

**LIFEBRANDZ LTD.**

(Incorporated in the Republic of Singapore)

Company registration No. : 200311348E

**THIRD QUARTER FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 APRIL 2007**

**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**

|                                                | <b>The Group</b>                         |                  | %            |
|------------------------------------------------|------------------------------------------|------------------|--------------|
|                                                | 3 months ended 30 Apr<br>2007<br>S\$'000 | 2006<br>S\$'000  |              |
| <b>CONTINUING OPERATIONS</b>                   |                                          |                  |              |
| Revenue                                        | 11,650                                   | 7,366            | 58%          |
| Other gains                                    |                                          |                  |              |
| - Miscellaneous                                | 985                                      | 498              | 98%          |
| Expenses                                       |                                          |                  |              |
| - Inventories and consumables used             | (2,750)                                  | (1,275)          | 116%         |
| - Advertising, media and entertainment         | (1,587)                                  | (692)            | 129%         |
| - Employee benefits                            | (3,801)                                  | (1,534)          | 148%         |
| - Amortisation, depreciation and impairment    | (1,244)                                  | (571)            | 118%         |
| - Finance                                      | (86)                                     | (120)            | -28%         |
| - Rental on operating leases                   | (1,597)                                  | (463)            | 245%         |
| - Transportation                               | (25)                                     | (31)             | -19%         |
| - Legal and professional fees                  | (274)                                    | (136)            | 101%         |
| - Contract services                            | (320)                                    | (252)            | 27%          |
| - Licence and permits                          | (170)                                    | (18)             | 844%         |
| - Other operating expenses                     | (1,289)                                  | (512)            | 152%         |
| Changes in inventories of finished goods       | 139                                      | (276)            | -150%        |
| Total expenses                                 | (13,004)                                 | (5,880)          | 121%         |
| <b>(Loss)/Profit before income tax</b>         | <b>(369)</b>                             | <b>1,984</b>     | <b>-119%</b> |
| Income tax expense                             | -                                        | (440)            | NM           |
| <b>Profit from continuing operations</b>       | <b>(369)</b>                             | <b>1,544</b>     | <b>-124%</b> |
| <b>DISCONTINUED OPERATIONS</b>                 |                                          |                  |              |
| <b>Total loss from discontinued operations</b> | <b>-</b>                                 | <b>(4,811) *</b> | <b>NM</b>    |
| <b>Total loss for the period</b>               | <b>(369)</b>                             | <b>(3,267)</b>   | <b>-89%</b>  |
| <b>Attributable to:</b>                        |                                          |                  |              |
| Equity holders of the Company                  | (178)                                    | (3,552)          |              |
| Minority interest                              | (191)                                    | 285              |              |
|                                                | <b>(369)</b>                             | <b>(3,267)</b>   |              |

NM : Not meaningful

**Notes to Income Statement**

**CONTINUING OPERATIONS**

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

|                                                  | <b>The Group</b>                                                  |                                                                     | *    |
|--------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------|------|
|                                                  | CONTINUING OPERATIONS<br>3 months ended 30 Apr<br>2007<br>S\$'000 | DISCONTINUED OPERATIONS<br>3 months ended 30 Apr<br>2006<br>S\$'000 |      |
| a) Depreciation on property, plant and equipment | 1,096                                                             | 424                                                                 | 95   |
| b) Amortisation on intangible assets             | 148                                                               | 147                                                                 | 9    |
| c) Foreign exchange (gain)/loss                  | (13)                                                              | (6)                                                                 | 20   |
| d) Inventories written off                       | -                                                                 | -                                                                   | 659  |
| e) Interest and miscellaneous income             | (96)                                                              | (61)                                                                | (57) |
| f) Service charge surplus                        | (889)                                                             | (437)                                                               | -    |

\* **DISCONTINUED OPERATIONS**

Results of discontinued operations. Only applicable to FY2006.

A summary of the results of Discontinued operations is as follows:-

|                                           | <b>30 Apr 2006<br/>S\$'000</b> |
|-------------------------------------------|--------------------------------|
| Sales                                     | 231                            |
| Net costs/expenses                        | (5,042)                        |
| Loss after tax of discontinued operations | (4,811) *                      |

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           |                       |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                      | 31/04/2007<br>S\$'000 | 31/07/2006<br>S\$'000 | 31/04/2007<br>S\$'000 | 31/07/2006<br>S\$'000 |
| <b>ASSETS</b>                        |                       |                       |                       |                       |
| <b>Current Assets</b>                |                       |                       |                       |                       |
| Cash and cash equivalents            | 16,127                | 13,902                | 13,118                | 7,208                 |
| Trade and other receivables          | 2,609                 | 1,385                 | 8,159                 | 3,148                 |
| Other current assets                 | 1,812                 | 1,106                 | 168                   | 138                   |
| Inventories at cost                  | 1,257                 | 537                   | -                     | -                     |
|                                      | <u>21,805</u>         | <u>16,930</u>         | <u>21,445</u>         | <u>10,494</u>         |
| <b>Non-Current Assets</b>            |                       |                       |                       |                       |
| Property, plant and equipment        | 17,964                | 8,233                 | 174                   | 371                   |
| Intangible assets                    | 1,022                 | 991                   | -                     | -                     |
| Investments in subsidiaries          | -                     | -                     | 3,500                 | 3,300                 |
| Intercompany long term loan          | -                     | -                     | 1,000                 | 1,000                 |
|                                      | <u>18,986</u>         | <u>9,224</u>          | <u>4,674</u>          | <u>4,671</u>          |
| <b>Total Assets</b>                  | <u>40,791</u>         | <u>26,154</u>         | <u>26,119</u>         | <u>15,165</u>         |
| <b>LIABILITIES</b>                   |                       |                       |                       |                       |
| <b>Current Liabilities</b>           |                       |                       |                       |                       |
| Trade and other payables             | 9,400                 | 5,781                 | 527                   | 2,131                 |
| Borrowings                           | 4,992                 | 5,973                 | 2,910                 | 2,917                 |
| Current income tax liabilities       | 4                     | 4                     | 4                     | 4                     |
|                                      | <u>14,396</u>         | <u>11,758</u>         | <u>3,441</u>          | <u>5,052</u>          |
| <b>Non-current Liabilities</b>       |                       |                       |                       |                       |
| Deferred tax liabilities             | 219                   | 219                   | -                     | -                     |
| Borrowings                           | 1,143                 | 2,083                 | 1,143                 | 2,083                 |
|                                      | <u>1,362</u>          | <u>2,302</u>          | <u>1,143</u>          | <u>2,083</u>          |
| <b>Total Liabilities</b>             | <u>15,758</u>         | <u>14,060</u>         | <u>4,584</u>          | <u>7,135</u>          |
| <b>Net Assets</b>                    | <u>25,033</u>         | <u>12,094</u>         | <u>21,535</u>         | <u>8,030</u>          |
| <b>SHAREHOLDERS' EQUITY</b>          |                       |                       |                       |                       |
| Share capital and share premium      | 42,021                | 29,108                | 42,021                | 29,108                |
| Foreign currency translation reserve | -                     | 1                     | -                     | -                     |
| Accumulated losses                   | (17,606)              | (17,643)              | (20,486)              | (21,078)              |
|                                      | <u>24,415</u>         | <u>11,466</u>         | <u>21,535</u>         | <u>8,030</u>          |
| Minority interest                    | 618                   | 628                   | -                     | -                     |
| <b>Total equity</b>                  | <u>25,033</u>         | <u>12,094</u>         | <u>21,535</u>         | <u>8,030</u>          |

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

|                                                           | The Group          |                      |                    |                      |
|-----------------------------------------------------------|--------------------|----------------------|--------------------|----------------------|
|                                                           | As at 31/04/2007   |                      | As at 31/07/2006   |                      |
|                                                           | Secured<br>S\$'000 | Unsecured<br>S\$'000 | Secured<br>S\$'000 | Unsecured<br>S\$'000 |
| <b>Amount repayable in one year or less, or on demand</b> | -                  | 4,992                | -                  | 5,973                |
| <b>Amount repayable after one year</b>                    | 505                | 638                  | 500                | 1,583                |
|                                                           | <u>505</u>         | <u>5,630</u>         | <u>500</u>         | <u>7,556</u>         |

Details of any collateral

A charge on Fixed Deposit of the Company for S\$505,000 placed with a financial institution for a credit facility granted to the Company.

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

|                                                                                           | The Group             |                |
|-------------------------------------------------------------------------------------------|-----------------------|----------------|
|                                                                                           | 3 months ended 30 Apr |                |
|                                                                                           | 2007                  | 2006           |
|                                                                                           | S\$'000               | S\$'000        |
| <b>Cash flows from operating activities</b>                                               |                       |                |
| Loss after tax                                                                            | (369)                 | (2,827)        |
| Adjustments for:                                                                          |                       |                |
| Depreciation on property, plant and equipment                                             | 1,096                 | 519            |
| Amortisation on intangible assets                                                         | 148                   | 156            |
| Interest income                                                                           | (78)                  | (118)          |
| Factoring charges and interest expense                                                    | 86                    | 150            |
| Loss on disposal of property, plant and equipment                                         | 8                     | -              |
| Operating cashflow before working capital changes                                         | <u>891</u>            | <u>(2,120)</u> |
| Change in operating assets and liabilities, net of effects from disposal of subsidiaries: |                       |                |
| Trade and other receivables                                                               | (122)                 | 1,924          |
| Other current assets                                                                      | 1,751                 | 564            |
| Inventories                                                                               | (139)                 | 481            |
| Trade and other payables                                                                  | <u>(3,103)</u>        | <u>(826)</u>   |
| Cash (used in)/generated from operations                                                  | <u>(722)</u>          | <u>23</u>      |
| Income tax paid                                                                           | -                     | -              |
| <b>Net cash (used in)/generated from operating activities</b>                             | <u>(722)</u>          | <u>23</u>      |
| <b>Cash flows from investing activities</b>                                               |                       |                |
| Purchases of property, plant and equipment                                                | (838)                 | (285)          |
| Purchases of franchises and licenses                                                      | (373)                 | (333)          |
| Interest received                                                                         | 78                    | 118            |
| <b>Net cash used in investing activities</b>                                              | <u>(1,133)</u>        | <u>(500)</u>   |
| <b>Cash flows from financing activities</b>                                               |                       |                |
| Proceeds from placement of new ordinary shares                                            | 12,913                | -              |
| Repayments of borrowings                                                                  | (686)                 | (592)          |
| Factoring charges and interest expense paid                                               | (72)                  | (150)          |
| <b>Net cash generated/(used in) from financing activities</b>                             | <u>12,155</u>         | <u>(742)</u>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                               | <u>10,300</u>         | <u>(1,219)</u> |
| Cash and cash equivalents at the beginning of the financial period                        | 5,827                 | 18,354         |
| Effects of exchange rate changes on cash and cash equivalents                             | -                     | (1)            |
| <b>Cash and cash equivalents at end of the financial period</b>                           | <u>16,127</u>         | <u>17,134</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

(i) Consolidated statement of changes in equity for the period ended 30 Apr 2007 - Group

|                                                                                      | Share<br>Capital &<br>Share<br>Premium<br>S\$'000 | Foreign<br>Currency<br>Translation<br>Reserve<br>S\$'000 | (Accumulated<br>Losses)/<br>Retained<br>Earnings<br>S\$'000 | Minority<br>Interest<br>S\$'000 | Total<br>S\$'000 |
|--------------------------------------------------------------------------------------|---------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|---------------------------------|------------------|
| <b>Balance at 31 January 2007</b>                                                    | 29,108                                            | -                                                        | (17,428)                                                    | 809                             | 12,489           |
| Issuance of 122,000,000 ordinary shares @ S\$0.115                                   | 14,030                                            | -                                                        | -                                                           | -                               | 14,030           |
| Share issue expenses                                                                 | (1,117)                                           | -                                                        | -                                                           | -                               | (1,117)          |
| Net loss for the period                                                              | -                                                 | -                                                        | (178)                                                       | (191)                           | (369)            |
| Net loss not recognised in<br>income statement - currency<br>translation differences | -                                                 | -                                                        | -                                                           | -                               | -                |
| <b>Total recognised losses<br/>for the period</b>                                    | -                                                 | -                                                        | (178)                                                       | (191)                           | (369)            |
| <b>Balance at 30 April 2007</b>                                                      | <u>42,021</u>                                     | <u>-</u>                                                 | <u>(17,606)</u>                                             | <u>618</u>                      | <u>25,033</u>    |
| <b>Balance at 31 January 2006</b>                                                    | 29,108                                            | (13)                                                     | (2,952)                                                     | 232                             | 26,375           |
| Net (loss)/profit for the period                                                     | -                                                 | -                                                        | (3,552)                                                     | 285                             | (3,267)          |
| Net loss not recognised in<br>income statement - currency<br>translation differences | -                                                 | (2)                                                      | -                                                           | 1                               | (1)              |
| <b>Total recognised (losses)/profit<br/>for the financial period</b>                 | -                                                 | (2)                                                      | (3,552)                                                     | 286                             | (3,268)          |
| <b>Balance at 30 April 2006</b>                                                      | <u>29,108</u>                                     | <u>(15)</u>                                              | <u>(6,504)</u>                                              | <u>518</u>                      | <u>23,107</u>    |

## (ii) Statement of changes in equity for period ended 30 Apr 2007 - Company

|                                                        | Share<br>Capital &<br>Share<br>Premium<br>S\$'000 | (Accumulated<br>Losses)/<br>Retained<br>Earnings<br>S\$'000 | Total<br>S\$'000 |
|--------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------|------------------|
| <b>Balance at 31 January 2007</b>                      | 29,108                                            | (20,885)                                                    | 8,223            |
| Issuance of 122,000,000 ordinary new shares @ S\$0.115 | 14,030                                            | -                                                           | 14,030           |
| Share issue expenses                                   | (1,117)                                           | -                                                           | (1,117)          |
| Net profit for the period                              | -                                                 | 399                                                         | 399              |
| <b>Balance at 30 April 2007</b>                        | <b>42,021</b>                                     | <b>(20,486)</b>                                             | <b>21,535</b>    |
| <b>Balance at 31 January 2006</b>                      | 29,108                                            | 1,963                                                       | 31,071           |
| Net profit for the period                              | -                                                 | 138                                                         | 138              |
| <b>Balance at 30 April 2006</b>                        | <b>29,108</b>                                     | <b>2,101</b>                                                | <b>31,209</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 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.

The company has placed 122,000,000 new ordinary shares at a placement price of \$0.115 for each placement share on 6 Feb 2007. There were no option granted as at 30 April 2007

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 period as compared with the most recently audited financial statements of LifeBrandz Ltd for the year ended 31 July 2006.

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 presentation of the financial statements for the current reporting period compared with the audited financial statements as at 31 July 2006, except for the adoption of the following new and revised Singapore Financial Reporting Standards (FRS) that are effective for our financial year beginning on 1 August 2006:

FRS 1 (revised 2006) Presentation of Financial Statements  
FRS 19 (revised 2006) Employee Benefits

The adoption of the above FRS did not result in substantial changes to the Group's accounting policies.

FRS 39 (revised 2006) Financial Instruments: Recognition and Measurement

The above FRS shall be assessed at financial year end.

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").

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 30 Apr |               |
|                                                                                                      | 2007                  | 2006          |
| Earnings / (Loss) per share ("EPS") for the year attributable to the equity holders of the Company : |                       |               |
| a) Based on the weighted average number of ordinary shares                                           |                       |               |
| - from continuing operations - Basic (cents)                                                         | (0.03)                | 0.25          |
| - from discontinued operations - Basic (cents)                                                       | -                     | (0.79)        |
|                                                                                                      | <u>(0.03)</u>         | <u>(0.53)</u> |

Diluted earnings per share is the same as basic earnings per share as there are no issuance of dilutive instrument.

**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 |            |
|------------------------------------------------------------------------------------------------------------------------------|------------|------------|-------------|------------|
|                                                                                                                              | 30/04/2007 | 31/07/2006 | 30/04/2007  | 31/07/2006 |
| Net assets backing per ordinary share based on existing issued share capital as at the end of the period reported on (cents) | 3.33       | 1.87       | 2.93        | 1.31       |

**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.**

The Group recorded a full quarter's revenue from its brands in Singapore, including its branded entertainment outlets at The Cannery, Barfly by Buddha-bar, Kandi Bar by Hed Kandi, Fashion Bar, BICE Restaurant, Nectarie and The Clinic/Aurum ("The Cannery venues"), and concept designer beach bar at Sentosa, Café del Mar. Overall operating expenses have correspondingly increased as a result of a full quarter's operations at these branded venues.

During the period under review, the Group recorded S\$11.7 million in revenue, an increase of 58% over the same period in the last financial year. This is mainly attributable to the recognition of incremental revenue from The Cannery venues and Café del Mar.

Total expenses have increased to S\$13.0 million as a result of preliminary operating costs incurred in relation to the commencement of operations at The Cannery venues and Café del Mar, such as advertising, media and entertainment expenses, staff costs and other operating expenses. In addition, pre-operating costs associated with its expansion plans were incurred in the financial period under review. These expansion plans include the renowned ambient lounge club, Buddha-bar at The Venetian Resort in Macao by Las Vegas Sands, as well as the proposed acquisition of eight award-winning F&B and entertainment brands in Shanghai, PRC.

As a result, the Group recorded a net loss attributable to equity holders of the Company of approximately S\$178,000 in the financial period under review. Though expenses are expected to continue to be incurred in relation to the Group's expansion plans and acquisition activities, the management will continue to review the overall Group cost structure for the existing businesses and improve operating efficiencies and productivity.

On a year-to-date basis, the Group recorded revenue growth of \$15.0 million or 116 percent to S\$27.9 million over the same period in the previous financial year. At the same time, the Group successfully reversed a loss of S\$10.5 million (including discontinued operations) in the first three quarters of FY2006 to approximately S\$27,000 profit in the first three quarters of the current financial year, demonstrating steady, consistent growth since the disposal of its LifePharm businesses in Q1FY2007, with its current focus on growing its lifestyle and leisure businesses.

The Group also maintains a strong cash position with S\$16.1 million in cash and cash equivalents as at 30 April 2007, primarily as a result of proceeds from its placement exercise which completed in February 2007.

**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 is pleased to report higher revenues in the current quarter, in line with expectations set out in its Q2FY2007 results announcement, with full quarter revenue contributions being recorded from The Cannery venues and Café del Mar, boosted by strong resident and tourist traffic to Clarke Quay and Sentosa.

In the coming financial periods, management aims to strengthen its position as a leader in the lifestyle and leisure industry in Singapore by leveraging on positive sentiment and greater appetite amongst the local population and visitors for branded lifestyle and leisure options, and focus on progressing its regional expansion plans. In March and April 2007 respectively, the Group announced plans to launch Buddha-bar at The Venetian Resort in Macao and to acquire eight top-tier F&B and entertainment brands in Shanghai, PRC (the "PRC acquisition").

Buddha-bar in Macao is on track to launch by the end of 2007. Concurrently, management is progressing its financial evaluation of the PRC acquisition.

The Group will continue to build on the strengths of its existing brands and look for suitable opportunities to expand further into the region.

**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

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

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

**13 Statement pursuant to Rule 705(4) 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 Q3FY2007 to be false or misleading.

**ON BEHALF OF THE BOARD OF DIRECTORS**

**Lee Shieh-Peen Clement**  
Director

**Kenneth Goh Tzu Seoh**  
Director

**12 June 2007**