

LIFEBRANDZ LTD.

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

FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2008

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

	Notes	The Group		% Increase/ (Decrease)
		Year ended 31 July		
		2008 S\$'000	2007 S\$'000	
CONTINUING OPERATIONS				
Revenue		39,229	37,434	5%
Other gains (net)				
- Miscellaneous		3,547	3,064	16%
Expenses				
- Inventories and consumables used		(9,868)	(8,725)	13%
- Advertising, media and entertainment		(5,326)	(4,899)	9%
- Employee benefits		(14,297)	(12,231)	17%
- Amortisation, depreciation and impairment		(4,741)	(3,787)	25%
- Finance		(297)	(398)	-25%
- Rental on operating leases		(4,714)	(4,403)	7%
- Transportation		(115)	(68)	69%
- Legal and professional fees		(1,419)	(888)	60%
- Contract services		(1,240)	(1,205)	3%
- Licence and permits		(1,334)	(501)	166%
- Property, plant & equipment written off		(1,629)	-	NM
- Other operating expenses		(5,455)	(3,709)	47%
Changes in inventories of finished goods		(106)	502	-121%
Total expenses		(50,541)	(40,312)	25%
(Loss)/ profit before income tax	(i)	(7,765)	186	-4275%
-Income tax expenses		(5)	-	NM
(Loss)/ profit from continuing operations		(7,770)	186	-4277%
Loss attributable to minority interest		(380)	(248)	53%
(Loss)/ profit from continuing operations attributable to equity holders of the Company		(7,390)	434	-1803%
* DISCONTINUED OPERATIONS				
Loss from discontinued operations		-	(2,126)	NM
Total loss for the period		-	(2,126)	NM

NM : Not meaningful

Notes to Income Statement

CONTINUING OPERATIONS

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

	The Group			
	CONTINUING OPERATIONS		DISCONTINUED OPERATIONS *	
	Year ended 31 July		Year ended 31 July	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
a) Depreciation on property, plant and equipment	4,493	3,279	-	251
b) Amortisation of intangible assets	248	508	-	-
d) Allowance for doubtful debts and bad debts written off	590	24	-	-
e) Inventory write down	11	-	-	338
f) Prepayment written off	383	-	-	-
g) Intangible asset written off	186	-	-	-
h) Foreign exchange loss	80	1	-	2
i) Interest expense	269	349	-	-
j) Interest income	(167)	(226)	-	-
k) Service charge surplus	(3,330)	(2,801)	-	-
l) Other income	(130)	(38)	-	-

*** DISCONTINUED OPERATIONS**

On 23 July 2007, the Company had entered into the Sale Agreement for the sale by the Company of its entire shareholding interest in the Dashing Diva Pte Ltd and N-Inc Pte Ltd. In accordance with FRS 105, non current assets held for sale and discontinued operations, the results of Dashing Diva Pte Ltd and N-Inc Pte Ltd have been classified as discontinued operations and presented separately in the income statement for the financial period ended 31 January 2007.

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	
	31/7/2008 S\$'000	31/7/2007 S\$'000	31/7/2008 S\$'000	31/7/2007 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	12,184	15,571	9,855	13,238
Trade and other receivables	2,349	2,104	15,663	6,441
Other current assets	600	943	139	137
Inventories at cost	686	791	-	-
	<u>15,819</u>	<u>19,409</u>	<u>25,657</u>	<u>19,816</u>
Non-Current Assets				
Property, plant and equipment	13,283	16,849	11	116
Intangible assets	690	880	-	-
Investments in subsidiaries	-	-	3,200	3,200
Intercompany long term loan	-	-	1,000	1,000
Deferred tax asset	70	-	-	-
	<u>14,043</u>	<u>17,729</u>	<u>4,211</u>	<u>4,316</u>
Total Assets	<u>29,862</u>	<u>37,138</u>	<u>29,868</u>	<u>24,132</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	7,056	8,400	2,570	721
Borrowings	2,545	4,992	2,545	3,522
Current income tax liabilities	4	4	4	4
	<u>9,605</u>	<u>13,396</u>	<u>5,119</u>	<u>4,247</u>
Non-current Liabilities				
Deferred tax liabilities	294	219	-	-
Borrowings	4,667	457	4,667	212
	<u>4,961</u>	<u>676</u>	<u>4,667</u>	<u>212</u>
Total Liabilities	<u>14,566</u>	<u>14,072</u>	<u>9,786</u>	<u>4,459</u>
Net Assets	<u>15,296</u>	<u>23,066</u>	<u>20,082</u>	<u>19,673</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	42,021	42,021	42,021	42,021
Accumulated losses	(26,725)	(19,335)	(21,939)	(22,348)
	<u>15,296</u>	<u>22,686</u>	<u>20,082</u>	<u>19,673</u>
Minority interest	-	380	-	-
Total equity	<u>15,296</u>	<u>23,066</u>	<u>20,082</u>	<u>19,673</u>

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

	The Group			
	As at 31/7/2008		As at 31/7/2007	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	212	2,333	308	4,684
Amount repayable after one year	-	4,667	212	245
	<u>212</u>	<u>7,000</u>	<u>520</u>	<u>4,929</u>

Details of any collateral

A charge on Fixed Deposit of the Company for S\$533,000 placed with a financial institution for a credit facility granted to the Company.

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	
	Year ended 31 July	
	2008	2007
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(7,765)	(1,940)
Adjustments for:		
Depreciation on Property, Plant and Equipment	4,493	3,530
Amortisation on intangible assets	248	508
Allowance for doubtful debts	341	24
Interest income	(167)	(226)
Interest expense	269	349
Property, Plant & Equipment written off	1,629	375
Intangible asset written off	186	-
Inventory write down	11	338
Gain on disposal of subsidiaries	-	(17)
Gain on disposal of plant and equipment	(3)	-
Operating (loss)/ profit before working capital changes	<u>(758)</u>	<u>2,941</u>
Change in operating assets and liabilities, net of effects from:		
Trade and other receivables	(586)	(801)
Other current assets	343	89
Inventories	94	(707)
Trade and other payables	<u>(1,344)</u>	<u>2,847</u>
Net cash (used in)/ generated from operating activities	<u>(2,251)</u>	<u>4,369</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,555)	(12,543)
Proceeds from sale of plant and equipment	2	3
Purchases of franchises and licenses	(244)	(398)
Interest received	167	216
Net cash flow from disposal of subsidiaries	-	64
Net cash used in investing activities	<u>(2,630)</u>	<u>(12,658)</u>
Cash flows from financing activities		
Proceeds from borrowings	7,000	-
Proceeds from placement of new ordinary shares	-	12,913
Repayments of borrowings	(5,237)	(2,606)
Placement in bank deposits pledged as security	(533)	(520)
Interest expense paid	<u>(269)</u>	<u>(349)</u>
Net cash generated from financing activities	<u>961</u>	<u>9,438</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(3,920)</u>	<u>1,149</u>
Cash and cash equivalents at the beginning of the financial period	<u>15,571</u>	<u>13,902</u>
Cash and cash equivalents at end of the financial period	<u>11,651</u>	<u>15,051</u>
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	11,651	15,051
Short-term deposits pledged as security	<u>533</u>	<u>520</u>
	<u>12,184</u>	<u>15,571</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 year ended 31 July 2008 - Group

	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Accumulated Losses S\$'000	Minority Interest S\$'000	Total S\$'000
Balance at 1 August 2007	42,021	-	(19,335)	380	23,066
Net loss for the year	-	-	(7,390)	(380)	(7,770)
Balance at 31 July 2008	<u>42,021</u>	<u>-</u>	<u>(26,725)</u>	<u>-</u>	<u>15,296</u>
Balance at 1 August 2006	29,108	1	(17,643)	628	12,094
Issuance of 122,000,000 ordinary shares @ S\$0.115	14,030	-	-	-	14,030
Share issue expenses	(1,117)	-	-	-	(1,117)
Net loss for the year	-	-	(1,692)	(248)	(1,940)
Release on disposal of subsidiaries	-	(1)	-	-	(1)
Balance as at 31 July 2007	<u>42,021</u>	<u>-</u>	<u>(19,335)</u>	<u>380</u>	<u>23,066</u>

(ii) Consolidated statement of changes in equity for the year ended 31 July 2008 - Company

	Share Capital S\$'000	(Accumulated Losses)/ Earnings S\$'000	Total S\$'000
Balance at 1 August 2007	42,021	(22,348)	19,673
Net profit for the year	-	409	409
Balance at 31 July 2008	42,021	(21,939)	20,082
Balance at 1 August 2006	29,108	(21,078)	8,030
Issuance of 122,000,000 ordinary shares @ S\$0.115	14,030	-	14,030
Share issue expenses	(1,117)	-	(1,117)
Net loss for the year	-	(1,270)	(1,270)
Balance at 31 July 2007	42,021	(22,348)	19,673

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 the end of the corresponding period of the immediately preceding financial year.

The company did not issue any shares during the current period. During the corresponding period under review, the Company placed 122,000,000 new shares at a placement price of \$0.115 for each placement share on 6 Feb 2007.

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	
	31/7/2008	31/7/2007
Total number of issued shares excluding treasury shares	734,000,000	734,000,000

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 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 2007.

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 2007, except for the adoption of the FRS 107, Financial Instruments: Disclosure and Amendments to FRS 1, Presentations of Financial Statements (Capital Disclosure). The Standards relate mainly to disclosure requirements.

FRS 1 Presentation of Financial Statements
FRS 107 Financial Instruments : Disclosure and Amendments

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	
	Year ended 31 July	
	2008	2007
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 (cents)	(1.01)	0.06
- from discontinued operations - Basic (cents)	-	(0.32)
	<u>(1.01)</u>	<u>(0.26)</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		Year ended 31 July	
	2008	2007	2008	2007
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	2.08	3.09	2.74	2.68

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

Revenue

Against a deteriorating global economic backdrop in FY2008, the Group consolidated its nightlife entertainment business in Singapore, revamping its portfolio of branded concepts to cater to changing preferences of its clientele. In the course of FY2008, the Group launched a new branded entertainment venue, Lunar at The Cannery in Clarke Quay and closed its Aurum, Barfly and Bice Bistro venues.

Despite a challenging environment, the Group recorded an increase in revenue from S\$37.43 million to S\$39.23 million year-on-year, reflecting a full year's contribution all its branded venues, including Café del Mar and outlets at The Cannery which only recorded a half-year's contribution in FY2007. The Group also recorded a 16% increase in miscellaneous income from increased service charge in tandem with increased revenue.

Costs and expenses

However, the Group was also impacted by rising operating costs from inflationary pressures facing businesses across industries in Singapore, as well as provisions for certain write-offs discussed later in this note. These resulted in a S\$7.39 million loss for the Group.

Advertising, media and entertainment expenses, employee benefits, rental on operating leases and other operating expenses reflect a full year's operation at all of the Group's branded venues, including Café del Mar and certain outlets at The Cannery which only recorded a half-year's operating expenses in the previous financial year.

Gross margin declined by 3.4% from 78% in FY2007 to 74.6% in FY2008. This is mainly attributable to the increase in cost of goods due to inflation in food and liquor prices.

Ongoing legal proceedings concerning the Ministry of Sound meant that legal and professional fees for Group increased from S\$0.88 million to S\$1.42 million.

Fees for licenses and permits also registered an increase, from S\$0.50 million to S\$1.33 million. This is primarily due to the expiry of the fixed fee arrangement with Ministry of Sound in UK, which is now replaced by a fee arrangement based on a certain percentage of turnover recorded at the venue in Singapore.

S\$1.63 million in provisions were made for a one-time provision for fixed asset impairment write-off for Aurum, Barfly and Bice Bistro. In line with prudent accounting practice, S\$0.24 million was also written off in pre-operating costs incurred for the Buddha-bar at Las Vegas Sands' The Venetian Resort, Macao as discussions are now underway regarding the delayed handover of the Buddha-bar space at the hotel.

Balance Sheet

The Group's borrowings increased due to a new bank facility of \$7 million secured for the Buddha-bar project at Las Vegas Sands' The Venetian Resort, Macao.

Cashflow

Losses before tax resulted in a negative cashflow from operating activities. Nevertheless, the Group maintains a good cash position, with cash and cash equivalents of S\$12.18 million at the end of FY2008.

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

In FY 2009, the Group maintains a conservative market outlook given the current market conditions. In the upcoming months, management plans to continue to update its branded venues and keeping abreast of changing market preferences, explore growth opportunities both locally and in the regional market, whilst improving operating efficient and keeping a close rein on operating costs.

Since its launch in September 2007, Lunar has been recording strong revenues. Plans are underway for Lunar to expand its premises by taking over space previously occupied by Aurum and Barfly. This should be completed in end of September 2008.

In Singapore, LifeBrandz is excited to be sharing in the excitement of Singapore's first-ever Formula One race and the first-ever night in Formula One history happening on 28 September 2008. LifeBrandz has secured trackside space at which spectators will be able to enjoy a taste of Café del Mar while enjoying the race.

In the regional markets, At the same time, LifeBrandz continues to explore opportunities in the region including the PRC, in major cities such as Beijing and Shanghai.

Management will also continue its programme of prudent and efficient financial administration, by improving efficiencies throughout its 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/recommendeded, a statement to that effect

No dividend has been declared/recommendeded for the year under review.

PART II ADDITIONAL INFORMATION REQUIRE FOR FULL YEAR ANNOUNCEMENT

- 13 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 operates its businesses under a single business segment of lifestyle. The products that are sold under this strategic business unit are subjected to similar risks and returns. As the Group has a single business segment, no business segment analysis is presented. In FY2008, Singapore is the only country which its lifestyle business were operated in, and therefore, there is no geographical segment analysis needed.

- 14 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.

- 15 A breakdown of sales**

	The Group		
	31/7/2008	31/7/2007	% Increase/ (Decrease)
<u>Continuing Operations</u>			
Revenue reported for the first half year	21,219	15,509	37%
Operating loss after tax reported for the first half year	1,240	829	50%
Revenue reported for the second half year	18,010	21,925	-18%
Operating loss/ (profit) after tax reported for the second half year	6,530	(643)	-1116%

- 16 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

(S\$)	Latest Full Year 31/7/2008	Previous Full Year 31/7/2007
Ordinary	-	-
Preference	-	-
Total	-	-

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement
Director

Kenneth Goh Tzu Seoh
Director

26 September 2008