LIFEBRANDZ LTD.

(Incorporated in the Republic of Singapore)

THIRD QUARTER FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 APRIL 2006

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS (Q1,Q2,Q3) 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		
Continuing operations	**3 months ended 30 Apr**		**Change**
	2006	**2005**	**%**
	S$'000	**S$'000**	
Sales	**7,597**	11,476	-34%
Other gains			
- Miscellaneous	**118**	109	8%
Changes in inventories of finished goods	**(481)**	(97)	396%
Finished goods and consumables used, distributor fees and handling costs	**(1,123)**	(3,555)	-68%
Advertising and promotion expenses	**(2,014)**	(3,957)	-49%
Staff costs	**(1,842)**	(703)	162%
Depreciation and amortisation	**(666)**	(115)	479%
Other operating expenses	**(4,266)**	(858)	397%
	(10,392)	(9,285)	12%
(Loss)/profit from operations	**(2,677)**	2,300	-216%
Finance costs	**(150)**	(16)	838%
(Loss)/profit before tax	**(2,827)**	2,284	-224%
Income tax expenses	**(440)**	(480)	-8%
Net (loss)/profit for the financial period	**(3,267)**	1,804	-281%
Atrributable to:			
Equity holders of the Company	(3,552)	1,804	
Minority Interest	285	-	
	(3,267)	1,804	

Notes to Income Statement

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

	The Group	
	3 months ended 30 Apr	
	2006	**2005**
	S$'000	**S$'000**
a) Depreciation and amortisation	**666**	115
b) Inventories written off	**659**	25
c) Foreign exchange loss	**14**	17
d) Operating lease expenses	**536**	114
e) Other miscellaneous gains	**(118)**	(109)
f) Impairment loss on goodwill	**9**	-
g) Loss on disposal of plant and equipment	**-**	20

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets

	The Group		The Company	
	30/04/2006	31/07/2005	30/04/2006	31/07/2005
ASSETS	S$'000	S$'000	S$'000	S$'000
Current assets				
Cash and cash equivalents	**17,134**	20,025	**5,322**	18,252
Trade receivables	**10,474**	16,377	**317**	-
Other receivables	**2,042**	520	**20,600**	4,725
Other current assets	**3,543**	3,668	**1,017**	1,118
Inventories	**1,113**	607	**-**	-
	34,306	41,197	**27,256**	24,095
Non-current assets				
Plant and equipment	**8,089**	924	**-**	-
Intangible assets	**1,418**	1,114	**-**	-
Investments in subsidiaries	**-**	-	**8,639**	5,339
Loan to intercompany	**-**	-	**1,000**	-
	9,507	2,038	**9,639**	5,339
Total assets	**43,813**	43,235	**36,895**	29,434
LIABILITIES				
Current liabilities				
Trade payables	**4,910**	4,654	**38**	37
Other payables	**4,800**	1,553	**227**	124
Borrowings	**10,247**	1,559	**5,417**	-
Current income tax liabilities	**749**	1,473	**4**	49
	20,706	9,239	**5,686**	210
Total liabilities	**20,706**	9,239	**5,686**	210
NET ASSETS	**23,107**	33,996	**31,209**	29,224
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	**6,120**	6,120	**6,120**	6,120
Share premium	**22,988**	22,988	**22,988**	22,988
Foreign currency translation reserve	**(15)**	(9)	**-**	-
(Accumulated losses)/retained earnings	**(6,504)**	4,897	**2,101**	116
	22,589	33,996	**31,209**	29,224
Minority Interest	**518**	-	**-**	-
Total equity	**23,107**	33,996	**31,209**	29,224

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

	The Group			
	As at 30/04/2006		As at 30/04/2005	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Amount repayable in one year or less, or on demand	-	**5,217**	**-**	**-**
Amount repayable after one year	**500**	**4,530**	**-**	**-**
	500	**9,747**	-	-

Details of any collateral

A charge on Fixed Deposit of the Company for S$500,000 placed with a financial institution for a credit facility granted to the Company. A charge over asset on a subsidiary of the Company for S$4,800,000 placed with a financial institution for a banker's guarantee granted to the subsidiary.

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group	
	3 months ended 30 Apr	
	2006	2005
	S$'000	S$'000
Cash flows from operating activities		
(Loss)/Profit after tax	**(3,267)**	1,804
Adjustments for:		
Tax	**440**	480
Depreciation and amortisation	**666**	115
Impairment loss on goodwill	**9**	-
Interest income from short-term bank deposits	**(118)**	(109)
Factoring charges and interest on bank borrowings	**150**	16
Loss on disposal of plant and equipment	**-**	20
Operating cashflow before working capital changes	**(2,120)**	2,326
Change in operating assets and liabilities:		
Trade receivables	**3,196**	(2,647)
Other receivables	**(1,272)**	-
Other current assets	**564**	(1,075)
Inventories	**481**	96
Trade payables	**(2,066)**	(1,334)
Other payables	**1,240**	-
Cash generated from/(used in) operations	**23**	(2,634)
Income tax paid	**-**	(878)
Net cash provided by/(used in) operating activities	**23**	(3,512)
Cash flows from investing activities		
Purchases of franchises and licenses	**(333)**	-
Purchases of plant and equipment	**(285)**	(202)
Interest received from short-term bank deposits	**118**	109
Net cash used in investing activities	**(500)**	(93)
Cash flows from financing activities		
Repayments of borrowings	**(592)**	-
Factoring charges and interest on bank borrowings paid	**(150)**	(16)
Net cash used in financing activities	**(742)**	(16)
Net decrease in cash and cash equivalents	**(1,219)**	(3,621)
Cash and cash equivalents at the beginning of the financial period	**18,354**	22,931
Effects of exchange rate changes on cash and cash equivalents	**(1)**	4
Cash and cash equivalents at end of the financial period	**17,134**	19,314

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 for the corresponding period of the immediately preceding financial year**

(i) Consolidated statement of changes in equity for 3 months ended 30 Apr 2006 - Group

	Share Capital	Share Premium	Foreign Currency Translation Reserve	Retained Earnings/ (Accumulated Losses)	Minority Interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 31 January 2006	**6,120**	**22,988**	**(13)**	**(2,952)**	**232**	**26,375**
Net loss for the period	-	-	-	(3,552)	285	**(3,267)**
Net loss recognised in equity currency translation differences	-	-	(2)	-	1	**(1)**
Total recognised losses for the period	**-**	**-**	**(2)**	**(3,552)**	**286**	**(3,268)**
Balance at 30 April 2006	**6,120**	**22,988**	**(15)**	**(6,504)**	**518**	**23,107**
Balance at 31 January 2005	**6,120**	**22,988**	**(14)**	**3,011**	**-**	**32,105**
Net profit for the period	-	-	-	1,804	-	**1,804**
Net gain recognised in equity currency translation differences	-	-	1	-	-	**1**
Total recognised gains for the period	**-**	**-**	**1**	**1,804**	-	**1,805**
Balance at 30 April 2005	**6,120**	**22,988**	**(13)**	**4,815**	**-**	**33,910**

(ii) Statement of changes in equity for 3 months ended 30 April 2006 - Company

	Share Capital S$'000	Share Premium S$'000	Retained Earnings S$'000	Total S$'000
Balance at 31 January 2006	**6,120**	**22,988**	**1,963**	**31,071**
Net profit for the period	-	-	138	**138**
Balance at 30 April 2006	**6,120**	**22,988**	**2,101**	**31,209**
Balance at 31 January 2005	**6,120**	**22,988**	**122**	**29,230**
Net loss for the period	-	-	(39)	**(39)**
Balance at 30 April 2005	**6,120**	**22,988**	**83**	**29,191**

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 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.**

(a) Changes in authorised share capital
There were no changes in the authorised share capital.

(b) Changes in paid-up share capital
There were no changes in the issued share capital.

(c) Options
There were no option granted as at 30 April 2006

2 **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have neither 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 period as compared with the most recently audited financial statements of LifeBrandz Ltd for the year ended 31st July 2005.

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 presentation of the financial statements for the current reporting period compared with the audited financial statements as at 31 July 2005, except for the adoption of the following new and revised Singapore Financial Reporting Standards (FRS) that are effective for our financial year beginning on 1August 2005:

FRS 1 (revised 2004) Presentation of Financial Statements
FRS 2 (revised 2004) Inventories
FRS 8 (revised 2004) Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004) Events after the Balance Sheet Date
FRS 16 (revised 2004) Property, Plant and Equipment
FRS 17 (revised 2004) Leases
FRS 21 (revised 2004) The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004) Related Party Disclosures
FRS 27 (revised 2004) Consolidated and Separate Financial Statements
FRS 32 (revised 2004) Financial Instruments: Disclosures and Presentation
FRS 33 (revised 2004) Earnings per Share
FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement
FRS 103 Business Combinations

The adoption of the above FRS did not result in substantial changes to the Group’s accounting policies.

The financial statements, comprising the consolidated income statement, balance sheets, statements of changes in equity and consolidated cashflow statements, have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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	
	2006	**2005**
(Loss)/Earnings per ordinary share ("EPS") for the period after deducting any provision for preference dividends :		
Basic (Loss)/Earnings per share (cents)	(0.58)	0.29

Diluted earnings per share is the same as basic earnings per share as there are no issuance of dilutive instrument.

7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	The Group		**The Company**	
	30/04/06	**31/07/05**	**30/04/06**	**31/07/05**
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	3.69	5.55	5.10	4.78

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include 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

The Group's financial performance for the third quarter, February – April 2006 of the financial year ending 31 July 2006 ("("Q3 FY06") is in line with the outlook statement provided in conjunction with the Group's Q2 results announcement on 14 March 2006.

Per previous guidance, the unfavourable conditions prevailing in the beauty and health supplement industry in all the markets where the Group's products are present have persisted through Q3 FY06. As anticipated by the Group, contributions from its Beauty / Fashion / Wellness product category in Q3 FY06 accordingly reflected the challenging underlying market conditions. The Group thus focused on building on the initial momentum achieved by its new LifeStyle product category.

Q3 FY06 results included the first full-quarter contribution by the Group's new LifeStyle product category encompassing The Balcony and Ministry of Sound, which became operational in mid-to-late Q2 FY06 and continued to benefit from warm market reception. Compared to the preceding quarter Q2 FY06, the Group recorded 11.8% increase in sales to S$7.6 million in Q3 FY06 from S$6.8 million with average gross margin improving to 79% from 77%.

The promising contribution from the LifeStyle category has lessened the adverse impact from the anticipated lower contribution from the Group's Beauty / Fashion / Wellness product category. Accordingly, the Group recorded Q3 FY06 net loss after tax of S$3.3 million and net loss attributable to shareholders of S$3.6 million. For the preceding Q2, net loss after tax of S$1.5 million was reduced by a positive impact from a one-time exceptional income of S$1.8 million arising from the sale of 20% equity interest in Cannery Holdings Pte Ltd ("CHPL") - excluding this non-recurring exceptional income, Q2 FY06 net loss attributable to shareholders would then be S$3.3 million.

Compared to corresponding Q3 last year, the Group's Q3 FY06 sales of S$7.6 million represented a 34% decrease from S$11.5 million, which was achieved at the time of more favourable conditions in the beauty and health supplement industry and thus, the Group posted Q3 FY05 net profit attributable to shareholders of S$1.8 million, with average gross margin at 68%.

Spending on advertising and promotion ("A&P") was halved to S$2.0 million in Q3 FY06 versus S$4.0 million in Q3 FY05 as the Group continued to maintain judicious A&P strategies for its Beauty/Fashion/Wellness product category amidst challenging conditions, while its LifeStyle product category required substantially lower base A&P spending.

Compared to Q3 FY05, the Group incurred higher staffing-related costs (S$1.8 million from $0.7 million), depreciation charges (S$0.7 million from $0.1 million) and Other Expenses (S$4.3 million from S$0.9 million), which included finished goods written off under the Beauty/Fashion/Wellness category, rental, licence & permits and music & entertainer fees and other operating expenses incurred in relation to the various new businesses in the current period.

These increases were attributed to the full-quarter operation of the Group's new businesses under both product categories, which required additional headcount and plant and equipment / new premises set-up, as well as new business development activities.

Finance costs duly rose to S$150,000 from S$16,000 to support the Group's new business activities.

Balance Sheet and Cash Flow

Trade receivables decreased to $10.5 million as at 30 April 2006 compared to $16.4 million as at 31 July 2005. This was due mainly to the reduction of receivables under the Beauty/Fashion/Wellness category, while the new LifeStyle product category's businesses entail mainly cash sales transactions.

Other receivables increased to S$2.0 million from $0.5 million due mainly to the inclusion of the remaining cash consideration of $0.62 million arising from the sale of 20% equity interest of CHPL in Q2 FY06 that is due by 31 December 2006.

The increase in inventories to $1.1 million from $0.6 million as at 31 July 2005 was in line with having to maintain a base level of stocks required for the various new businesses that were established during the period in-between.

Plant and equipment increased to $8.1 million from $0.9 million as at 31 July 2005 mainly attributed to investment outlay in Q2 and Q3 FY06 for the setup of the premises for new businesses and purchase of computer equipment. Accordingly, Other Payables rose to $4.8 million as at 30 April 2006 from $1.6 million as at 31 July 2005.

Borrowings increased to $10.2 million from $1.6 million as at 31 July 2005 to fund the set-up for the Group's new businesses. Cash and cash equivalents as at 30 April 2006 stood at $17.1 million compared to $20.0 million as at 31 July 2005.

Net cash generated from operating activities in Q3 FY06 was S$23,000 versus net cash used of S$2.6 million in Q3 FY05. Net cash used in investing activities amounted to S$0.5 million, largely due to purchases of franchises and licenses and plant and equipment, while net cash used in financing activities of $0.7 million included repayment of borrowings.

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

Further to our previous outlook statements on FY06, we wish to provide the following update:-

With regard to the Beauty/Fashion/Wellness product category, the Group does not anticipate the unfavourable conditions in its beauty and health supplement market segments to turn positive in Q4 FY06 and will accordingly allocate resources to this category selectively while monitoring fresh opportunities.

For the new LifeStyle product category, the Group is buoyed by the growing warm market reception to its first two concepts - The Balcony and Ministry of Sound. The Group's optimism on future prospects for this category is underpinned by the increasingly upbeat growth projections for the Singapore economy coupled with growing spotlight on Singapore within the global tourism and lifestyle / entertainment industry from the buzz on Singapore's integrated resorts. The Group is proceeding on activities geared at developing new product concepts in the pipeline, including that for Phase II of the Clarke Quay's Cannery block.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the 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 interim dividend has been declared/recommended for the period under review.

BY ORDER OF THE BOARD

Koh Boon Liang / Tan Ping Ping
Joint Company Secretaries
9 June 2006