

**LIFEBRANDZ LTD.**

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

**FIRST QUARTER FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 OCTOBER 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**

	<b>The Group</b>		%
	3 months ended 31 October		
	2008 S\$'000	2007 S\$'000	
Revenue	<u>8,491</u>	<u>9,919</u>	-14%
Other gains (net)			
- Miscellaneous	550	844	-35%
Expenses			
- Inventories and consumables used	(1,993)	(2,604)	-23%
- Advertising, media and entertainment	(1,202)	(1,274)	-6%
- Employee benefits	(2,674)	(3,620)	-26%
- Amortisation, depreciation and impairment	(1,059)	(1,254)	-16%
- Finance	(47)	(61)	-23%
- Rental on operating leases	(1,240)	(1,243)	N.M
- Transportation	(27)	(30)	-10%
- Legal and professional fees	(377)	(237)	59%
- Contract services	(214)	(281)	-24%
- Licence and permits	(261)	(139)	88%
- Other operating expenses	(862)	(1,137)	-24%
Changes in inventories of finished goods	(77)	125	-162%
Total expenses	<u>(10,033)</u>	<u>(11,755)</u>	-15%
<b>Loss from operations</b>	<u>(992)</u>	<u>(992)</u>	0%
<b>Loss attributable to minority interest</b>	<u>-</u>	<u>(196)</u>	-100%
<b>Loss from operations attributable to equity holders of the Company</b>	<u>(992)</u>	<u>(796)</u>	25%

NM : Not meaningful

**Notes to Income Statement**

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

	<b>The Group</b>	
	3 months ended 31 October	
	2008 S\$'000	2007 S\$'000
a) Depreciation on property, plant and equipment	1,047	1,111
b) Amortisation and impairment of intangible assets	12	143
c) Allowance for doubtful debts	-	25
d) Foreign exchange (gain)/ loss	(87)	27
e) Interest income	(22)	(59)
f) Interest expenses	44	57
g) Service charge surplus	(382)	(797)
h) Other income	(59)	(15)
i) Rental on operating leases	1,240	1,243

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	
	31/10/2008 S\$'000	31/7/2008 S\$'000	31/10/2008 S\$'000	31/7/2008 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	7,878	12,184	6,455	9,855
Trade and other receivables	2,545	2,349	16,298	15,663
Other current assets	1,341	600	315	139
Inventories at cost	609	686	-	-
	<u>12,373</u>	<u>15,819</u>	<u>23,068</u>	<u>25,657</u>
<b>Non-Current Assets</b>				
Property, plant and equipment	12,842	13,283	8	11
Intangible assets	678	690	-	-
Investments in subsidiaries	-	-	3,200	3,200
Intercompany long term loan	-	-	1,000	1,000
Deferred tax asset	70	70	-	-
	<u>13,590</u>	<u>14,043</u>	<u>4,208</u>	<u>4,211</u>
<b>Total Assets</b>	<u>25,963</u>	<u>29,862</u>	<u>27,276</u>	<u>29,868</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	7,444	7,056	2,892	2,570
Borrowings	3,917	2,545	3,917	2,545
Current income tax liabilities	4	4	4	4
	<u>11,365</u>	<u>9,605</u>	<u>6,813</u>	<u>5,119</u>
<b>Non-current Liabilities</b>				
Deferred tax liabilities	294	294	-	-
Borrowings	-	4,667	-	4,667
	<u>294</u>	<u>4,961</u>	<u>-</u>	<u>4,667</u>
<b>Total Liabilities</b>	<u>11,659</u>	<u>14,566</u>	<u>6,813</u>	<u>9,786</u>
<b>Net Assets</b>	<u>14,304</u>	<u>15,296</u>	<u>20,463</u>	<u>20,082</u>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital and share premium	42,021	42,021	42,021	42,021
Accumulated losses	(27,717)	(26,725)	(21,558)	(21,939)
	<u>14,304</u>	<u>15,296</u>	<u>20,463</u>	<u>20,082</u>
Minority interest	-	-	-	-
<b>Total equity</b>	<u>14,304</u>	<u>15,296</u>	<u>20,463</u>	<u>20,082</u>

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

	The Group			
	As at 31/10/2008		As at 31/7/2008	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	-	3,917	212	2,333
Amount repayable after one year	-	-	-	4,667
	<u>-</u>	<u>3,917</u>	<u>212</u>	<u>7,000</u>

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

	<b>The Group</b>	
	3 months ended 31 Oct 2008	2007
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(992)	(992)
Adjustments for:		
Depreciation on Property, Plant and Equipment	1,047	1,111
Property, Plant & Equipment written-off	-	2
Loss on disposal of Property, Plant and Equipment	-	(1)
Amortisation on intangible assets	12	142
Allowance for doubtful debts	-	25
Interest income	(22)	(59)
Interest expense	44	57
Operating profit before working capital changes	<u>89</u>	<u>285</u>
Changes in operating assets and liabilities, net of effects from:		
Trade and other receivables	(196)	(843)
Other current assets	(741)	108
Inventories	77	(125)
Trade and other payables	388	1,358
Provision for other liabilities	-	22
<b>Net cash (used in)/ generated from operating activities</b>	<u>(383)</u>	<u>805</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(608)	(2,305)
Proceeds from sale of plant and equipment	-	2
Interest received	22	59
<b>Net cash used in investing activities</b>	<u>(586)</u>	<u>(2,244)</u>
<b>Cash flows from financing activities</b>		
Repayments of borrowings	(3,295)	(685)
Placement in bank deposits pledged as security	-	(527)
Interest expense paid	(44)	(57)
<b>Net cash used in financing activities</b>	<u>(3,338)</u>	<u>(1,269)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(4,308)</u>	<u>(2,708)</u>
Cash and cash equivalents at the beginning of the financial period	12,186	15,571
<b>Cash and cash equivalents at end of the financial period</b>	<u>7,878</u>	<u>12,863</u>
<b>1(c)(i) Analysis of the balances of cash and cash equivalents</b>		
Cash and bank balances	7,878	12,863
Short-term deposits pledged as security	-	527
	<u>7,878</u>	<u>13,390</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 Oct 2008 - Group

	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Accumulated Losses S\$'000	Minority Interest S\$'000	Total S\$'000
<b>Balance at 1 August 2008</b>	42,021	-	(26,725)	-	15,296
Net loss for the period	-	-	(992)	-	(992)
<b>Balance at 31 October 2008</b>	<u>42,021</u>	<u>-</u>	<u>(27,717)</u>	<u>-</u>	<u>14,304</u>
Balance at 1 August 2007	42,021	-	(19,335)	380	23,066
Net loss for the period	-	-	(796)	(196)	(992)
Balance as at 31 October 2007	<u>42,021</u>	<u>-</u>	<u>(20,131)</u>	<u>184</u>	<u>22,074</u>

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

	Share Capital S\$'000	(Accumulated Losses)/ Earnings S\$'000	Total S\$'000
<b>Balance at 1 August 2008</b>	42,021	(21,939)	20,082
Net gain for the period	-	381	381
<b>Balance at 31 October 2008</b>	<b>42,021</b>	<b>(21,558)</b>	<b>20,463</b>
Balance at 1 August 2007	42,021	(22,348)	19,673
Net gain for the period	-	140	140
Balance at 31 October 2007	42,021	(22,208)	19,813

**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.

**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	
	31/10/2008	31/7/2008
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 2008.

**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 2008, except for the adoption of the FRS 108, Operating Segments and Amendments to FRS 1, Presentations of Financial Statements (Revised Presentation). The Standards relate mainly to disclosure requirements.

FRS 1 Presentation of Financial Statements (Revised Presentation)  
FRS 108 Financial Instruments : Operating Segments

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**

	<b>The Group</b>	
	3 months ended 31 October 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)	(0.14)	(0.11)
	<b>(0.14)</b>	<b>(0.11)</b>

- 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**

	<b>The Group</b>		<b>The Company</b>	
	31/10/2008	31/7/2008	31/10/2008	31/7/2008
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	1.95	2.08	2.79	2.74

- 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*

During the quarter under review, the Group revamped and updated its portfolio of branded venues, keeping in tune with the changing tastes of its clientele. Aurum and Barfly were retired in the end of FY 2008 at the end of successful runs and YUE Lounge was launched in September. Zirca, Yello Jello and Rebel followed in November amidst much fanfare and anticipation.

The closure of Aurum and Barfly in August and Ministry of Sound in October affected the Group turnover and the current economic slowdown continued to pose challenges, resulting in a 14% drop in revenues from S\$9.92 million to S\$8.49 million that also impacted service charge contributions. Nevertheless, gross profit margin has remained relatively stable at 75.6%.

*Costs and expenses*

However, the Group is pleased to report significant progress in its ongoing cost management programme. Employee benefits were trimmed 26%, from S\$3.62 million to S\$2.67 million. Other expenses including advertising, media and entertainment expenses, contract services and other operating expenses have also decreased. Amortisation, depreciation and impairment expenses have decreased by 16%, reflecting the write-off of certain fixed and intangible assets in the last financial year. Rental on operating leases has also remained stable.

Conversely, legal and professional fees increased 59% from S\$237,000 to S\$377,000, reflecting provisions for ongoing legal proceedings regarding Ministry of Sound in Singapore. Likewise, licence fees and permits increased by 88% from S\$139,000 to S\$261,000 from revenue-based royalties on Ministry of Sound before it closed its doors in early October

Balance sheet and Cashflow

The drop in Cash and bank balances reflects the repayment of its borrowings of S\$3.3 million. Overall, the Group maintains a positive position, with cash and cash equivalents of S\$7.88 million. The increase in other current assets from S\$600,000 to S\$1.34 million results from the deposit paid for the renovation of a venue and also from the office rental deposit placed for our new office.

- 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 maintains a cautious outlook in the coming months given the prevailing market conditions. Management intends to strengthen its portfolio of branded venues, aiming to offer fresh and exciting new concepts. Partygoers in Singapore were treated to three new concepts. Zirca is an extravaganza of drama and theatrics and takes its inspiration from Las Vegas. Rebel on the other hand, is a boutique club that targets the young and trendy. And finally, Yello Jello is a bar that pays homage to retro era. Launched in November, all three diametrically different venues bring a new dimension in Singapore's party scene and aims to appeal to a wide demographic amongst locals and visitors alike.

In addition to its growing its local operations, LifeBrandz continues to explore growth opportunities regionally. At the same time, management continues to focus on maintaining efficient operations whilst keeping a close rein on operating costs.

Whilst consumer sentiment remains weak, management is optimistic of increased sales with the upcoming festive season.

**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.

**13 Statement pursuant to Rule 705(4) 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 Q1FY09 to be false or misleading.

**ON BEHALF OF THE BOARD OF DIRECTORS**

**Lee Shieh-Peen Clement**  
Director

**Kenneth Goh Tzu Seoh**  
Director

**12 December 2008**