

LIFEBRANDZ LTD

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

FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 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		
	Year ended 31 July		%
	2011 S\$'000	2010 S\$'000	Increase/ (Decrease)
Revenue	<u>34,816</u>	<u>32,058</u>	9%
Other gains (net)			
- Miscellaneous	253	687	-63%
Expenses			
- Inventories and consumables used	(8,225)	(7,856)	5%
- Advertising, media and entertainment	(4,342)	(4,096)	6%
- Employee benefits	(11,268)	(10,046)	12%
- Amortisation and depreciation	(3,596)	(2,753)	31%
- Finance	(19)	(46)	-59%
- Rental on operating leases	(5,134)	(4,489)	14%
- Transportation	(59)	(66)	-11%
- Legal and professional fees	(970)	(489)	98%
- Contract services	(354)	(420)	-16%
- Licence and permits	(300)	(51)	N.M
- Other operating expenses	(3,239)	(2,414)	34%
Changes in inventories of finished goods	(137)	13	N.M
Total expenses	<u>(37,643)</u>	<u>(32,713)</u>	15%
(Loss)/profit before income tax	(2,574)	32	N.M
- Income tax credit/(expenses)	105	(9)	N.M
(Loss)/profit from operations attributable to equity holders of the Company	<u>(2,469)</u>	<u>23</u>	N.M

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	
	Year ended 31 July	
	2011 S\$'000	2010 S\$'000
(Loss)/profit from operations attributable to equity holders of the Company	(2,469)	23
Other comprehensive income	-	-
Total comprehensive (loss)/profit attributable to equity holders of the Company	<u>(2,469)</u>	<u>23</u>

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

	The Group	
	Year ended 31 July	
	2011 S\$'000	2010 S\$'000
a) Depreciation on property, plant and equipment	3,596	2,740
b) Amortisation of intangible assets	-	13
c) Allowance for doubtful debts and bad debts written off	20	31
d) Inventories written down	-	2
e) Deposits/prepayments written off	-	19
f) Foreign exchange loss/(gain)	93	(2)
g) Interest income	(11)	(13)
h) Service charge surplus	(224)	(353)
i) Other income	(97)	(97)
j) Bad debts recovered	(35)	(82)
k) Loss/(gain) on disposal of property, plant and equipment	1	(140)
l) Impairment of property, plant and equipment	500	-
m) Property, plant and equipment written off	217	-

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	
	31/7/2011 S\$'000	31/7/2010 S\$'000	31/7/2011 S\$'000	31/7/2010 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	6,097	5,159	3,311	3,715
Trade and other receivables	157	760	7,363	7,648
Other current assets	960	757	175	142
Inventories at cost	327	463	-	-
	<u>7,541</u>	<u>7,139</u>	<u>10,849</u>	<u>11,505</u>
Non-Current Assets				
Property, plant and equipment	3,213	6,143	35	35
Investments in subsidiaries	-	-	1,821	1,500
Intercompany long term loan	-	-	1,000	1,000
	<u>3,213</u>	<u>6,143</u>	<u>2,856</u>	<u>2,535</u>
Total Assets	<u>10,754</u>	<u>13,282</u>	<u>13,705</u>	<u>14,040</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	3,638	3,669	6,911	6,358
Hire purchase	6	-	-	-
Current income tax liabilities	4	12	4	4
	<u>3,648</u>	<u>3,681</u>	<u>6,915</u>	<u>6,362</u>
Non-current Liabilities				
Provision	206	125	-	-
Hire purchase	8	-	-	-
Deferred tax liabilities	10	109	-	-
	<u>224</u>	<u>234</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>3,873</u>	<u>3,915</u>	<u>6,915</u>	<u>6,362</u>
Net Assets	<u>6,881</u>	<u>9,367</u>	<u>6,790</u>	<u>7,678</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	47,076	47,076	47,076	47,076
Foreign currency translation	(16)	-	-	-
Accumulated losses	(40,178)	(37,709)	(40,286)	(39,398)
Total equity	<u>6,882</u>	<u>9,367</u>	<u>6,790</u>	<u>7,678</u>

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

	The Group			
	As at 31/7/2011		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 #	6	-	-	-
	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount repayable after one year #	8	-	-	-
	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>

Motor vehicle under finance lease

- 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	
	Year ended 31 July	
	2011 S\$'000	2010 S\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(2,574)	32
<u>Adjustments for:</u>		
Depreciation on property, plant and equipment	3,596	2,753
Loss/(gain) on disposal of property, plant and equipment	1	(140)
Property, plant and equipment written off	217	-
Allowance for doubtful debts	-	7
Impairment of property, plant and equipment	500	-
Exchange realignment	(16)	-
Interest income	(11)	(13)
Interest expense	-	1
Provision	81	-
Bad debts written off	-	23
Deposits written off	-	19
Inventories written down	-	2
Total adjustments	<u>4,368</u>	<u>2,652</u>
Operating profit before changes in working capital	1,794	2,684
<u>Changes in working capital</u>		
Decrease/(increase) in trade and other receivables	603	(319)
(Increase)/decrease in other current assets	(203)	223
Decrease/(increase) in inventories	136	(15)
Decrease in trade and other payables	(19)	(2,918)
Total changes in working capital	<u>517</u>	<u>(3,029)</u>
Cash generated from/ (used in) operation	2,311	(345)
Interest received	11	13
Interest paid	-	(1)
Income taxes paid	(15)	-
Net cash generated from/ (used in) operating activities	<u>2,307</u>	<u>(333)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	18	140
Purchase of property, plant and equipment	(1,387)	(2,095)
Net cash used in investing activities	<u>(1,369)</u>	<u>(1,955)</u>
Cash flows from financing activities		
Repayments of borrowings	-	(191)
Proceeds from issuance of shares	-	5,505
Share issuance expenses	-	(450)
Net cash from financing activities	<u>-</u>	<u>4,864</u>
Net increase in cash and cash equivalents	938	2,576
Cash and cash equivalents at the beginning of the financial period	<u>5,159</u>	<u>2,583</u>
Cash and cash equivalents at end of the financial period	<u>6,097</u>	<u>5,159</u>
(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>6,097</u>	<u>5,159</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 July 2011 - Group

	Share Capital S\$'000	Foreign Currency Translation S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 August 2010	47,076	-	(37,709)	9,367
Net loss for the period	-	(16)	(2,469)	(2,485)
Balance at 31 July 2011	<u>47,076</u>	<u>(16)</u>	<u>(40,178)</u>	<u>6,882</u>
Balance at 1 August 2009	42,021	-	(37,732)	4,289
Net profit for the period	-	-	23	23
Issuance of shares	5,505	-	-	5,505
Share issue expenses	(450)	-	-	(450)
Balance at 31 July 2010	<u>47,076</u>	<u>-</u>	<u>(37,709)</u>	<u>9,367</u>

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

	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 August 2010	47,076	(39,398)	7,678
Net loss for the period	-	(888)	(888)
Balance at 31 July 2011	47,076	(40,286)	6,790
Balance at 1 August 2009	42,021	(39,505)	2,516
Net profit for the period	-	107	107
Issuance of shares	5,505	-	5,505
Share issue expenses	(450)	-	(450)
Balance at 31 July 2010	47,076	(39,398)	7,678

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	
	31/7/2011	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	
	Year ended 31 July 2011	2010
(Loss)/earnings 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)	(0.13)	0.00
	(0.13)	0.00

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	
	Year ended 31 July 2011	Year ended 31 July 2010	Year ended 31 July 2011	Year ended 31 July 2010
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.37	0.51	0.37	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 achieved a revenue of S\$34.8 million for the financial year 2011 (FY 2011), with an increase of 9% from \$32.1 million of last financial year. The increase in sales activities were mainly contributed from the established outlets namely Zirca, Rebel, and the activities from the Mulligan's concept.

Miscellaneous income and expenses consisting of service charges, interest income, bad debt recovery and other related miscellaneous income decreased from S\$687,000 to S\$253,000 for FY 2011 comparing last year. The decline was mainly due to the abolishment of service charge at the outlets, lower recovery of bad debts and related asset disposal gain in the respective period.

Cost & Expenses

For FY 2011, inventories and consumables used rose by 5% to S\$8.2 million. The cost margin has maintained in the range of 24% comparatively to last year. Advertising, media and entertainment expenses increased 6% to S\$4.3 million due to the higher sales performance in FY 2011. Employee benefits rose 12% to S\$11.3 million was mainly due to the larger staff deployment from the additional outlets in the reported financial year. Amortisation and depreciation increased from S\$2.8 million to S\$3.6 million due to setup of the additional outlets and related fitting work carried out at the existing outlets in FY 2011.

The Group saw rental on operating leases rose 14% to S\$5.1 million in FY 2011 due to the addition of new operating locations. Legal and professional fees saw an increase from S\$489,000 to S\$970,000 mainly due to the provision of legal fees related to the on going Writ of Summons filed by M/S Giorgio Ferrari Pte Ltd. The increase of licence and permits to S\$300,000 in FY 2011 was due to the additional outlets' related applications and the repayment of Fashion TV licence fee. Other operating expenses saw an increase of 34% to S\$3.2 million which was contributed from the new outlets and the increase in the existing premises repair and maintenance. The amount included fixed asset write off of about S\$207,000 mainly due to the revamp and conversion of existing outlet concept. During the year, the group has carried out an impairment of plant and equipment for an amount of S\$500,000 at our Cafe Del Mar outlet.

The group has taken prudence measures to maintain and reduce expenses in transportation and contract services in the FY 2011. Transportation and contract services have decreased by 11% and 16% to S\$59,000 and S\$354,000 respectively over last year.

Overall, total expenses increased from S\$32.7 million in FY 2010 to S\$37.6 million in FY 2011. With the higher expenses incurred, the Group registered a loss of S\$2.5 million in FY 2011.

Balance Sheets and Cash Flow

The group's current assets held steady at S\$7.5 million. Non-current assets comprising property, plant and equipment recorded at S\$3.2 million as at 31 July 2011 after taking into account of consistent depreciation in FY 2011.

Trade and other receivables decreased from S\$760,000 to S\$157,000 due to tighter credit control and collection on related receivables. Collection has been consistent as evident from the increase in available cash balance as stated. The increase in other current assets from S\$757,000 to S\$960,000 which included prepayment and security deposit, was mainly due to advance payment and deposit paid for upgrading work and new projects. Inventory amount saw a decrease from S\$463,000 to S\$327,000 as at 31 July 2011 mainly due to the group effort in reducing the holdup cost on such items. The decrease also reflected the higher turn around due to the higher sales activities in FY 2011.

Trade and other payables maintained comparatively at S\$3.7 million as at 31 July 2011. The group has maintained good and positive relationship with our vendors and service providers on the necessary credit. Other payables include amount due for hire purchase of about S\$6,000 and a current income tax liability of S\$4,000.

Non-current liabilities include provision for lease reinstatement of S\$206,000, amount due for hire purchase of S\$8,000 related to the company's motor vehicle and a deferred tax liability of S\$10,000.

The Group generated net cash in operating activities of S\$2.3 million for FY 2011. Capital expenditure of S\$1.4 million was mainly incurred from the new outlets for the addition fitting works for the existing locations.

Cash and cash equivalents stood at S\$6.1 million as at 31 July 2011, compared to S\$5.1 million of last year.

Equity attributable to shareholders of the Group as at 31 July 2011 amounted to S\$6.9 million. Based on existing issued share capital of 1,835 million shares, net asset value per ordinary shares as at 31 July 2011 of the Group stood at 0.37 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 continues to remain cautious about the outlook for the overall business. The Board is mindful of the intense competition of this industry and is monitoring the operating landscape closely to ensure pro-active steps are taken swiftly to boost business and traffic flow.

Effectively managing the cost of operation will remain a top priority whilst the Group focuses on improving the existing 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 necessarily.

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.

PART II ADDITIONAL INFORMATION REQUIRE FOR FULL YEAR ANNOUNCEMENT

13 Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

	The Group	
	Sales Revenue	
	Year ended 31 July	
	2011 S\$'000	2010 S\$'000
Singapore	33,992	32,058
Thailand *	824	N.A
	34,816	32,058

* Thailand's operation commenced business in current year

	The Group			
	Carrying Amount of Assets		Property, Plant & Equipment	
	31/7/2011 S\$'000	31/7/2010 S\$'000	31/7/2011 S\$'000	31/7/2010 S\$'000
	Singapore	10,010	12,830	2,608
Thailand	744	452	605	319
	10,754	13,282	3,213	6,143

14 In the review of performance, the factors leading to any changes in contribution to turnover and earnings by the business or geographical segments

For discussion on material changes, please refer to paragraph 8.

15 A breakdown of sales

	The Group		
	31/7/2011	31/7/2010	% Increase/ (Decrease)
Continuing Operations			
Revenue reported for the first half year	17,405	16,559	5%
Operating loss after tax reported for the first half year	(630)	(155)	N.M
Revenue reported for the second half year	17,411	15,499	12%
Operating (loss)/profit after tax reported for the second half year	(1,839)	178	N.M

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Total Annual Dividend

	Latest Full Year 31/7/2011	Previous Full Year 31/7/2010
(S\$) Ordinary	-	-
Preference	-	-
Total	-	-

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement
Director

Lim Miang Bernard
Director

29 September 2011