

LIFEBRANDZ LTD

(Incorporated in the Republic of Singapore)

Company registration No. : 200311348E

FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND HALF-YEAR ENDED 31 JANUARY 2012
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			The Group		
	3 months ended 31 January		% Increase/ (Decrease)	6 months ended 31 January		% Increase/ (Decrease)
	2012 S\$'000	2011 S\$'000		2012 S\$'000	2011 S\$'000	
Revenue	7,918	9,320	-15%	15,740	17,405	-10%
Other gains (net)						
- Miscellaneous	67	127	-47%	86	252	-66%
Expenses						
- Inventories and consumables used	(1,932)	(2,479)	-22%	(3,826)	(4,533)	-16%
- Advertising, media and entertainment	(1,168)	(1,021)	14%	(2,157)	(1,989)	8%
- Employee benefits	(2,884)	(2,968)	-3%	(5,647)	(5,779)	-2%
- Amortisation and depreciation	(790)	(900)	-12%	(1,664)	(1,701)	-2%
- Finance	-	(4)	NM	-	(7)	NM
- Rental on operating leases	(1,177)	(1,266)	-7%	(2,453)	(2,519)	-3%
- Transportation	(12)	(14)	-14%	(24)	(29)	-17%
- Legal and professional fees	(243)	(229)	6%	(471)	(525)	-10%
- Contract services	(142)	(90)	58%	(222)	(167)	33%
- Licence and permits	(26)	(53)	-51%	(62)	(103)	-40%
- Other operating expenses	(876)	(615)	42%	(1,574)	(1,180)	33%
Changes in inventories of finished goods	78	230	-66%	151	245	-38%
Total expenses	(9,172)	(9,409)	-3%	(17,949)	(18,287)	-2%
(Loss)/profit before income tax	(1,187)	38	NM	(2,123)	(630)	NM
- Income tax credit	20	-	NM	20	-	NM
(Loss)/profit from operations attributable to equity holders of the Company	(1,167)	38	NM	(2,103)	(630)	NM

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		The Group	
	3 months ended 31 January		6 months ended 31 January	
	2012 S\$'000	2011 S\$'000	2012 S\$'000	2011 S\$'000
(Loss)/profit from operations attributable to equity holders of the Company	(1,167)	38	(2,103)	(630)
Other comprehensive income:				
Foreign currency translation	7	(19)	2	(53)
Total comprehensive loss attributable to equity holders of the Company	(1,160)	19	(2,101)	(683)

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

	The Group		The Group	
	3 months ended 31 January		6 months ended 31 January	
	2012 S\$'000	2011 S\$'000	2012 S\$'000	2011 S\$'000
a) Depreciation on property, plant and equipment	790	900	1,664	1,701
b) Foreign exchange (gain)/loss	-	(2)	-	7
c) Interest income	(2)	(3)	(4)	(6)
d) Service charge surplus	(21)	(83)	(48)	(171)
e) Bad debts recovered	-	(14)	(6)	(22)
f) (Gain)/loss on disposal of property, plant and equipment	(1)	4	1	10
g) Property, plant & equipment written off	222	-	224	-

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	
	31/01/2012 S\$'000	31/7/2011 S\$'000	31/01/2012 S\$'000	31/7/2011 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	4,481	6,097	3,180	3,311
Trade and other receivables	464	157	7,487	7,363
Other current assets	714	960	154	175
Inventories at cost	478	327	-	-
	<u>6,137</u>	<u>7,541</u>	<u>10,821</u>	<u>10,849</u>
Non-Current Assets				
Property, plant and equipment	3,458	3,213	17	35
Investments in subsidiaries	-	-	1,821	1,821
Intercompany long term loan	-	-	1,000	1,000
	<u>3,458</u>	<u>3,213</u>	<u>2,838</u>	<u>2,856</u>
Total Assets	<u>9,595</u>	<u>10,754</u>	<u>13,659</u>	<u>13,705</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	4,571	3,625	6,900	6,910
Hire purchase	6	6	-	-
Current income tax liabilities	4	4	4	4
	<u>4,581</u>	<u>3,635</u>	<u>6,904</u>	<u>6,914</u>
Non-current Liabilities				
Provision	206	206	-	-
Hire purchase	5	8	-	-
Deferred tax liabilities	10	10	-	-
	<u>221</u>	<u>224</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,802</u>	<u>3,859</u>	<u>6,904</u>	<u>6,914</u>
Net Assets	<u>4,793</u>	<u>6,895</u>	<u>6,755</u>	<u>6,791</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	47,076	47,076	47,076	47,076
Foreign currency translation	(1)	(3)	-	-
Accumulated losses	(42,282)	(40,178)	(40,321)	(40,285)
Total equity	<u>4,793</u>	<u>6,895</u>	<u>6,755</u>	<u>6,791</u>

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

	The Group			
	As at 31/1/2012		As at 31/7/2011	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less or on demand #	6	-	6	-
	<u>6</u>	<u>-</u>	<u>6</u>	<u>-</u>
Amount repayable after one year #	5	-	8	-
	<u>5</u>	<u>-</u>	<u>8</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	
	3 months ended 31 January	
	2012 S\$'000	2011 S\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(1,187)	38
<u>Adjustments for:</u>		
Depreciation on property, plant and equipment	790	900
(Gain)/loss on disposal of property, plant and equipment	(1)	4
Property, plant and equipment written off	222	-
Exchange realignment	7	(19)
Interest income	(2)	(3)
Total adjustments	<u>1,016</u>	<u>882</u>
Operating (loss)/profit before changes in working capital	(171)	920
<u>Changes in working capital</u>		
Increase in trade and other receivables	(314)	(12)
Decrease in other current assets	154	29
Increase in inventories	(79)	(232)
Increase in trade and other payables	713	23
Total changes in working capital	<u>474</u>	<u>(192)</u>
Cash generated from operation	303	728
Interest received	2	3
Income taxes refund	20	-
Net cash generated from operating activities	325	731
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	4	-
Purchase of property, plant and equipment	(1,550)	(529)
Net cash used in investing activities	(1,546)	(529)
Cash flows from financing activities		
Repayments of hire purchase	(2)	-
Net cash used in financing activities	(2)	-
Net (decrease)/increase in cash and cash equivalents	(1,223)	202
Cash and cash equivalents at the beginning of the financial period	5,704	4,707
Cash and cash equivalents at end of the financial period	4,481	4,909
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u>4,481</u>	<u>4,909</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 January 2012 - Group

	Share Capital S\$'000	Foreign Currency Translation S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 November 2011	47,076	(8)	(41,115)	5,953
Net loss for the period	-	7	(1,167)	(1,160)
Balance at 31 January 2012	<u>47,076</u>	<u>(1)</u>	<u>(42,282)</u>	<u>4,793</u>
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	<u>47,076</u>	<u>(53)</u>	<u>(38,339)</u>	<u>8,684</u>

(ii) Consolidated statement of changes in equity for the period ended 31 January 2012 - Company

	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 November 2011	47,076	(40,320)	6,756
Net loss for the period	-	(1)	(1)
Balance at 31 January 2012	47,076	(40,321)	6,755
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

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 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	
	31/1/2012	31/7/2011
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 2011.

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 2011, except for the adoption of new or revised FRS that are mandatory for financial years on or after 1 August 2011. 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 2012	2011
(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)	(0.06)	0.00
	(0.06)	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	
	31/01/2012	31/07/2011	31/01/2012	31/07/2011
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.26	0.38	0.37	0.37

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must be 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\$7.9 million for Q2 FY2012, a decline of 15% from \$9.3 million of last financial year's quarter. The decrease in sales activities was partly due to the renovation closure for the new concepts, Aqanova and Coco, in November. The two new concepts were opened in early December respectively. As the new concepts needed time to establish the brand in the stiff competitive environment, the Group's sales performance during the festive period of December was lower compared to previous year's December month.

Miscellaneous income and expenses consisting of service charges, interest income, bad debt recovery and other related miscellaneous income decreased from S\$127,000 to S\$67,000 for Q2 FY 2012 comparing Q2 FY2011. The decline was mainly due to the abolishment of service charge at the outlets to enhance competition level and lower recovery of bad debts in the respective period.

Cost & Expenses

For Q2 FY2012, inventories and consumables used declined by 22% to S\$1.9 million. The decrease was due to the lower sales performance in the reported quarter. The cost margin has maintained positively at 24% with control and discipline of such cost component. Advertising, media and entertainment expenses has increased 14% to S\$1.2 million due to the wider marketing and advertising effort in sustaining existing sales and exposing the new concepts in the reported quarter. Employee benefits dropped 3% to S\$2.9 million was mainly due to the closure of the Lunar Bar and Yue Lounge. Amortisation and depreciation saw a decrease from S\$900,000 to S\$790,000 mainly due to the lesser depreciation charge from the active operating outlets in Q2 FY2012.

The Group saw rental on operating leases decrease 7% to S\$1.2 million in Q2 FY2012 due to the saving from relocation of our head office to our Clarke Quay's premises. Legal and professional fees maintained at S\$243,000 in the reported quarter. Such costs include provision made for legal fees related to the on going Writ of Summons filed by M/S Giorgio Ferrari Pte Ltd. The decrease in licence and permits by 51% to S\$26,000 in Q2 FY2012 was broadly due to the drop in licence fee payout in the current quarter. Contract services include mainly security service, has increased from S\$90,000 to S\$142,000 being for ramping up security level to the existing and new concepts at the Clarke Quay premises. Other operating expenses saw an increase of 42% to S\$876,000, which was contributed from an increase in upkeep of existing outlets and the assets write-off amounted S\$222,000 from the renovation project.

The Group has consistently taken drastic effort to maintain and reduce expenses to contain the cost structure. Positively, the Group saw a decrease in finance cost and transportation expenses in Q2 FY2012. Transportation expense has decreased by 14% to S\$12,000 over same quarter last year.

Overall, total expenses decreased from S\$9.4 million in Q2 FY2011 to S\$9.2 million in Q2 FY2012. Due to the lower sales performance in Q2 FY2012, the Group registered a loss of S\$1.2 million as compared to a profit of S\$38,000 in Q2 FY2011.

Balance Sheets and Cash Flow

The Group's current assets maintained at S\$6.1 million. Non-current assets comprising property, plant and equipment recorded at S\$3.5 million as at 31 January 2012 after taking into account of consistent depreciation in Q2 FY2012.

Trade and receivables increased to \$464,000 as at Q2 FY2012 broadly due to the sponsorship billing to bank of amount \$170,000 and the sponsorship support billing to suppliers of S\$160,000 during the quarter. There was a decrease for other current assets which include prepayment and security deposit from S\$960,000 to S\$714,000. The decrease was mainly due to recovery of deposit paid for upgrading and related project. Inventory amount saw an increase from S\$327,000 to S\$478,000 at end of Q2 FY2012 mainly due to the increased stock holding for the new concepts and the decrease in sales activities in the related quarter.

Trade and other payables increased to S\$4.6 million as at end of Q2 FY2012. The increase in payable from S\$3.6 million to S\$4.6 million was mainly due to the revamp and renovation work carried during the reported quarter.

Non-current liabilities includes provision for lease reinstatement of S\$206,000, amount due for hire purchase of S\$5,000 related to the Group's motor vehicle and a deferred tax liability of S\$10,000.

The Group generated net cash in operating activities of S\$325,000 for Q2 FY2012. Capital expenditure of S\$1.5 million was mainly incurred for the new outlets and the addition fitting works for the existing outlets during the quarter.

Cash and cash equivalents stood at S\$4.5 million as at 31 January 2012, compared to S\$6.1 million of end of last financial year. The decline in cash position was mainly due to the drop in sales performance which results a decrease in cash collection and the cash outlay from the revamp and renovation during the quarter.

Equity attributable to shareholders of the Group as at 31 January 2012 amounted to S\$4.8 million. Based on existing issued share capital of 1,835 million shares, net asset value per ordinary share as at 31 January 2012 of the Group stood at 0.26 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 and condition of the overall business environment. The Board is mindful of the intense competition of this industry. The Board is monitoring the operating landscape closely to ensure pro-active measures and initiatives are taken swiftly to boost business performance.

Managing and controlling the cost of operation will remain a top priority whilst the Group focuses on improving the existing portfolio of brands and its performance.

The management will also like to express that the claim 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.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not has a general mandate for interested person transactions. There were no interested person transactions with amount more than S\$100,000 during Q2FY12.

14 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 Q2FY12 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Lee Shieh-Peen Clement
Director

Lim Miang Bernard
Director

14 March 2012