

LIFEBRANDZ LTD

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2014
PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS (Q1,Q2,Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group			The Group		
	3 months ended 31 January		% Increase/ (Decrease)	6 months ended 31 January		% Increase/ (Decrease)
	2014 S\$'000	2013 S\$'000		2014 S\$'000	2013 S\$'000	
Revenue	5,987	6,370	-6%	12,634	12,352	2%
Other gains (net)						
- Miscellaneous	53	6	NM	59	16	NM
Expenses						
- Inventories and consumables used	(1,598)	(1,340)	19%	(3,425)	(2,916)	17%
- Advertising, media and entertainment	(871)	(823)	6%	(1,716)	(1,651)	4%
- Employee benefits	(1,880)	(2,189)	-14%	(3,855)	(4,251)	-9%
- Amortisation and depreciation	(593)	(221)	NM	(1,192)	(447)	NM
- Finance cost	-	-	0%	-	-	0%
- Rental on operating leases	(1,281)	(1,290)	-1%	(2,563)	(2,556)	0%
- Transportation	(11)	(7)	57%	(22)	(15)	47%
- Legal and professional fees	(77)	(142)	-46%	(154)	(288)	-47%
- Contract services	(97)	(112)	-13%	(195)	(222)	-12%
- Licence and permits	(15)	(15)	0%	(35)	(33)	6%
- Other operating expenses	(300)	(362)	-17%	(586)	(749)	-22%
Changes in inventories of finished goods	(49)	(70)	-30%	13	43	-70%
Total expenses	(6,772)	(6,571)	3%	(13,730)	(13,085)	5%
Loss before income tax	(732)	(195)	NM	(1,037)	(717)	45%
- Income tax (expenses) / credit	(3)	18	NM	(3)	18	NM
Loss for the year	(735)	(177)	NM	(1,040)	(699)	49%
Attributable to :						
Equity holders of the company	(593)	(112)		(781)	(511)	
Non controlling interest	(142)	(65)		(259)	(188)	
	(735)	(177)		(1,040)	(699)	

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

	The Group		The Group	
	3 months ended 31 January		6 months ended 31 January	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Loss from operations attributable to equity holders of the Company	(735)	(177)	(1,040)	(699)
Other comprehensive income:				
Foreign currency translation	(15)	25	(57)	24
Total comprehensive income for the year	(750)	(152)	(1,097)	(675)
Attributable to :				
Equity holders of the company	(608)	(87)	(838)	(487)
Non controlling interest	(142)	(65)	(259)	(188)
	(750)	(152)	(1,097)	(675)

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

	The Group		The Group	
	3 months ended 31 January		6 months ended 31 January	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
a) Depreciation on property, plant and equipment	326	221	656	447
b) Amortisation of intangible asset	267	-	535	-
c) Interest income	(3)	(4)	(7)	(7)
d) Other Income	(50)	-	(52)	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	The Group		The Company	
	31/01/2014 S\$'000	31/07/2013 S\$'000	31/01/2014 S\$'000	31/07/2013 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	704	1,227	55	234
Trade and other receivables	1,062	1,376	5,205	5,037
Other current assets	377	313	74	24
Inventories at cost	351	337	-	-
	<u>2,494</u>	<u>3,253</u>	<u>5,334</u>	<u>5,295</u>
Non-Current Assets				
Property, plant and equipment	4,431	4,680	-	-
Intangible asset	1,695	2,230	-	-
Fixed deposit	1,980	1,980	1,980	1,980
Investments in subsidiaries	-	-	321	321
Other receivables	-	-	2,478	2,478
Intercompany long term loan	-	-	1,000	1,000
	<u>8,106</u>	<u>8,890</u>	<u>5,779</u>	<u>5,779</u>
Total Assets	<u>10,600</u>	<u>12,143</u>	<u>11,113</u>	<u>11,074</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	4,529	5,006	4,690	4,899
Loan	500	500	-	-
Hire purchase	-	2	-	-
	<u>5,029</u>	<u>5,508</u>	<u>4,690</u>	<u>4,899</u>
Non-current Liabilities				
Provision	1,134	1,134	-	-
	<u>1,134</u>	<u>1,134</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>6,163</u>	<u>6,642</u>	<u>4,690</u>	<u>4,899</u>
Net Assets	<u>4,437</u>	<u>5,501</u>	<u>6,423</u>	<u>6,175</u>
SHAREHOLDERS' EQUITY				
Share capital and share premium	49,951	49,951	49,951	49,951
Foreign currency translation	(57)	(33)	-	-
Accumulated losses	(43,850)	(43,069)	(43,528)	(43,776)
	<u>6,044</u>	<u>6,849</u>	<u>6,423</u>	<u>6,175</u>
Non controlling interest	<u>(1,607)</u>	<u>(1,348)</u>	<u>-</u>	<u>-</u>
Total equity	<u>4,437</u>	<u>5,501</u>	<u>6,423</u>	<u>6,175</u>

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

	The Group			
	As at 31/01/2014		As at 31/07/2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less or on demand #	-	500	2	500
	<u>-</u>	<u>500</u>	<u>2</u>	<u>500</u>
Amount repayable after one year #	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Secured - Motor vehicle under finance lease

Unsecured - Funding received from Qumulus Pte Ltd in connection of proposed acquisition of business and assets of Qumulus Pte Ltd

- 1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	3 months ended 31 January	
	2014 S\$'000	2013 S\$'000
Cash flows from operating activities		
Loss before tax	(732)	(195)
<u>Adjustments for:</u>		
Depreciation on property, plant and equipment	326	221
Amortisation of Intangible Assets	267	-
Exchange realignment	(15)	25
Interest income	(3)	(4)
Operating (loss) / profit before changes in working capital	(157)	47
<u>Changes in working capital</u>		
Decrease / (Increase) in trade and other receivables	282	(110)
Increase in other current assets	(43)	(48)
Decrease in inventories	48	69
Decrease in trade and other payables	(541)	(726)
Cash generated used in operation	(411)	(768)
Interest received	3	4
Income taxes (paid) / refund	(3)	18
Net cash used in operating activities	(411)	(746)
Cash flows from investing activities		
Purchase of property, plant and equipment	(43)	(47)
Net cash used in investing activities	(43)	(47)
Cash flows from financing activities		
Repayments of hire purchase	(1)	(2)
Net cash used in financing activities	(1)	(2)
Net decrease in cash and cash equivalents	(455)	(795)
Cash and cash equivalents at the beginning of the financial period	1,159	1,941
Cash and cash equivalents at end of the financial period	704	1,146
1(c)(i) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	704	1,146

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Consolidated statement of changes in equity for the period ended 31 January 2014 - Group

	Share Capital S\$'000	Foreign Currency Translation S\$'000	Accumulated Losses S\$'000	Non Controlling Interest S\$'000	Total S\$'000
Balance at 1 November 2013	49,951	(42)	(43,257)	(1,465)	5,187
Net loss for the period	-	(15)	(593)	(142)	(750)
Balance at 31 January 2014	49,951	(57)	(43,850)	(1,607)	4,437
Balance at 1 November 2012	47,076	2	(43,842)	(1,298)	1,938
Net loss for the period	-	25	(112)	(65)	(152)
Balance at 31 January 2013	47,076	27	(43,954)	(1,363)	1,786

(ii) Consolidated statement of changes in equity for the period ended 31 January 2014 - Company

	Share Capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 November 2013	49,951	(43,679)	6,272
Net profit for the period	-	151	151
Balance at 31 January 2014	49,951	(43,528)	6,423
Balance at 1 November 2012	47,076	(44,985)	2,091
Net profit for the period	-	45	45
Balance at 31 January 2013	47,076	(44,940)	2,136

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**
State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not Applicable

1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Group	
	31/01/2014	31/07/2013
Total number of issued shares excluding treasury shares	2,135,000,000	2,135,000,000

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

2 **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed.

3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not Applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation have been adopted for the current reporting year as compared with the most recently audited financial statements of LifeBrandz Ltd for the year ended 31 July 2013.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 July 2013, except for the adoption of new or revised FRS that are mandatory for financial years on or after 1 August 2013. The adoption of these FRS has no significant impact to the Group.

6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group	
	3 months ended 31 January 2014	2013
Earnings/(loss) per share ("EPS") for the period attributable to the equity holders of the Company :		
Based on the weighted average number of ordinary shares		
- from continuing operations - Basic & Diluted (cents)	(0.03)	(0.01)
	(0.03)	(0.01)

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	The Group		The Company	
	3 months ended 31 January 2014	3 months ended 31 January 2013	3 months ended 31 January 2014	3 months ended 31 January 2013
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	0.21	0.10	0.30	0.12

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must be a discussion of the following: -**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Income Statement

Revenue

The Group achieved a lower revenue of S\$6.0 million for Q2 FY2014. There was a drop of about 6% over the corresponding quarter of last financial year. The sales during the festive period has been affected by lesser crowd profiles and the competition from the other clubs both at Clarke Quay and other locations. Existing concepts of Aquanova, Mulligans and the new Fenix outlet maintained the popularity and activities within the Clarke Quay environment. Market condition in the industry has been challenging and competitive. The Group continues to embark on various promotion activities to maintain business sales and performance.

Miscellaneous income and expenses consisting of interest income, bad debt recovery and other related miscellaneous income increased to S\$53,000 in Q2 FY2014. The increase was mainly due to miscellaneous income derived from productivity and innovative grant received in the reported quarter.

Cost & Expenses

Inventories and consumables usage saw an increase of 19% to S\$1.6 million. The increase was mainly due to increase in sales promotion activities in Q2 FY2014 to maintain sales performance. Advertising, media and entertainment expenses increased by 6% to S\$871,000 mainly derived from related marketing and advertising efforts for the new concept. Employee benefits decreased by 14% to S\$1.9 million, was mainly due to cost management in staff deployment for the various concepts in the reported quarter. Amortisation, depreciation and impairment increased to S\$593,000 in Q2 FY2014 which include the amortization amount of S\$267,000 from the intangible assets acquired in FY2013.

The Group saw rental on operating lease maintained at S\$1.3 million in Q2 FY2014. Legal and professional fees saw a drop of 46% to S\$77,000 as there were lesser cost incurred in the reported quarter and all legal suits were resolved in FY2013. The Group has taken steps to reduce all related cost components in the reported quarter. Licence and permits maintained at \$15,000 for related renewal costs for the existing concepts in Q2 FY2014. The Group managed to reduce contract services by 13% to S\$97,000 in Q2 FY2014. Such contract services mainly include security control and safety as deployed at the Clarke Quay premises. Other operating expenses in Q2 FY2014 saw a decline of 17% to S\$300,000 mainly coming from cost control measures and initiatives carried out at the Group level.

Total expenses in Q2 FY2014 increased slightly by about 3% to S\$6.8 million mainly due to increase in related costs on promotion and marketing activities. With the lower sales activities achieved for the quarter, the Group registered a loss of S\$735,000 in Q2 FY2014.

Statement of Financial Position and Statement of Cash Flows

The Group's current assets held as at 31 January 2014 was S\$2.5 million. Non-current assets held at \$8.1 million as at end Q2 FY2014 comprising fixed deposit of S\$2.0 million, property, plant and equipment maintained at S\$4.4 million after taking into account of depreciation, and net intangible assets of S\$1.7 million as at 31 Jan 2014 after amortization amount of S\$267,000 for the reported quarter.

Trade and other receivables decreased to S\$1.1 million mainly due to the Group's consistent activities and collection effort during the quarter. Other current assets which include security deposit and prepayment increased to S\$377,000 in the reported quarter. The increase is mainly due to additional prepayment for the new concept. Inventory amount saw an increase from S\$337,000 to S\$351,000 as at end Q2 FY2014 mainly due to the higher stock holding and consumption during the festive period.

Trade and other payables decreased to S\$4.5 million as at end of Q2 FY2014. Trade and other payables include trade suppliers' payables, payables to contractors and services, and provisions and accrual for the year. The Group has taken continued efforts in its payment to reduce the outstanding and operation payables during the quarter. There was an outstanding loan of S\$500,000 with tenure of one year at no interest due to Qumulus Pte Ltd as at 31 January 2014.

Non-current liabilities includes provision made for lease reinstatement of S\$1.1M related to the new lease.

The Group generated negative net cash in operating activities of S\$411,000 for Q2 FY2014 mainly due to lower sales activities and the repayment of trade and other payables. Capital expenditure of S\$43,000 was mainly incurred on the renovation and addition fitting works for Fenix and the existing concepts. Cash and cash equivalents stood at S\$704,000 as at 31 January 2014.

Equity attributable to shareholders of the Group as at 31 January 2014 amounted to S\$4.4 million. Based on existing issued share capital of 2,135 million shares, net asset value per ordinary shares as at 31 January 2014 of the Group stood at 0.21 Singapore cents.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not Applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group continues to remain cautious about the outlook and condition of the overall business environment. The Board is mindful of the intense competition of this industry. The recent increase in excise duties of 25% on liquor, will have a negative impact on our margin. The Board is monitoring the operating landscape closely to ensure pro-active measures and initiatives are taken swiftly to boost business performance and activities.

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

The Group will take constant direction to promote new concepts and revamp existing outlets to maintain business presence and activities. Moreover, the Group also look into various business opportunity and diversification to explore and enhance business growth and values.

As per Announcement dated 26 February 2014, the Company has entered into placement agreements for the allotment and issuance, an aggregate of 425,000,000 new ordinary shares ("Placement Share") in the capital of the Company, with the aggregate placement consideration amounting to S\$3,442,500. The Company also announced that it has entered into a memorandum of understanding ("MOU") with shareholders of Acteam International Co. Ltd. ("Acteam International") and 122 Middle Investment Pte. Ltd. ("Middle Investment") relating to the proposed acquisition of the respective interests in Acteam International and Middle Investment (collectively "Acquisitions"), and the proposed disposal by the Company of its existing businesses ("Business Disposal") to Centurion Private Equity Ltd and Massive Collective Pte. Ltd.

The Group will update on further development in this matter accordingly.

11 Dividend

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) Date payable

Not applicable

(d) Books Closure date

Not applicable

12 If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared/recommendeded for the year under review.

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

The Group did not has a general mandate for interested person transactions. There were no interested person transactions with amount more than S\$100,000 during Q2FY14

14 Statement pursuant to Rule 705(5) of the listing manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for the Q2FY14 to be false or misleading.

ON BEHALF OF THE BOARD OF DIRECTORS

Chong Sien Chern Cedric
CEO / Executive Director

13 March 2014