current assets	(124)	2
Decrease / (increase) in inventories	3	(2)
(Decrease) / increase in trade and other payables	(150)	340
Net Cash (used in) / generated from operating activities	<u>(768)</u>	<u>44</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(4)	-
Exchange realignment	3	3
Net cash (used in) / generated from investing activities	<u>(1)</u>	<u>3</u>
Cash flows from financing activities		
Repayment of borrowings	(12)	-
Net cash used in financing activities	<u>(12)</u>	<u>-</u>
Net change in cash and cash equivalents	<u>(781)</u>	<u>47</u>
Cash and cash equivalents at the beginning of the financial period	1,410	23
Cash and cash equivalents at end of the financial period	<u>629</u>	<u>70</u>
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>629</u>	<u>70</u>

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 January 2018 - 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 November 2017	58,500	(47)	(56,887)	-	1,566
Net loss for the period	-	-	(510)	-	(510)
Other comprehensive income for the period	-	3	-	-	3
Balance at 31 January 2018	58,500	(44)	(57,397)	-	1,059
Balance at 1 November 2016	55,086	(22)	(55,518)	4	(450)
Net loss for the period	-	-	(282)	(1)	(283)
Other comprehensive income for the period	-	3	-	-	3
Balance at 31 January 2017	55,086	(19)	(55,800)	3	(730)

(ii) Consolidated statement of changes in equity for the period ended 31 January 2018 - Company

	Share Capital S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 November 2017	58,500	(56,771)	1,729
Net loss for the period	-	(358)	(358)
Balance at 31 January 2018	58,500	(57,129)	1,371
Balance at 1 November 2016	55,086	(54,725)	361
Net loss for the period	-	(256)	(256)
Balance at 31 January 2017	55,086	(54,981)	105

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 January 2018 and 31 July 2017, the Company's issued share capital was 194,019,988 shares.

There were no treasury shares and subsidiary holdings held as at 31 January 2018 and 31 July 2017.

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	
	31/01/2018	31/07/2017
Total number of issued shares excluding treasury shares	194,019,988	194,109,988

1(d)(iv) A statement showing all sales, transfers, 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.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfer, disposal, cancellation and/or use of subsidiary holdings 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 2017.

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 adopted the new and revised financial reporting standards ("FRS") and interpretation of FRS ("INT FRS") that are effective for accounting period beginning on or before 1 August 2017. The adoption of these new and revised FRS and INT FRS where relevant has no material change or impact on the Group's accounting policies or the financial statements.

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 January	
	2018	2017 (Restated)
Loss per share ("EPS") for the period attributable to the equity holders of the Company :		
Weighted average number of ordinary shares	<u>194,019,988</u>	<u>61,199,996</u>
Based on the weighted average number of ordinary shares		
- from continuing operations - Basic & Diluted (cents)	<u>(0.26)</u>	<u>(0.46)</u>
	<u>(0.26)</u>	<u>(0.46)</u>

* Earnings per share value for the financial period ended 31 January 2017 are restated for the effect of the share consolidation.

- 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	
	31/1/2018	31/07/2017	31/1/2018	31/07/2017
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.55	1.08	0.71	1.10

- 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\$0.92 million for Q2 FY2018, which saw an increase of S\$0.69 million over the corresponding quarter of last financial year. The increase was mainly derived from the new transactions of e-Holidays Co., Ltd which contributed about 72% of the group revenues. The group is also working on various travel services network and promotion to maintain the business transactions and operations of the travel segment. The sales activities from F&B at Mulligans Pattaya saw an increase of about 11% comparing to corresponding period of last financial year mainly due to the increase of tourists spending and better business conditions during the year-end festivals at the vicinity. The outlet is continuously exploring and rolling out marketing and promotion activities to enhance sales transactions. The F&B industry is still very competitive with the management and operations working collectively to maintain the business performance and activities for the outlet concept.

Miscellaneous income of about S\$0.01 million was recorded in Q2 FY2018 mainly derived from the employment grant from the government authority. No miscellaneous income was recorded in Q2 FY2017.

Cost & Expenses

Inventories and services expenses saw an increase of S\$0.52 million to S\$0.61 million. The increase in cost was mainly contributed by higher sales activities from travel services and higher sales from the F&B outlet in the reported quarter. Advertising, media and entertainment expenses increased to S\$0.04 million mainly due to increase in advertising activities and promotion from the higher revenues and operations activities. Employee benefits increased to S\$0.53 million mainly due to additional staff deployment and new setup entities for the business operations in the reported quarter. Amortisation and depreciation charges increased to S\$0.01 million in Q2 FY2018 due to higher depreciation charges for the business entities incurred for the period. Finance cost increased to less than S\$0.01 million in the reported quarter mainly due to the interest payment to financial institution.

The Group saw rental on operating lease decreased by 4% to S\$0.07 million mainly due to a decrease in rental expenses for the operations facilities in Q2 FY2018. Transportation expenses amounting to S\$0.01 million in the reported quarter was mainly incurred for the expanded business and operating outlets. Legal and professional fees saw an increase of 23% to S\$0.09 million mainly due to related professional and legal fees incurred for the new business transactions and activities in the related quarter. Other operating expenses in Q2 FY2018 saw an increase of 32% to S\$0.7 million mainly incurred for related expenses to the corporate structure and new business entities.

Total expenses in Q2 FY2018 saw an increase of S\$0.92 million to S\$1.44 million mainly due to the increase in operating cost and related employee expenses. The increase in expenses is directly contributed from the increase in business setups and transactions in the reported quarter. With the prevalent sales activities and higher cost structure in the reported quarter, the Group registered a higher operating loss of S\$0.51 million in Q2 FY2018 as compared to an operating loss of S\$0.28 million in Q2 FY2017.

Statement of Financial Position and Statement of Cash Flows

The group's current assets held as at 31 January 2018 was S\$1.35 million. Non-current assets amounted to S\$0.58 million mainly due to the inclusion of the goodwill of S\$0.22 million from the acquisition of the e-Holidays Co., Ltd, and the deposit of S\$0.17 million in relation to the issuance of the travel agency licence. Fixed assets comprising property, plant & equipment amounted to S\$0.19 million as at 31 January 2018 after taking into account the amortization and depreciation in Q2 FY2018.

Trade and other receivables decreased to about S\$ 0.06 million with consistent effort from credit collection and control for the reported quarter. Other current assets which include security deposit, advances and prepayment increased to S\$0.66 million mainly due to the higher activities and expanded business transactions. Inventory amount saw a decrease to lesser than S\$0.01 million as at 31 January 2018 mainly due to better control on stock holding and management for the reported period.

Trade and other payables increased to S\$0.81 million as at 31 January 2018 mainly due to the expanded business structure and activities. Trade and other payables include trade suppliers' payables, advance receipts from customers, payable to contractors, provisions and accruals as at Q2 FY2018.

There is an existing bank facility amounting to S\$0.06 million which is attributable to the acquired travel business. The loan was granted to facilitate the business activities of the related business segment. S\$0.04 million of the loan is payable within the current year and the balance of S\$0.02 in the pursuing years.

The Group generated negative net cashflow from operating activities of S\$0.77 million mainly due to operating loss and the movement in working capital in Q2 FY2018. Cash flows used in investing activities of less than S\$0.01 million in Q2 FY2018 was mainly incurred for the operating equipment for the business and the exchange translation of the related entities. The cashflow used in financing activities amounted to S\$0.01 million in Q2 FY2018 mainly due to the repayment of bank facilities. Cash and cash equivalents stood at S\$0.63 million as at 31 January 2018.

The Group is in a positive equity position of S\$1.06 million as at 31 January 2018 as compared to S\$2.1 million as at 31 July 2017.

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

As per announcements dated 18 December 2017 and 30 January 2018 on the proposed rights issue and approval by shareholders in the EGM respectively, the Company is currently in process of the renounceable non-underwritten rights issue of up to 388,039,976 new ordinary shares in the issue and paid-up capital of the Company at an issue price of S\$0.015 for each rights share, on the basis of two rights share for every one existing ordinary shares in the issued share capital of the Company.

With the mandate of the business diversifications, the Company is in process of streamlining the fintech and travel businesses to attain business feasibilities and operation activities of these related segments.

The Group will update on further developments on 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 amounted to more than S\$100,000 during Q2 FY2018.

14 **Utilisation of proceeds from the rights issue and placement of new shares**

The net proceeds from the rights issue of 122,399,992 new ordinary shares at the issue price of S\$0.025 per rights share in the share capital of the company was \$2,930,000, with the amount utilised as set out below :

Intended use of net proceeds	Net proceeds	Amount	Balance
	from rights issue	utilised	
	S\$'000	S\$'000	S\$'000
Business Acquisition	1,172	(895)	277
Working Capital	1,758	(1,658) *	100
Total	<u>2,930</u>	<u>(2,553)</u>	<u>377</u>

Note :

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

	S\$'000
Salaries & related expenses	975
Professional fees	283
Director fees	195
Operating expenses	205
Total	<u>1,658</u>

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

The net proceeds from the placement of 10,420,000 new ordinary shares at the issue price of S\$0.048 per placement share in the share capital of the company was \$483,660, 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
Working Capital	484	(407) *	77
Total	<u>484</u>	<u>(407)</u>	<u>77</u>

Note :

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

	S\$'000
Salaries & related expenses	192
Operating Expenses	145
Professional fees	<u>70</u>
Total	<u>407</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 Q2 FY2018 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

Saito Hiroyuki
Executive Chairman / CEO

15 March 2018

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: 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619
Tel: 6381 6757