

**LIFEBRANDZ LTD**

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

**THIRD QUARTER FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 APRIL 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 30 April		
	2009 S\$'000	2008 S\$'000	
Revenue	6,602	8,952	-26%
Other gains (net)			
- Miscellaneous	181	802	-77%
Expenses			
- Inventories and consumables used	(1,336)	(2,162)	-38%
- Advertising, media and entertainment	(1,271)	(1,299)	-2%
- Employee benefits	(2,309)	(3,797)	-39%
- Amortisation, depreciation and impairment	(1,166)	(1,151)	1%
- Finance	(5)	(112)	-96%
- Rental on operating leases	(1,157)	(1,242)	-7%
- Transportation	(22)	(35)	-37%
- Legal and professional fees	(262)	(507)	-48%
- Contract services	(122)	(317)	-62%
- Licence and permits	(74)	(409)	-82%
- Other operating expenses	(788)	(1,033)	-24%
Changes in inventories of finished goods	(317)	(190)	67%
Total expenses	(8,829)	(12,254)	-28%
Loss from operations	(2,046)	(2,500)	-18%
Loss attributable to minority interest	-	(453)	-100%
Loss from operations attributable to equity holders of the Company	(2,046)	(2,047)	N.M

N.M Not meaningful

**Notes to Income Statement**

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

	The Group	
	3 months ended 30 April	
	2009 S\$'000	2008 S\$'000
a) Depreciation on property, plant and equipment	1,157	1,128
b) Amortisation and impairment of intangible assets	9	23
c) Interest expenses	2	106
d) Foreign exchange loss	1	38
e) Interest income	(1)	(34)
f) Service charge surplus	(178)	(734)
g) Other income	(3)	(72)
h) Rental on operating leases	1,157	1,242
i) Allowance for doubtful debts	97	-

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	
	30/4/2009 S\$'000	31/7/2008 S\$'000	30/4/2009 S\$'000	31/7/2008 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	2,513	12,184	1,709	9,855
Trade and other receivables	2,332	2,349	18,422	15,663
Other current assets	718	600	145	139
Inventories at cost	538	686	-	-
	<u>6,101</u>	<u>15,819</u>	<u>20,276</u>	<u>25,657</u>
<b>Non-Current Assets</b>				
Property, plant and equipment	13,159	13,283	3	11
Intangible assets	655	690	-	-
Investments in subsidiaries	-	-	3,200	3,200
Intercompany long term loan	-	-	1,000	1,000
Deferred tax asset	70	70	-	-
	<u>13,884</u>	<u>14,043</u>	<u>4,203</u>	<u>4,211</u>
<b>Total Assets</b>	<u>19,985</u>	<u>29,862</u>	<u>24,479</u>	<u>29,868</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	8,137	7,056	3,179	2,570
Borrowings	393	2,545	393	2,545
Current income tax liabilities	4	4	4	4
	<u>8,534</u>	<u>9,605</u>	<u>3,576</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>8,828</u>	<u>14,566</u>	<u>3,576</u>	<u>9,786</u>
<b>Net Assets</b>	<u>11,157</u>	<u>15,296</u>	<u>20,903</u>	<u>20,082</u>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital and share premium	42,021	42,021	42,021	42,021
Accumulated losses	(30,864)	(26,725)	(21,118)	(21,939)
	<u>11,157</u>	<u>15,296</u>	<u>20,903</u>	<u>20,082</u>
Minority interest	-	-	-	-
<b>Total equity</b>	<u>11,157</u>	<u>15,296</u>	<u>20,903</u>	<u>20,082</u>

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

	The Group			
	As at 30/4/2009		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	-	393	212	2,333
Amount repayable after one year	-	-	-	4,667
	<u>-</u>	<u>393</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 30 April 2009 S\$'000	2008 S\$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(2,046)	(2,500)
Adjustments for:		
Depreciation on Property, Plant and Equipment	1,157	1,128
Property, Plant & Equipment written-off	-	51
Loss on disposal of Property, Plant and Equipment	-	(2)
Amortisation on intangible assets	9	23
Allowance for doubtful debts	97	-
Interest income	(1)	(34)
Interest expense	2	106
Operating loss before working capital changes	<u>(782)</u>	<u>(1,228)</u>
Changes in operating assets and liabilities, net of effects from		
Trade and other receivables	490	612
Other current assets	52	(523)
Inventories	231	190
Trade and other payables	136	(534)
<b>Net cash generated from/ (used in) operating activities</b>	<u>127</u>	<u>(1,483)</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	16	(74)
Purchases of franchises and licenses	-	(26)
Interest received	1	34
<b>Net cash generated from/ (used in) investing activities</b>	<u>17</u>	<u>(66)</u>
<b>Cash flows from financing activities</b>		
Repayments of borrowings	(299)	(1,053)
Placement in bank deposits pledged as security	-	(533)
Interest expense paid	(2)	(106)
<b>Net cash used in financing activities</b>	<u>(301)</u>	<u>(1,692)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(157)</u>	<u>(3,241)</u>
Cash and cash equivalents at the beginning of the financial period	2,670	16,126
<b>Cash and cash equivalents at end of the financial period</b>	<u>2,513</u>	<u>12,885</u>
<b>1(c)(i) Analysis of the balances of cash and cash equivalents</b>		
Cash and bank balances	2,513	12,885
Short-term deposits pledged as security	-	533
	<u>2,513</u>	<u>13,418</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 30 April 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
<b>Balance at 1 February 2009</b>	42,021	-	(28,818)	-	13,203
Net loss for the period	-	-	(2,046)	-	(2,046)
<b>Balance at 30 April 2009</b>	<u>42,021</u>	<u>-</u>	<u>(30,864)</u>	<u>-</u>	<u>11,157</u>
Balance at 1 February 2008	42,021	-	(20,130)	(65)	21,826
Net loss for the period	-	-	(2,047)	(453)	(2,500)
<b>Balance as at 30 April 2008</b>	<u>42,021</u>	<u>-</u>	<u>(22,177)</u>	<u>(518)</u>	<u>19,326</u>

(ii) Consolidated statement of changes in equity for the period ended 30 April 2009 - Company

	Share Capital S\$'000	(Accumulated Losses)/ Earnings S\$'000	Total S\$'000
Balance at 1 February 2009	42,021	(21,265)	20,756
Net gain for the period	-	147	147
Balance at 30 April 2009	<u>42,021</u>	<u>(21,118)</u>	<u>20,903</u>
Balance at 1 February 2008	42,021	(21,921)	20,100
Net loss for the period	-	(17)	(17)
Balance as at 30 April 2008	<u>42,021</u>	<u>(21,938)</u>	<u>20,083</u>

**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 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 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	
	30/4/2009	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 30 April 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)	(0.28)	(0.28)
	<u>(0.28)</u>	<u>(0.28)</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	
	30/4/2009	31/7/2008	30/4/2009	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)	1.52	2.08	2.85	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 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 recorded lower revenues in Q3 FY2009, registering a 26% decline from S\$8.95 million to S\$6.60 million from a year ago, reflecting the impact of a recessionary environment. Slightly better revenue numbers were recorded in March and April over February, which is traditionally quieter due to the Chinese New Year festivities and it being a short month.

Traditional stalwarts Lunar and Balcony continued to perform reasonably in view of the current economic climate, as did newcomers ZIRCA, Rebel and Yello Jello. The revival of the space formerly occupied by the Ministry of Sound has meant greater freedom to explore more radical, cutting edge entertainment concepts than before. Beach concept bar, Café del Mar also recorded a reasonable performance that was commensurate with periodic dips due to occasional inclement weather typical of the earlier months of the year.

Revenue from service charge, recorded as a miscellaneous item, declined by 76% to S\$178,000. This was due to the abolition of service charges at several venues.

##### Costs and expenses

The drop in revenue is mitigated by a similar decrease of 28% in total expenses incurred, from S\$12.25 million to S\$8.83 million. Significant decreases were registered across all major expense items including employee benefits, rental on operating leases, licence and permits.

Expenses from employee benefits fell 39% from S\$3.80 million to S\$2.31 million while rental from operating leases dropped 7% from S\$1.24 million to S\$1.16 million owing to rates being pegged to turnover and also rebates provided by landlords. Expenses from licences and permits continued to show significant decline, falling 82% from S\$409,000 to S\$74,000 as the Group no longer had to pay royalties for the Ministry of Sound brand. Along the same vein, legal and professional fees decreased by 48% from S\$507,000 to S\$262,000 following the settlement of the lawsuits. Finance costs showed the largest proportionate decline of 96% from S\$112,000 to S\$5,000 with the repayment of most of the Group's borrowings.

Compared with the same period last year, the Group has succeeded in narrowing its losses from S\$2.5 million to S\$2.05 million.

#### Balance Sheets and Cashflow

Cash and cash equivalents dropped to S\$2.51 million, as the Group continued with its programme to reduce bank borrowings. As at the end of Q3 FY2009, the Group has reduced its total borrowings to just one unsecured current borrowing of S\$393,000 (from S\$2.55 million total current borrowings at the end of FY2008). The Group's aggregate long-term borrowings of S\$4.67 million have also been repaid in full.

As a large proportion of its bank borrowings were paid down in the last quarter, the Group is currently in a negative working capital position. In order to fund its ongoing working capital requirements, on 30 April 2009, the Group announced a proposed 3-for-2 rights issue, fully underwritten by a number of substantial shareholders. The Group is currently awaiting approval by the Singapore Exchange for the rights issue. Should approval be obtained, the rights issue is expected to raise approximately S\$5.1 million in net proceeds. The Group continues to generate positive cash flow of S\$127,000 from its operating activities.

There were no material changes to the Group's Trade and other receivables, whereas, Trade and other payables increased by S\$1.16 million due to outstanding payables for capital expenditure expenses incurred for the re-launch of Zirca, Rebel and Yello Jello.

- 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.**

While there were encouraging signs towards the end of Q3 FY2009, management believes that the outlook for at least the remainder of the year remains tentative. At this point, there is still no certainty as to whether the improvement in March and April signalled the start of a recovery and if so, whether that recovery is sustainable.

Looking ahead, management is looking forward to launching its rights issue, which is expected to provide approximately S\$5.1 million in net funds to finance ongoing working capital requirements, as well as to allow the Group to capitalise on suitable opportunities in the current environment.

In the next 12 months, the start of operations at the integrated resorts should provide a much needed boost to the Singapore economy and major players in the F&B and entertainment industry such as LifeBrandz.

Management's priorities in the immediate term will continue to focus on prudent cost management whilst continuing to explore new concepts and rejuvenate selected brand names in its stable to maintain its leading position in Singapore's entertainment scene.

**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 Q3FY09 to be false or misleading.

**ON BEHALF OF THE BOARD OF DIRECTORS**

**Lee Shieh-Peen Clement**  
Director

**Kenneth Goh Tzu Seoh**  
Director

**12 June 2009**