

LIFEBRANDZ LTD

(Incorporated in the Republic of Singapore)

Full Year Financial Statement And Dividend Announcement for the year ended 31 July 2004

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY(Q1,Q2,Q3,Q4)
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		%
	31/07/2004 S\$'000	31/07/2003 S\$'000	
Sales	<u>53,339</u>	<u>19,592</u>	172%
Other operating income	<u>77</u>	<u>100</u>	-23%
Changes in inventories of finished goods	<u>539</u>	<u>(83)</u>	-749%
Raw materials and consumables used, distributor fees and handling costs	<u>(18,680)</u>	<u>(8,370)</u>	123%
Advertising and promotion expenses	<u>(18,592)</u>	<u>(3,056)</u>	508%
Staff costs	<u>(1,833)</u>	<u>(1,087)</u>	69%
Depreciation	<u>(166)</u>	<u>(50)</u>	232%
Other operating expenses	<u>(2,446)</u>	<u>(1,088)</u>	125%
	<u>(41,101)</u>	<u>(13,634)</u>	201%
Profit from operations	<u>12,238</u>	<u>5,958</u>	105%
Finance cost - net	<u>(205)</u>	<u>(67)</u>	206%
Profit before tax	<u>12,033</u>	<u>5,891</u>	104%
Taxation	<u>(2,410)</u>	<u>(1,270)</u>	90%
Net profit	<u>9,623</u>	<u>4,621</u>	108%

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 financial year ended 31 July 2004 and 31 July 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 financial year ended 31 July 2004 and the comparatives for 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 (Full Year 2004 vs Full Year 2003):-

	The Group	
	31/07/2004	31/07/2003
	S\$'000	S\$'000
a) Depreciation of plant and equipment	(166)	(50)
b) Bad debts written off	-	(16)
c) Inventories written off	(118)	(142)
d) Foreign exchange gain	54	7
e) Operating lease expenses	(231)	(231)
f) Other income	23	93
g) Loss on disposal of plant and equipment	-	(83)

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

Refer to note (c) under section 1(a) for the basis of preparation of the consolidated Balance Sheet of the Group.

Balance Sheets

	The Group 31/07/2004	The Group 31/07/2003	The Company 31/07/2004
	S\$'000	S\$'000	S\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	30,040	1,207	28,424
Receivables	11,390	7,593	210
Other current assets	2,184	947	211
Inventories	353	115	-
	<u>43,967</u>	<u>9,862</u>	<u>28,845</u>
Non-Current Assets			
Plant and equipment	625	61	-
Investments in subsidiaries	-	-	5,022
	<u>625</u>	<u>61</u>	<u>5,022</u>
Total Assets	<u>44,592</u>	<u>9,923</u>	<u>33,867</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	8,571	3,386	164
Borrowings	-	352	-
Current tax	2,395	1,270	3
	<u>10,966</u>	<u>5,008</u>	<u>167</u>
Total Liabilities	<u>10,966</u>	<u>5,008</u>	<u>167</u>
Net Assets	<u>33,626</u>	<u>4,915</u>	<u>33,700</u>
SHAREHOLDERS' EQUITY			
Share capital	6,120	456	6,120
Share premium	23,068	-	23,068
Foreign currency translation reserve	2	-	-
Retained earnings	4,436	4,459	4,512
Total shareholders' equity	<u>33,626</u>	<u>4,915</u>	<u>33,700</u>

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

	The Group			
	As at 31/07/2004		As at 31/07/2003	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year	-	-	-	352
Amount repayable after one year or less, or on demand	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>352</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	
	31/07/2004 S\$'000	31/07/2003 S\$'000
Cash flows from operating activities:		
Profit before tax	12,033	5,891
Adjustments for:		
Depreciation	166	50
Loss on disposal of property, plant and equipment	-	83
Foreign currency translation adjustment	2	-
Interest income	(8)	-
Interest expenses	213	67
Operating cashflow before working capital change	<u>12,406</u>	<u>6,091</u>
Change in operating assets and liabilities		
Receivables	(3,797)	(7,551)
Other current assets	(1,237)	(928)
Inventories	(238)	84
Payables	5,185	3,024
Cash generated from operations	<u>12,319</u>	<u>720</u>
Income tax paid	(1,285)	-
Net Cash inflow from operating activities	<u>11,034</u>	<u>720</u>
Cash flows from investing activities		
Payments for plant and equipment	(730)	(155)
Interest received	8	-
Net cash outflow from investing activities	<u>(722)</u>	<u>(155)</u>
Cash flows from financing activities:		
Issue of ordinary shares	44	256
Proceeds/ (repayments) of borrowings	(352)	352
Interest paid	(213)	(67)
Proceeds from issuance of ordinary shares, pursuant to the Initial Public Offering, net	24,388	-
Dividends paid to group shareholders	(5,346)	-
Net cash inflow from financing activities	<u>18,521</u>	<u>541</u>
Net increase in cash and cash equivalents held	<u>28,833</u>	<u>1,106</u>
Cash and cash equivalents at the beginning of the financial period	1,207	101
Cash and cash equivalents at end of the financial period	<u>30,040</u>	<u>1,207</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 July 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 2003	456 *	-	-	4,459 *	4,915
Issue of share capital	44 *	-	-	-	44
Issue of shares pursuant to Restructuring exercise	4,800	-	-	-	4,800
Adjustment arising from restructuring	(500)	-	-	(4,300)	(4,800)
Issue of shares pursuant to the Initial Public Offering of the Company	1,320	25,080	-	-	26,400

	Share Capital S\$'000	Share Premium S\$'000	Foreign Currency Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000
Share issue expenses	-	(2,012)	-	-	(2,012)
Net profit for the year	-	-	-	9,623	9,623
Net loss not recognised in income statement - currency translation differences	-	-	2	-	2
Total recognised gain for the financial period	-	-	2	9,623	9,625
Dividend	-	-	-	(5,346)	(5,346)
Balance at 31 July 2004	6,120	23,068	2	4,436	33,626
Balance at 1 August 2002	200	-	-	(162)	38
Total recognised gain for the financial period - Net Profit	-	-	-	4,621	4,621
Issue of share capital	256	-	-	-	256
Balance at 31 July 2003	456	-	-	4,459	4,915

* The share capital and retained earnings for the financial year ended 31 July 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 07 November 2003*	-	-	-	-
Issue of shares pursuant to restructuring exercise	4,800	-	-	4,800
Issue of shares pursuant to the Initial Public Offering of the Company	1,320	25,080	-	26,400
Share issue expenses	-	(2,012)	-	(2,012)
Net profit for the period	-	-	4,512	4,512
Balance at 31 July 2004	6,120	23,068	4,512	33,700

* Share capital at the date of incorporation is less than \$1,000.

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

At the date of incorporation on 7 November 2003, the authorised share capital of the Company was \$100,000,000 comprising 1,000,000,000 ordinary shares of S\$0.10 each.

On 29 April 2004, the ordinary shares of the Company in the authorised and issued paid-up capital were sub-divided into 100 ordinary shares of \$0.01 each, resulting in authorised share capital of \$100,000,000 comprising 10,000,000,000 ordinary shares of \$0.01 each.

(b) Changes in paid-up share capital

Purpose of issue	Par value (\$)	Number of shares	Resultant issued and paid-up share capital (\$)
Issue of new ordinary shares of \$0.10 each on 7 November 2003	0.1	20	2
Consolidation of 10 ordinary shares of \$0.10 each to 1 ordinary share of \$1.00 each on 23 February 2004	1	2	2
Issue of new ordinary shares of \$1.00 each pursuant to the Restructuring Exercise on 29 April 2004	1	4,799,998	4,800,000
Subdivision of ordinary shares from \$1.00 each into 100 ordinary shares of \$0.01 and fully paid ordinary shares at 29 April 2004	0.01	480,000,000	4,800,000
Issue of ordinary shares of \$0.01 each at a premium of S\$0.19 per share pursuant to the issuing of new shares pursuant to the initial public offering on 8 June 2004	0.01	132,000,000	1,320,000
Balance as at 31 July 2004	0.01	612,000,000	6,120,000

(c) Options

There were no options granted as at 31 July 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 2003.

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. In previous year, the financial statements of LifePharm Pte Ltd (principal subsidiary of the Company) were prepared in accordance with the Singapore Statements of Accounting Standard ("SAS"). The transition from SAS to FRS did not result in significant difference in accounting policies and method of computation.

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	
	31/07/2004	31/07/2003
Earnings per ordinary share ("EPS") for the period after deducting any provision for preference dividends :		
Based on weighted average number of ordinary shares in issue (cents)*	6.96	0.96
On a fully diluted basis (cents)	-	-

Notes:-

*For the financial year ended 31 July 2004, the weighted average number of shares were 138,213,848 after adjusting for the sub-division of shares.
Based on the issued share capital of 612,000,000 shares as at the end of the financial year ("FY") 2004, the EPS would have been 1.57 cents.
For comparative purposes, basic EPS for FY 2003 is computed based on the pre-invitation share capital of 480,000,000 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	
	31/07/2004	31/07/2003	31/07/2004	31/07/2003
Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents)	5.49	1.02	5.51	- *

* Not in existence yet.

For comparative purposes, NTA per share as at 31 July 2003 is computed based on the pre-invitation share capital of 480,000,000 shares.

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 12 MONTH FINANCIAL RESULTS AND FINANCIAL POSITION

The Board is pleased to announce a successful year of performance with a significant increase of 108% in the Group's profit after tax from \$4.6 million in FY 2003 to \$9.6 million in FY 2004. This is backed by an increase of sales of \$33.7 million from \$19.6 million in FY 2003 to \$53.3 million from FY 2004, representing an increase of 172%.

Sales by product category for the 2 financial years under review are as follows:-

	31/07/2004	31/07/2003	Increase / (Decrease)	
	S\$'000	S\$'000		
Nutraceuticals	37,580	17,798	19,782	111%
Cosmeceuticals	14,608	110	14,498	13180%
Functional Food and Beverage	1,151	333	818	246%
Personal/Family Care and Lifestyle	-	1,351	(1,351)	NM
	<u>53,339</u>	<u>19,592</u>	<u>33,747</u>	172%

Sales from Nutraceuticals category increased by \$19.8 million in FY 2004 primary due to continued strong sales from Extrim carbohydrate neutraliser tablets and new products launched under this category. Sales contribution from this category reduced from 90% in FY 2003 to 70% in FY 2004.

In FY 2004, we launched a series of new products in the Cosmeceuticals category notably Intenz Skin Activator which was the major sales contributor in this category. This gave rise to a significant increase in sales by 130 times from \$0.1 million in FY 2003 to \$14.6 million in FY 2004. Sales contribution from this category increased significantly from less than 1% in FY 2003 to 27% in FY 2004.

Functional Food and Beverage category was contributed mainly from Slimwater and Genki Tea sales. There were no sales from the Personal/Family care and Lifestyle Products category as the Group concentrated its sales and marketing efforts on the other three product categories during FY 2004.

Sales from Singapore reduced from 61% in FY 2003 to 55% in FY 2004 whilst sales from Hong Kong maintained at about 40% for the 2 financial years under review. In June 2004, the Group entered into distribution agreement where the appointed distributor committed to \$36 million sales of Extrim carbohydrate neutraliser tablets in Indonesia over 3 years. For FY 2004, sales from Indonesia contributed about \$2 million, representing approximately 4% of the Group's total sales.

The Group's costs under the headings of raw materials and consumables used, distributors' fees and handling costs increased from \$8.4 million in FY 2003 to \$18.1 million FY 2004 due to higher sales volume in FY 2004. The Group, however, achieved a lower percentage of the costs to sales in FY 2004 of 34% compared with 43% in FY 2003 due mainly to lower distributors' fees charged.

Advertising and promotion ("A&P") expenses increased from \$3 million in FY 2003 to \$18.6 million in FY 2004. In FY 2003, the A&P was spent primarily on a single product - Extrim carbohydrate neutraliser tablets. Higher A&P spending in FY 2004 was attributable to the Group's investment in building brand awareness for the future so as to position and maintain its market leadership in its major product categories as well as to promote several new products launched in the second half of FY 2004.

Comparing with FY 2003, the general administrative expenses (staff costs, depreciation and other operating expenses) increased from \$2.3 million to \$4.4 million in FY 2004 to support the sales growth and regional expansion. As a percentage to sales, it reduced from 12% to 8%.

Total current assets increased by approximately \$34 million mainly due to higher cash and cash equivalents of \$28.9 million resulting from the cash proceeds from the IPO and positive operating cashflow generated. Pending the deployment of the proceeds for purposes mentioned in the Prospectus, the proceeds are deposited with banks or used as working capital. In addition, there was an increase in receivables of \$3.8 million and other current assets of \$1.3 million which was due to higher sales.

Total liabilities increased from \$5.0 million in FY 2003 to \$10.9 million in FY 2004 due mainly to the increase in trade payables which was in line with the increased business transactions and an increase in the provision of tax as a result of higher profits in FY 2004.

Shareholders' equity increased by \$28.7 million due primary to the issue of new shares at a premium in connection with the IPO.

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

During the year under review, the Group embarked upon several strategic initiatives to extend its brand portfolio, strengthen its brand positioning as well as to widen its geographical reach. While these efforts have already started to yield some results, they are expected to benefit the overall performance of the Group going forward.

The Group has recently launched a new range of Cosmeceuticals to complement its existing range of Nutraceutical products. The strong growth of revenue from Cosmeceuticals to \$14.6 million in FY2004 from \$0.1 million in FY2003 indicates that the range of products has gained acceptance rapidly in its existing key markets of Singapore and Hong Kong. The Group is confident that Cosmeceuticals will continue to grow in FY2005 and beyond and contribute positively to the top- and bottom-line through the introduction of new products in this category.

The six-fold increase in investments in advertising and promotion undertaken in FY2004, amounting to \$18 million, underscores the commitment of the Group to build up the brand equity of its products. These investments in branding and promotion were strategically made to strengthen the Group's market share in the existing countries and poise the Group for further expansion into the region.

In June 2004, the Group appointed Diethelm Singapore to distribute Extrim products in Indonesia which accounted for 4% of the Group's FY2004 sales. Diethelm Singapore has committed to \$36 million sales of Extrim carbohydrate neutraliser tablets in Indonesia in three years and should lead to significantly higher sales from Indonesia in FY2005.

With the successful launch of the Group's products in Indonesia, we are now actively pursuing expansion in other regional markets, including Taiwan, Thailand and Malaysia – which we hope to penetrate in FY 2005. We also intend to expand our business through acquisitions, joint ventures or strategic alliance, particularly in the Greater China region with parties that can strengthen our market position and add value to our existing business.

We continue to see growth opportunities in our business, targeting the growing number of discerning affluent Asian women in our existing markets and abroad across the other Asia Pacific Region countries. We seek growth contribution from all four of our core product categories (Nutraceutical, Cosmeceutical, Functional Food & Beverages and Personal Care and Lifestyle), geographical expansion and from extending our leadership positions in our existing markets. Based on this outlook, we expect positive growth for the financial year 2005.

11 **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ?

Name of Dividend	First and Final
Dividend Type	Cash
Dividend Payable	\$4,500,000
Dividend Amount per Share	0.73 cents per ordinary shares (exempt one-tier)

(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

Notice will be given later regarding the dividend payment date.

(d) Books Closure date

Notice will be given later regarding the date of closure of transfer book and register of members.

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

Not Applicable

PART II ADDITIONAL INFORMATION REQUIRE FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13 **Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding period**

The Group operates its business under a single business segment of brand development and management of health beauty, personal/family care and lifestyle products. The products that are sold under this strategic business unit are subjected to similar risks and returns. As the Group has a single business segment, no business segment analysis is presented.

The following tables present revenue and operating results for the Group's geographical segments for financial year ended 31 July 2003 and 31 July 2004:-

	Singapore S\$'000	Hong Kong S\$'000	Indonesia S\$'000	Total S\$'000
Financial year ended 31/07/2003				
Sales	11,889	7,703	-	19,592
Profit before tax	2,622	3,269	-	5,891
Financial year ended 31/07/2004				
Sales	29,705	21,637	1,997	53,339
Profit before tax	8,669	2,780	584	12,033

- 14 In the review of performance, the factors leading to any changes in contribution to turnover and earnings by the business or geographical segments

Please refer to paragraph 8 for analysis.

- 15 A breakdown of sales

	The Group		
	31/07/2004 S\$'000	31/07/2003 S\$'000	% Increase/ (Decrease)
Sales reported for the first half year	22,500	2,294	881%
Operating profit after tax reported for the first half year	5,036	303	1562%
Sales reported for the second half year	30,839	17,298	78%
Operating profit after tax reported for the second half year	4,587	4,318	6%

- 16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend

	Latest Full Year 31/07/2004 S\$'000	Previous Full Year 31/07/2003 S\$'000
Ordinary	4,500.00	-
Preference	-	-
Total	<u>4,500.00</u>	<u>-</u>

Note :

This is the proposed final dividend for ordinary shares for the financial year ended 31 July 2004. Please refer to paragraphs 11(a) for details.

BY ORDER OF THE BOARD

Koh Boon Liang / Foo Soon Soo
Joint Company Secretaries
14-Sep-04