

Press Release

LifeBrandz's FY2004 Net Profit Grows 108% Y-o-Y to \$9.6 million As Sales Jump 172% to \$53.3 million

- **EPS* rises to 6.96 cents in FY2004 from 0.96 cent a year ago; net assets backing per share increases to 5.49 cents from 1.02 cents**
- **Proposed first and final cash dividend of 0.73 cent per share (exempt one-tier)**
- **Extension of current leadership position in existing markets and expansion into regional markets, including Taiwan, Thailand and Malaysia to drive continuing growth over the near term**

Singapore, 14 September 2004 – Homegrown lifestyle brand development and management group LifeBrandz Ltd (“LifeBrandz”) today announced that its net profit attributable to shareholders for the financial year ended 31 July 2004 (“FY2004”) rose 108% to \$9.6 million on the back of strong sales growth of existing Nutraceutical products and the successful launch of a new range of Cosmeceuticals.

LifeBrandz, which was listed on the Mainboard of the Singapore Exchange in June 2004, said sales of the Nutraceuticals category increased by 111% to \$37.6 million in FY2004 compared to FY2003 primarily due to significant increases in sales of top-selling *Extrim* carbohydrate neutraliser tablets and other new products launched.

The Cosmeceuticals category has become a significant contributor, as sales, notably of *Intenz Skin Activator*, jumped 130 times from \$0.1 million in FY2003 to \$14.6 million in FY2004. The strong sales from both categories boosted net profit attributable to shareholders to \$9.6 million in FY2004 from \$4.6 million in FY2003.

*Earnings per share (“EPS”), based on the weighted average number of shares of 138,213,848 after adjusting for the sub-division of shares, rose to 6.96 cents in FY 2004 from 0.96 cent a year ago. Based on the existing share capital of 612,000,000 as at 31 July 2004, EPS was 1.57 cents, while Net assets backing per share increased to 5.49 cents from 1.02 cents.

The Group's financial position remains strong as higher cash and cash equivalents of \$28.9 million were generated from its recent Initial Public Offering ("IPO") and positive operating cash flows.

To reward shareholders for the strong performance, the Group has proposed a first and final dividend totalling \$4.5 million, or 0.73 cent per share, representing 46.8% of FY2004 net profit.

The Group is achieving a more balanced product mix in contribution to Group sales. Nutraceuticals accounted for 70% in FY2004 compared to 90% in FY2003 as contribution from Cosmeceuticals increased substantially to 27% of Group sales from less than 1% in FY2003. Sales of the Group's Functional Food and Beverage category grew to \$1.2 million from \$333,000, as demand for *Genki Tea* gained momentum.

By geographical breakdown, the Singapore market accounted for 55% of sales in FY2004 (FY 2003: 61%) whilst sales from Hong Kong maintained at about 40% for the two years. In conjunction with the Group's geographical expansion, LifeBrandz appointed Diethelm Singapore in June 2004 to distribute *Extrim* products in Indonesia. With Diethelm Singapore committing to \$36 million sales of *Extrim* carbohydrate neutraliser tablets in Indonesia in three years, Indonesia thus accounted for 4% of the Group's FY2004 sales.

Commenting on the Group's results, CEO Mr. Michael Wong said, "Our financial results have displayed strong growth of LifeBrandz in several key areas – apart from top-line growth, we have expanded our portfolio of products and brands with strong contribution from Nutraceuticals and Cosmeceuticals; and widened our geographical market reach."

"More critically, we are succeeding in laying firm foundations for future growth through strategic brand building and increased staffing. We have consciously chosen to invest for the future through increased spending in advertising and promotions ("A&P") to effectively establish top-of-mind recall for our new products as well as strengthen our position as a trusted name and leader in both weight management and beauty and skin care solutions," he said.

Consequently, A&P expenses in FY2004 rose to \$18.6 million compared to \$3.0 million in FY2003. The Group increased spending on product launches in the second half of FY2004 in line with the Group's roll-out of a series of new products and on strategic initiatives aimed at building brand equity and market shares and positioning the Group for further expansion into the region. In contrast, FY2003's ad-spend was largely on a single product – the Group's top-selling *Extrim* carbohydrate neutraliser tablets.

The Group's investment in brand building has started to bear fruits – on 16 July 2004, *Extrim* was ranked 469th among the top 1000 Asian brands in 2003 in a survey published by Brand

Portfolio Magazine. Among the top 500 brands cited in the survey were *Rolex, Starbucks, Louis Vutton, Chanel, Gucci and Patek Phillippe*.

"Our forward strategy is to extend and deepen our successful brands with complementary products while concurrently pursuing geographical expansion in the region including Taiwan, Thailand and Malaysia. We also intend to expand our business through acquisitions, joint ventures or strategic alliances, particularly in the Greater China region with parties that can strengthen our market position, and add value to our existing business. We are confident that our prospects will be strongly underpinned by the rising number of discerning affluent Asian women across Asia Pacific region and the consumers' trust that our brands have earned in existing markets," Mr. Wong added.

~End~

Issued on behalf of LifeBrandz Ltd by WeR1 Consultants Pte Ltd

Media Contact Information

WeR1 Consultants Pte Ltd

29, Scotts Road

Tel: 65-67374844; Fax: 65-67374944

Mona Leong (monaleong@wer1.net) or Eunice Lua (eunicelua@wer1.net)

About LifeBrandz Ltd

Established in July 2001 and listed on the Singapore Exchange Main Board since 18 June 2004, LifeBrandz is a lifestyle brand development and management Group which develops and manages health, beauty, personal / family care and lifestyle products.

Based on its unique brand development and management approach LifeBrandz BDMA, the Group's ability to effectively build and promote brands that it creates and owns has translated into successful brands which meet customers' needs. These include Intenz (skin supplement tablets and masks), Extrim (weight management tablets and other weight management products), Genki Tea (floral tea) and Slimwater (functional water). LifeBrandz products are currently sold through more than 1,000 points of sale in Singapore and Hong Kong, including chain and independent pharmacies, personal care stores, cosmetic companies and medical clinics. The Group also embarked its entry into Indonesian market in June 2004 with a committed order of \$36 million in 3 years with its distributor in Indonesia.

LifeBrandz leverages on an outsourcing strategy that allows the Group to focus on its core competencies of brand development and management as well as minimises high capital expenditure commitments and fixed overheads. Non-core activities such as manufacturing, distribution and warehousing / supply chain management are outsourced to reputable and reliable strategic partners who are proven specialists in their respective business arenas.

LifeBrandz' subsidiary LifePharm Pte Ltd was one of the principal sponsors of Singapore's National Day Parade Celebrations in August 2004, providing 800,000 bottles of its first functional food product SlimWater, which uses revolutionary technology to incorporate liquid fibre into water, packed in "goodie bags" for all parade participants and spectators.
