

LIFEBRANDZ LTD

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

THIRD QUARTER FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 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 30 April		
	2011 S\$'000	2010 S\$'000	
Revenue	8,347	7,338	14%
Other gains (net)			
- Miscellaneous	80	156	-49%
Expenses			
- Inventories and consumables used	(1,966)	(1,927)	2%
- Advertising, media and entertainment	(1,093)	(916)	19%
- Employee benefits	(2,738)	(2,539)	8%
- Amortisation, depreciation and impairment	(926)	(675)	37%
- Finance	(3)	(3)	-
- Rental on operating leases	(1,292)	(1,050)	23%
- Transportation	(17)	(15)	13%
- Legal and professional fees	(235)	(291)	-19%
- Contract services	(90)	(105)	-14%
- Licence and permits	(48)	(28)	71%
- Other operating expenses	(762)	(554)	38%
Changes in inventories of finished goods	(204)	97	N.M
Total expenses	(9,374)	(8,006)	17%
Loss before income tax	(947)	(512)	85%
- Income tax	-	(1)	-100%
Loss from operations attributable to equity holders of the Company	(947)	(513)	85%

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 30 April	
	2011 S\$'000	2010 S\$'000
Loss from operations attributable to equity holders of the Company	(947)	(513)
Other comprehensive income	-	-
Total comprehensive loss attributable to equity holders of the Company	(947)	(513)

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

	The Group	
	3 months ended 30 April	
	2011 S\$'000	2010 S\$'000
a) Depreciation on property, plant and equipment	926	675
b) Foreign exchange gain	-	(1)
c) Interest income	(3)	(3)
d) Service charge surplus	(27)	(83)
e) Other income	(43)	(4)
f) Bad debts recovered	(7)	(20)

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	
	30/4/2011 S\$'000	31/7/2010 S\$'000	30/4/2011 S\$'000	31/7/2010 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	5,135	5,159	3,269	3,715
Trade and other receivables	447	760	8,605	7,648
Other current assets	996	757	143	142
Inventories at cost	508	463	-	-
	<u>7,086</u>	<u>7,139</u>	<u>12,017</u>	<u>11,505</u>
Non-Current Assets				
Property, plant and equipment	4,758	6,143	39	35
Investments in subsidiaries	-	-	1,829	1,500
Intercompany long term loan	-	-	1,000	1,000
	<u>4,758</u>	<u>6,143</u>	<u>2,868</u>	<u>2,535</u>
Total Assets	<u>11,844</u>	<u>13,282</u>	<u>14,885</u>	<u>14,040</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	4,006	3,794	7,114	6,358
Current income tax liabilities	12	12	4	4
	<u>4,018</u>	<u>3,806</u>	<u>7,118</u>	<u>6,362</u>
Non-current Liabilities				
Deferred tax liabilities	109	109	-	-
	<u>109</u>	<u>109</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,127</u>	<u>3,915</u>	<u>7,118</u>	<u>6,362</u>
Net Assets	<u>7,717</u>	<u>9,367</u>	<u>7,767</u>	<u>7,678</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	47,076	47,076	47,076	47,076
Accumulated losses	(39,286)	(37,709)	(39,309)	(39,398)
Currency Translation Deficit	(73)	-	-	-
Total equity	<u>7,717</u>	<u>9,367</u>	<u>7,767</u>	<u>7,678</u>

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

	The Group			
	As at 30/4/2011		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	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 2011 S\$'000	2010 S\$'000
Cash flows from operating activities		
Loss before tax	(947)	(512)
Adjustments for:		
Depreciation on Property, Plant and Equipment	926	675
Interest income	(3)	3
Operating (loss)/profit before working capital changes	<u>(24)</u>	<u>166</u>
Changes in operating assets and liabilities, net of effects from:		
Trade and other receivables	241	(34)
Other current assets	61	(130)
Inventories	204	(99)
Trade and other payables	(155)	(62)
Net cash generated from/ (used in) operating activities	<u>327</u>	<u>(159)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(84)	(85)
Interest received	3	(3)
Net cash used in investing activities	<u>(81)</u>	<u>(88)</u>
Net increase/ (decrease) in cash and cash equivalents	246	(247)
Cash and cash equivalents at the beginning of the financial period	4,909	5,923
Effects of exchange rate changes on cash and cash equivalents	(20)	-
Cash and cash equivalents at end of the financial period	<u>5,135</u>	<u>5,676</u>
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>5,135</u>	<u>5,676</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 2011 - Group

	Share Capital S\$'000	Foreign Currency Translation Deficit S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 February 2011	47,076	(53)	(38,339)	8,684
Net loss for the period	-	(20)	(947)	(967)
Balance at 30 April 2011	<u>47,076</u>	<u>(73)</u>	<u>(39,286)</u>	<u>7,717</u>
Balance at 1 February 2010	47,076	-	(37,887)	9,189
Net loss for the period	-	-	(513)	(513)
Balance at 30 April 2010	<u>47,076</u>	<u>-</u>	<u>(38,400)</u>	<u>8,676</u>

(ii) Consolidated statement of changes in equity for the period ended 30 April 2011 - Company

	Share Capital	(Accumulated Losses)/ Retained Earnings	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 February 2011	47,076	(39,356)	7,720
Net profit for the period	-	47	47
Balance at 30 April 2011	47,076	(39,309)	7,767
Balance at 1 February 2010	47,076	(39,402)	7,674
Net profit for the period	-	138	138
Balance as at 30 April 2010	47,076	(39,264)	7,812

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	
	30/4/2011	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 30 April 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)	(0.05)	(0.02)
	<u>(0.05)</u>	<u>(0.02)</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	
	30/4/2011	31/7/2010	30/4/2011	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)	0.42	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\$7.3 million in the third quarter of financial year 2010 ("3Q FY2010") to S\$8.3 million in 3Q FY2011. Revenue for the quarter was boosted by additional Mulligan's outlet sales and also from a higher group sales performance in the month of April'11. In 3Q FY2011, there was no new rollout of concept as the management has concentrated its direction to maintain activities of the existing outlets.

The Group's stable of branded nightlife entertainment outlets typically experience higher patronage during holiday festivities in December and January, with some normal tapering off of activity in the months between February and April. As a result of the seasonal nature of the business, revenue recorded in 3Q FY2011 was slightly lower compared to the S\$9.3 million reported in 2Q FY2011.

Miscellaneous sales, consisting of service charges, interest income, bad debt recovery and other related miscellaneous income decreased 49% to S\$80 million in 3Q FY2011. The decline was mainly due to the abolishment of service charge at the Café Del Mar outlet and amount from recovery of bad debts.

Cost & Expenses

For 3Q FY2011, inventories and consumables used rose by 2% to S\$2.0 million while advertising, media and entertainment expenses increased 19% to S\$1.1 million. This was due mainly to more operating outlets in the reporting quarter and the roll out of more promotional activities across all outlets. Employee benefits rose 8% to S\$2.7 million was mainly due to the larger staff deployment from the additional outlets in the comparing quarters. Amortisation, depreciation and impairment increased from S\$675,000 to S\$926,000 mainly due to setup of the additional Mulligans' outlets and related fitting work carried out at the existing outlets.

The Group saw rental on operating leases rise 23% to S\$1.3 million in 3Q FY2011 due to the addition of new operating locations. Expenses on licenses and permits rose 71% to S\$48,000 due to the repayment of Fashion TV licence fee. Other operating expenses saw an increase of 38% to S\$762,000 which was due to the premises repair and maintenance and the provision of reinstatement expenses in the quarter. The rest of the expenses were contained within reasonable levels during the quarter with decreases registered in the reported quarter for contract services and legal & professional fees.

Overall, total expenses increased from S\$8.0 million in 3Q FY2010 to S\$9.4 million in 3Q FY2011. With the higher expenses incurred, the Group registered a loss of S\$947,000 in 3Q FY2011.

Balance Sheets and Cash Flow

Overall, while current assets held steady at S\$7.1 million, non-current assets comprising property, plant and equipment declined to S\$4.8 million as at 30 April 2011 after taking into account of consistent depreciation for the related period.

Trade and other receivables decreased from S\$760,000 to S\$447,000 due to tighter credit control and collection on related receivables. The increase in other current assets which include prepayment and security deposit was mainly due to advance payment and deposit paid for upgrading work and new projects. The increase in inventory was due to the holding of additional inventory for promotional activities in the expanded outlets.

Trade and other payables increased from S\$3.8 million as at 31 July 2010 to S\$4.0 million as at 30 April 2011, due mainly to the increase in transactions and provisions during the period.

The Group generated net cash in operating activities of S\$327,000 million for 3Q FY2011, compared to net cash used amounting to S\$159,000 for 3Q FY2010. Capital expenditure of S\$84,000 was mainly incurred from the addition fitting works for the existing outlets.

Cash and cash equivalents stood at S\$5.1 million for 3Q FY2011, compared to S\$5.7 million for 3Q FY2010.

Equity attributable to shareholders of the Group as at 30 April 2011 amounted to S\$7.7 million. Based on existing issued share capital of 1,835 million shares, net asset value per ordinary shares as at 30 April 2011 of the Group stood at 0.42 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 operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group remains focused on maintaining the activities of respective outlets as well as to manage and contain the cost structure. The management will continue to invest in marketing and promotional efforts to boost business and traffic flow at all its branded nightlife establishments.

The management remains cautiously optimistic of the remaining months of the financial year and will continue to look for ways to increase the profitability of the portfolio of brands. The management also continues to seek opportunities for new acquisition opportunities to grow the Group's portfolio of brands.

The Group is also planning to restructure and reposition some of its outlets to further enhance business especially the ones located at Clarke Quay.

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 currently handed by our counsel. The Group will update on any further development in this matter as necessary.

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 Q3FY11 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

**Lee Shieh-Peen Clement
Director**

**Lim Miang Bernard
Director**

10 June 2011