

FIRST QUARTER FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 OCTOBER 2004

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY(Q1,Q2,Q3)
HALF 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		Change %
	3 months ended 31 October 2004 S\$'000	2003 S\$'000	
Sales	12,712	13,068	-3%
Other operating income	50	3	1509%
Changes in inventories of finished goods	208	17	1124%
Raw materials and consumables used, distributor fees and handling costs	-4,636	(5,408)	-14%
Advertising and promotion expenses	-4,294	(3,608)	19%
Staff costs	-692	(182)	280%
Depreciation	-78	-10	659%
Other operating expenses	-623	-411	51%
	-10,065	-9,599	5%
Profit from operations	2,647	3,469	-24%
Finance cost - net	-36	-126	-72%
Profit before tax	2,611	3,343	-22%
Taxation	-503	-668	-25%
Net profit	2,108	2,675	-21%

Explanatory Notes:-

(a) LifeBrandz Ltd ("The Company") was incorporated in Singapore under the name of LifeBrandz Pte Ltd on 7 November 2003 as a private limited company. On 29 April 2004, it changed its name to LifeBrandz Ltd in connection with the Company's conversion to a public company limited by shares. On 18 June 2004, the Company was admitted to the main board of Singapore Exchange Securities Trading Limited ("SGX-ST") ("IPO").

(b) LifeBrandz Group (the "Group") was formed as a result of a restructuring exercise undertaken on 29 April 2004 as described in the Prospectus dated 8 June 2004 ("Restructuring Exercise").

(c) The consolidated financial statements (which include the consolidated Group's income statement, balance sheet, cash flow statement and statement of changes in equity) of the Group for the 3 months ended 31 October 2003 have been prepared using the "Pooling of Interest" method, as the entities within the Group are under the common control before and after the Restructuring Exercise. Under the pooling of interest method, the financial statements of the Group for the 3 months ended 31 October 2003 have been presented as if the Group has been in existence prior to 29 April 2004 and the assets and liabilities are brought into the consolidated financial statements at their existing carrying amount.

Notes to Income Statement

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

The Group		
	3 months ended 31 October	
	2004	2003
	S\$'000	S\$'000
a) Depreciation of plant and equipment	78	10
b) Inventories written off	2	17
c) Foreign exchange loss/(gain)	57	(0)
d) Operating lease expenses	79	38
e) Other income	(50)	(3)

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

Balance Sheets

	The Group		The Company	
	31/10/2004	31/07/2004	31/10/2004	31/07/2004
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	28,707	30,040	25,942	28,424
Receivables	11,931	11,390	2,793 #	210 #
Other current assets	3,973	2,184	88	211
Inventories	561	353	-	-
	<u>45,172</u>	<u>43,967</u>	<u>28,823</u>	<u>28,845</u>
Non-Current Assets				
Plant and equipment	633	625	-	-
Investments in subsidiaries	-	-	5,022	5,022
	<u>633</u>	<u>625</u>	<u>5,022</u>	<u>5,022</u>
Total Assets	<u>45,805</u>	<u>44,592</u>	<u>33,845</u>	<u>33,867</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	7,189	8,571	98	164
Borrowings	-	-	-	-
Current tax	2,896	2,395	9	3
	<u>10,085</u>	<u>10,966</u>	<u>107</u>	<u>167</u>
Total Liabilities	<u>10,085</u>	<u>10,966</u>	<u>107</u>	<u>167</u>
Net Assets	<u>35,719</u>	<u>33,626</u>	<u>33,738</u>	<u>33,700</u>
SHAREHOLDERS' EQUITY				
Share capital	6,120	6,120	6,120	6,120
Share premium	23,068	23,068	23,068	23,068
Foreign currency translation reserve	-12	2	-	-
Retained earnings	6,544	4,436	4,550	4,512
Total shareholders' equity	<u>35,719</u>	<u>33,626</u>	<u>33,738</u>	<u>33,700</u>

Receivables under the Company were reprsented by amount due from subsidiaries.

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

	The Group			
	As at 31/10/2004		As at 31/01/2003	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Details of any collateral
N.A.

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

Refer to note (c) under section 1(a) for the basis of preparation of the consolidated cash flow statement.

	The Group	
	31/10/2004 S\$'000	31/10/2003 S\$'000
Cash flows from operating activities:		
Profit before tax	2,611	3,342
Adjustments for:		
Depreciation	78	10
Foreign currency translation adjustment	(3)	-
Interest income	-50	-
Interest expenses	36	128
Operating cashflow before working capital change	<u>2,672</u>	<u>3,480</u>
Change in operating assets and liabilities		
Receivables	-540	752
Other current assets	-1,789	-904
Inventories	-208	17
Payables	-1,382	-48
Cash (used in)/generated from operations	<u>-1,247</u>	<u>3,297</u>
Income tax paid	-1	-1,270
Net Cash (outflow)/inflow from operating activities	<u><u>-1,248</u></u>	<u><u>2,027</u></u>
Cash flows from investing activities		
Payments for plant and equipment	-99	-62
Interest received	50	-
Net cash (outflow) from investing activities	<u><u>-49</u></u>	<u><u>-62</u></u>
Cash flows from financing activities:		
Repayments of borrowings	-	-352
Interest paid	-36	-128
Net cash (outflow) from financing activities	<u><u>-36</u></u>	<u><u>-480</u></u>
Net (decrease)/increase in cash and cash equivalents held		
Cash and cash equivalents at the beginning of the financial period	-1,333	1,485
Cash and cash equivalents at end of the financial period	<u><u>30,040</u></u>	<u><u>1,207</u></u>
	<u><u>28,707</u></u>	<u><u>2,692</u></u>

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

Refer to note (c) under section 1(a) for the basis of preparation of the consolidated statement of changes in equity of the Group.

(i) Consolidated statement of changes in equity for the period ended 31 October 2004 - Group

	Share Capital S\$'000	Share Premium S\$'000	Foreign Currency Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000
Balance at 1 August 2004	6,120	23,068	2	4,436	33,626
Net profit for the period	-	-	-	2,108	2,108
Net loss not recognised in income statement - currency translation differences	-	-	(14)	-	(14)
Total recognised gain for the financial period			<u>(14)</u>	<u>2,108</u>	<u>2,094</u>
Balance at 31 October 2004	<u><u>6,120</u></u>	<u><u>23,068</u></u>	<u><u>(12)</u></u>	<u><u>6,544</u></u>	<u><u>35,720</u></u>
Balance at 1 August 2003	456	-	-	4,459	4,915
Total recognised gain for the financial period - Net Profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,675</u>	<u>2,675</u>
Balance at 31 October 2003	<u><u>456</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>7,134</u></u>	<u><u>7,590</u></u>

* The share capital and retained earnings for the financial period ended 31 October 2003 represents the share capital and retained earnings of the subsidiary, LifePharm Pte Ltd, prior to the Restructuring Exercise.

(ii) Statement of changes in equity for period ended 31 July 2004 - Company

	Share Capital S\$'000	Share Premium S\$'000	Retained Earnings S\$'000	Total S\$'000
Balance at 1 August 2004	6,120	23,068	4,512	33,700
Total recognised gain for the financial period - Net Profit	-	-	38	38
Balance at 31 October 2004	6,120	23,068	4,550	33,738

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 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 authorised share capital

There were no changes in the authorised share capital.

(b) Changes in paid-up share capital

There were no changes in the issued share capital.

(c) Options

There were no option granted as at 31 October 2004

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

The figures have neither 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 period as compared with the most recently audited financial statements of LifePharm Pte Ltd (principal subsidiary of the Company) for the year ended 31 July 2004.

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 financial statements, comprising the consolidated income statement, balance sheets, statements of changes in equity and consolidated cashflow statements, have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Companies Act.

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	
	31/10/2004	31/10/2003
Earnings per ordinary share ("EPS") for the period after deducting any provision for preference dividends :		
Basic Earnings per share * (cent)	0.34	0.56
On a fully diluted basis	-	-

Notes:-

* Basic earnings per share for the period ended 31 October 2004 is calculated by dividing the net profit attributable to member of LifeBrandz Ltd by the the issued share capital of 612,000,000. For comparative purposes, basic EPS for the period ended 31 October 2003 is computed based on the pre-invitation share capital of 480,000,000 ordinary shares.

7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	The Group		The Company	
	31/10/2004	31/07/2004	31/10/2004	31/07/2004
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	5.84	5.49	5.51	5.51

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include 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 3 MONTH FINANCIAL RESULTS AND FINANCIAL POSITION

The Board wished to announce that the Group recorded sales of \$12.7 million for 3 months ended 31 October 2004 ("1Q 2005") with a profit after tax of \$2.1 million.

SALES

The breakdown of the Group's sales by major product category for the two periods under review are as follows:-

	3 months ended 31 October			
	2004		2003	
	S\$'000	%	S\$'000	%
Nutraceuticals	6,081	48	12,438	95
Cosmeceuticals	4,075	32	-	-
Functional Food and Beverage	621	5	629	5
Personal/Family Care and Lifestyle	1,935	15	-	-
	12,712	100	13,067	100

As part of its efforts to launch new products in other product categories, the Group's sales were more evenly distributed in 1Q 2005. Nutraceuticals contributed about 48% of the Group sales for 1Q 2005 compared to 95% of the Group sales in the same period of the previous financial year. Cosmeceuticals was the second largest contributor accounted for 32% of the Group's sales for 1Q 2005 whilst the Group did not launch any product under this product category during the 3 months ended 31 October 2003 ("1Q 2004"). Skin products under brand name Intenz were the main sales driver in this product category. Sales from Genki Tea continued to do well and contributed positively to the sales in the Functional Food and Beverage category for the current financial period. The Group has also launched new products in the Personal/Family care and Lifestyle Products category in 1Q 2005 which contributed 15% of the Group's sales in this period.

PROFITABILITY

The Group's gross profit margin improved from 58.7% in 1Q 2004 to 65.2% in 1Q 2005. The improvement was due to the Group achieved lower distributors' costs and products mix in 1Q 2005.

Total operating expenses increased by \$1.5 million from \$4.2 million in 1Q 2004 to \$5.7million in 1Q 2005. The increase was principally attributable to:-

(a) advertising and promotion ("A&P") expenses increased by \$0.7 million from \$3.6 million in 1Q 2004 to \$4.3 million in 1Q 2005. As a percentage of A&P expenses to sales, this represented 33.8% of the Group's sales which is within our present annual A&P budget set at 35% of Group's sales. In 1Q 2004, the A&P expenses were incurred mainly for a single product - Extrim carbohydrate neutraliser tablets. In Q1 2005, the Group incurred higher A&P expenses as an investment towards building brand awareness for several products including new product launches;

(b) operating expenses other than A&P expenses (including staff costs, depreciation and others) increased by \$0.8 million. This was due to mainly to the increase in staff strength (including a number of senior management staff), more frequent business travel and professional charges and administrative expenses which were in line with the Group's business expansion and penetration of new overseas markets in 1Q 2005.

FINANCIAL POSITION

There were no significant changes to the financial position of the Group for the two periods under review. The Group does not have any bank borrowing as at 31 October 2004.

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

We continue to see growth opportunities in our business, targeting the growing number of discerning affluent Asian women in our existing markets and potential markets across the other Asia Pacific Region countries. We will focus on our geographical expansion and extend our leadership positions in our existing markets. Based on this outlook, we re-iterate our positive growth expectation for the financial year 2005.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year ?

None

(c) Date payable

Not Applicable

(d) Books Closure date

Not Applicable

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

No interim dividend has been declared/recommended for the period under review.

BY ORDER OF THE BOARD

**Koh Boon Liang / Foo Soon Soo
Joint Company Secretaries
10 December, 2004**