

LORENZO INTERNATIONAL LIMITED

(Co. Reg. No.: 200508277C)

Financial Statements and Dividend Announcement For the Quarter ended 30 June 2024

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR

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

	Group			
	Q1 ended 30/06/2024	Q1 ended 30/06/2023	Increase/ (Decrease) June 2024 vs June 2023	
	S\$'000	S\$'000	S\$'000	%
Revenue	3,682	4,033	(351)	(8.70)
Cost of sales	(1,852)	(2,020)	168	(8.32)
Gross Profit	1,830	2,013	(183)	(9.09)
Other operating income	127	92	35	38.04
Distribution and marketing costs	(309)	(366)	57	(15.57)
Administrative expenses	(1,539)	(1,624)	85	(5.23)
Other operating expenses	(424)	(255)	(169)	66.27
Finance costs	(91)	(112)	21	(18.75)
(Loss)/ Profit before taxation	(406)	(252)	(154)	61.11
Taxation	(68)	(125)	57	(45.60)
(Loss)/ Profit after taxation	(474)	(377)	(97)	25.73
(Loss)/ Profit attributable to:				
Equity holders of the Company	(474)	(377)	(97)	25.73

Profit/ (Loss) for the period is arrived after charging / (crediting) the following items:

	Q1 ended 30/06/2024	Q1 ended 30/06/2023	Increase/ (Decrease)	
	S\$'000	S\$'000	S\$'000	%
Interest income	(2)	(12)	10	nm
Interest expense	89	110	(21)	(19.09)
Depreciation of property, plant & equipment	(49)	21	(70)	(333.33)
Depreciation of right of use assets	332	290	42	14.48
Foreign exchange (gain)/loss net	18	230	(212)	(92.17)
Allowance for stock obsolescences	-	2	(2)	nm
Receivables written off	6	-	6	nm
Impairment loss on trade receivables	12	171	(159)	(92.98)

nm – not meaningful

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

	Q1 ended 30/06/2024	Q1 ended 30/06/2023	Increase/ (Decrease) June 2024 vs June 2023	
	S\$'000	S\$'000	S\$'000	%
Profit/(Loss) for the year	(474)	(377)	(97)	25.73
Net change in fair value of available-for- sale financial assets reclassified to profit or loss, at nil tax	-	-		
Foreign currency translation differences – foreign operations, at nil tax	42	(314)	356	(113.38)
Other comprehensive (loss)/ income for the period/ year	42	(314)	356	(113.38)
Total comprehensive (loss)/ income for the year attributable to owners of the Company	(432)	(691)	259	(37.48)

1(c)(i) A balance sheet (for the Issuer and Group), together with a comparative statement as at the end of the immediate preceding financial year

	Group		Company	
	As at 30 Jun 2024	As at 31 Mar 2024	As at 30 Jun 2024	As at 31 Mar 2024
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS:				
Non-Current Assets				
Property, plant and equipment	332	277	-	-
Right of use assets	4,139	4,428	-	-
Deferred tax assets	9	7	-	-
	4,480	4,712	-	-
Current Assets:				
Inventories, at cost	6,818	6,908	-	-
Amount due from subsidiaries	-	-	86	74
Trade receivables	1,428	1,620	-	-
Other receivables	8,175	8,249	14,673	14,680
Cash and cash equivalents	1,472	2,051	2	3
	17,893	18,828	14,761	14,757
Total assets	22,373	23,540	14,761	14,757
EQUITY AND LIABILITIES:				
Capital and Reserve				
Share capital	39,949	39,949	39,949	39,949
Reserves	(38,770)	(38,337)	(30,833)	(30,672)
	1,179	1,612	9,116	9,277
Non-current liabilities				
Borrowings	883	994	-	-
Contract liabilities	93	93	-	-
Deferred taxation	96	96	-	-
	1,072	1,183	-	-
Current Liabilities				
Trade payables	438	624	-	-
Other payables	6,805	6,567	3,721	6,595
Contract Liabilities	2,797	3,085	-	-
Amount due to a subsidiary	-	-	1,820	1,823
Amount due to directors	401	405	82	62
Provision for taxation	37	-	22	-
Borrowings	9,644	10,064	-	-
	20,122	20,745	5,645	8,480
Total equity and liabilities	22,373	23,540	14,761	17,757

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1(c)(ii) Aggregate amount of the Group's borrowings and debt securities.

	As at 30 June 2024		As at 31 March 2024	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	9,644	-	10,064	-
Amount repayable after one year	883	-	994	-

Details of any collateral

All bank facilities are secured and guaranteed by the Company, except those of Malaysia subsidiaries which are secured and guaranteed by one or more of the following:-

- a guarantee given by the Company;
- a guarantee given by a subsidiary;
- first legal mortgage of the Group's leasehold properties;
- debenture over a subsidiary's present and future fixed and floating assets.

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

	Group	
	Q1 ended 30/06/2024	Q1 ended 30/06/2023
	S\$'000	S\$'000
Cash Flows from operating activities		
Profit/(Loss) before taxation	(406)	(252)
Adjustments for:-		
Amortisation of right of use assets	332	290
Depreciation of property, plant and equipment	(49)	21
Allowance for stock obsolescence	-	2
Allowance for impairment loss for trade & other receivables	12	171
Interest expense	89	110
Interest income	(2)	(12)
Operating profit/(loss) before working capital changes	(24)	330
Changes in inventories	132	(459)
Changes in operating receivables	274	(170)
Changes in operating payables	44	127
Changes in contract liabilities	(306)	274
Net cash generated from/(used in) operations	120	102
Interest expense	(89)	(110)
Income tax (paid)/refunded	(33)	(23)
Net cash generated from/(used in) operating activities	(2)	(31)
Cash Flows generated from/(used in) investing activities		
Acquisition of property, plant and equipment	(3)	(16)
Acquisition of right of use assets	-	-
Interest received	2	12
Net cash generated from/(used in) investing activities	(1)	(4)
Cash Flows generated from/(used in) financing activities		
Repayment of bank loans	(12)	-
Proceeds from bank loan	-	2
Repayment of trust receipts and bills payable	(256)	(86)
Advance from/(Repayment to) directors	(7)	-
Proceeds from/(Repayment of) finance lease liabilities	(300)	(337)
Net cash generated from/(used in) financing activities	(575)	(421)
Net increase/(decrease) in cash & cash equivalents	(578)	(456)
Cash & cash equivalents at beginning of the period	(4,123)	(4,017)
Net effect of exchange rate changes on balance of cash and cash equivalents at beginning of the year	3	(1)
Cash and cash equivalents at end of the period	(4,698)	(4,474)

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Group	
Q1 ended 30/06/2024	Q1 ended 30/06/2023
S\$'000	S\$'000
1,472	1,608
-	-
(6,170)	(6,082)
(4,698)	(4,474)

Note 1:

Cash and cash equivalents at end of the period

Cash and bank balances
Fixed deposit
Bank overdraft

1(d)(i) A statement (for the issuer and the 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

	Attributable to equity holders of the Company							
	Exchange Translation Reserves	Statutory Common Reserve	Capital Reserve	Merger Reserve	Fair Value Reserve	Retained earnings	Share Capital	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
2024/2025								
Balance as at 1 Apr 2024	(5,934)	-	838	(3,282)	-	(29,959)	39,949	1,612
Profit/(Loss) for the period	-	-	-	-	-	(474)	-	(474)
Movement in reserves	-	-	-	-	-	-	-	-
Other comprehensive income/(loss)	42	-	-	-	-	-	-	42
Balance at 30 Jun 2024	(5,892)	-	838	(3,282)	-	(30,433)	39,949	1,180
2023/2024								
Balance as at 1 Apr 2023	(5,252)	-	838	(3,282)	-	(29,969)	39,949	2,284
Profit/(Loss) for the period	-	-	-	-	-	(377)	-	(377)
Movement in reserves	-	-	-	-	-	-	-	-
Other comprehensive income/(loss)	(314)	-	-	-	-	-	-	(314)
Balance at 30 Jun 2023	(5,566)	-	838	(3,282)	-	(30,346)	39,949	1,593

Company
2024/2025

Balance as at 1 Apr 2024
Loss for the period

Balance at 30 Jun 2024

2023/2024

Balance as at 1 Apr 2023
Loss for the period

Balance at 30 Jun 2023

Retained earnings	Share Capital	Total Equity
S\$'000	S\$'000	S\$'000
(30,672)	39,949	9,277
(161)	-	(161)
(30,833)	39,949	9,116
(31,011)	39,949	8,938
(76)	-	(76)
(31,087)	39,949	8,862

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issues 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the 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.

Issue and fully paid**Ordinary
Shares**

Balance as at 1 April 2024 and 30 June 2024

439,400,466

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.

The Company**At 30/06/2024 At 31/03/2024**

Total number of issued shares

439,400,466 439,400,466

Total number of issued shares excluding treasury shares

439,400,466 439,400,466

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

The Company has no treasury shares as at 31 March 2024 and 30 June 2024.

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 by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualification or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue

The latest financial statements have not been audited by the auditors

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been fully disclosed.

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 the paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the Group's financial statements for the current reporting period as compared with its unaudited financial statements for the period ended 31 March 2024.

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 effect of, the change.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the unaudited annual financial statements for the financial year ended 31 March 2024, except for the adoption of certain new and revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that became effective for the annual period beginning on or after 1 January 2024.

The adoption of these new and revised FRS and INT FRS from the effective date is not expected to result in any material adjustments or substantial impact to the financial statements of the Group for the current financial reporting period reported on.

6. Profit/(Loss) 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.

Group	
First Quarter ended 30 June 2024	First Quarter ended 30 June 2023
(0.11) cents	(0.09) cents
(0.11) cents	(0.09) cents

Profit/(Loss) per ordinary share:

Based on weighted average number of ordinary shares in issue

- On fully diluted basis

The earnings per share of the Group for the period ended 30 June 2024 was computed based on the weighted average number of shares in issue of 439,400,466 (30 June 2023: 439,400,466)

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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.

Group		Company	
30.06.2024	31.03.2024	30.06.2024	31.03.2024
0.27 cents	0.37 cents	2.07 cents	2.11 cents

Net asset value per share for the period based on the number of shares in issue.

The net asset value per ordinary share is based on the number of shares in issue of 439,400,466 as at 30 June 2024 (31 March 2024: 439,400,466).

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 commentary on income statement for period ended 30 June 2024Revenue

The Group registered a lower revenue amounting to S\$3.68 million for the three months ended 30 June 2024 ("Q1FY2025") compared to S\$4.03 million in the previous corresponding period ("Q1FY2024"). The decrease in revenue of S\$0.35 million was due to lower revenue generated from all its business units in Singapore, Malaysia and Taiwan. The decrease in sales in Singapore, Malaysia and Taiwan were mainly due to lower demand from customers for sofa arising from poor market condition during the quarter under review. The Building Material segment did not generate any revenue for the period under review.

Cost of Goods Sold and Gross Profit

Cost of sales decreased by S\$0.17 million from S\$2.02 million to S\$1.85 million. The lower cost of sales was mainly due to lesser purchases and production of sofas during the period under review. Gross profit also decreased by S\$0.18 million in Q1FY2025 compared to Q1FY2024 because of reduction in sales volume.

Other operating income

Other operating income increased by S\$0.04 million to S\$0.13 million in Q1FY2025 compared to S\$0.09 million in Q1FY2024. The increase was mainly attributed to the increase in miscellaneous income and gain in foreign exchange differences in the current period under review compared to the previous corresponding period.

Distribution and Marketing costs

Distribution and Marketing cost was S\$0.06 million lower than S\$0.37 million in Q1FY2024. The decrease was the result of lower sales commission, credit card charges and transport expenses incurred arising from lower sales generated during the period under review.

Administrative expenses

Administrative expenses also decreased by S\$0.08 million compared to S\$1.62 million in Q1FY2024. The increase was mainly due to lower rental expenses and salary related expenses in the period under review.

Other operating expenses

Other operating expenses increased by S\$0.17 million from S\$0.25 million in Q1FY2024 to S\$0.42 million in Q1FY2025. This was mainly attributable to higher depreciation charges for right of use assets and the loss in exchange differences for the period under review.

Finance costs

Finance costs decreased by S\$0.02 million compared to S\$0.11 million in Q1FY2024. This was mainly attributable to lower lease interest relating to right of use assets.

Taxation

Income tax expense of the Group decreased by S\$0.06 million for the period under review compared to S\$0.12 million in Q1FY2024. This was attributable mainly to lesser underprovision of taxation compared to the previous corresponding period.

Loss for the period

The Group recorded a loss of \$0.47 million in Q1FY2025 compared to a loss of S\$0.38 million in Q1FY2024. The factors attributing to the profit were explained above of which reduction in sales revenue was the main contributing factor.

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Balance Sheet

Non-Current Assets

	Property, plant & equipment S\$'000	Rights-of -use assets S\$'000
Cost		
At beginning of year	8,362	10,299
Adjustment to balance brought forward	(49)	-
Additions	51	-
Disposals	-	-
Written off	-	-
Translation difference	52	88
At end of period	8,416	10,387
Accumulated Depreciation and Impairment		
At beginning of year	8,085	5,871
Adjustment to balance brought forward	(87)	-
Charge for the year	37	331
Disposals	-	-
Written off	-	-
Translation difference	49	46
At end of period	8,084	6,248
NBV at beginning of year	277	4,428
NBV at end of period	332	4,139

Non-current assets of the Group decreased by S\$0.23 million from S\$4.71 million as at 31 March 2024 to S\$4.48 million as at 30 June 2024. This was mainly attributable to depreciation charges of property, plant and equipment and right of use assets offset by additions of property, plant and equipment.

Current Assets

Trade receivables - S\$1.43 million net of allowance for impairment of trade receivables

The breakdown and the ageing of trade receivables were stipulated below:

	30/6/2024 S\$'000
Retail customer and licenced dealers	1,693
Other third party customers	209
Current related parties	28
Allowance for impairment of trade receivables	(502)
	1,428
Current	645
1 to 3 months	688
4 to 6 months	14
7 to 9 months	33
10 to 12 months	-
above 12 months	48
	1,428

<u>Other receivables</u>	30/6/2024 S\$'000	31/3/2024 S\$'000	Variance S\$'000
Other debtors	6,907	6,897	10
Deposits	978	974	4
Advance to suppliers	39	145	(106)
Prepayments	160	143	17
Tax recoverable	91	90	1
	8,175	8,249	(74)

The ageing of other debtors are stated below:

Current	5
1 to 3 months	33
4 to 6 months	16
7 to 9 months	17
10 to 12 months	15
above 12 months	6,821
	6,907

The Group's reported current assets amounted to approximately S\$17.89 million as at 30 June 2024. (31 March 2024: S\$18.83 million). This was mainly due to decrease in inventories, trade receivables, other receivables and cash and cash equivalents.

The decrease in trade receivables was mainly attributable to lower sales coupled with collection made during the period under review. The lower inventories was due to lower raw material carried at 30 June 2023.

The decrease of other receivables was due to lower advance to suppliers offset by higher other debtors, deposits paid to vendors, and prepaid expenses.

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Balance Sheet - continued

Non-Current Liabilities

The Group's non-current liabilities decreased by S\$0.11 million to S\$1.07 million compared to S\$1.18 million at 31 March 2024 arising mainly from repayment of bank borrowings.

Current Liabilities

<u>Other payables</u>	30/6/2024	31/3/2024	Variance
	S\$'000	S\$'000	S\$'000
Other creditors	2,469	2,380	89
Accruals	4,336	4,187	149
	<u>6,805</u>	<u>6,567</u>	238

The Group's current liabilities decreased by S\$0.62 million from S\$20.74 million at 31 March 2024 to S\$ 20.12 million at 30 June 2024. This arose from the decrease in trade payables, contract liabilities, amount due to directors, current portion of bank borrowings offset by increase in other payables and tax payable.

Trade payables decrease by S\$0.19 million at 30 June 2024 compared to S\$0.62 million at 31 March 2024.

The increase in other payables was due to increase in other creditors and accruals.

Capital and Reserves

As at 30 June 2024, the Group had a shareholders' equity of S1.18 million compared to a shareholders' equity S\$1.61 million at 31 March 2024. This was due to loss recorded offset by gain in foreign exchange translation differences for the period under review.

Cash flow Statement

The Group recorded a net cash used in operating activities of S\$2,000 in Q1FY2025 compared to S\$0.03 million in Q1FY2024. This was due to the the positive changes in inventory, operating receivables and operating payables offset by negative changes in contract liabilities as well as interest and income tax paid during the period under review.

Net cash used in investing activities was S\$1,000 which was mainly attributed to the acquisition of property, plant and equipment offset by interest income received.

Net cash flow used in financing activities was S0.57 million. This arose mainly from repayment of lease liabilities, bills payables and bank loans.

Cash and cash equivalents decreased by S\$0.58 million mainly as a results of net cash used in operating, investing activities and financing activities.

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 expects to continue facing stiff challenges in the countries it operates in owing to depressed consumer demand for furniture and competitive substitutes. Production cost is expected to remain high with high raw material and energy prices as well as reduced production orders.

It will however continue to monitor its overall cost structures and to improve its production efficiency, and to develop new products to manage the business challenges it faces.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended 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.

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

No dividend has been declared or recommended for the financial period reported on as the Group currently has no sufficient reserves available for distribution.

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). If no IPT mandate has been obtained, a statement to that effect.

There is no IPT for the reporting period ended 30 June 2024.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors has confirmed that to the best of its knowledge, nothing has come to the attention which may render the Group's unaudited financial statements for the first quarter of FY2025 ended 30 June 2024 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from its Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Lim Pang Hern
Executive Director
14 August 2024

Jimmy Soh King Bin
Independent and Non Executive Director