LifeBrandz

JOURNEY OF TRANSFORMATION

LIFEBRANDZ LTD ANNUAL REPORT 2017

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This Annual Report has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd., ("the Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this Annual Report.

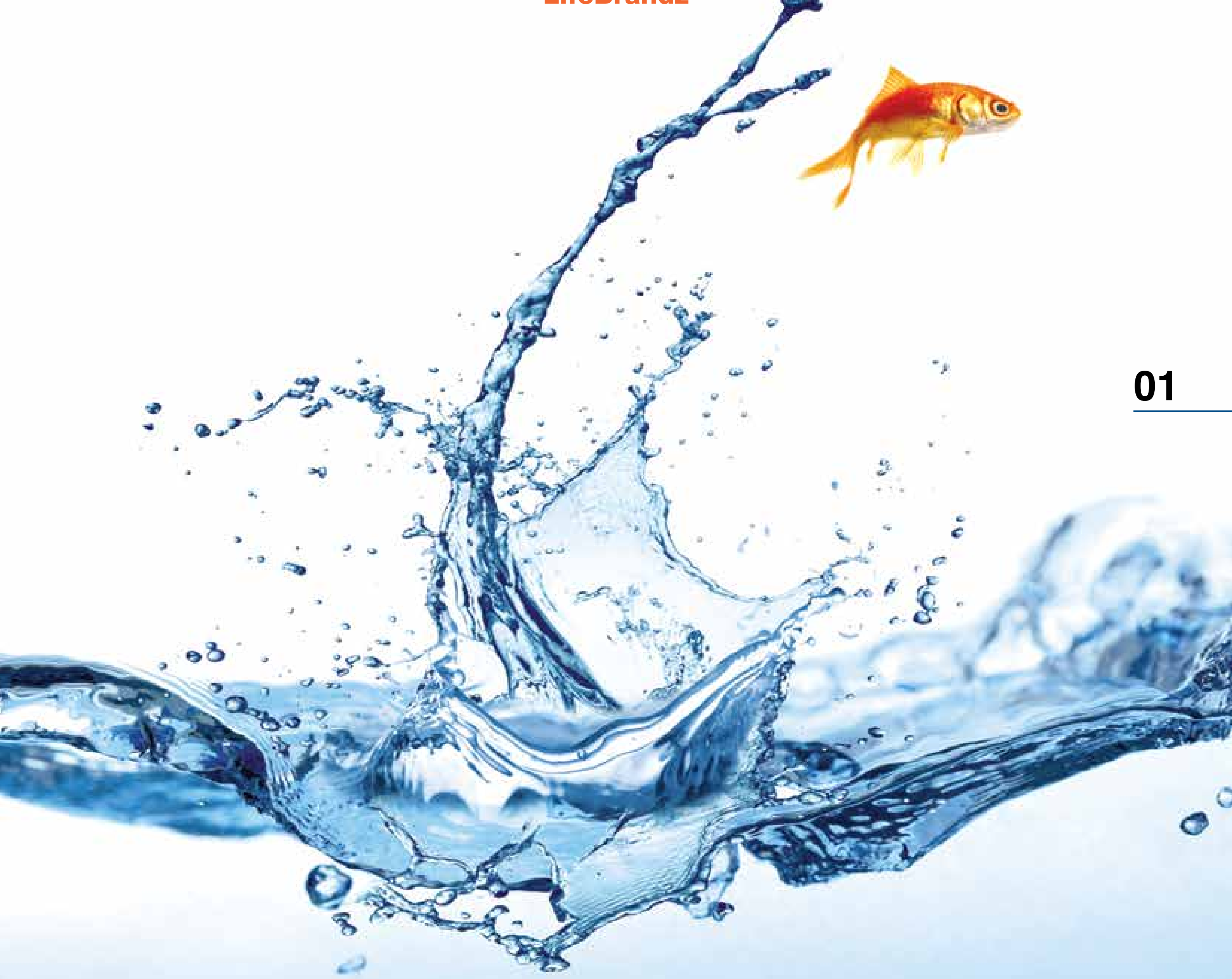
This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The details of the contact person for the Sponsor is:- **Name:** Mr. Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.) **Address:** 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 • **Tel:** +65 6381 6757

MISSION STATEMENT

We aim to be the leading-edge company in providing comprehensive services and multi-faceted solutions, including brand development & management, travel, Fintech, IT and fund management, so as to enhance the lifestyles and wealth of our customers while continuously striving to achieve growth, profitability and shareholder value.

LifeBrandz



JOURNEY OF TRANSFORMATION

By building on the successes of today, LifeBrandz is planning for greater successes tomorrow. As we embark on the journey of transformation, we seek to reinforce and fortified ourselves to create a stronger foundation for future growth.

And we will continue to meet challenges head on, evolve ourselves towards bigger goals, and enhance our role as an organization that embraces positive transformation.

ABOUT LIFEBRANDZ LTD

Established in 2001 and listed on SGX in 2004, LifeBrandz started as a brand development and management group specialising in the lifestyle and entertainment sectors.

The Group is pursuing a new strategic direction of shifting its business focus to generate stability and improve its growth prospects.

LETTERS TO SHAREHOLDERS

I am committed in building and maintaining a strong and resilient business model that can drive the Group towards long-term sustainable growth.

Saito Hiroyuki
Executive Chairman & CEO

On behalf of the Board of Directors, it is my honour to present the annual report for LifeBrandz Ltd (the "Group") for the financial year ended 31 July 2017 ("FY2017"). This is my maiden report, having been appointed Executive Chairman and Chief Executive Officer on 5 May 2017. I am humbled by the trust placed upon me by the Board and will work with all stakeholders to the best of my ability in creating sustainable growth and value to the Group.

2017 has been an eventful year with the winds of change bringing about unfamiliar events and new uncertainties. An indication that circumstances remain ever challenging, but simultaneously also a beacon of hope and opportunity.

The Group made a decisive move in FY2015 to divest most of its interests in the highly saturated lifestyle and entertainment sector and we are just starting to see the results of taking a diversification approach in the long-term growth strategy in order to better position the Group to achieve sustainable growth in the long run. The basis of our decisions is and will remain a resolution in building a strong and resilient business model geared towards long-term sustainable growth.

While we seek new opportunities, we continue to assert our protocol of meticulous prudence in conjunction with deliberate strategy. This operating philosophy saw us through FY2017 and will continue to guide us for the years to come. With your continued support, I am confident that the Group will re-position and establish itself to deliver even greater value to all stakeholders.

SIGNIFICANT EVENTS

In January 2017, the Group proposed for every fifty existing Shares registered in the name of each Shareholder to be consolidated to constitute one Consolidated Share. This was completed on 25 April 2017.

The Group announced the proposed renounceable non-underwritten rights cum warrants issue on the basis of two (2) rights shares with two (2) warrants for every one (1) existing share held. The Group further announced that the rights cum warrants issue exercise was completed on 5 June 2017.

As part of transitioning process towards sustainable growth, the Group proposed and completed the acquisition of e-Holidays Co., Ltd. along with the inclusion of new businesses to provide more opportunities to create greater value for all stakeholders. The new businesses constitute the Travel Businesses, the Fintech and IT Businesses and the Fund Management Businesses ("New Businesses").

These new segments are envisaged to be the necessary springboard to propel us through prevailing and expected challenges, so that we will emerge refreshed, revitalized and ready for bigger successes.

LETTERS TO SHAREHOLDERS

THE YEAR IN REVIEW

The Singapore economy saw a modest 1.8% growth for calendar year 2016, from 2.1% for 2015 and 2.9% in 2014. This marks the weakest annual rate of growth for Singapore since 2009. At global scale, the world economy became more uncertain and vulnerable to downside risks and remained anaemic especially with China turning to a consumption-driven economy and the uncertainties of possible protectionism by the United States.

The Ministry of Trade and Industry (MTI) has narrowed the GDP growth forecast for the year to between 2.0% and 3.0%, from the 1.0% to 3.0% previously. MTI has also announced that global growth in 2017 is on track to come in higher than last year, however, downside risks continue to linger from negative factors such as the steeper-than-intended credit pullback in China and anti-globalisation sentiments.

In light of the crucial landscape we are set in, the Group will persist in the strategy of revenue and risk diversification that continues in FY2018. We are positioning the Group such that we will not become highly dependent on and vulnerable to any single market. Concurrently, we are considering various opportunities to commence and undertake in the aforementioned New Businesses.

FINANCIAL REVIEW

In FY2017, the Group achieved a revenue of S$0.7 million, down 32% from S$1.02 million in the previous financial year. The decline in revenue was largely due to slower F&B sales activites for Mulligan's in Thailand. Possibly owing to effects of the economical and weather climate, along with the death of King Bhumibol Adulyadej which prompted the authorities to curtail music at tourist sites, the outlet saw a decline in tourist arrival and patronage. Trading activities for the year has also contributed to the drop in sales due to the economic slowdown.

We remain firmly rooted to the belief in the potential for returns on investment. Thailand (much like ASEAN at the broader level) has a burgeoning middle class with substantial purchasing power, and is anticipated to further develop over the next decade. Taking a long-term view, we remain committed in maintaining and growing our presence and concept, with a view to leverage on the eventual upswing that is in sight and gaining momentum.

Total expenses in FY2017 dropped by 13% to S$1.85 million with collective efforts in reducing and controlling all related expenses and an effective operations structure. A large part was due to the decrease in inventories and consumables usage, which saw a decrease of 47% to $0.26 million. Advertising, media and entertainment expenses dropped by 69% to S$0.01 million due to reduced advertising and marketing activities, along with cost control efforts by the operations on related expenses. Employee benefits also saw a decrease of 14% to S$0.8 million, largely due to related cost structure deployment and provisions. Amortisation and depreciation decreased by 71% to under S$0.01 million due to lesser depreciation charges incurred for the year.

While the Group saw rental on operating lease increase by 6% to S$0.23 million mainly stemming from rental expenses of head office premises and facilities, legal and professional fees too increased, by 26% to S$0.33 million as there were more related payout for business consulting and advisory services. Other operating expenses for the year also saw an increase of 19% to $0.22 million, mainly resulting from the processing and lodgement fee of the right issues exercise.

Though revenue has shrunk from the drop in sales activities, with a contained cost structure, the Group registered a loss of S$1.14 million in FY2017, a 7% increase compared to FY2016. As at the end of the financial year, the Group has no outstanding loans from banks and financial institutions. Cash and cash equivalents stood at S$2.21 million at the end of FY2017 mainly due to the cash proceeds from the right issues and placement of new shares. With that, we are well-poised to source for opportunities to embark on New Businesses, other injections and fund-raising activities to propel us forward.

PRUDENCE & RISK MANAGEMENT

I am committed in building and maintaining a strong and resilient business model that can drive the Group towards long-term sustainable growth. An essential element of sustainable growth is a high standard of governance and risk management. We believe that good governance will strengthen our fundamentals and place the Group on a solid platform for business development and growth. The Group's strong governance and risk management protocols remain in place for the year in review. We will exercise prudence in reviewing and evaluating risks associated with any investment opportunity. Always, the interests of our shareholders will take precedence. With this unwavering approach, we will adopt a long-term sustainability perspective, focusing on creating value and delivering stable returns to all stakeholders.

OUTLOOK FOR FY2018

With the possibilities and opportunities of the New Businesses to be added, along with the picking up of the economy, both locally and globally, a journey of transformation and course of progress lies ahead for the Group.

Going forward, the Group will continuously explore and strategically identify promising opportunities for development and growth while keeping a corporate mindset and culture that is actively open to possibilities. The Group will advance with rigorous corporate governance, robust acumen and stringent risk assessment so as to safeguard the interests of all our stakeholders.

APPRECIATION

To our valued shareholders who have stood by us, on behalf of the Group, I thank you for your understanding and patience as we strive to put the Group onto an avenue of long-term growth.

To the Directors, your guidance and advice has been invaluable in steering the Group in the right direction.

Finally, to the management and staff, I thank each and every one of you for your earnest hard work. It is only through your support and efforts that the Group was able to emerge fortuitously despite yet another challenging year.

Saito Hiroyuki
Executive Chairman & CEO

BUSINESS REVIEW

Established in 2001 and listed on SGX in 2004, Lifebrandz started as a brand development and management group specializing in the lifestyle and entertainment sectors.

The Group transferred the listing on the SGX-ST from the Main Board to the Catalist Board on 4 December 2015.

Swiftly growing from strength to strength, the Group quickly established itself as an industry leader, setting benchmarks for nightlife revelry and exceptional dining experiences, all accomplished in state-of-the-art venues designed for dynamic crowds who believe in enjoying life to the fullest. These included Ministry of Sound, Zirca, The Clinic and AQUANOVA. Subsequently, the Group further launched a series of restaurants and night-entertainment outlets throughout Singapore along with Mulligan's Irish Pub in Pattaya, Thailand.

Over the years, the Group had always been proactive in adapting to changing consumers' taste and lifestyle preferences by constantly revamping unsustainable outlets and launching new concepts. The lifestyle and entertainment industry, however, faced strong headwinds buckling from stiff competition due to the influx of new players entering the market. This culminated in diminishing revenues and profitability for the Group in a fast saturating industry amidst a subdued economic climate that lead to lower patronage, along with harsh government restrictions on liquor licensing hours.

We had continued to reinvent and introduce new concepts until the situation reached a turning point in March 2015. This was when Lifebrandz made a decision to cease its core business. The Group divested all its F&B and entertainment interests in Singapore, with the exception of Mulligan's Irish Pub in Thailand, which continues its presence and operations.

As reported in previous years' annual reports, the Group is transitioning to a new corporate strategy of diversification, formed as a response to persistent economic headwinds and a hedge against downside risks that were escalating in the lifestyle and entertainment market. Lifebrandz has distinct direction and clear objectives to position and structure the core business activity for better growth and profitability to the Group.

Amplifying the same approach in FY2017, the Group is and has been seeking and exploring opportunities in other businesses with good prospects for growth in the long run. In August 2017, the Group has announced the proposed diversification of the business to include the Travel Businesses, the Fintech Businesses, as well as the Fund Management Businesses. These businesses are well-positioned to capitalize on growth propsects of Singapore, Japan and the Asia-Pacific region, as well as tap onto their respective growing demands, especially in the case of the Fintech industry as technology in the financial industry enters into an era of accelerated growth. Additionally, the Group also completed the acquisition of e-Holidays Co., Ltd., initiating the much-anticipated shift in sectors and alluding the dawn of a new beginning.

The New Businesses are envisioned to have the potential to provide additional and recurrent revenue streams while reducing reliance on the Existing Businesses. Furthermore, these are likely to enable the Group to enter into transactions relating to the New Businesses in the ordinary course of business while facilitating a wider network of contacts and business opportunities.

While prospecting for new opportunities to achieve our goal of long-term sustainability and profitability, the Group shall proceed with utmost care and due diligence so as to safeguard the interests of all our stakeholders and ultimately enhance value to them.

BOARD OF DIRECTORS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1

SAITO HIROYUKI

Executive Chairman / Chief Executive Officer

Mr. Saito was appointed the Executive Chairman and Chief Executive Officer of the Group on 5 May 2017. As the Chief Executive Officer, Mr. Saito is to lead the business activities and responsible for setting the strategic direction of our Group together with the Board. He will oversee the overall management of our Group, including steering the business and operations for future growth and expansion. Mr. Saito has a wide network of business dealings and activities in various sectors which will benefit the Group's strategic direction and position. He was previously the Operating Partner of New Nippon Investment Limited Partnership related to investment and business activities, and the Managing Director of C-Waves Marketing Inc with activities in marketing and product agency in Japan. Mr. Saito has a broad business background in various industries for the past 20 years and sits on the board of several companies.

2

CHNG WENG WAH

Non-Executive Director

Mr. Chng was re-designated as the Non-Executive Director on 5 May 2017. He was previously the Chief Executive Officer and Executive Director of the Group. Mr. Chng is currently a member of the Group's Audit, Nominating and Remuneration Committees. He was last re-elected as Director on 30 November 2015. Mr. Chng has a diverse background of versatile experience in various industries which cover the fields of product development, innovation, marketing and sales. He received the Asia Europe Young Entrepreneurs Award at the Berlin Asia-Europe Young Entrepreneurs Forum in 1999. He was a former Director and Deputy Chairman of Accrelist Ltd fka WE Holdings Ltd, a former director and Non-Executive Chairman of Metech International Limited and a former Non-Executive Director of AGV Group Limited. He is currently the Group CEO of DiSa Limited.

3

LIM KEE WAY IRWIN

Lead Independent Director

Mr. Irwin Lim was appointed as an Independent Director of the Group on 21 April 2004. He was last re-elected as Director on 30 November 2015. He is currently the Chairman of the Group's Audit Committee and a member of the Group's Remuneration and Nominating Committees. Mr. Lim is currently the Operating Partner of Novo Tellus Capital Partners, a private equity firm. He is also the Managing Director of Inflexion Ventures Private Ltd which is a business advisory and investment firm. Prior to that, he was the Group CFO of United Test and Assembly Centre Ltd (UTAC). Mr. Lim has vast experience in the field of venture capital and private equity activities in Asia and was previously responsible for AsiaVest Partners, TCW/YFY (Taiwan) Ltd's investments, primarily in the Southeast Asian region. Mr. Lim started his career with the Economic Development Board of Singapore. He holds a Master of Science in Management from Imperial College, University of London, and Bachelor of Science in Industrial Engineering from Columbia University. He also sits on the Board as the Lead Independent Director of MS Holdings Limited as well as Non-Executive Director of Novoflex Group.

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YOSHIO ONO

Independent Director

Mr. Yoshio Ono was appointed as an Independent Director of the Group on 22 September 2017. He is currently the Chairman of the Group's Remuneration Committee and a member of the Group's Audit and Nominating Committees. Mr. Ono actively engaged in the financial planning and advisory for more than two decades. He had worked as Financial Consultant and Financial Advisor with established organisations in Singapore and Japan, providing advisory on investment and structured products. He has wide interaction and knowledge in handling financial information and products in serving various portfolio in the related industry. He holds a Bachelor of Art in Business Administration from Aoyama Gakuin University, Japan. Mr. Ono is currently the Consultant and Director of Tourlife Consultants Pte Ltd, which provides management and consultancy services mostly to the Japanese clients.

5

KUROKAWA SHINGO

Independent Director

Mr. Kurokawa was appointed as an Independent Director of the Group on 27 October 2017. He is appointed as the Chairman of the Group's Nominating Committee and a member of the Group's Audit and Remuneration Committees. Mr. Kurokawa has wide exposures in technology development and software designs for both manufacturing and marketing establishments. He was the Chief Technology Officer of Plate Inc., where he was in charge of system development and web designing for entities involving in production and business sales services. Prior to that, he had worked as Sales & Marketing and also as Project Leader where he was responsible in areas of CRM, analysis and diagnostics services, and the setting up of related CMS and SEM projects for various companies. He has good knowledge in handling and implementing technological and information systems for various portfolio in the related industry. Mr. Kurokawa is currently the Representative Director of FASTCODING Inc., which provides system development and web content designing services.

KEY MANAGEMENT

SAITO HIROYUKI
Executive Chairman / Chief Executive Officer

Mr. Saito was appointed the Executive Chairman and Chief Executive Officer ("CEO") of the Group on 5 May 2017. As CEO, Mr. Saito is to lead the business activities and responsible for setting the strategic direction of our Group together with the Board. He will direct the overall management of our Group, including steering the business and operations for future growth and expansion. Mr. Saito has a wide network of business dealings and activities in various sectors which will benefit the Group's strategic direction and position. He was previously the Operating Partner of New Nippon Investment Limited Partnership related to investment and business activities, and the Managing Director of C-Waves Marketing Inc with activities in marketing and product agency in Japan. Mr. Saito has a diverse business background in various industries for the past 20 years.

JOE CHIANG KOK KIN
Chief Financial Officer

As Chief Financial Officer, Mr. Joe Chiang oversees the financial, accounting, corporate and business development, corporate secretarial and operation management of the Group. He also assists the CEO in formulating long-term strategy and direction for the Group and will set up financial discipline for growth and expansion. Prior to joining LifeBrandz, Mr. Chiang was the Director of Corporate Development with Fish & Co Group of Companies for the past 10 years. Mr. Chiang held various senior financial and accounting positions in local and multi-national corporations. Mr. Chiang has a Master in Business Administration, and a Fellow with the Association of International Accountants (UK). He is currently a Full Member of the Singapore Institute of Directors.

KAYOKO FRANCIS
Managing Director (Finesse Digital Pte Ltd)

Ms Kayoko Francis is appointed as the Managing Director of Finesse Digital Pte Ltd. Ms Kayoko will oversee the Fintech and Fund Management Businesses of the Group. She has more than 14 years of experience in Capital Markets and Private Wealth Management in China (Beijing & Shanghai), Hong Kong and Singapore. She has dealt with and advised both institutional and high net worth individuals. She has worked for SingAlliance as a portfolio manager and has experienced in the workings of the capital markets. Prior to that, she had good working exposures in established entities and handled various portfolios as investment advisor and equity trader for high net worth clients and institutional clients from Asia and Europe. Ms Kayoko graduated from University of London with a degree in Bachelor of Arts (Hons), majoring in Chinese and Economics, and attained relevant banking regulatory qualifications.

LIFEBRANDZ CONTINUES TO SEEK NEW OPPORTUNITIES TO EFFECT NEW GROWTH

Our long-term plan requires us to set the stage today. With commitment, dedication and prudence, LifeBrandz will reach higher, go further, and achieve greater than ever before.

CORPORATE STRUCTURE

LifeBrandz

- 100% Balcony Pte Ltd*
- 80% Cannery Holding Pte Ltd*
  - 100% Mercier Group Pte Ltd*
  - 100% The Cannery Pte Ltd*
- 100% Palms Development Pte Ltd*
- 100% Orientstar Group Limited
- 100% Mulligan's Pte Ltd*
- 100% Takumi Holidays Pte Ltd
  - 100% e-Holidays Co Ltd
- 100% Finesse Digital Pte Ltd
- 100% LB F&B Pte Ltd
- 100% LifeBrandz (Thailand) Co Ltd
  - 100% Mulligan's Co Ltd

* In the process of dissolution

CORPORATE INFORMATION

BOARD OF DIRECTORS

Saito Hiroyuki
Executive Chairman & CEO

Chng Weng Wah
Non-Executive Director

Lim Kee Way Irwin
Lead Independent Director

Yoshio Ono
Independent Director

Kurokawa Shingo
Independent Director

KEY MANAGEMENT

Saito Hiroyuki
Executive Chairman & CEO

Joe Chiang Kok Kin
Chief Financial Officer

Kayoko Francis
Managing Director (Finesse Digital Pte Ltd)

AUDIT COMMITTEE

Lim Kee Way Irwin
Chairman

Chng Weng Wah
Member

Yoshio Ono
Member

Kurokawa Shingo
Member

REMUNERATION COMMITTEE

Yoshio Ono
Chairman

Chng Weng Wah
Member

Lim Kee Way Irwin
Member

Kurokawa Shingo
Member

NOMINATING COMMITTEE

Kurokawa Shingo
Chairman

Chng Weng Wah
Member

Lim Kee Way Irwin
Member

Yoshio Ono
Member

COMPANY SECRETARY

Toon Choi Fan

REGISTERED OFFICE

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REGISTRATION NUMBER

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PARTNER-IN-CHARGE

Chan Hock Leong, Rick
(since financial year ended 31 July 2015)

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OCBC Centre
Singapore 049513

United Overseas Bank Limited
80 Raffles Place
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Singapore 048624

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of LifeBrandz Ltd (the "Company") is committed to ensure that the highest standards of corporate governance and transparency are practiced throughout the Company and its subsidiaries (the "Group"), as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial information of the Group. In view of this, the Board fully supports the principles behind the Code of Corporate Governance 2012 (the "Code"), which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual, by adopting and adapting the Code throughout the Group.

The Group has compiled substantially with the principles and guidelines of the Code. Where there are deviations from the recommendations of the Code, reasons and explanations in relation to the Company's practices are provided, where appropriate.

This statement outlines the policies adopted during the financial year ended 31 July 2017 and practiced by the Group, with specific reference given to the relevant provisions of the Code.

THE CODE

The Code is divided into four main sections:

1. Board Matters

2. Remuneration Matters

3. Accountability and Audit

4. Shareholder Rights and Responsibilities

1. BOARD MATTERS

Principle 1:
The Board's Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The principal functions of the Board are:

(a) Setting the strategic directions and long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;

(b) Reviewing and approving corporate strategies, annual budgets and financial plans, investment and divestment proposals, and major funding proposals of the Group;

(c) Reviewing and monitoring management performance towards achieving set organization goals;

(d) Reviewing the adequacy and integrity of the Company's internal controls, risk management systems, and the financial information reporting systems;

(e) Ensuring the Group's compliance to laws, regulations, policies, directives, guidelines and internal code of conduct;

(f) Approving nominations to the Board of Directors by the Nominating Committee ("NC") and endorsing the appointments of the Management team and external auditors;

(g) Reviewing and approving the remuneration packages for the Board and key executives;

(h) Ensuring accurate, adequate and timely reporting to, and communication with shareholders;

(i) Set the Group's value and standards, to identify and ensure that obligations to Shareholders and other stakeholders are understood and met; and

(j) Consider sustainability issues such as environmental and social factors as part of its strategic formulation.

CORPORATE GOVERNANCE STATEMENT

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and works with management to make objective decisions in the interests for the Company and its stakeholders. All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

Matters which are specifically reserved to the full Board for decision and approval include those involving (i) corporate strategic plans and budgets; (ii) material acquisitions and disposal of assets; (iii) major funding proposals and investments; (iv) corporate and financial restructuring; (v) group's quarterly and full-year financial result announcements; (vi) share issuances; (vii) dividends; (viii) other returns to shareholders; (ix) matters involving conflict of interests for a substantial shareholder or a Director and (x) interested person transactions.

The Board has delegated specific responsibilities to 3 committees (Audit, Nominating, and Remuneration), the details of which are set out below. These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. These committees have the authority to examine particular issues and report back to the Board with a fair recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The effectiveness of each committee is also constantly reviewed by the Board.

New directors are also informed about matters such as the Code of Dealing in the Company's shares. To keep pace with regulatory changes, the Company provides opportunities and available budget for on-going education on Board processes and best practices, as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST that will affect the Company and/or Directors in discharging their duties. Board members are also encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company works closely with professionals to provide its Directors with pertinent information in relation to changes to relevant laws, regulations and accounting standards.

The Company has a policy of providing a service agreement on the appointment of Executive Directors. New Directors upon appointment are briefed on the Group's structure, businesses, governance policy and regulatory issues. The CEO and respective members will update the new Directors in respect of their duties and obligations as a Director and how to discharge those duties and obligations efficiently and professionally. The Executive Director will update the Board regularly on business and strategic developments relating to the Group. Any updates relating to changes in the listing rules and/or corporate governance guidelines are circulated to Directors from time to time.

The Board meets at least four times a year, with additional meetings convened as necessary. Board meetings are held in Singapore and the Directors attend the meetings regularly. Mr. Nishijima Osamu was appointed as Independent Director on 27 April 2017 and has not attended any board meetings for FY2017 due to some urgent personal assignment. However, Mr. Nishijima has regularly communicated with the Board and effectively contributed his advice on the Company's matters. The matrix on the frequency of the meetings and the attendance of Directors at these meetings is set out on page 31.

Principle 2:
Board's Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this report, the Board comprises the following directors:

Mr. Saito Hiroyuki	Executive Chairman and Chief Executive Officer
Mr. Chng Weng Wah	Non-Executive Director
Mr. Lim Kee Way Irwin	Lead Independent Director
Mr. Yoshio Ono	Independent Director
Mr. Kurokawa Shingo	Independent Director

CORPORATE GOVERNANCE STATEMENT

The Board of Directors comprises five Directors, three of whom are Independent Directors. As the Chairman and CEO of the Company is the same person, the Independent Directors comprise more than half of the Board in compliance to Guideline 2.2 of the Code. All Board members bring about an independent judgment and diversified knowledge and experiences to bear on the issues of strategy, performance, resources and standards of conduct. A brief description on the background of each Director is presented on "Board of Directors" section on page 8.

During FY2017, the Group carried out a restructuring of the Board composition whereby Mr. Toh Hock Ghim and Mr. Wong Joo Wan resigned as Independent Directors on 27 April 2017. On the same date, Mr. Yamaguchi Hiroyuki and Mr. Nishijima Osamu were appointed as Independent Directors of the Group. On 5 May 2017, Mr. Chng Weng Wah resigned as Executive Director and Chief Executive Officer of the Group and was replaced by Mr. Saito Hiroyuki who assumed the position of Executive Chairman and Chief Executive Officer. On 22 September 2017, Mr. Yamaguchi Hiroyuki resigned as Independent Director and was replaced by Mr. Yoshio Ono on the same date. Subsequently, Mr. Nishijima Osamu resigned as Independent Director and was replaced by Mr. Kurokawa Shingo on 27 October 2017.

In line with the 2012 Code, the NC introduced the peer assessment of independence of each director who has served the Board beyond nine years. The peer assessments considered, amongst others, the contribution by the director, the uniqueness of his skills and participation at meetings. The NC also considers a Director's competency, participation in meetings, and ability to exercise independent and objective judgement, and ensures that there are no relationships or circumstances which will affect his judgement and ability to discharge his duties and responsibilities as a Director. The NC will review and take strict consideration of the various board committees' functions and the fulfilment of such responsibilities by the Director. Particularly rigorous review is applied in assessing the continued independence of a Director with attention paid to ensuring that his allegiance remains clearly aligned with interests of the Company and all shareholders. The NC and the Board are of the view that no individual or small group of individuals dominates the Board's decision-making process. Having carried out their review for FY 2017 and taking into account the view of the NC, the Board determined that Mr. Lim Kee Way Irwin who was appointed on 21 April 2004, be considered independent notwithstanding that he has served on the Board beyond nine years. Mr. Lim Kee Way Irwin has contributed effectively by providing impartial and autonomous views, advice and judgement. He has continued to demonstrate strong independence in character and mind in all matters. With the revamp on the composition of the Board since Mr. Lim Kee Way Irwin's first appointment, the Board is also of the opinion that Mr. Lim continues to exercise independence and is effective in his role as Independent Director of the Company.

The criterion for independence is determined based on the definition as provided in the Code. The Board considers an "independent" Director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Group. As independent Directors make up more than half of the Board, no individual or group is able to dominate the Board's decision-making process.

The independence of each Director is reviewed annually by the NC.

The Board examines its size to satisfy that it is an appropriate size for effective decision making, taking into account the nature and scope of the Company's operations. The NC is of the view that the current Board size is appropriate and able to function effectively and efficiently. The NC with the Board will continuously and progressively refresh the Board structure to instill greater knowledge and expertise to the Group. The Board comprises respected individuals from different backgrounds and who as a group provides core competence, such as business management experience, industry knowledge, financial and strategic planning experience, legal, real estate, investment and customer-based knowledge that are extensive and critical to meet the Group's objectives. The Board, taking into accounts of the NC, considers that the directors provide an appropriate balance and diversity of skills, experiences and knowledge of the Company that will provide effective governance and stewardship for the Group. Such direction takes into account the business needs and requirement of the Group and to avoid unnecessary disruption during the time of succession and refreshment to the composition of the Board and board committees.

The Company does not practice any gender preference on appointment of board member. The Board does not have a fixed policy on appointment of director basing on gender criteria. The current board members are male dominance. Appointment of director is strictly set on the competency and expertise of such candidate, and the expected interests and contributions to the business of the Group.

CORPORATE GOVERNANCE STATEMENT

The Independent Non-Executive Directors participate actively in the Board meetings. With their professional expertise and competency in their respective fields in the legal, finance, accounting and commercial sectors, collectively the Independent Non-Executive Directors provide constructive advice and guidance for effective discharge by the Board of its principal function over the Group's strategies, businesses and other affairs. The Independent Non-Executive Directors constructively challenge and support on strategy and review management objectives and monitor the reporting performance.

Where warranted, Independence Non-Executive Directors meet without the presence of Management to review any matter that may be raised privately.

Principle 3:
Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual represents a considerable concentration of power.

In the year under review, Mr. Chng Weng Wah stepped down as Executive Director and Chief Executive Officer ("CEO") of the Group on 5 May 2017 and was re-designated as Non-Executive Director on the same date. Mr. Saito Hiroyuki was appointed as Executive Chairman and CEO of the Group on 5 May 2017.

The Chief Executive Officer is responsible to the Board for all corporate governance procedures to be implemented by the Group and to ensure conformance by the Management to such practices. There is no concentration of power as the Group is run objectively on a transparent basis and the Board feels that there is adequate representation of independent and Non-Executive Directors (more than half) on the Board. All major decisions made by the Board are subject to majority approval of the Board. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority in the spirit of good corporate governance.

With Mr. Saito's wide business knowledge and contacts, and the effective composition of the members, the Board is able to lead and manage all issues and challenges of the Group.

As Chairman and CEO, Mr. Saito's functions will also involve the expected roles and responsibilities which include (i) leading the Board; (ii) managing the Board and its affairs; (iii) setting the Board agenda and ensuring timeliness and adequacy of information flow; (iv) ensuring effective communication with shareholders; (v) encouraging constructive relationship and interaction within the Board and management; (vi) facilitating effective support and contribution of Non-Executive Directors; and (vii) continuously pursuit of high standards of corporate governance. Moreover, Mr. Saito is responsible for the business strategy and direction, the implementation of corporate plans, policies and executive decision-makings of the Group.

Mr. Lim Kee Way Irwin is the Lead Independent Director who is available to shareholders in circumstances where shareholders' concerns raised through normal channels to the Executive Chairman and Chief Executive Officer or Chief Financial Officer have failed to resolve or where such communication is inappropriate. Led by the Lead Independent Director, the Independent Directors meet and communicate periodically without the presence of other directors and provide feedback to the Chairman as appropriate.

The Group does not have any concentration of power and is run objectively on a transparent basis and there is adequate representation of independent Non-Executive Directors (more than half) of the Board.

The independent Non-Executive Directors of the Company discuss issues via meetings, telephone, electronic devices as the situations require without the presence of the Executive Director.

As a general rule, Board papers are sent to the Directors in advance in order for the Directors to be adequately prepared for the meeting. Management staff who have prepared the papers are invited to present the papers at the meeting.

CORPORATE GOVERNANCE STATEMENT

Principle 4:
Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Nominating Committee

The NC comprises four members, a majority of whom, including the Chairman, are independent. The members of the NC are:

Mr. Kurokawa Shingo	Chairman and Independent Director
Mr. Yoshio Ono	Independent Director
Mr. Lim Kee Way Irwin	Lead Independent Director
Mr. Chng Weng Wah	Non-Executive Director

The NC has adopted the written terms of reference which describes the responsibilities of the NC and the proceedings at NC meetings.

The NC's principal responsibilities are as follows:

(a) To make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board, as well as ensuring there are procedures in place for the selection and appointment of Non-Executive Directors;

(b) To regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;

(c) To be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominees have the requisite qualifications and whether or not they are independent;

(d) To recommend Directors who are retiring by rotation to be put forward for re-election;

(e) To oversee the management development and succession planning of the Group;

(f) To decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations;

(g) To be responsible for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board; and

(h) To carry out such other duties as may be agreed to by the Nominating Committee and the Board.

In determining the independence of the Directors, the NC has developed a Return on Independence which is required to be completed by all Directors on an annual basis and submitted to NC for its review.

Nomination and Selection

In the event a new Director is required, the search would be through search companies, contacts and recommendations so that the Company could cast its net as wide as possible for the right candidates. The NC will identify potential candidates for appointments based on and after taking into consideration the candidates' qualification, knowledge, skills and experience, as well as his/her ability to increase the effectiveness of the Board and the Group's business. The NC will then recommend their appointments to the Board for consideration.

CORPORATE GOVERNANCE STATEMENT

Election and re-election

New Directors are appointed by way of a Board resolution, upon their nomination by the NC. In accordance with the Company's Articles of Association, these new Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Constitution of the Company also requires one-third of the Board to retire from office at each Annual General Meeting ("AGM"). Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years.

Policy on external appointments

The Group recognises that its Executive Directors may be invited to become Non-Executive Directors of other companies and that the exposure to such non-executive duties can broaden the experience and knowledge of its Executive Directors which will benefit the Group. Executive Directors are therefore allowed to accept non-executive appointments as long as these are with non-competing companies, are not likely to lead to conflicts of interests and their commitment to the Group is not compromised. Despite some of the directors having multiple Board representations, the NC is satisfied that these directors are able to and have adequately carried out their duties as Directors of the Company, after taking into consideration the number of listed company board representations and other principal commitments. The NC will continuously review the Director with multiple board representations is devoting sufficient time and attention to the affairs of the Group. Currently, the Board has not determined the maximum number of listed board representations which any Director may hold. The NC is of the view that there are currently no compelling reasons to impose a cap on the number of board representations each Director may hold as each Director is able to and have adequately carried out his duties as a Director of the Company.

Currently, the Company does not have any alternative directors.

Principle 5:
Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

In line with the principles of good corporate governance, the NC implemented and continued with the annual performance evaluation for assessing the effectiveness of the Board and its Committees. The NC had directed the Directors to perform the assessment and evaluation of its effectiveness collectively and constructively. The NC, in considering the re-nomination of any Director, had considered factors including but not limited to, the extent of their attendance, participation and contribution in the proceedings of the meetings. The results of the evaluation are used constructively by the NC to identify areas of improvement and to recommend to the Board the appropriate action to take.

Taking into consideration the current size of the Board and that three out of five Directors are independent, the NC has established review processes to assess the performance and effectiveness of the Board as a whole. The Board meets frequently and informally to discuss on group business matters and evaluate on various assessments of the Group. The NC is satisfied with the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. With such effective interaction and regular communication by the Board, individual Committee assessment and Directors' assessment are not necessary at this juncture.

The NC will initiate constant interaction to nurture better understanding and cohesion for Board members to establish good working relationship and commitment towards the Board's objectives. The purpose of such interaction and evaluation process is to increase the overall effectiveness and efficiency of the Board functions.

The NC Chairman and members will table, discuss and complete an evaluation form to assess the overall effectiveness of the Board as a whole at the end of the respective financial tenure. The appraisal process focuses on the evaluation of factors such as the size and composition of the Board, the Board's access to information, Board processes and accountability, quality of agenda, communication with key management personnel, Director's standard of conduct and quality of decision making.

No external facilitator has been used for the purpose of Board assessment in FY2017. The annual evaluation and continued improvement of the assessment has been effective and fulfilled the objectives of assessing Board performance. The Board and the NC have endeavoured to ensure that Directors appointed to the Group's business possess the necessary experience, knowledge and expertise critical to the Group's business.

CORPORATE GOVERNANCE STATEMENT

Principle 6:
Access to Information

In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board has separate and independent access to the Management and the Company Secretary at all times. Requests for information from the Board are dealt with promptly by the Management. The Board is informed of all material events and transactions as and when they occur. The Management provides the Board with monthly and quarterly reports of the Group's performance. The Management also consults with Board members regularly whenever necessary and appropriate. The Board is issued with Board papers timely and prior to Board meetings. Analysts' reports on the Company are also forwarded to the Directors on an on-going basis as and when received.

The Company Secretary or representative from the Secretary's office administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Constitution and the relevant rules and regulations applicable to the Company are complied with.

The appointment and removal of the Company Secretary are subject to the Board's approval. The Directors have separate and independent access to the Company Secretary on all related matters.

The Board in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional advisers to render professional advice. The Board takes independent professional advice as and when necessary to enable it or the independent Directors to discharge their responsibilities effectively. The cost of such service shall be borne by the Group.

2. REMUNERATION MATTERS

The Company adopted the objective as recommended by the Code to determine the remuneration for a Director so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by the particular Non-Executive Director concerned.

Principle 7:
Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Remuneration Procedure

The Code endorses, as good practice, a formal framework for fixing the remuneration packages of individuals, with a Remuneration Committee making recommendations to the Board.

Remuneration Committee

The Remuneration Committee ("RC") comprises four members, a majority of whom, including the RC Chairman, are independent. The members of the RC are:

Mr. Yoshio Ono	Chairman and Independent Director
Mr. Lim Kee Way Irwin	Lead Independent Director
Mr. Kurokawa Shingo	Independent Director
Mr. Chng Weng Wah	Non-Executive Director

The RC has adopted the written terms of reference which describes the responsibilities of RC and the proceedings at RC meetings.

The RC's principal responsibilities are as follows:

(a) To approve the structure of the compensation programme for Directors and Senior Management to ensure that the programme is competitive and sufficient to attract, retain and motivate Senior Management of the required quality to run the Company successfully;

(b) To review and recommend the remuneration packages of the Executive Directors, the CEO and key executives of the Company annually;

(c) To implement, oversee and review the administration of the LifeBrandz Employees Share Option Scheme ("ESOS"). Any matter pertaining to the ESOS and any dispute and uncertainty as to the interpretation of the ESOS, any rule, regulation or procedure thereunder or any rights under the ESOS shall be determined by the RC. The Company does not have an ESOS currently;

(d) To review the appropriateness of compensation for Non-Executive Directors, including but not limited to Directors' fees, allowances and share options;

(e) To review and recommend to the Board any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith; and

(f) To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

If necessary, the RC has the right to seek professional advice internally and/or externally pertaining to remuneration of all Directors. There was no remuneration consultant engaged for FY2017.

The Company's obligations arising in the event of termination of Executive Directors and key management personnel are contained in the respective service contracts. The RC is satisfied that the termination clauses therein are fair and reasonable.

CORPORATE GOVERNANCE STATEMENT

Principle 8:
Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Remuneration Committee will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director and key management personnel when determining their remuneration packages. In structuring and reviewing the remuneration packages, the Remuneration Committee seeks to align interests of Directors with those of shareholders and link rewards to corporate and individual performance as well as roles and responsibilities of each Director. Such performance-related remuneration should be aligned with the interest of shareholders and promote long term success of the Company. As and when appropriate, the Group will administer and manage long term incentive schemes to nurture greater motivational and retention level. The Non-Executive Director and Independent Directors receive Directors' fees in accordance with their contributions, taking into account factors such as efforts and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors.

The Independent Directors shall not be over-compensated to the extent that their independence may be compromised. All Independent Directors are paid Directors' fees that are subject to shareholders' approval at the Annual General Meeting. The remuneration for Executive Directors and key management personnel comprise a basic salary and bonus component, and the annual remuneration in the form of Directors' fees which is subject to the approval by shareholders at the Annual General Meeting. The Company entered into a service agreement with Executive Director and CEO, Mr. Saito Hiroyuki for an initial appointment period of three (3) years and it does not contain onerous removal clauses. The service agreement allows termination by either party giving not less than six months' notice in writing to the other. The Remuneration Committee is responsible for the review of compensation commitments in the service agreement, if any, in the event of early termination. The Board is of the view that the remuneration offered to the Directors and key management personnel is fair and competitive. The Remuneration Committee will carry out annual reviews of the remuneration packages of the Directors and key management personnel, having due regard to their contributions as well as the financial and commercial needs of the Group.

The Company does not have contractual provisions to allow the reclaim of incentive components of remuneration. The Remuneration Committee may recommend the Company to consider the use of contractual provisions to allow the Company to reclaim incentive pay-out components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

Principle 9:
Disclosure on Remuneration

Each Company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC recommends to the Board the framework of executive remuneration and the remuneration package for each Executive Director. In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance in the industry and the performance of the individual Directors. The remuneration packages recommended by the RC are ultimately approved by the Board. No Director is involved in deciding his own remuneration.

Remuneration package

The Company adopts a remuneration policy for staff comprising a fixed and variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus which is linked to the Group's performance as well as the individual's performance, which is assessed based on their respective key performance indicators allocated to them and their level of efficiency and productivity. Staff appraisals are conducted once every year.

CORPORATE GOVERNANCE STATEMENT

Directors' Remuneration

A breakdown showing the level and mix of each individual Director's remuneration in bands payable for FY2017 is as follows:

	2017	2016
$250,000 to below $500,000	1	1
Below $250,000	4	3
Total	5	4

Name	Remuneration Band S$	Salary %	Bonus %	*Directors' Fees %	Total %
Saito Hiroyuki	Below $250,000	100	-	-	100
Chng Weng Wah	$250,000 to below $500,000	89	-	11	100
Lim Kee Way Irwin	Below $250,000	-	-	100	100
Yamaguchi Hiroyuki	Below $250,000	-	-	100	100
Nishijima Osamu	Below $250,000	-	-	100	100

** The remuneration in the form of Directors' fee is subject to the approval of the shareholders at the forthcoming Annual General Meeting.*

Mr. Chng Weng Wah, a Non-Executive Director, has 89% of his remuneration for FY2017 comprising salary mainly derived from his tenure till 5 May 2017 as the Chief Executive Officer of the Company.

For competitive reasons, the Company discloses each individual Director's remuneration by way of respective bands of remuneration of each Director.

Remuneration of Key Employees

The table below shows the range of gross remuneration received by the Group's key executives (excluding Executive Directors) in the Company.

No. of Executives in Remuneration Bands	2017	2016
Below $250,000	1	1

- Joe Chiang Kok Kin — Chief Financial Officer

The Company has only one key executive in FY2017. In view of the confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of key executives in the annual report.

The Company does not have any employee who is an immediate family member of a Director or the CEO whose remuneration in FY2017 exceeded $50,000.

The Company does not have any employee share scheme.

The fixed component of remuneration for the Executive Director is based on the service agreements entered between the Company and the Executive Director. Similarly, the remuneration for the management personnel is based on the employment contract with them. The variable component of remuneration for both Executive Director and management personnel is linked to the performance of the Group and individual.

CORPORATE GOVERNANCE STATEMENT

3. ACCOUNTABILITY AND AUDIT

Principle 10:
Accountability

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

For all announcements (including financial performance reporting) made to the public via SGXNET and the annual report to shareholders, as required by the SGX-ST, the Board has a responsibility to present a fair assessment of the Group's position including the prospects of the Group.

To enable effective monitoring and decision-making by the Board, Management provides the Board with a continual flow of relevant information on a timely basis as well as quarterly management accounts of the Group. Particularly, prior to the release of quarterly and full year results to the public, Management will present the Group's financial performance together with explanatory details of its operations to the Audit Committee, which will review and recommend the same to the Board for approval and authorisation for the release of the results.

The Board takes adequate steps to ensure compliance with legislative and statutory requirements, and observes obligations of continuing disclosure under the Catalist Rules. The Board through Management reviews the relevant compliance reports and ensure Management seeks Board's approval of such reports or requirements. The Board also provides the Company's shareholders with periodic updates and reports through announcements where necessary with regards to the Group's business development.

Principle 11:
Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risk which the Board is willing to take in achieving its strategic objectives.

The Group has established a risk identification and management framework. With the aforesaid framework, the Group identifies key risks and undertakes appropriate measures to control and mitigate these risks. Action plans to manage the risks are continually being monitored and refined by Management and the Board. The Group reviews all significant control policies and procedures regularly, and highlights all significant matters to the AC and the Board.

The internal controls structure of the Group has been designed and put in place by Management of the Group's business units to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations. However, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

The Internal Auditors carry out internal audit on the system of internal controls at least annually and reports the findings to the AC. The Group's External Auditors, Messrs Mazars LLP have also carried out, in the course of their statutory audit, a review of the group's material internal controls. Material non-compliance and internal control weaknesses and recommendations for improvements noted during their audit were reported to the AC. The Board reviewed the adequacy of the Group's key internal controls with the assistance of the Internal and External Auditors and Management, who provide regular reports during the year to the AC in addition to the briefings and updates provided in the AC meetings.

Management will continue to review and strengthen the Group's control environment, and further refine its internal policies and procedures especially in relation to impairment assessment for property, plant and equipment and intangible assets on a timely basis.

The Board has also received assurance from the Group's CEO and CFO that financial records have been properly maintained, the financial statements provide a true and fair view of the Company's operations and finances, and the Company risk management and internal control systems in place are effective.

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Based on the internal control systems established and maintained by the Group, work performed by the Internal Auditors during the financial year, as well as the statutory audit by the External Auditors and review performed by Management, various Board committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's system of risk management and internal controls, addressing financial, operational, compliance and information technology controls risks, were adequate and effective for the financial year ended 31 July 2017.

Principle 12:
Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The role of the Audit Committee is to assist the Board in the execution of its corporate governance responsibilities within the established Board's references and requirements. The financial statements, accounting policies and system of internal accounting controls are responsibilities that fall under the ambit of the Audit Committee. The Audit Committee has its set of written terms of reference defining its scope of authority and further details of its major functions are set out below and in the Directors' Report.

The Audit Committee ("AC") comprises four members, a majority of whom, including the AC Chairman, are independent. At the date of this report, the Audit Committee comprises the following members:

Mr. Lim Kee Way Irwin	Chairman and Lead Independent Director
Mr. Kurokawa Shingo	Independent Director
Mr. Yoshio Ono	Independent Director
Mr. Chng Weng Wah	Non-Executive Director

The Board ensures that the members of the AC are qualified to discharge their responsibilities. The AC is chaired by Mr. Lim Kee Way Irwin, who holds a Master of Science in Management from Imperial College, University of London, and a Bachelor of Science in Industrial Engineering from Columbia University. The members of the AC bring with them many years of accounting, corporate finance, business management, economics, marketing expertise and investment experience.

In performing its functions, the AC confirms that it has explicit authority to investigate any matter within its terms of reference, full access to and co-operation from the Management, and has been given full discretion to invite any Director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly.

The main functions of the AC are as follows:

(a) Review with the external auditors of the Company, their audit plan, evaluation of the internal accounting controls, audit reports and any matters which the External Auditors wish to discuss (in the absence of the Management);

(b) Ensure co-operation is given by the Company's Management to the Internal and External Auditors;

(c) Review the announcement of the quarterly and year-end results to SGX-ST;

(d) Review the annual financial statements and the auditor's report on the Company's annual financial statements before they are presented to the Board, focusing on:

- going concern assumption;
- compliance with accounting standards and regulatory requirements;
- any changes in accounting policies and practices;
- significant issues arising from the audit; and
- major judgmental areas;

CORPORATE GOVERNANCE STATEMENT

(e) Review with the Management and the External Auditors the adequacy and effectiveness of the Company's risk management, internal controls, business and service systems and practices;

(f) Monitor and review related and interested party transactions and conflict of interest situations that may arise within the Group. The AC is also required to ensure that the Directors report such transactions annually to shareholders in the annual report;

(g) Review the scope, adequacy and result of the internal audit procedures;

(h) Make recommendations on the appointment and re-appointment of the External and Internal Auditors to the Board;

(i) Review significant risks or exposures that exist and assess the steps taken by the Management to minimise such risks to the Company; and

(j) Any other functions which may be agreed by the AC and the Board.

The AC has the power to conduct or authorize investigations into any matters within the AC's scope of responsibilities. The AC is authorized to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The Company has put in place a whistle-blowing policy to provide a channel to employees and any other persons to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The Group is committed to the highest possible standards of ethical, moral and legal business conduct. In line with this commitment and the Group's commitment to open communication, cases that are significant are reviewed by the AC for adequacy and independence of investigation actions and resolutions. The objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. Reporting can be done through the Company's email and telephone to the attention of the Audit Committees.

The AC carried out various activities which include reviewing quarterly and full year financial statements and recommending the same to the Board for approval; reviewing and approving interested/related parties transactions; reviewing and approving the annual audit plan; reviewing the report to the AC of the external auditors; reviewing the internal audit report by the internal auditors; reviewing the re-appointment of auditors and determining their remuneration and make recommendations to the Board for approval. Moreover, AC will keep abreast of the changes in accounting standards and issues on financial statement from the advice sought from the external auditors and outside professionals.

The AC has full access to and co-operation of the Company's Management and has full discretion to invite any Director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC, having reviewed the range and value of non-audit services performed by the External Auditors, Messrs Mazars LLP, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors. The AC has also reviewed and confirmed that Messrs Mazars LLP is a suitable audit firm to meet the Company's audit obligations, having regards to the adequacy of resources and experience of the firm, the assigned audit engagement partner, other audit engagements, size and nature of the Group, and the number and experience of supervisory and professional staff assigned to the audit. The aggregate amount of fees paid to the External Auditors of the Company, broken down into audit and non-audit services during FY2017 are disclosed in note 7 to the financial statements.

During the financial year, the external auditors were invited to attend the AC meetings at least twice to present their audit plan and report to the AC respectively while the internal auditors was invited to attend the AC meeting once to present their internal audit report.

No former partner or director of the Company's current auditing firm or auditing corporation is a member of the AC.

In line with the recommendations by ACRA, Monetary Authority of Singapore and SGX that the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on key audit matters ("KAM').

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The AC considered the KAM presented by the external auditors together with Management. The AC reviewed the KAM and concurred and agreed with the external auditors and Management on the assessment, judgements, and estimates on the significant matter reported by the external auditors.

The AC met with the External and Internal Auditors without the presence of the Management as and when necessary to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence and the observations of the auditors.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

The AC is satisfied that Rules 712 and 715 of the Catalist Rules of the SGX-ST are complied with and has recommended to the Board that, Messrs Mazars LLP be nominated for re-appointment as External Auditors at the forthcoming AGM.

Principle 13:
Internal Audit

The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

For the financial year ended 31 July 2017, the Company outsourced its internal audit function to Baker Tilly TFW, an external professional firm, who reports directly to the Chairman of AC and administratively to the Management. Baker Tilly TFW is an international, integrated and independent organization specialising in audit, accountancy, tax, legal and advisory services. Baker Tilly TFW has a network of global resources that can be reached through the membership of Baker Tilly International.

The Internal Auditor is guided by the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, is adequate and functioning in the required manner. The Internal Auditors have identified the Group's main business processes and developed an audit plan that covers the main business process.

To achieve its objectives, the Internal Auditor has unrestricted access to all record, properties and personnel of the Group. The internal auditors perform the internal audit functions and report directly to the AC which assists the Board in monitoring and managing risks and internal controls of the Group. The internal audit functions primarily focusing on whether the current system of internal control provides reasonable assurance on (i) compliance with applicable laws, regulations, policy and procedures; (ii) reliability and integrity of information; and (iii) safeguarding of assets. The AC will review the adequacy and effectively of the function of the internal audit annually. Based on the review of the internal audit, the AC believes that the Internal Auditors are independent and have the appropriate standing and adequate resources to perform its function effectively and objectively.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14:

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Board is mindful of the obligation to provide regular, effective and fair communication with Shareholders. Information is communicated to Shareholder on a timely basis via SGXNET. The Company does not practice selective disclosure. The Group's financial results and annual reports are announced or issued within the period specified under the Catalist Rules.

Notice of AGM is despatched to Shareholders together with explanatory notes or circular on items of special business (if necessary), at least fourteen (14) days prior to the meeting date. The Board is accountable to the shareholders and recognises its obligation to provide timely and fair disclosure of material information to shareholders, investors and the public. The Company ensures that Shareholders have the opportunity to participate effectively in and vote at the general meeting, and that information on the rules, including voting procedures that govern the general meeting, have been provided to the shareholders. All Shareholders are entitled to attend the general meeting. If any Shareholders are unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. The Company's current Constitution does not allow corporations which provide nominee or custodial services to appoint more than two proxies. Nonetheless, in line with the amendments to the Companies Act, chapter 50, 'relevant intermediary' which provide nominee or custodial services to third parties are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to different shares held by members.

CORPORATE GOVERNANCE STATEMENT

Principle 15:

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company believes that prompt disclosure of pertinent information and high standard of disclosure are the keys to raise the level of corporate governance. In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- SGXNET systems and news release

- Annual reports prepared and issued to all shareholders

- The Company's website at www.lifebrandz.com and investor relations site, Shareinvestor, at which shareholders can access information on the Group

Results and annual reports are announced or issued within the mandatory period. The Group has an investor relation team which communicates with its investors on a regular basis and attends to their queries. All shareholders of the Company will receive a copy of the annual report and the notice of the Annual General Meeting. The notice is also advertised in newspaper and made available at the SGX-ST's and the Company's websites.

Shareholders are strongly encouraged to participate at general meetings, which provide as the major platform for shareholders to engage and dialogue with the Company directly. Shareholders are encouraged to have open communication with the Directors and management during the general meetings on their views on matters relating to the Company.

Principle 16:

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company

Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goal. The Company encourages active shareholders' participation. During the AGM, shareholders may raise questions or share their views regarding the proposed resolutions, and the Company's businesses and affairs. The respective Chairman of the AC, NC, RC and senior management will attend to address questions relating to the progress and performance of the Group. The independent auditor would also be present to assist the Directors in addressing any relevant queries by shareholders.

The Company's Constitution currently allows a shareholder to appoint up to two proxies to attend and vote at general meetings. With effect from 3 January 2016, however, section 181(1C) of the Companies Act (Cap. 50) allows a "relevant intermediary" to appoint more than two proxies in relation to a meeting to exercise all or any of his rights to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him. "Relevant intermediary" has the meaning ascribed to it in section 181(6) of the Companies Act (Cap. 50).

Voting in absentia and electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of members through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

The Company practices having separate resolutions at general meetings on each substantially separate issue. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved.

The Company will put all resolutions to vote by poll either through manual or electronic polling. Announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meeting. The polling results are also announced to the SGX-ST on the same day.

CORPORATE GOVERNANCE STATEMENT

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management, are available to Shareholders upon written request.

The Company does not have a fixed policy on payment of dividend at present.

Risk Management

The Company does not have a Risk Management Committee. However, the management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

Dealing in Securities

The Company has complied with Rule 1204(19) of the Catalist Rules. The Company has in place a policy prohibiting share dealings by the Company, Directors and employees of the Company for the period of two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month prior to the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant results.

In addition, the Company, Directors and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term consideration.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director, or controlling shareholder for the financial year ended 31 July 2017.

Non-Sponsor Fees

There were no non-sponsor fees paid to the Company's sponsor, RHT Capital Pte. Ltd. in FY2017.

Interested Person Transactions ("IPTs")

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and those transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There have been no IPTs equal to or exceeding $100,000 in value for the financial year ended 31 July 2017.

The Company does not have a shareholders' mandate for interested person transactions.

Name of Interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Nil	Nil	Nil

CORPORATE GOVERNANCE STATEMENT

Use of Rights Issue and Placement Proceeds

The Board of Directors of LifeBrandz Ltd ("the Company") refers to the announcement made on 24 January 2017 and 5 June 2017 in relation to the renounceable non-underwritten rights cum warrants issue, and listing and quotation of the 122,399,992 rights shares and warrants respectively, wishes to provide an update on the usage of the net proceeds of S$2,930,000 as follows:

Intended use of net proceeds	Net Proceeds from right issues of shares S$'000	Cumulative Amount utilised as at the date of announcement S$'000	Balance of net proceeds as at the date of the announcement S$'000
Business Acquisition and Expansion	1,172	-	1,172
Working Capital	1,758	(924) *	834
Total	**2,930**	**(924)** *	**2,006**

Note: *

The breakdown of the working capital utilised was as follows:

	S$'000
Salaries and related expenses	489
Director fees	120
Professional fees	217
Operating expenses	98
Total	924

The use of proceeds is in accordance with the intended use. The Company will continue to provide periodic announcement on the utilization of the balance of the net proceed as and when the proceeds are materially disbursed.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of LifeBrandz Ltd ("the Company") refers to the announcement made on 14 July 2017 in relation to the completion of 10,420,000 new ordinary shares at the issue price of S$0.048 per placement share in the share capital of the Company, and wishes to provide the update on the usage of the net placement proceeds of S$483,660.00 as follows:

Intended use of net proceeds	Net Proceeds from placement of shares	Amount utilised as at the date of announcement	Balance of net proceeds as at the date of the announcement
	S$'000	S$'000	S$'000
Working Capital	484	(407) *	77
Total	484	(407) *	77

Note: *

The breakdown of the working capital utilised was as follows:

	S$'000
Salaries & related expenses	192
Professional fees	70
Operating expenses	145
Total	407

The use of proceeds is in accordance with the intended use. The Company will continue to provide periodic announcement on the utilization of the balance of the net proceed as and when the proceeds are materially disbursed.

Summary of Committee Meetings

The number of Board and Board Committee meetings held during the financial year ended 31 July 2017 and the attendance of each Director where relevant is as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	4	1	1
No. of meetings attended by respective Directors:				
Saito Hiroyuki (1)	2	NA	NA	NA
Chng Weng Wah	2	0	0	0
Lim Kee Way Irwin	4	4	1	1
Yamaguchi Hiroyuki (2)	0	1	0	0
Nishijima Osamu (3)	0	0	0	0
Yoshio Ono (4)	1	1	1	1

(1) Mr. Saito Hiroyuki was appointed Executive Chairman and Chief Executive Officer on 5 May 2017
(2) Mr. Yamaguchi Hiroyuki was appointed as Independent Director on 27 April 2017 and resigned on 22 September 2017
(3) Mr. Nishijima Osamu was appointed as Independent Director on 27 April 2017 and resigned on 27 October 2017
(4) Mr. Yoshio Ono was appointed as Independent Director on 22 September 2017

STATUTORY REPORTS AND FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of LifeBrandz Ltd (the "Company") and its subsidiaries (collectively, the "Group"), and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 July 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are drawn up so as to give a true and fair view of the statement of financial position of the Group and Company as at 31 July 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

<u>Executive Chairman and Chief Executive Officer</u>

Saito Hiroyuki	(Appointed on 5 May 2017)

<u>Non-executive Director</u>

Chng Weng Wah	(Resigned as Chief Executive Officer and appointed as non-executive director on 5 May 2017)

<u>Independent Non-executive Directors</u>

Lim Kee Way Irwin	
Nishijima Osamu	(Appointed on 27 April 2017)
Yoshio Ono	(Appointed on 22 September 2017)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, except as disclosed in paragraph 4, 5 and 6 below.

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES, WARRANTS AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' shareholdings kept by the Company under section 164 of the Act, except as disclosed below:

	Direct interest			Deemed interest		
Name of director	At beginning of financial year	At end of financial year	As at 21 August 2017	At beginning of financial year	At end of financial year	As at 21 August 2017
Ordinary shares of the Company						
Saito Hiroyuki	-	-	-	-	18,387,340	28,227,340
Chng Weng Wah	-	-	-	279,798,000	180	180
Warrants of the Company						
Saito Hiroyuki	-	-	-	-	11,191,560	17,751,560

5. SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

6. WARRANTS

On 5 June 2017, the Company issued 122,399,992 warrants, pursuant to Rights Cum Warrants Issue, each warrant carrying the right to subscribe for one new ordinary in the capital of the Company at the exercise price of S$0.05 during the period commencing on and including the date falling 12 months from the date of issue of the Warrants and expiring on the date immediately preceding 24 months from such date of issue, on the basis of two Rights Share with two Warrants for every one existing ordinary shares in the capital of the Company, held by the shareholders of the Company as determined by the directors for the purpose of determining the entitlements of the Entitled Shareholders under the Rights cum Warrants Issue, fractional entitlements to be disregarded.

As at 31 July 2017, the details of the warrants issued by the Company are set out as below:

Date of issue	Warrants issued	Warrants expired	Warrants exercised	At 31 July 2017	Exercise price per share	Expiry date
					S$	
5 June 2017	122,399,992	-	-	122,399,992	0.05	4 June 2019

7. AUDIT COMMITTEE

The Audit Committee of the Company comprises four non-executive directors and at the date of this statement, they are:

Lim Kee Way Irwin (Chairman)
Chng Weng Wah
Nishijima Osamu
Yoshio Ono

The Audit Committee has convened four meetings during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Act. In performing those functions, the Audit Committee review:

(i) the audit plans and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group;

(ii) the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

(iii) the Group's quarterly and annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;

(iv) the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;

(v) the adequacy of the Group's risk management processes;

(vi) the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

(vii) the interested person transactions in accordance with SGX listing rules;

(viii) the nomination of external auditors and approval of their compensation; and

(ix) the submission of report of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

DIRECTORS' STATEMENT

8. AUDITORS

The auditors, Mazars LLP, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors

Saito Hiroyuki
Director

Lim Kee Way Irwin
Director

Singapore
23 October 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFEBRANDZ LTD

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of LifeBrandz Ltd (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 July 2017, and the consolidated statements of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on Page 43 to 80.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2017 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statement.

As in all our audits, we exercised our professional judgment in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

For the audit of the current year's financial statements, we identified 2 significant components which required a full scope audit of their financial information, either because of their size or their risk characteristics, providing 100% coverage of the Group's revenue, 88% coverage of the Group's loss before tax and 96% of the Group's total assets.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFEBRANDZ LTD

Overview (Continued)

These significant components were audited by other Mazars offices as component auditors under our instructions. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group financial statements as a whole which include but are not limited to the following:

– Issuance of a set of comprehensive Group audit instructions to the component auditors to inform them about key audit matters such as the component materiality thresholds, risks of material misstatements identified at the Group level, specific audit procedures, reporting deliverables and the necessity of timely communication to us of matters that could have a material impact on the Group's operations and financials;

– Review of the audit plans of significant components prepared by the component auditors and where deemed necessary, dictated additional audit procedures to be performed by them;

– On-site review of audit working files prepared by component auditors relating to the Group's significant components;

– Holding of teleconferences with the component auditors, as and when deemed necessary during the course of audit, to discuss about matters, including the audit approach and any other significant matters;

– Holding of closing meetings with the Group finance team of significant components, including the Chief Financial Controller, and the corresponding component auditors to resolve issues and matters;

– Provision of regular updates to the Group's management about the progress of the Group audit and, as and when deemed necessary, any significant accounting and audit issues we encountered during the course of the Group audit such that these issues can be resolved on a timely basis to facilitate the progress of the audit; and

– Site-visit of the Group's significant components.

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors. We will elaborate on the salient areas in the key audit matters below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFEBRANDZ LTD

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters include the aforementioned salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matter	Audit response
Investment in subsidiaries (refer to Note 12 to the financial statements) **Amount due from subsidiaries (refer to Note 14 to the financial statements)**	
As at 31 July 2017, the Company's carrying amounts of investments in subsidiaries and amount due from subsidiaries amounted to S$100,000 and S$120,000 (after impairment) respectively. At 31 July 2017, management noted indication of impairment of investment in subsidiary. Management therefore performed an impairment assessment to compute the value-in-use which is the present value of the future cash flows expected to be derived from the investment in Mulligan's Co Ltd. In addition, the Company follows the guidance of FRS 39 *Financial Instruments: Recognition and Measurement* to determine when amount due from subsidiaries as at 31 July 2017 are impaired. This determination requires certain level of judgement. This is a key audit matter because the value in use and assessment of the recoverability of amount due from subsidiaries requires judgement. Significant judgement was made in determining the key estimates used in value in use, including the discount rate and revenue growth rates. Based on the above assessments, an impairment of investment in subsidiaries of S$321,000 and provision for amount due from subsidiaries of S$901,000 were recognised.	Our audit procedures included the following: • Reviewing the cash flow forecast prepared by management subsequent to the reporting date; and • Challenging and where applicable, verifying the reasonableness of the basis and key assumptions used by management in the cash flow forecast. • Reviewing the sensitivity analysis to assess the impact on the value-in-use subsequent to reasonably possible changes to the key assumptions for adequacy of disclosure in the financial statements. • Reviewing the management accounts and audited account of the subsidiaries as well as subsequent collection from the subsidiaries.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFEBRANDZ LTD

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFEBRANDZ LTD

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFEBRANDZ LTD

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Chan Hock Leong, Rick.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
23 October 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

		Group	
	Note	**2017**	**2016**
		$'000	**$'000**
Revenue	4	696	1,022
Other operating income	5	23	48
		719	1,070
Expenses			
Inventories and consumables used	13	(260)	(491)
Amortisation and depreciation		(2)	(7)
Employee benefits	6	(799)	(929)
Advertising, media and entertainment		(11)	(36)
Rental on operating leases		(229)	(217)
Transportation		(2)	(1)
Legal and professional fee	7	(334)	(266)
Other operating expenses	8	(215)	(182)
Changes in inventories of finished goods		3	(4)
Loss before income tax		(1,130)	(1,063)
Income tax expense	9	(7)	(4)
Loss for the financial year		(1,137)	(1,067)
Other comprehensive (loss)/income:			
Item that may be reclassified subsequently to profit or loss, net of taxation			
Exchange differences on translating foreign operations		(17)	4
Total comprehensive loss for the financial year		(1,154)	(1,063)
Loss for the financial year attributable to:			
Owners of the Company		(1,133)	(1,064)
Non-controlling interest		(4)	(3)
Loss for the financial year		(1,137)	(1,067)
Total comprehensive loss for the financial year attributable to:			
Owners of the Company		(1,150)	(1,060)
Non-controlling interest		(4)	(3)
Total comprehensive loss for the financial year		(1,154)	(1,063)
Loss per share attributable to owner of the Company (Cents)			
Basic and diluted loss per share	10	(1.11)	(1.50)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2017

	Note	Group		Company	
		2017	**2016**	**2017**	**2016**
		$'000	**$'000**	**$'000**	**$'000**
ASSETS					
Non-current assets					
Plant and equipment	11	7	6	4	2
Investment in subsidiaries	12	-	-	100	321
Total non-current assets		7	6	104	323
Current assets					
Inventories	13	12	9	-	-
Trade and other receivables	14	207	227	178	566
Cash and cash equivalents	15	2,213	93	2,098	77
Total current assets		2,432	329	2,276	643
Total assets		2,439	335	2,380	966
EQUITY AND LIABILITIES					
Equity					
Share capital	16	58,500	55,086	58,500	55,086
Foreign currency translation reserve		(42)	(25)	-	-
Accumulated losses		(56,356)	(55,223)	(56,370)	(54,496)
Equity attributable to owners of the Company		2,102	(162)	2,130	590
Non-controlling interest		-	4	-	-
Total equity		2,102	(158)	2,130	590
Current liability					
Trade and other payables	17	337	493	250	376
Total current liability		337	493	250	376
Total equity and liability		2,439	335	2,380	966

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	Attributable to owners of the Company				
Group	**Share capital (Note 16)**	**Foreign currency translation reserve[a]**	**Accumulated losses**	**Non-controlling interest**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 1 August 2015	55,086	(29)	(54,159)	7	905
Loss for the financial year	-	-	(1,064)	(3)	(1,067)
Other comprehensive income:					
Exchange differences on translating foreign operations	-	4	-	-	4
Total comprehensive income/(loss) for the financial year	-	4	(1,064)	(3)	(1,063)
At 31 July 2016	55,086	(25)	(55,223)	4	(158)
Contributions by owners:					
Issuance of shares	3,560	-	-	-	3,560
Share issuance expense	(146)	-	-	-	(146)
Total contributions by owners	3,414	-	-	-	3,414
Loss for the financial year	-	-	(1,133)	(4)	(1,137)
Other comprehensive income:					
Exchange differences on translating foreign operations	-	(17)	-	-	(17)
Total comprehensive loss for the financial year	-	(17)	(1,133)	(4)	(1,154)
At 31 July 2017	58,500	(42)	(56,356)	-	2,102

[a] The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

Company	**Share capital (Note 16)**	**Accumulated losses**	**Total**
	$'000	**$'000**	**$'000**
At 1 August 2015	55,086	(54,456)	630
Loss for the year, representing total comprehensive loss for the financial year	-	(40)	(40)
At 31 July 2016	55,086	(54,496)	590
Contributions by owners:			
Issuance of shares	3,560	-	3,560
Share issuance expense	(146)	-	(146)
Total contributions by owners	3,414	-	3,414
Loss for the year, representing total comprehensive loss for the financial year	-	(1,874)	(1,874)
At 31 July 2017	58,500	(56,370)	2,130

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	2017	2016
	$'000	**$'000**
Operating activities		
Loss before income tax	(1,130)	(1,063)
Adjustment for:		
Depreciation of plant and equipment	2	7
Operating cash flows before changes in working capital	(1,128)	(1,056)
Changes in working capital		
(Increase)/Decrease in inventories	(3)	4
Decrease in trade and other receivables	20	63
(Decrease)/Increase in trade and other payables	(156)	2
Cash flows used in operations	(1,267)	(987)
Income tax paid	(7)	(4)
Net cash flows used in operating activities	(1,274)	(991)
Investing activities		
Purchase of plant and equipment	(3)	(4)
Exchange realignment	(17)	4
Net cash flows used in investing activities	(20)	-
Financing activities		
Proceeds from issuance of shares	3,560	-
Share issuance expense	(146)	-
Net cash flows generated from financing activities	3,414	-
Net increase/(decrease) in cash and cash equivalents	2,120	(991)
Cash and cash equivalents at beginning of financial year	93	1,084
Cash and cash equivalents at end of financial year (Note 15)	2,213	93

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

LifeBrandz Ltd (the "Company") (Registration No: 200311348E) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The registered office and principal place of business of the Company is located at 80 Raffles Place #41-02 UOB Plaza 1, Singapore 048624.

The principal activity of the Company is that of investment holding. The principal activities of the respective subsidiaries are those of the lifestyle and entertainment businesses as disclosed in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 July 2017 were authorised for issue by the Board of Directors on 23 October 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs") including related Interpretations of FRS ("INT FRS") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("$'000"), unless otherwise indicated.

In the current financial year, the Group has adopted all the new and revised FRSs and INT FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 August 2016. The adoption of these new/revised FRSs and INT FRSs did not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective:

	Description	Effective date (annual periods beginning on or after)
FRS 7	Amendments to FRS 7: *Disclosure Initiative*	1 January 2017
FRS 12	Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 109	*Financial Instruments*	1 January 2018
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
FRS 115	Amendments to FRS 115: Effective Date of FRS 115	1 January 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116	*Leases*	1 January 2019
Various	Improvements to FRSs (December 2016)	Various
INT FRS 122	*Foreign Currency Transactions and Advance Considerations*	1 January 2018

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group has not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in the financial year ended 31 July 2017. Other than the following standards, management anticipates that the adoption of the aforementioned new or revised standards will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

<u>FRS 109 *Financial Instruments*</u>

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS 109 *Financial Instruments (Continued)*

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in FRS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognised lifetime expected credit losses on the affected assets.

The Group is still assessing the potential impact of FRS 109 on its financial statements in the initial year of adoption.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services* to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Entities are required to adopt a five-step model which requires (i) their identification of the contract; (ii) their identification of the performance obligations in the contract; (iii) the determination of transaction price; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

The core principle is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Group is still assessing the potential impact of FRS 115 on its financial statements in the initial year of adoption.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* to set out the principles for the recognition, measurement, presentation and disclosure of leases. The changes introduced by FRS 116 will primarily affect the financial statements of the lessees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS 116 *Leases* (Continued)

FRS 116 requires, with limited exceptions, the lessee to recognize, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payments, and right-of-use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of "low-value" assets and qualifying short term leases entered into by lessees can be exempted from the new recognition criteria.

The Group is still assessing the potential impact of FRS 116 on its financial statements in the initial year of adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; is able to reliably measure the amount of revenue and the costs incurred or to be incurred in respect of the transaction; and assesses that it is probable for the economic benefits associated with the transaction to flow to the entity.

<u>Operating fee revenue</u>

Operating fee revenue is recognised based on the contractual terms as established with respective contractual parties.

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.4 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised on taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

2.7 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Plant and equipment

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

• Computer equipment	3 years
• Motor vehicle, office and operating equipment	3 years
• Furniture and fixtures	over the remaining lease period of 3 years
• Leasehold improvement and renovations	over the remaining lease period of 3 years
• Plant and equipment	3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of plant and equipment is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.8 Impairment of assets

The Group reviews the carrying amounts of its assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date - the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs. The Group's financial assets consists only loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statements of financial position when and only when, an entity:

(a) currently has a legally enforceable right to set-off the recognized amounts; and
(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is measured based on weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with financial institutions, and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating leases

Lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Provisions (Continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

2.15 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- (viii) The entity, or any member of a group of which it is a part, provides key management personal services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Related parties (Continued)

The effect of the Group's and the Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of that company.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the respective entities operate and the respective entities' process of determining sales prices.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of plant and equipment

The Group depreciates the plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's plant and equipment at 31 July 2017 were $7,000 (2016: $6,000) and $4,000 (2016: $2,000) (Note 11) respectively.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Impairment of investment in subsidiaries and amount due from subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments and amount due from subsidiaries are impaired. Where applicable, the Company's assessments are based on the estimation of the value-in-use of the assets defined in FRS 36 *Impairment of Assets* by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investment in subsidiaries and amount due from subsidiaries as at 31 July 2017 was $100,000 (2016: $321,000) (Note 12) and $120,000 (2016: $477,000) (Note 14) respectively.

Impairment of loans and other receivables

The Group assesses its loans and receivables on a continuous basis for any objective evidence of impairment by considering factors, including the ageing profile, the creditworthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and the Company's loans and other receivables as at 31 July 2017 were $2,364,000 (2016: $260,000) and $2,253,000 (2016: $611,000) (Note 21) respectively.

4. REVENUE

	Group	
	2017	**2016**
	$'000	**$'000**
Food and beverage revenue	694	827
Franchise and royalty fees	-	1
Tobacco product revenue	2	2
Trading revenue	-	192
	696	1,022

5. OTHER OPERATING INCOME

	Group	
	2017	**2016**
	$'000	**$'000**
Net foreign exchange gain	22	-
Interest income from fixed deposit	*	*
Reversal of overprovision of accrued expenses	-	40
Others	1	8
	23	48

** denotes less than $1,000.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

6. EMPLOYEE BENEFITS

	Group	
	2017	**2016**
	$'000	**$'000**
Wages and salaries and related benefits	691	776
Directors' fees	75	120
Employer's contribution to Central Provident Fund	31	33
Other benefits and related expenses	2	-
	799	929

7. LEGAL AND PROFESSIONAL FEES

Legal and professional fees included the following for the years ended 31 July:

	Group	
	2017	**2016**
	$'000	**$'000**
Legal fees	-	*
Audit fees paid to auditors:		
- Auditors of the Group	74	86
Non-audit fees paid to auditors:		
- Auditor of the Group	5	10
- Other auditor	8	7

** denotes less than $1,000.*

8. OTHER OPERATING EXPENSES

The following items have been included in arriving at other operating expenses:

	Group	
	2017	**2016**
	$'000	**$'000**
IT services expense	3	3
Printing	44	6
Utilities	26	25
Repairs and maintenance	4	7
Net foreign exchange loss	-	10

9. INCOME TAX EXPENSE

	Group	
	2017	**2016**
	$'000	**$'000**
Current tax expense		
Current financial year	-	4
Under-provision in prior financial years	7	-
	7	4

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2016: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. There were no changes in the enterprise income tax of the different applicable jurisdictions in the current year from the last year.

Reconciliation of effective tax rate is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Total loss before income tax	(1,130)	(1,063)
Tax at the applicable tax rate of 17% (2016: 17%)	(192)	(181)
Adjustments:		
Non-deductible expenses	-	1
Different tax rates of overseas operations	(5)	3
Deferred tax assets not recognised	195	177
Under-provision in prior financial years	7	-
Others	2	4
Total income tax expense for the financial year	7	4

As at 31 July 2017, the Group has unabsorbed tax losses and capital allowances of approximately $7,644,000 and $6,000 (2016: $6,501,000 and $3,000) respectively that are available for offset against future taxable profits of the companies in which they arose and for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses and capital allowances are subject to agreement of the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

10. LOSS PER SHARE

Basic loss per share are calculated by dividing the loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share are the same as basic loss per share as 122,399,992 (2016: Nil) warrants granted under the Rights cum Warrants issue have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

	Group	
	2017	**2016**
	$'000	**$'000**
Net loss attributable to owners of the Company	(1,133)	(1,064)
Basic and diluted loss per share (cents per share)	(1.11)	(1.50)
	No. of shares	**No. of shares**
	'000	**'000**
Weighted average number of ordinary shares	102,365	61,200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

11. PLANT AND EQUIPMENT

Group	Computer equipment	Motor vehicle, office and operating equipment	Furniture and fixtures	Leasehold improvement and renovation	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At 1 August 2015	94	31	95	478	134	832
Additions	2	-	2	-	-	4
Write-off	(35)	-	-	-	-	(35)
Exchange translation differences	-	-	-	(3)	-	(3)
At 31 July 2016	61	31	97	475	134	798
Additions	3	-	-	-	-	3
Write-off	-	(29)	-	-	-	(29)
Exchange translation differences	2	-	5	25	7	39
At 31 July 2017	66	2	102	500	141	811
Accumulated depreciation:						
At 1 August 2015	92	31	93	474	133	823
Depreciation	2	-	1	4	-	7
Write-off	(35)	-	-	-	-	(35)
Exchange translation differences	-	-	-	(3)	-	(3)
At 31 July 2016	59	31	94	475	133	792
Depreciation	1	-	1	-	-	2
Write-off	-	(29)	-	-	-	(29)
Exchange translation differences	2	-	5	25	7	39
At 31 July 2017	62	2	100	500	140	804
Net carrying value:						
At 31 July 2017	4	-	2	-	1	7
At 31 July 2016	2	-	3	-	1	6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

11. PLANT AND EQUIPMENT (CONTINUED)

Company	Computer equipment	Office and operating equipment	Total
	$'000	$'000	$'000
Cost:			
At 1 August 2015	25	29	54
Additions	2	-	2
At 31 July 2016	27	29	56
Additions	3	-	3
Write-off	-	(29)	(29)
At 31 July 2017	30	-	30
Accumulated depreciation:			
At 1 August 2015	24	29	53
Depreciation	1	-	1
At 31 July 2016	25	29	54
Depreciation	1	-	1
Write-off	-	(29)	(29)
At 31 July 2017	26	-	26
Net carrying value:			
At 31 July 2017	4	-	4
At 31 July 2016	2	-	2

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	$'000	$'000
Shares, at cost	421	2,021
Less: Impairment losses	(321)	(1,700)
	100	321

12. INVESTMENT IN SUBSIDIARIES (CONTINUED)

For the investment in LifeBrandz (Thailand) Co Ltd (LifeBrandz Thailand), management performed an assessment on the recoverable amount determined based on the value-in-use expected to be derived from its wholly-owned subsidiary, Mulligan's Co Ltd (Mulligan's).

The cash flow projection, used in the value-in-use calculation covered a five-year period, and applied certain estimates and assumptions, such as discount rates and growth rates during the period.

The key assumptions used in value-in-use calculations are as follows:

	Mulligan's Co Ltd
	2017
Growth rate[(1)]	2% - 16%
Pre-tax discount rate[(2)]	21.3%

(1) Annual growth rates used to extrapolate cash flows for the next five-year period are based on the published industry research, taking into account of the forecasted growth rate relevant to the environment where Mulligan's operate in.

(2) The discount rate applied is based on the weighted average cost of Group's capital (the "WACC"), adjusted for the specific circumstances of Mulligan's and based on management's experience, and grossed-up to arrive at the pre-tax rate.

Based on the management assessment, the Company has recognised full impairment of $321,000 for the investment in LifeBrandz (Thailand) Co Ltd during the financial year.

Movements in impairment losses of investment in subsidiaries are as follows:

	Company	
	2017	**2016**
	$'000	**$'000**
At beginning of financial year	(1,700)	(1,700)
Deemed disposal of subsidiaries	1,700	-
Provision of impairment	(321)	-
At end of financial year	(321)	(1,700)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

12. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest		Cost of investment by the Company	
			2017	2016	2017	2016
			%	%	$'000	$'000
Held by the Company						
Orientstar Group Limited (b)	Dormant	British Virgin Islands	100	100	*	*
Balcony Pte Ltd (a)(d)	Lifestyle and entertainment businesses	Singapore	-	100	-	200
Palms Development Pte Ltd (a)(d)	Dormant	Singapore	-	100	-	200
Cannery Holding Pte Ltd (a)(d)	Investment holding	Singapore	-	80	-	800
Mulligan's Pte Ltd (a)(d)	Intellectual property licensing and management	Singapore	-	100	-	500
LifeBrandz (Thailand) Co Ltd (c)	Investment holding	Thailand	100	100	321	321
Takumi Holidays Pte Ltd (a)	Leisure and travel consultancy and ticketing agency services	Singapore	100	-	100	-
Held through Cannery Holding Pte Ltd						
The Cannery Pte Ltd (formerly known as Ministry of Sound Pte Ltd) (a)(d)	Dormant	Singapore	-	80	-	-
Mercier Group Pte Ltd (a)(d)	Dormant	Singapore	-	80	-	-
Held through LifeBrandz (Thailand) Co Ltd						
Mulligan's Co Ltd (c)	Lifestyle and entertainment businesses	Thailand	100	100	-	-
					421	2,021

(a) Audited by Mazars LLP, Singapore.
(b) Not required to be audited under the laws of the country of incorporation.
(c) Audited by Mazars Limited, Thailand.
(d) Entities placed under shareholder's voluntary liquidation.

* *denotes less than $1,000.*

12. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Liquidation of the subsidiaries in 2017

During the financial year ended 31 July 2017, the Group underwent an intra-group reorganisation exercise to minimise the layers of intermediary companies and streamline the Group's corporate holding structure.

On 18 July 2017, the Group announced that six subsidiaries, namely, Balcony Pte Ltd, Palms Development Pte Ltd, Cannery Holding Pte Ltd, Mulligan's Pte Ltd, The Cannery Pte Ltd and Mercier Group Pte Ltd were placed under shareholders' voluntary liquidation. On the same day, the control over these subsidiaries were lost upon the take over of control by the liquidator and is a deemed disposal.

There was no gain / loss on liquidation of subsidiaries.

Incorporation of a subsidiary – Takumi Holidays Pte Ltd

On 11 July 2017, the Company has incorporated a wholly-owned subsidiary, namely Takumi Holidays Pte Ltd, in Republic of Singapore, to provide leisure and travel consultancy and ticketing agency services.

13. INVENTORIES

	Group	
	2017	**2016**
	$'000	**$'000**
Statement of financial position:		
Food and beverage inventories	12	9
Statement of profit or loss and other comprehensive income:		
Inventories recognised as an expense	260	491

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables:				
Third parties	29	27	-	-
Amounts due from subsidiaries	-	-	120	140
	29	27	120	140
Other receivables:				
Third parties	35	57	35	57
Prepayments	56	60	23	32
Deposits	87	83	-	-
Amounts due from subsidiaries	-	-	-	337
	178	200	58	426
	207	227	178	566

Trade and other receivables are non-interest bearing and are generally on 30 to 60 days' terms, except for the amounts due from subsidiaries which are repayable on demand.

Trade and other receivables denominated in foreign currency at 31 July are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Thai Baht	149	137	-	-

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to $Nil (2016: $Nil) and $110,000 (2016: $130,000) respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables past due but not impaired:				
1 to 30 days	-	-	10	10
31 to 60 days	-	-	10	10
61 to 90 days	-	-	10	10
More than 90 days	-	-	80	100
	-	-	110	130

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are impaired

The trade receivables that are individually impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables – nominal amounts	-	-	140	18
Less: Allowance for impairment	-	-	(140)	(18)
	-	-	-	-
Movement in allowance accounts:				
At 1 August	-	-	18	21
Charge for the year	-	-	140	-
Write-off for the year	-	-	(18)	(3)
At 31 July	-	-	140	18

The other receivables that are individually impaired at the end of the reporting period pertains to amount due from subsidiaries and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Other receivables – nominal amounts	-	-	761	1,923
Less: Allowance for impairment	-	-	(761)	(1,923)
	-	-	-	-
Movement in allowance accounts:				
At 1 August	-	-	1,923	2,221
Charge for the year	-	-	397	33
Reversal for the year	-	-	-	(331)
Write-off for the year	-	-	(1,559)	-
At 31 July	-	-	761	1,923

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

At the end of the reporting period, the Company has provided an allowance of $901,000 (2016: $1,941,000) for impairment of the amounts due from subsidiaries with a nominal amount of $1,021,000 (2016: $1,941,000). These subsidiaries have been making losses for the prior and current financial years.

The reversal of allowances for doubtful receivables was due to the debts collected in the financial year ended 31 July 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash at banks and on hand	2,213	43	2,098	27
Fixed deposits	-	50	-	50
Cash and cash equivalents	2,213	93	2,098	77

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Fixed deposits are made for varying periods depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective fixed deposit rates. Fixed deposits are placed with banks at interest rates ranging from 0.10% to 0.15% (2016: 0.10% to 0.15%) per annum.

Cash and cash equivalents denominated in foreign currency at 31 July are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Thai Baht	15	14	-	-
United States Dollar	2	7	2	7

16. SHARE CAPITAL

	Group and Company			
	2017		2016	
	No. of shares	Amount	No. of shares	Amount
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares				
At 1 August	3,060,000	55,086	3,060,000	55,086
Share consolidation	(2,998,800)	-	-	-
Issuance of shares	132,820	3,560	-	-
Share issuance expense	-	(146)	-	-
At 31 July	194,020	58,500	3,060,000	55,086

On 25 April 2017, the Company completed a Share Consolidation exercise and every fifty existing shares were consolidated to constitute one consolidated share. 3,060,000,000 existing ordinary shares were consolidated into 61,199,996 consolidated shares, disregarding any fractions of ordinary shares arising from the Share Consolidation.

On 5 June 2017, the Company issued 122,399,992 new ordinary shares with 122,399,992 warrants, each warrant carrying the right to subscribe for 1 new ordinary share on the capital of the Company pursuant to the Company's Right cum Warrants issue, for value of $3,060,000 to eligible shareholders who elected to participate in the Rights cum Warrants Issue.

On 14 July 2017, the Company issued 10,420,000 new ordinary shares pursuant to a subscription agreement entered between the Company and the subscriber for value of $500,160.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade payables:				
Third parties	119	168	52	79
Related companies	-	28	-	28
	119	196	52	107
Other payables:				
Third parties	3	3	-	-
Subsidiaries	-	-	14	14
Accrued operating expenses	215	294	184	255
	218	297	198	269
	337	493	250	376

Trade and other payables are unsecured, non-interest bearing and are normally settled on 30 to 60 days' terms, except for amount due to subsidiaries and related companies which are repayable on demand.

Trade and other payables denominated in foreign currency as at 31 July are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Thai Baht	99	82	-	-

18. COMMITMENTS

Operating lease commitments – as lessee

The Group has entered into non-cancellable commercial leases on office, shop and other premises. These leases have an average tenure of three years with varying terms and escalation clauses but no renewal option.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 July 2017 amounted to $195,000 (2016: $169,000).

Future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, computed based on the agreed rental rates are as follows:

	Group	
	2017	2016
	$'000	$'000
Not later than one year	131	118
Later than one year but not later than five years	137	255
	268	373

18. COMMITMENTS (CONTINUED)

The leases have its tenure from 2016 to 2019 years. There are no restrictions placed upon the Company by entering into these leases.

Under the lease terms for the leased premises, the Group shall pay a monthly variable rent, computed based on a certain percentage of monthly gross revenue generated by the Group's operations at the leased premises. The base rent for the lease arrangement increases over the lease term.

No variable rental expenses had been incurred in the current and previous financial year.

19. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

	Group and Company	
	2017	2016
	$'000	$'000
Salaries and other short-term employee benefits	490	536
Post-employment benefits – contribution to Central Provident Fund	21	25
Directors' fees	30	30
	541	591

Included in the above is total compensation for executive directors of the Company amounting to $339,000 (2016: $417,000).

(b) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group or the Company and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Related companies [(a)]				
Usage of office facilities	34	48	34	48
Subsidiaries				
Management fees income	-	-	(120)	(120)

(a) These are entities with common directors or key management personnel of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

20. SEGMENT INFORMATION

The Group is substantially in one business segment, namely lifestyle and entertainment. All of its operations are in Singapore, except for a subsidiary – Mulligan's Co. Ltd, which is located in Pattaya, Thailand.

For management purposes, the Group is organised into business units based on their geographical location.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

(a) ***Geographical segment***

	Singapore		Thailand		Consolidated	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:						
Sales to external customers	-	193	696	829	696	1,022
Results:						
Depreciation of plant and equipment	1	1	1	6	2	7
Segment loss for the year	(1,092)	(1,043)	(45)	(24)	(1,137)	(1,067)
Assets/(Liabilities):						
Plant and equipment	4	2	3	4	7	6
Additions to non-current assets	3	2	-	2	3	4
Segment assets(1)	2,480	648	193	179	2,439	335
Segment liabilities(2)	(252)	(425)	(99)	(82)	(337)	(493)

(1) Segment assets relate to total assets of the respective segment. Inter-segment assets of $234,000 (2016: $492,000) are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position.

(2) Segment liabilities relate to total liabilities of the respective segment. Inter-segment liabilities of $14,000 (2016: $14,000) are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

(b) ***Information on major customers***

The Group generates its revenue from transactions with numerous customers and no customer contributes more than 10% of the Group's revenue.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group's principal financial instruments comprise cash and fixed deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the current and previous financial years, the Group's policy that no trade in derivative financial instruments shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

The Group's and Company's major classes of financial assets are bank deposits and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The age analysis of trade receivables and the movements in the allowance for impairment in respect of trade and other receivables during the financial year are disclosed in Note 14 to the financial statements.

Based on past experience, the Group believes that no impairment allowance is necessary in respect of the trade receivables due to the good payment track record of its customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Market risks

The Group does not have significant foreign currency transaction and interest bearing financial assets and liabilities. Thus, is not expose to market risks.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain sufficient level of cash and short-term deposits to meet its working capital requirements. The Group maintains a balance between continuity of funding and flexibility through the use of stand-by financial and credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group and to mitigate the effects of fluctuations in cash flows.

Short-term funding may be obtained from short-term loans where necessary without incurring unacceptable losses or risking damage to the Group's reputation.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial instruments, at the end of the reporting period based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The contractual undiscounted cash flows of the financial instruments are the same as the carrying amount of the different categories of financial instruments.

	2017			2016		
Group	**1 year or less**	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Trade and other receivables (excluding prepayments)	151	-	151	167	-	167
Cash and cash equivalents	2,213	-	2,213	93	-	93
Total undiscounted financial assets	2,364	-	2,364	260	-	260
Financial liabilities						
Trade and other payables	337	-	337	493	-	493
Total undiscounted financial liabilities	337	-	337	493	-	493
Total net undiscounted financial assets/(liabilities)	2,027	-	2,027	(233)	-	(233)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (Continued)

	2017			2016		
Company	**1 year or less**	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Trade and other receivables (excluding prepayments)	155	-	155	534	-	534
Cash and cash equivalents	2,098	-	2,098	77	-	77
Total undiscounted financial assets	2,253	-	2,253	611	-	611
Financial liabilities						
Trade and other payables	250	-	250	376	-	376
Total undiscounted financial liabilities	250	-	250	376	-	376
Total net undiscounted financial assets	2,003	-	2,003	235	-	235

22. FAIR VALUE OF ASSETS AND LIABILITIES

The carrying amount of trade and other receivables and payables, cash and cash equivalents, approximate their respective fair values due to the relative short term maturity of these financial instruments. While, the non-current amounts due from subsidiaries have no repayment terms and is repayable only when the cash flows of the borrower permits. Accordingly, the fair value of the loan is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably.

The Group does not hold financial assets nor liabilities carried at fair value or at valuation. Accordingly, the disclosure requirements of the fair value hierarchy (Level 1, 2 and 3) under FRS 107 *Financial Instruments: Disclosures* does not apply.

23. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial year ended 31 July 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

23. CAPITAL MANAGEMENT (CONTINUED)

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as total equity as shown in the statement of financial position, plus net debt.

	Group	
	2017	2016
	$'000	$'000
Trade and other payables (Note 17)	337	493
Less: Cash and cash equivalents (Note 15)	(2,213)	(93)
Net debt	(1,876)	400
Equity attributable to equity holders of the Company	2,102	(162)
Capital and net debt	226	238
Gearing ratio	N.M	1.68

N.M.- Not meaningful

The Company is not subjected to any externally imposed capital requirements during the financial years ended 31 July 2017 and 2016.

24. SUBSEQUENT EVENT AFTER REPORTING DATE

Acquisition of e-Holidays Co., Ltd.

On 28 July 2017, Takumi Holidays Pte. Ltd. entered into a conditional sale and purchase agreement with Leafield Ltd. and Masahiko Okabe to acquire the entire paid-up and issued share capital of e-Holidays Co., Ltd., a company incorporated in Japan carrying on the business of providing travel agency services, non-life insurance services and such related services. The acquisition will provide the opportunity to diversify the Group's business into the travel sector and into a new geographical market.

On 30 August 2017, the Company announced that approval by the shareholders had been obtained for the aforementioned conditional sales. On 11 September 2017, the proposed acquisition was completed. The Group has, through the purchase, acquired the entire share capital of e-Holidays Co., Ltd. at a purchase price of S$850,000, entirely paid by way of cash. The Target Company, through the purchase, is now an indirect wholly-owned subsidiary of the Group. As at the date the financial statements are authorised for issue, the purchase price allocation exercise required per FRS 103 *Business Combinations* is still ongoing and has not been completed hence the fair value of the identifiable assets and liabilities and goodwill arising from the acquisition of e-Holidays Co., Ltd., cannot be determined.

Incorporation of wholly-owned subsidiaries

On 8 September 2017, the Company has incorporated a wholly-owned subsidiary, namely Finesse Digital Pte Ltd, with a paid-up share capital of S$1 comprising 1 ordinary share in Singapore to provide fintech application and innovation, information technology and development services.

On 4 October 2017, the Company has incorporated a wholly-owned subsidiary, namely LB F&B Pte. Ltd. with a paid-up share capital of S$1 comprising 1 ordinary share in Singapore to provide food and beverage services.

STATISTICS OF SHAREHOLDINGS
AS AT 30 OCTOBER 2017

SHAREHOLDERS' INFORMATION

Issued and fully paid-up capital	:	S$58,500,163
Number of shares	:	194,019,988
Class of shares	:	Ordinary shares of equal voting right
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 30 OCTOBER 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	413	12.39	16,542	0.01
100 - 1,000	1,043	31.28	475,796	0.24
1,001 - 10,000	1,120	33.59	4,520,946	2.33
10,001 - 1,000,000	730	21.90	75,976,436	39.16
1,000,001 AND ABOVE	28	0.84	113,030,268	58.26
TOTAL	**3,334**	**100.00**	**194,019,988**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 30 OCTOBER 2017

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	UOB KAY HIAN PTE LTD	38,767,557	19.98
2	LOW POH KUAN	7,809,000	4.02
3	TAN ENG CHUA EDWIN	7,135,962	3.68
4	DBS NOMINEES PTE LTD	6,140,850	3.17
5	TANG CHONG SIM	5,750,000	2.96
6	FRANCIS KAYOKO	4,170,000	2.15
7	YEO BOON TONG	4,000,000	2.06
8	HL BANK NOMINEES (S) PTE LTD	3,720,000	1.92
9	TAN HUI SONG	3,500,000	1.80
10	CHIA SOON LOI	3,000,000	1.55
11	PHILLIP SECURITIES PTE LTD	2,582,748	1.33
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,369,730	1.22
13	YEO CHOR HIANG	2,252,000	1.16
14	ANG SIN LIU	2,100,000	1.08
15	TOH AIK KOK VINCENT (DU YIGUO VINCENT)	2,100,000	1.08
16	TOK CHONG LIM	2,000,000	1.03
17	C.H.Y REGALIA LIMITED	1,815,540	0.94
18	YEONG CHUN SONG	1,800,000	0.93
19	OCBC SECURITIES PRIVATE LTD	1,488,299	0.77
20	YONG CHEE KEONG (YANG ZHIQIANG)	1,474,512	0.76
	TOTAL	**103,976,198**	**53.59**

STATISTICS OF SHAREHOLDINGS

AS AT 30 OCTOBER 2017

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 OCTOBER 2017

Name of Substantial Shareholder	No. of shares in which shareholder has a direct interest		No. of shares in which shareholder is deemed to have an interest	
	No. of shares	%	No. of shares	%
Bounty Blue Capital Ltd [a]	-	-	34,477,340	17.77
Rockwills Trustee Ltd [b]	-	-	34,477,340	17.77
Blue Bay Trust [b]	-	-	34,477,340	17.77
Saito Hiroyuki [b]	-	-	34,477,340	17.77

Notes:

(a) Bounty Blue Capital Ltd is deemed to be interested in the 34,477,340 shares held through UOB Kay Hian Private Limited.

(b) Bounty Blue Capital Ltd is wholly owned by Rockwills Trustee Ltd, being the trustee of Blue Bay Trust (the "Trust"). The beneficiary and settlor of the Trust is Mr Saito Hiroyuki.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

80.08% of the Company's issued paid up capital is held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

LIFEBRANDZ LTD
(Registration No. : 200311348E)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of LIFEBRANDZ LTD will be held at 2 Bukit Merah Central (formerly known as "Spring Singapore"), Podium Block, Level 3, Room P303, Singapore 159835 on Wednesday, 29 November 2017 at 3.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Audited Financial Statements of the Company for the financial year ended 31 July 2017 together with the Directors' Statement and Auditors' Report thereon. **(Resolution 1)**

2. To approve Directors' fees of S$75,000 for the financial year ended 31 July 2017 (2016: S$120,000). **(Resolution 2)**

3. To re-elect the following Directors, who are retiring pursuant to Article 117 of the Company's Constitution:

   Mr Saito Hiroyuki **(Resolution 3)**

   Mr Yoshio Ono **(Resolution 4)**

   Mr Kurokawa Shingo **(Resolution 5)**

   [See Explanatory Note 1]

4. To re-elect Mr Chng Weng Wah who is retiring pursuant to Article 107 of the Company's Constitution. **(Resolution 6)**

   [See Explanatory Note 2]

5. To re-appoint Messrs Mazars LLP, as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as an Ordinary Resolution:-

7. **Authority to allot and issue shares** **(Resolution 8)**

   (a) "That pursuant to Section 161 of the Companies Act, Cap. 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalist (the "Catalist Rules"), authority be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:-

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company.

For the purpose of this resolution, the total number of issued shares excluding treasury shares and subsidiary holdings is based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities, or

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares,

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note 3]

BY ORDER OF THE BOARD

TOON CHOI FAN
Company Secretary
Singapore

14 November 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on business to be transacted:

1. Mr Saito Hiroyuki will upon re-election as Director of the Company, continue to serve as Executive Chairman & Chief Executive Officer of the Company. There are no relationships (including immediate family relationships) between Mr Saito Hiroyuki and the other Directors of the Company or its shareholders, except for Bounty Blue Capital Ltd, a substantial shareholder of the Company. Detailed information on Mr Saito Hiroyuki can be found on the Board of Directors section of the Annual Report 2017.

   Mr Yoshio Ono who is considered independent for the purposes of Rule 704(7) of the Catalist Rules will upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. There are no relationships (including immediate family relationships) between Mr Yoshio Ono and the other Directors of the Company or its shareholders. Detailed information on Mr Yoshio Ono can be found on the Board of Directors section of the Annual Report 2017.

   Mr Kurokawa Shingo who is considered independent for the purposes of Rule 704(7) of the Catalist Rules will upon re-election as Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. There are no relationships (including immediate family relationships) between Mr Kurokawa Shingo and the other Directors of the Company or its shareholders. Detailed information on Mr Kurokawa Shingo can be found on the Board of Directors section of the Annual Report 2017.

2. Upon re-election as Director of the Company, Mr Chng Weng Wah will remain as a member of the Audit, Nominating and Remuneration Committees. There are no relationships (including immediate family relationships) between Mr Chng Weng Wah and the other Directors of the Company or its shareholders. Detailed information on Mr Chng Weng Wah can be found on the Board of Directors section of the Annual Report 2017.

3. Resolution 8, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 100% of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 50% of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes:

(i) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Cap. 50, a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead.

(ii) A proxy need not be a member of the Company.

(iii) If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(iv) The instrument appointing a proxy must be deposited at the Company's registered office at 80 Raffles Place #41-02 UOB Plaza 1, Singapore 048624 at least forty eight (48) hours before the time of the Meeting.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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LIFEBRANDZ LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number 200311348E)

PROXY FORM

IMPORTANT
1. For investors who have used their CPF moneys to buy shares in the capital of LifeBrandz Ltd., this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the company, LifeBrandz Ltd.

*I/We ______________________ (Name) *NRIC/Passport No. ______________ of

______________________________________ (Address)

being a member/members of **LIFEBRANDZ LTD** (the "**Company**"), hereby appoint:

Name	NRIC / Passport Number	Proportion of shareholdings (%)	
		No. of shares	(%)
Address			

and/or (delete as appropriate)

Name	NRIC / Passport Number	Proportion of shareholdings (%)	
		No. of shares	(%)
Address			

or failing *him/her, the Chairman of the Annual General Meeting (the "**AGM**") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at 2 Bukit Merah Central (formerly known as Spring Singapore), Podium Block, Level 3, Room P303, Singapore 159835 on Wednesday, 29 November 2017, at 3.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

No.	Ordinary Resolutions	For	Against
1.	To adopt the Audited Financial Statements, Directors' Statement and Auditors' Report of the Company for the financial year ended 31 July 2017.		
2.	To approve Directors' fees of S$75,000 for the financial year ended 31 July 2017 (2016: S$120,000).		
3.	To re-elect Mr Saito Hiroyuki who is retiring pursuant to Article 117 of the Company's Constitution.		
4.	To re-elect Mr Yoshio Ono who is retiring pursuant to Article 117 of the Company's Constitution.		
5.	To re-elect Mr Kurokawa Shingo who is retiring pursuant to Article 117 of the Company's Constitution.		
6.	To re-elect Mr Chng Weng Wah who is retiring pursuant to Article 107 of the Company's Constitution.		
7.	To re-appoint Messrs Mazars LLP, as auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
8.	To authorise Directors to allot shares pursuant to Section 161 of the Companies Act, Cap.50 and the Catalist Rules.		

** If you wish to exercise all your votes "**For**" or "**Against**", please indicate your vote "**For**" or "**Against**" with "**X**" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ______ day of ______________ 2017.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) / Common Seal

** Delete accordingly*

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.

LIFEBRANDZ LTD

Notes to the Proxy Form

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Cap. 50 of Singapore (the "Companies Act"), a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two (2) proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act.

6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 80 Raffles Place #41-02 UOB Plaza 1, Singapore 048624 not less than forty-eight (48) hours before the time set for the Annual General Meeting.

7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register seventy-two (72) hours before the time set for the Annual General Meeting.

10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 November 2017.

Fold here

AFFIX
STAMP
HERE

The Company Secretary

LIFEBRANDZ LTD
80 Raffles Place #41-02 UOB Plaza 1
Singapore 048624

Fold this flap to seal

LifeBrandz

80 Raffles Place #41-02
UOB Plaza 1
Singapore 048624
Tel: (65) 6221 9344 * **Fax**: (65) 6491 6498
Email: invest@lifebrandz.com