LIFEBRANDZ LTD

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

SECOND QUARTER FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2011

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		% Increase/ (Decrease)
	2011 S$'000	2010 S$'000	
Revenue	9,320	8,193	14%
Other gains (net)			
- Miscellaneous	127	125	2%
Expenses			
- Inventories and consumables used	(2,479)	(1,927)	29%
- Advertising, media and entertainment	(1,021)	(996)	3%
- Employee benefits	(2,968)	(2,701)	10%
- Amortisation, depreciation and impairment	(900)	(683)	32%
- Finance	(4)	(2)	100%
- Rental on operating leases	(1,266)	(1,061)	19%
- Transportation	(14)	(17)	-18%
- Legal and professional fees	(229)	(256)	-11%
- Contract services	(90)	(115)	-22%
- Licence and permits	(53)	(35)	51%
- Other operating expenses	(615)	(667)	-8%
Changes in inventories of finished goods	230	(28)	N.M
Total expenses	(9,409)	(8,488)	11%
Profit/(loss) from operations attributable to equity holders of the Company	38	(170)	122%

A statement of comprehensive income (for the group), together with a comprehensive statement for the corresponding period of the immediate preceding financial year

	The Group	
	3 months ended 31 January	
	2011 S$'000	2010 S$'000
Profit/(loss) from operations attributable to equity holders of the Company	38	(170)
Other comprehensive income	-	-
Total comprehensive profit/(loss) attributable to equity holders of the Company	38	(170)

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

	The Group	
	3 months ended 31 January	
	2011 S$'000	2010 S$'000
a) Depreciation on property, plant and equipment	900	677
b) Amortisation of intangible assets	-	6
c) Foreign exchange gain	(2)	(1)
d) Interest income	(3)	(3)
e) Service charge surplus	(83)	(93)
f) Other income	(15)	(28)
g) Bad debts recovered	(14)	(16)

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	
	31/1/2011	**31/7/2010**	**31/1/2011**	**31/7/2010**
ASSETS	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Current Assets				
Cash and cash equivalents	**4,909**	5,159	**3,230**	3,715
Trade and other receivables	**570**	760	**8,484**	7,648
Other current assets	**1,057**	757	**165**	142
Inventories at cost	**712**	463	**-**	-
	7,248	7,139	**11,879**	11,505
Non-Current Assets				
Property, plant and equipment	**5,600**	6,143	**44**	35
Investments in subsidiaries	**-**	-	**1,836**	1,500
Intercompany long term loan	**-**	-	**1,000**	1,000
	5,600	6,143	**2,880**	2,535
Total Assets	**12,848**	13,282	**14,759**	14,040
LIABILITIES				
Current Liabilities				
Trade and other payables	**4,043**	3,794	**7,035**	6,358
Current income tax liabilities	**12**	12	**4**	4
	4,055	3,806	**7,039**	6,362
Non-current Liabilities				
Deferred tax liabilities	**109**	109	**-**	-
	109	109	**-**	-
Total Liabilities	**4,164**	3,915	**7,039**	6,362
Net Assets	**8,684**	9,367	**7,720**	7,678
SHAREHOLDERS' EQUITY				
Share capital and share premium	**47,076**	47,076	**47,076**	47,076
Accumulated losses	**(38,339)**	(37,709)	**(39,356)**	(39,398)
Currency Translation Deficit	**(53)**	-	**-**	-
Total equity	**8,684**	9,367	**7,720**	7,678

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

	The Group			
	As at 31/1/2011		**As at 31/7/2010**	
	Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
Amount repayable in one year or less or on demand	-	-	-	-
	-	-	-	-

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	
	2011	2010
	S$'000	S$'000
Cash flows from operating activities		
Profit/ (loss) before tax	38	(170)
Adjustments for:		
Depreciation on Property, Plant and Equipment	900	677
Amortisation on intangible assets	-	6
(Gain)/loss on disposal of property, plant and equipment	4	-
Allowance for doubtful trade debts	-	-
Interest income	(3)	3
Operating profit before working capital changes	939	516
Changes in operating assets and liabilities, net of effects from		
Trade and other receivables	(12)	159
Other current assets	29	243
Inventories	(232)	24
Trade and other payables	23	(623)
Net cash generated from operating activities	747	319
Cash flows from investing activities		
Purchases of property, plant and equipment	(529)	(206)
Interest received	3	(3)
Net cash used in investing activities	(526)	(209)
Net increase in cash and cash equivalents	221	110
Cash and cash equivalents at the beginning of the financial period	4,707	5,813
Effects of exchange rate changes on cash and cash equivalents	(19)	-
Cash and cash equivalents at end of the financial period	4,909	5,923

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

Cash and bank balances	4,909	5,923

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 2011 - Group

	Share Capital S$'000	Foreign Currency Translation Deficit S$'000	Retained Earnings (Accumulated Losses)/ S$'000	Total S$'000
Balance at 1 November 2010	47,076	(34)	(38,377)	8,665
Net profit for the period	-	(19)	38	19
Balance at 31 January 2011	47,076	(53)	(38,339)	8,684
Balance at 1 November 2009	47,076	-	(37,717)	9,359
Net loss for the period	-	-	(170)	(170)
Balance at 31 January 2010	47,076	-	(37,887)	9,189

(ii) Consolidated statement of changes in equity for the period ended 31 January 2011 - Company

	Share Capital S$'000	(Accumulated Losses)/ Retained Earnings S$'000	Total S$'000
Balance at 1 November 2010	**47,076**	**(39,334)**	**7,742**
Net loss for the period	-	**(22)**	**(22)**
Balance at 31 January 2011	**47,076**	**(39,356)**	**7,720**
Balance at 1 November 2009	47,076	(39,431)	7,645
Net profit for the period	-	29	29
Balance as at 31 January 2010	47,076	(39,402)	7,674

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.**

Not Applicable.

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	
	31/1/2011	31/7/2010
Total number of issued shares excluding treasury shares	**1,835,000,000**	1,835,000,000

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 financial 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 2010.

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 preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 July 2010, except for the adoption of new or revised FRS that are mandatory for financial years on or after 1 August 2010. The adoption of these FRS has no significant impact to the Group.

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	
	2011	**2010**
Profit/(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)	**N.M**	N.M
	N.M	N.M

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	
	31/1/2011	**31/7/2010**	**31/1/2011**	**31/7/2010**
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	**0.47**	0.51	**0.42**	0.42

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's revenue increased 14% from S$8.2 million in the second quarter of financial year 2010 ("2Q FY2010") to S$9.3 million in 2Q FY2011. Revenue for the quarter was boosted by the positive festive period and related revenues from sponsorship and new outlets activities. 2Q FY2011 saw the rollout of additional Balcony bar area within Zirca and the launch of Grooove room in December 2010.

A similar level of increment was recorded on a quarter-on-quarter basis due to the seasonality of the business. The Group's stable of branded nightlife entertainment outlets typically experience higher patronage during the holiday festivities in December and January.

Miscellaneous sales, consisting of service charges, interest income, bad debt recovery, and other related misc income rose 2% to S$127,000 for the quarter.

Cost & Expenses

Inventories and consumables used rose 29% to S$2.5 million and advertising, media and entertainment expenses inched 3% higher to S$1.0 million in 2Q FY2011, compared to the same quarter a year ago. The increase was mainly due to the higher activities level and the expanded outlets in the quarter. Employee benefits rose 10% to just below S$3.0 million due to the increase in Mulligans' operating outlets in the comparing quarters. Amortisation, depreciation and impairment increased from S$683,000 to S$900,000 with the expansion of additional Mulligans' outlets and related renovation and fitting works carried out at the existing concepts

The Group recorded an increase in rental on operating leases to S$1.3 million, mainly due to the inclusion of the new operating locations. Licence and permits were raised to S$53,000 due to the repayment of Fashion TV licence fees.The rest of the expenses were contained within reasonable levels during the quarter with decreases registered on a year-on-year basis for transportation costs, legal and professional fees, contract services and other operating expenses.

Finance expenses rose to S$4,000 mainly due to the additional transactions from the new locations.

Overall, total expenses increased from S$8.5 million in 2Q FY2010 to S$9.4 million in 2Q FY2011. With the higher revenue achieved in 2Q FY2011, the Group successfully reversed its loss of S$170,000 in 2Q FY2010 to a profit of S$38,000 from operations attributable to equity holders of the Company.

Balance Sheets and Cash Flow

Non-current assets made up of property, plant and equipment fell to S$5.6 million as at 31 January 2011, after taking into account of the consistent depreciation for the related period. Current assets rose from S$7.1 million as at 31 July 2010 to S$7.2 million as at 31 January 2011. This was largely due to increases in other current assets and inventories.

The increase in other current assets which include prepayment and security deposit was mainly due to advance payment and deposit paid relating to upgrading of venues and for new projects. The increase in inventory was due to the bulk purchase on better trade pricing to faciliate the increase in operating outlets and newly established concepts.

Trade and other payables have also increased to S$4 million from S$3.8 million. This was mainly due to the increase in transactions and provision during the festive peak period of quarter 2.

The Group generated net cash in operating activities of S$747,000 whilst incurring capital expenditure of S$529,000 from the purchase of assets mainly due to the new Mulligan outlet, renovation and fitting work at the existing outlets including the two newly conceptualised establishment of Groove and Balcony. Cash and cash equivalents fell from S$5.2 million as at 31 July 2010 to S$4.9 million as at 31 January 2011.

Equity attributable to shareholders of the Group as at 31 January 2011 amounted to S$8.7 million. Based on existing issued share capital of 1,835 million shares, net asset value per ordinary share as at 31 January 2011 for the Group stood at 0.47 Singapore cents.

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 group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Board believes that the growth of the business in this quarter, compared to a year ago was an encouraging indication after a lull during the global financial crisis. The management has also taken pro-active steps to boost business and traffic flow in its various branded nightlife establishments under its management.

Mulligan's Irish Bar in Pattaya, Thailand, a duplication of the successful bar concept in Singapore, has exhibited gradual increases in sales over the last couple of months, which is again a testament to recovery in tourism in the region as well as the strength of the brand.

Cost cutting measure and management will remain a top priority as the group moves ahead with its operations. The group will revamp its business structure and operations as necessary.

The management remains cautiously optimistic of the financial year ahead and believes that the Group will continue to benefit from strong tourism and growth in the economy in Singapore as well as in the region. The Group will continue to look for ways to grow the existing portfolio of brands organically through enhancements, active promotional activities, and refurbishments where necessary. At the same time, the management will keep a lookout for opportunities to create new business lines through new ventures.

The management will also like to express that the Writ of Summons filed by M/S Giorgio Ferrari Pte Ltd is still on going and handed by our counsel. The Group will update on any further development in this matter accordingly.

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/recommended, a statement to that effect

No dividend has been declared/recommended 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 Q2FY11 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement
Director

Lim Miang Bernard
Director

11 March 2011