

LIFEBRANDZ LTD

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

SECOND QUARTER FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 JANUARY 2009
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 January		
	2009 S\$'000	2008 S\$'000	
Revenue	8,242	11,300	-27%
Other gains (net)			
- Miscellaneous	300	935	-68%
Expenses			
- Inventories and consumables used	(1,985)	(2,827)	-30%
- Advertising, media and entertainment	(1,120)	(1,404)	-20%
- Employee benefits	(2,885)	(3,577)	-19%
- Amortisation, depreciation and impairment	(1,157)	(1,183)	-2%
- Finance	(24)	(43)	-44%
- Rental on operating leases	(1,221)	(1,235)	-1%
- Transportation	(24)	(25)	-4%
- Legal and professional fees	(195)	(289)	-33%
- Contract services	(127)	(385)	-67%
- Licence and permits	(74)	(337)	-78%
- Other operating expenses	(990)	(1,169)	-15%
Changes in inventories of finished goods	159	(9)	-1866%
Total expenses	(9,643)	(12,483)	-23%
Loss from operations	(1,101)	(248)	344%
Loss attributable to minority interest	-	(249)	-100%
(Loss)/gain from operations attributable to equity holders of the Company	(1,101)	1	-110200%

Notes to Income Statement

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

	The Group	
	3 months ended 31 January	
	2009 S\$'000	2008 S\$'000
a) Depreciation on property, plant and equipment	1,144	1,120
b) Amortisation and impairment of intangible assets	13	63
c) Allowance for doubtful debts	-	1
d) Interest expenses	(24)	39
e) Foreign exchange (gain)/ loss	5	14
f) Interest income	(4)	(52)
g) Service charge surplus	(244)	(896)
h) Other income	(57)	(1)
i) Rental on operating leases	1,221	1,235

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	
	31/1/2009 S\$'000	31/7/2008 S\$'000	31/1/2009 S\$'000	31/7/2008 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	2,671	12,184	1,953	9,855
Trade and other receivables	2,919	2,349	18,020	15,663
Other current assets	769	600	156	139
Inventories at cost	766	686	-	-
	<u>7,125</u>	<u>15,819</u>	<u>20,129</u>	<u>25,657</u>
Non-Current Assets				
Property, plant and equipment	14,332	13,283	5	11
Intangible assets	665	690	-	-
Investments in subsidiaries	-	-	3,200	3,200
Intercompany long term loan	-	-	1,000	1,000
Deferred tax asset	70	70	-	-
	<u>15,067</u>	<u>14,043</u>	<u>4,205</u>	<u>4,211</u>
Total Assets	<u>22,192</u>	<u>29,862</u>	<u>24,334</u>	<u>29,868</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	8,000	7,056	2,883	2,570
Borrowings	691	2,545	691	2,545
Current income tax liabilities	4	4	4	4
	<u>8,695</u>	<u>9,605</u>	<u>3,578</u>	<u>5,119</u>
Non-current Liabilities				
Deferred tax liabilities	294	294	-	-
Borrowings	-	4,667	-	4,667
	<u>294</u>	<u>4,961</u>	<u>-</u>	<u>4,667</u>
Total Liabilities	<u>8,989</u>	<u>14,566</u>	<u>3,578</u>	<u>9,786</u>
Net Assets	<u>13,203</u>	<u>15,296</u>	<u>20,756</u>	<u>20,082</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	42,021	42,021	42,021	42,021
Accumulated losses	(28,818)	(26,725)	(21,265)	(21,939)
	<u>13,203</u>	<u>15,296</u>	<u>20,756</u>	<u>20,082</u>
Minority interest	-	-	-	-
Total equity	<u>13,203</u>	<u>15,296</u>	<u>20,756</u>	<u>20,082</u>

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

	The Group			
	As at 31/1/2009		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	-	691	212	2,333
Amount repayable after one year	-	-	-	4,667
	<u>-</u>	<u>691</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

	The Group	
	3 months ended 31 January 2009	2008
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(1,101)	(248)
Adjustments for:		
Depreciation on Property, Plant and Equipment	1,144	1,120
Property, Plant & Equipment written-off	-	160
Amortisation on intangible assets	13	63
Allowance for doubtful debts	-	1
Interest income	(4)	(52)
Interest expense	21	39
Operating profit before working capital changes	73	1,083
Changes in operating assets and liabilities, net of effects from		
Trade and other receivables	(374)	(566)
Other current assets	572	(118)
Inventories	(157)	9
Trade and other payables	556	(1,235)
Provision for other liabilities	-	(13)
Net cash generated/ (used in) operating activities	670	(840)
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,634)	(283)
Purchases of franchises and licenses	-	(218)
Interest received	4	52
Net cash used in investing activities	(2,630)	(449)
Cash flows from financing activities		
Repayments of borrowings	(3,226)	(2,936)
Proceeds from borrowings	-	7,000
Placement in bank deposits pledged as security	-	(527)
Interest expense paid	(21)	(39)
Net cash (used in)/ generated from financing activities	(3,247)	3,498
Net (decrease)/ increase in cash and cash equivalents	(5,207)	2,209
Cash and cash equivalents at the beginning of the financial period	7,878	13,390
Cash and cash equivalents at end of the financial period	2,671	15,599

1(c)(i) Analysis of the balances of cash and cash equivalents

Cash and bank balances	2,671	15,599
Short-term deposits pledged as security	-	527
	2,671	16,126

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 2009 - Group

	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	(Accumulated losses)/ Retained earnings S\$'000	Minority Interest S\$'000	Total S\$'000
Balance at 1 November 2008	42,021	-	(27,717)	-	14,304
Net loss for the period	-	-	(1,101)	-	(1,101)
Balance at 31 January 2009	42,021	-	(28,818)	-	13,203
Balance at 1 November 2007	42,021	-	(20,131)	184	22,074
Net gain /(loss) for the period	-	-	1	(249)	(248)
Balance as at 31 January 2008	42,021	-	(20,130)	(65)	21,826

(ii) Consolidated statement of changes in equity for the period ended 31 January 2009 - Company

	Share Capital S\$'000	(Accumulated Losses)/ Earnings S\$'000	Total S\$'000
Balance at 1 November 2008	42,021	(21,558)	20,463
Net loss for the period	-	293	293
Balance at 31 January 2009	42,021	(21,265)	20,756
Balance at 1 November 2007	42,021	(22,208)	19,813
Net gain for the period	-	287	287
Balance as at 31 January 2008	42,021	(21,921)	20,100

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	
	31/1/2009	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**

	The Group	
	3 months ended 31 January	
	2009	2008
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)	(0.15)	N.M.
	<u>(0.15)</u>	<u>N.M.</u>

NM : Not meaningful

- 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	
	31/1/2009	31/7/2008	31/1/2009	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)	1.80	2.08	2.83	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

In Q2 FY2009, the Group launched three new clubs at the premises that formerly housed Ministry of Sound and Kandi Bar. Zirca, Rebel and Yello Jello officially opened their doors on 27 November. Where dance music once ruled, the three new concepts feature Vegas-inspired live performances, drawing influences from musicals and Cirque du Soleil shows - mainstays on the Las Vegas entertainment scene.

With revenues from these three venues only coming on-stream in late November, the closure of Bice, Barfly and Ministry of Sound also resulted in the slowing of revenues recorded by the Group. Revenue declined 27% from S\$11.30 million to S\$8.24 million in Q2 while revenue from service charge, recorded as a miscellaneous item, also dropped 68%. This was also due to the abolition of service charge at several venues

Costs and Expenses

Total expenses also fell accordingly, decreasing 23% from S\$12.48 million to S\$9.64 million. The Group made good progress in its cost containment efforts, with significant drops in the main expense items. Employee benefits continued to decline, falling 19% from S\$3.58 million to S\$2.89 million thanks to restructuring efforts. Advertising, media and entertainment expenses also recorded a similar drop of 20% from S\$1.40 million to S\$1.12 million. Contract services expenses have also declined by 67% from S\$385,000 to S\$127,000. Cost of sales has improved, falling from 25% to 22%, due to higher revenue contribution from beverages sold.

The Group also lowered its provisions for legal and professional fees as it believes it has sufficiently provided for the estimated cost of the entire legal proceedings. In the same vein, licence fees and permits fell 78% from S\$337,000 to S\$74,000, due largely to the cessation in royalties payable for the Ministry of Sound.

Balance Sheets and Cashflow

Cash and cash equivalents dropped from S\$12.18 million to S\$2.67 million, as the Group repaid its bank borrowings. S\$7.2 million in unsecured bank borrowings was reduced to S\$691,000. The remainder was applied towards the renovations for Tribeca and YUE - this is reflected in the increase in property, plant and equipment, from S\$13.28 million to S\$14.33 million. The above investment in property, plant and equipment has resulted in a negative working capital position. Nevertheless, the Group continues to generate positive cash flow of S\$670,000 from its operating activities.

Trade and other receivables increased, due in large part to sponsorship revenue in connection with the launch of Zirca, Yello Jello and Rebel.

Trade and other payables increased, due mainly due to provisions for legal fees.

- 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 decline in consumer sentiment amidst the onset of recession in Singapore has left few sectors untouched. Management has been keeping a close watch on developments and has been taking pro-active steps to weather the downturn. It aims to continue its programme of cost management, while at the same time balancing the need to keep its venue concepts fresh and appealing to partygoers.

Barring an exceptional upturn in the economy, management expects the operating environment in the near term to remain challenging. Nevertheless, it continues to commit to fresh ideas, keeping it at the forefront of Singapore's entertainment industry and attracting partygoers.

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 Q2FY09 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement
Director

Kenneth Goh Tzu Seoh
Director

13 March 2009