

**LIFEBRANDZ LTD.**

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

**UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 OCTOBER 2018**
**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS (Q1,Q2,Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

The Group			
	3 months ended 31 October 2018 S\$'000	2017 S\$'000	Increase/ (Decrease) %
<b>Revenue</b>	<b>1,144</b>	<b>426</b>	<b>&gt;100%</b>
<b>Expenses</b>			
- Inventories and consumable used	(146)	(50)	>100%
- Travel booking services costs	(684)	(266)	>100%
- Advertising, media and entertainment	(56)	(12)	>100%
- Employee benefits	(744)	(393)	89%
- Amortisation and depreciation	(74)	(4)	>100%
- Rental on operating leases	(238)	(62)	>100%
- Transportation	(3)	(3)	-
- Legal and professional fees	(163)	(104)	57%
- Other operating expenses	(151)	(60)	>100%
- Changes in inventories of finished goods	2	(3)	N.M.
<b>Total expenses</b>	<b>(2,257)</b>	<b>(957)</b>	<b>&gt;100%</b>
<b>Loss before income tax</b>	<b>(1,113)</b>	<b>(531)</b>	<b>&gt;100%</b>
- Income tax expense	(2)	-	N.M.
<b>Loss for the financial period</b>	<b>(1,115)</b>	<b>(531)</b>	<b>&gt;100%</b>
<b>Attributable to :</b>			
Owners of the Company	(1,061)	(531)	
Non-controlling interest	(54)	-	
	<b>(1,115)</b>	<b>(531)</b>	

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

The Group			
	3 months ended 31 October 2018 S\$'000	2017 S\$'000	Increase/ (Decrease) %
<b>Loss for the financial period</b>	<b>(1,115)</b>	<b>(531)</b>	<b>&gt;100%</b>
<b>Other comprehensive loss:</b>			
Exchange differences on translating foreign operations	(14)	(5)	>100%
<b>Total comprehensive loss for the financial period</b>	<b>(1,129)</b>	<b>(536)</b>	<b>&gt;100%</b>
<b>Attributable to :</b>			
Owners of the Company	(1,075)	(536)	>100%
Non-controlling interest	(54)	-	N.M.
	<b>(1,129)</b>	<b>(536)</b>	<b>&gt;100%</b>

1(a)(ii) The Group's loss for the financial period is arrived at after charging :-

The Group			
	3 months ended 31 October		Increase/ (Decrease)
	2018	2017	
	S\$'000	S\$'000	%
a) Depreciation on plant and equipment	55	4	>100%
b) Amortisation of intangible asset	19	-	N.M.
c) Net foreign exchange loss	-	1	N.M.

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	
	31/10/2018	31/07/2018	31/10/2018	31/07/2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	761	1,760	108	1,576
Trade and other receivables	1,374	1,544	3,745	2,757
Inventories	10	3	-	-
	<u>2,145</u>	<u>3,307</u>	<u>3,853</u>	<u>4,333</u>
<b>Non-current Assets</b>				
Plant and equipment	1,331	431	28	26
Goodwill	194	194	-	-
Intangible asset	144	163	-	-
Guarantee deposit	172	172	-	-
Investment in subsidiaries	-	-	100	100
	<u>1,841</u>	<u>960</u>	<u>128</u>	<u>126</u>
<b>Total Assets</b>	<u>3,986</u>	<u>4,267</u>	<u>3,981</u>	<u>4,459</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	1,420	1,257	475	417
Bank borrowings	24	33	-	-
	<u>1,444</u>	<u>1,290</u>	<u>475</u>	<u>417</u>
<b>Non-current Liabilities</b>				
Bank borrowings	8	8	-	-
	<u>8</u>	<u>8</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>1,452</u>	<u>1,298</u>	<u>475</u>	<u>417</u>
<b>EQUITY</b>				
Share capital	62,265	62,265	62,265	62,265
Foreign currency translation reserve	(63)	(49)	-	-
Accumulated losses	(60,308)	(59,247)	(58,759)	(58,223)
	<u>1,894</u>	<u>2,969</u>	<u>3,506</u>	<u>4,042</u>
<b>Non-controlling interest</b>	<u>640</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Equity</b>	<u>2,534</u>	<u>2,969</u>	<u>3,506</u>	<u>4,042</u>
<b>Total Equity &amp; Liabilities</b>	<u>3,986</u>	<u>4,267</u>	<u>3,981</u>	<u>4,459</u>

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

	The Group			
	As at 31/10/2018		As at 31/07/2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less or on demand	-	24	-	33
Amount repayable after one year	-	8	-	8

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 October	
	2018 S\$'000	2017 S\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(1,113)	(531)
<u>Adjustments for:</u>		
Depreciation of plant and equipment	55	4
Amortisation of intangible asset	19	-
<b>Operating cash flows before changes in working capital</b>	<b>(1,039)</b>	<b>(527)</b>
<u>Changes in working capital</u>		
Decrease in trade and other receivables	170	138
(Increase)/decrease in inventories	(7)	3
Increase in trade and other payables	163	372
<b>Cash flows used in operations</b>	<b>(713)</b>	<b>(14)</b>
Income taxes paid	(2)	-
<b>Net cash flows used in operating activities</b>	<b>(715)</b>	<b>(14)</b>
<b>Cash flows from investing activities</b>		
Investment of a non-wholly owned subsidiary	694	-
Net cash outflow on acquisition of a subsidiary	-	(778)
Purchase of plant and equipment	(955)	(2)
Exchange realignment	(14)	(5)
<b>Net cash flows used in investing activities</b>	<b>(275)</b>	<b>(785)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank borrowings	(9)	(4)
<b>Net cash flows used in financing activities</b>	<b>(9)</b>	<b>(4)</b>
<b>Net change in cash and cash equivalents</b>	<b>(999)</b>	<b>(803)</b>
Cash and cash equivalents at the beginning of the financial period	1,760	2,213
<b>Cash and cash equivalents at end of the financial period</b>	<b>761</b>	<b>1,410</b>

**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 October 2018 - Group

	Share Capital S\$'000	Foreign Currency Translation S\$'000	Accumulated Losses S\$'000	Non- Controlling Interest S\$'000	Total S\$'000
<b>Balance at 1 August 2018</b>	62,265	(49)	(59,247)	-	2,969
Investment of a non-wholly owned subsidiary	-	-	-	694	694
Loss for the financial period	-	-	(1,061)	(54)	(1,115)
Other comprehensive income for the financial period	-	(14)	-	-	(14)
<b>Balance at 31 October 2018</b>	<b>62,265</b>	<b>(63)</b>	<b>(60,308)</b>	<b>640</b>	<b>2,534</b>
<b>Balance at 1 August 2017</b>	58,500	(42)	(56,356)	-	2,102
Loss for the financial period	-	-	(531)	-	(531)
Other comprehensive income for the financial period	-	(5)	-	-	(5)
<b>Balance at 31 October 2017</b>	<b>58,500</b>	<b>(47)</b>	<b>(56,887)</b>	<b>-</b>	<b>1,566</b>

(ii) Consolidated statement of changes in equity for the period ended 31 October 2018 - Company

	Share Capital S\$'000	Accumulated Losses S\$'000	Total S\$'000
<b>Balance at 1 August 2018</b>	62,265	(58,223)	4,042
Loss for the financial period	-	(536)	(536)
<b>Balance at 31 October 2018</b>	<b>62,265</b>	<b>(58,759)</b>	<b>3,506</b>
<b>Balance at 1 August 2017</b>	58,500	(56,370)	2,130
Loss for the financial period	-	(401)	(401)
<b>Balance at 31 October 2017</b>	<b>58,500</b>	<b>(56,771)</b>	<b>1,729</b>

**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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

(A) Changes in share capital during the financial period

Company

Financial period	Number of ordinary shares	Share capital
		(S\$'000)
As at 31 July 2018	456,655,522	62,265
As at 31 October 2018	456,655,522	62,265

During the 3-month period ended 31 October 2018, there were no changes in the issued and paid-up share capital of the Company.

(B) Warrants

Company

Financial period	Number of ordinary shares that may be issued on conversion of all outstanding warrants	Exercise price	Expiry date
As at 31 October 2017	122,399,992	S\$0.05	4 June 2019
As at 31 October 2018	195,068,620	S\$0.04	4 June 2019

Save as disclosed above, there were no other outstanding convertibles, treasury shares and subsidiary holdings held or issued as at 31 October 2017 and 31 October 2018.

- 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	
	31/10/2018	31/07/2018
Total number of issued shares excluding treasury shares	456,655,522	456,655,522

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

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

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfer, cancellation and/or use of subsidiary holdings 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 by the auditors of the Company.

- 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.

Except as disclosed in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements of the Group for the current financial period ended 31 October 2018 compared to the most recently audited financial statements of the Group for the financial year ended 31 July 2018.

- 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.

Singapore listed companies are required to apply a new financial reporting framework - Singapore Financial Reporting Framework (International) ("SFRS(I)") that is identical to the International Financial Reporting Standards with effect from 1 January 2018. The Group has adopted SFRS(I) on 1 August 2018, including Interpretations of SFRS(I). The adoption of these new / revised SFRS(I) and Interpretations of SFRS(I) did not result in significant change to the Group's accounting policies and did not have a material impact on the Group's results for the current financial period.

- 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 October	
	2018	2017
Loss per share ("LPS") for the financial period attributable to the owners of the Company :		
Weighted average number of ordinary shares	456,655,522	194,019,988
Based on the weighted average number of ordinary shares		
- Basic & Diluted (cents)	(0.23)	(0.28)

Diluted LPS is the same as basic LPS as the outstanding warrants have not been included in the calculation given that they are anti-dilutive.

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

	The Group		The Company	
	31/10/2018	31/07/2018	31/10/2018	31/07/2018
Net assets value per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on (cents)	0.41	0.65	0.77	0.89

- 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.**

#### **Review of Income Statement**

##### **Revenue**

The Group achieved a revenue of S\$1.1 million for the three months period ended 31 October 2018 ("Q1 FY2019"), approximately a three-fold increase or S\$0.7 million compared to the three months period ended 31 October 2017 ("Q1 FY2018"). The increase was mainly derived from the revenue contribution from the subsidiary, e-Holidays Co., Ltd, which accounted for approximately 73% of the Group revenue. The Group is also working on various travel services network and promotion to expand the operations of the travel segment in Japan. Revenue from the food and beverage ("F&B") segment was contributed by two F&B outlets, which are Mulligans Pattaya and Hashida Sushi. Mulligans Pattaya is our only restaurant operating in Thailand, which contributed S\$0.1 million or 9% to the Group revenue in Q1 FY2019. Hashida Sushi is a restaurant under the newly setup subsidiary, Cloud Eight Pte. Ltd. ("Cloud Eight") which officially opened in Singapore in October 2018. It has contributed S\$0.2 million or 18% to the Group revenue. Our F&B companies are continuously rolling out new marketing and promotion activities to attract customers.

##### **Cost & Expenses**

Inventories and consumable used expenses saw an increase of S\$0.1 million to S\$0.2 million, consistent with the increase in the Group's revenue, mainly contributed by the increased sales activities from newly opened Hashida Sushi restaurant in Q1 FY2019.

Travel booking services costs saw an increase of S\$0.4 million to S\$0.7 million, consistent with the increase in the Group's revenue, mainly contributed by the increased sales activities from travel services in Q1 FY2019.

Advertising, media and entertainment expenses increased to approximately S\$56,000 mainly due to increase of advertising activities and promotion from the higher revenues and operating activities. Employee benefits increased to S\$0.7 million mainly due to additional staff deployment for the newly opened Hashida Sushi restaurant and additional head count for travel business in Q1 FY2019. The increase in amortisation and depreciation charges to approximately S\$74,000 is due to the depreciation of fixed assets and the amortisation of intangible asset.

Operating lease expenses increased to S\$0.2 million mainly due to the increased office rental expenses from the new subsidiary, Cloud Eight. Legal and professional fees saw an increase of 57% to S\$0.2 million mainly due to related professional and legal fees incurred for the new business transactions and activities in the Q1 FY2019. Other operating expenses in Q1 FY2019 saw an increase to S\$0.2 million mainly incurred for setting up of new business entities.

Total expenses in Q1 FY2019 increased from S\$1.0 million to S\$2.3 million as a result of increased operating costs and related employee expenses, which is directly attributed to higher sales activities and business expansion. As a result of the business expansion, the Group registered a loss of S\$1.1 million in Q1 FY2019 as compared to a loss of S\$0.5 million in Q1 FY2018.

#### **Review of Statement of Financial Position as at 31 October 2018**

##### **Current assets**

The Group's current assets decreased by S\$1.2 million, from S\$3.3 million as at 31 July 2018 to S\$2.1 million as at 31 October 2018. This was mainly a result of the decrease in cash and cash equivalents of S\$1.0 million.

##### **Non-current assets**

The Group's non-current assets increased by S\$0.8 million, from S\$1.0 million as at 31 July 2018 to S\$1.8 million as at 31 October 2018. This was mainly due to the purchase of new plant and equipment of S\$0.9 million relating to the expansion of new F&B outlets.

##### **Current liabilities**

The Group's total current liabilities increased by S\$0.2 million, from S\$1.2 million as at 31 July 2018 to S\$1.4 million as at 31 October 2018 mainly due to an increase in trade and other payables of S\$0.2 million as a result of the increased business activities. The existing bank borrowings amounted to approximately S\$24,000 is attributed to the travel business.

##### **Non-current liabilities**

The Group recorded non-current liabilities of approximately S\$8,000 as at 31 October 2018.

##### **Equity**

The Group's equity decreased by S\$0.5 million from S\$3.0 million as at 31 July 2018 to S\$2.5 million as at 31 October 2018. The decrease was due to the net loss recorded by the Group and was partially offset by non-controlling interest of S\$0.6 million from the investment in non-wholly owned subsidiary, Cloud Eight Inc., in Q1 FY2019.

#### **Review of Statement of Cash Flows**

The Group's net cash used in operating activities in Q1 FY2019 was S\$0.7 million, mainly due to negative operating cash flows before working capital of S\$1.0 million, partially offset by working capital inflow of S\$0.3 million. This is mainly due to the Group being in the business expansion phase.

The Group's net cash used in investing activities in Q1 FY2019 was S\$0.3 million, mainly due to the purchase of plant and equipment of S\$1.0 million, partially offset by investment of a non-wholly owned subsidiary, Cloud Eight Inc., of S\$0.7 million.

The cashflow used in financing activities in Q1 FY2019 was approximately S\$9,000 due to repayment of borrowings.

As a result, cash and cash equivalents stood at S\$0.8 million as at 31 October 2018.

- 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 in the travel and F&B industry. The Board is mindful of the intense competition of this industry, tight labour supply and increasing costs.
- The Group will continue to explore new business opportunities as well as controlling its costs to improve operational efficiency. The Company may explore fund raising exercises, including rights issues, to strengthen its cash position for future business expansions.
- The Group will continue to seek opportunities to expand its presence by way of acquisitions and forming new joint-ventures with potential partners. The Group also started a new high-end F&B sushi business led by celebrity chef, Hatch Hashida, and the new restaurant in Singapore has officially opened on 5 October 2018.
- As announced on 30 July 2018, the Group has entered into a joint venture agreement with Office Hashida to operate its high-end F&B business in California, US and the investment has been completed on 25 September 2018. We expect the new restaurant to be operational by first quarter of 2019.
- The Group is currently in the process of expanding its travel business by extending services to both inbound domestic tour in Japan and overseas travellers. The fintech business unit is currently targeting a key markets in South East Asia as well as in Japan to explore collaboration and partnership with financial institutions to launch its Robo Advisor Platform. Our key segment remains as retail banks, asset managers, pension funds, brokers and insurance companies.
- 11 Dividend**
- (a) Current Financial Period Reported On**
- None.
- (b) Corresponding Period of the Immediately Preceding Financial Year**
- None.
- (c) Date payable**
- Not applicable.
- (d) Books Closure date**
- Not applicable.
- 12 If no dividend has been declared/recommended, a statement to that effect**
- No dividend has been declared/recommendeded for the financial period 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) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.**
- The Group does not have a general mandate for interested person transactions. There were no interested person transactions which amounted to more than S\$100,000 during Q1 FY2019.

**14 Utilisation of proceeds from the rights issue**

The net proceeds from the rights issue of 262,635,534 new ordinary shares at the issue price of S\$0.015 per rights share in the share capital of the company was approximately S\$3,940,000, with the amount utilised to-date as set out below :

Intended use of net proceeds	Net proceeds from rights issue	Amount utilised as at 26 September 2018	Amount utilised as at the date of this announcement	Balance
	S\$'000	S\$'000	S\$'000	S\$'000
Developing the New Business	1,670	(1,174)	(496) *	-
Developing the Existing Businesses	694	(647)	(47)	-
Working Capital	1,576	(1,379)	(197) **	-
Total	3,940	(3,200)	(740)	-

Notes :

\* The breakdown of the amount utilised for developing the New Business is as follows :-

	S\$'000
Fixed assets	400
Business expansions	96
Total	496

\*\* The breakdown of the amount utilised for working capital is as follows :-

	S\$'000
Salaries & related expenses	85
Professional fees	92
Operating expenses	20
Total	197

The percentage allocation of use of proceeds from the rights issue as at the date of this report is in accordance with the intended use as disclosed in the Offer Information Statement dated 5 March 2018.

The Board wishes to inform that the balance net proceeds of the above have been fully utilised for the aforesaid purposes.

**15 Statement pursuant to Rule 705(5) of the Catalist Rules**

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 Q1 FY2019 to be false or misleading in any material aspect.

**16 Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Catalist Rules**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers, in the format as set out in Appendix 7H pursuant to Rule 720(1) of Catalist Rules.

**ON BEHALF OF THE BOARD OF DIRECTORS**

Saito Hiroyuki  
Executive Chairman / CEO

14 December 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (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 announcement.

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

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, 048542.