

LORENZO INTERNATIONAL LIMITED

(Co. Reg. No.: 200508277C)

Financial Statements and Dividend Announcement For the year ended 31 March 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (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

Group					
Year ended 31/03/2018 (unaudited)	Year ended 31/03/2018 (unaudited) disposed subsidiary	Year ended 31/03/2018 (unaudited) Total	15 months ended 31/03/2017 (audited)	Increase/ (Decrease) Mar 18 v Mar 17	
S\$'000	S\$'000	S\$'000	S\$'000	%	
Revenue	31,168	274	31,442	54,139	(41.92)
Cost of sales	(15,192)	(530)	(15,722)	(29,576)	(46.84)
Gross Profit	15,976	(256)	15,720	24,563	(36.00)
Other operating income	5,542	4,162	9,704	2,494	289.09
Administrative expenses	(16,917)	(642)	(17,559)	(21,367)	(17.82)
Distribution and marketing costs	(3,536)	(135)	(3,671)	(5,921)	(38.00)
Other operating expenses	(10,960)	(1,442)	(12,402)	(6,939)	78.73
Finance costs	(884)	(10)	(894)	(1,143)	(21.78)
(Loss)/ Profit before taxation	(10,779)	1,677	(9,102)	(8,313)	9.49
Taxation	(415)	-	(415)	(868)	(52.19)
(Loss)/ Profit after taxation	(11,194)	1,677	(9,517)	(9,181)	3.66
(Loss)/ Profit attributable to:					
Equity holders of the Company	(11,194)	1,677	(9,517)	(9,181)	3.66

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

Year ended 31/03/2018 (unaudited)	Year ended 31/03/2018 (unaudited) disposed subsidiary	Year ended 31/03/2018 (unaudited) Total	15 months ended 31/03/2017 (audited)	Increase/ (Decrease) Mar 18 v Mar 17	
S\$'000	S\$'000	S\$'000	S\$'000	%	
Interest income	(22)	-	(22)	(40)	(45.00)
Interest expense	755	11	766	1,107	(30.80)
Depreciation of property, plant & equipment	1,251	53	1,304	2,715	(51.97)
Amortisation of land use rights	15	16	31	39	(20.51)
Foreign exchange (gain)/loss net	120	(219)	(99)	1,139	(108.69)
Gain on disposal of property, plant & equipment	(352)	-	(352)	(352)	-
Property, plant & equipment written off	1	-	1	101	(99.01)
Trade receivables written off	4	-	4	-	nm
Impairment loss on trade receivables	1,332	-	1,332	201	562.69
Impairment loss on other receivables	-	-	-	877	(100.00)
Amount due from holding company written back in disposed subsidiary	-	(3,892)	(3,892)	-	nm
Impairment loss on amount due from disposed subsidiary	3,627	-	3,627	-	nm
Gain on disposal of subsidiary company	(2,947)	-	(2,947)	-	nm
Inventories written off	-	-	-	79	(100.00)
Allowance for stock obsolescence	3,216	64	3,280	1,126	191.30
Provision for slow-moving stock written back	(10)	-	(10)	-	nm
Impairment of property, plant and equipment	-	-	-	1,320	(100.00)

nm – not meaningful

Note

The disposed subsidiary company was Supreme Furniture (Kunshan) Co., Ltd.

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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.

	Year ended 31/03/2018 (unaudited)	Year ended 31/03/2018 (unaudited) disposed subsidiary	Year ended 31/03/2018 (unaudited) Total	15 months ended 31/03/2017 (audited)	Increase/ (Decrease) Mar 18 v Mar 17
	S\$'000	S\$'000	S\$'000	S\$'000	%
(Loss) for the year	(11,194)	1,677	(9,517)	(9,181)	3.66
Net change in fair value of available-for- sale financial assets reclassified to profit or loss, at nil tax	-	-	-	11	(100.00)
Transfer of Statutory Common Reserve of disposed subsidiary company	-	68	68	-	nm
Foreign currency translation differences – foreign operations, at nil tax	(75)	155	80	(515)	(115.53)
Other comprehensive (loss)/ income for the period/ year	(75)	223	148	(504)	(129.37)
Total comprehensive (loss)/ income for the year attributable to owners of the Company	(11,269)	1,900	(9,369)	(9,685)	(3.26)

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 31Mar 2018 (unaudited)	As at 31Mar 2017 (audited)	As at 31Mar 2018 (unaudited)	As at 31Mar 2017 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS:				
Non-Current Assets				
Land use rights	922	1,088	-	-
Property, plant and equipment	14,830	16,267	5	4
Other receivables	144	144	-	-
Investment in subsidiaries	-	-	-	25,372
Deferred tax assets	38	12	-	-
	15,934	17,511	5	25,376
Current Assets:				
Land use rights	25	31	-	-
Inventories, at cost	7,811	11,931	-	-
Amount due from subsidiaries	-	-	3,852	5,141
Trade and other receivables	6,119	8,060	58	205
Fixed deposits with banks	49	49	-	-
Cash and cash equivalents	1,470	1,543	-	8
	15,474	21,614	3,910	5,354
Total assets	31,408	39,125	3,915	30,730
EQUITY AND LIABILITIES:				
Capital and Reserve				
Share capital	39,949	39,949	39,949	39,949
Reserves	(40,060)	(30,624)	(39,881)	(12,113)
	(111)	9,325	68	27,836
Non-current liabilities				
Borrowings	21	76	-	-
Deferred tax	74	159	-	-
Deferred income	2,020	42	-	-
	2,115	277	-	-
Current Liabilities				
Trade and other payables	14,478	14,785	1,617	1,026
Deferred income	1,286	41	-	10
Amount due to a subsidiary	-	-	2,190	1,858
Provision for taxation	325	98	-	-
Borrowings	13,315	14,599	40	-
	29,404	29,523	3,847	2,894
Total equity and liabilities	31,408	39,125	3,915	30,730

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

	As at 31 March 2018		As at 31 March 2017	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	13,315	-	14,599	-
Amount repayable after one year	21	-	76	-

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) a guarantee given by the Company;
- (b) a guarantee given by a subsidiary;
- (c) first legal mortgage of the Group's leasehold properties;
- (d) 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	
	year ended 31/03/2018 (unaudited)	15 months ended 31/03/2017 (audited)
	S\$'000	S\$'000
Cash Flows from operating activities		
Loss before taxation	(9,102)	(8,313)
Adjustments for:-		
Amortisation of land use rights	31	39
Depreciation of property, plant and equipment	1,304	2,715
Impairment loss on trade and other receivables	1,332	1,078
Impairment loss on amount due from disposed subsidiary	3,627	-
Impairment loss on property, plant and equipment	-	1,320
Property, plant & equipment written off	1	101
(Gain)/ loss on disposal of property, plant & equipment	(352)	(352)
(Gain)/loss on disposal of subsidiary	(2,947)	-
Interest expense	766	1,107
Interest income	(22)	(40)
Operating profit/(loss) before working capital changes	(5,362)	(2,345)
Changes in inventories	4,120	4,130
Changes in operating receivables	(2,938)	577
Changes in operating payables	3,395	(981)
Net cash generated from operations	(785)	1,381
Interest expense	(766)	(1,107)
Income tax paid	(515)	(879)
Net cash used in operating activities	(2,066)	(605)
Cash Flows generated from/(used in) investing activities		
Acquisition of property, plant and equipment	(578)	(348)
Proceed from disposal of property, plant and equipment	744	489
Proceed from disposal of subsidiary company	3,950	-
Interest received	22	40
Net cash generated from/(used in) investing activities	4,138	181
Cash Flows generated from/(used in) financing activities		
Proceeds from Issue of Shares	-	3,394
Repayment of Shares related expenditure	-	-
Repayment of bank loans	(354)	(1,172)
Proceeds from bank loan		623
Repayment/ Net proceeds of trust receipts and bills payable	(765)	(2,981)
Loan from directors	(282)	282
Repayment of finance lease liabilities	(112)	(492)
Net cash generated from/(used in) financing activities	(1,513)	(346)
Net increase/(decrease) in cash & cash equivalents	559	(770)
Cash & cash equivalents at beginning of the period	(4,410)	(3,772)
Net effect of exchange rate changes on balance of cash and cash equivalents at beginning of the year	(525)	132
Cash and cash equivalents at end of the year/period	(4,376)	(4,410)

Group	
Year ended 31/03/2017 (unaudited)	15 months ended 31/03/2017 (audited)
S\$'000	S\$'000
1,470	4,544
49	49
(5,895)	(9,003)
(4,376)	(4,410)

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 preceding financial year.

	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
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2018								
Balance as at 1 Apr 2017	(5,145)	68	838	(3,282)	-	(23,103)	39,949	9,325
Loss for the year	-	-	-	-	-	(9,517)	-	(9,517)
Other comprehensive income/(loss)	(75)	(68)	-	-	-	224	-	81
Balance at 31 Mar 2018	(5,220)	-	838	(3,282)	-	(32,396)	39,949	(111)
2017								
Balance as at 1 Jan 2016	(4,629)	68	838	(3,282)	(11)	(13,922)	36,554	15,616
Issue of new shares	-	-	-	-	-	-	3,496	3,496
Share expenses	-	-	-	-	-	-	(101)	(101)
Loss for the year	-	-	-	-	-	(6,788)	-	(6,788)
Other comprehensive income/(loss)	(366)	-	-	-	-	-	-	(366)
Balance at 31 Dec 2016	(4,995)	68	838	(3,282)	(11)	(20,710)	39,949	11,857
Loss for the period	-	-	-	-	-	(2,393)	-	(2,393)
Other comprehensive income/(loss)	(150)	-	-	-	11	-	-	(139)
Balance at 31 Mar 2017	(5,145)	68	838	(3,282)	-	(23,103)	39,949	9,325

	Retained earnings	Share Capital	Total Equity
	S\$'000	S\$'000	S\$'000
Company			
2018			
Balance as at 1 Apr 2017	(12,113)	39,949	27,836
Loss for the period	(27,768)	-	(27,768)
Balance at 31 Mar 2018	(39,881)	39,949	68
2017			
Balance as at 1 Jan 2016	(10,345)	36,554	26,209
Issue of new shares	-	3,496	3,496
Share expenses	-	(101)	(101)
Loss for the year	(1,386)	-	(1,386)
Balance at 31 Dec 2016	(11,731)	39,949	28,218
Loss for the period	(382)	-	(382)
Balance at 31 Mar 2017	(12,113)	39,949	27,836

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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 2017 and 31 March 2018	<u>439,400,466</u>

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 31/03/2018	At 31/03/2017
Total number of issued shares	439,400,466	313,800,466
Issue of ordinary shares	-	125,600,000
Total number of issued shares excluding treasury shares	<u>439,400,466</u>	<u>439,400,466</u>

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 2018 and 31 March 2017.

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.

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 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 financial year ended 31 March 2018 as compared with its audited financial statements for the period ended 31 March 2017.

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 year compared with the audited annual financial statements for the financial period ended 31 March 2017, 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 2017.

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.

(Loss)/ Profit per ordinary share:

Based on weighted average number of ordinary shares in issue

- On fully diluted basis

Group	
Year ended 31 March 2018	Period ended 31 March 2017
(2.17) cents	(2.46) cents
(2.17) cents	(2.46) cents

The loss per share of the Group for the year ended 31 March 2018 was computed based on the weighted average number of shares in issue of 439,400,466 (31 March 2017: 373,391,694)

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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	
31 03 2018	31 03 2017	31 03 2018	31 03 2017
(0.03) cents	2.12 cents	0.02 cents	6.33 cents

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

The net assets value per ordinary share is based on the number of shares in issue of 439,400,466 as at 31 March 2018 (31 March 2017: 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 31 March 2017

Revenue

The Group registered a lower revenue amounting to S\$31.4 million for the financial year ended 31 March 2018 (FY2018) compared to S\$54.1 million in the previous corresponding period (FY2017). The decrease in revenue of S\$22.7 million was due to lower revenue generated from both its Furniture and Building Material segments. The decrease in revenue was attributable to lower sales generated arising from poor retail conditions in both Singapore and Malaysia units.

Cost of Goods Sold and Gross Profit

Cost of sales reduced by S\$13.9 million from S\$29.6 million to S\$15.7 million. The lower cost of sales was in line with the decrease in sales revenue owing to lesser purchase made during the financial year. Accordingly, gross profit was S\$8.8 million lower than FY2017.

Other operating income

Other operating income increased by S\$7.2 million from S\$2.5 million in FY2017 to S\$9.7 million in FY2018. The increase was mainly due to the gain arising from disposal of a subsidiary company amounting to S\$2.9 million and the writing back of amount due to holding company in the disposed subsidiary company amounting to S\$3.9 million.

Administrative expense

Administrative expense decreased by S\$3.8 million or 17.8 percent compared to S\$21.4 million in FY2017. This was mainly due to reduction of salary related expenses and rental expenses of S\$1.1 million and S\$1 million respectively.

Distribution and Marketing costs

Distribution and Marketing costs decreased from S\$5.9 million in FY2017 to S\$3.7 million in FY2018. The decrease arose mainly from the reduction of advertisement and promotion expense and sales commission.

Other operating expense

Other operating expense increased by S\$5.5 million from S\$6.9 million in FY2017 to S\$12.4 million in FY2018. This was mainly attributable to the provision for doubtful debts of S\$1.3 million, provision for slow-moving inventories of S\$3.3 million and impairment loss on an amount due from disposed subsidiary of S\$3.6 million offset by a reduction in depreciation charges of S\$1.4 million. There was no provision for impairment loss on property, plant and equipment in FY2018 compared to S\$1.3 million provided in FY2017.

Finance cost

Finance cost decreased by S\$0.3 million to S\$0.8 million compared to S\$1.1 million in FY2017. The decrease was due to lower interest expense incurred in FY2018 due to repayment of bank borrowings.

Taxation

Income tax expense of the Group decreased by S\$0.5 million from S\$0.9 million in FY2017 to S\$0.4 million in FY2018. This was attributable mainly to lower foreign withholding taxes paid in FY2018.

Loss for the period

The Group reported an increased loss of \$9.5 million in FY2018 compared to \$9.2 million in FY2017. The factors attributing to the higher losses were explained above.

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Balance Sheet**Non-Current Assets**

Non-current assets of the Group decreased by S\$1.6 million from S\$17.5 million at 31 March 2017 to S\$15.9 million at 31 March 2018. This was mainly attributable to depreciation charges of property, plant and equipment, amortisation charges of land use rights and the disposal of subsidiary company, Supreme Furniture (Kunshan) Co., Ltd.

Current Assets

<u>Trade and other receivables</u>	31/03/2018	31/03/2017	Variance
	S\$'000	S\$'000	S\$'000
Trade debtors	2,134	5,121	(2,987)
Other debtors	466	664	(198)
Deposits	2,064	1,234	830
Advance to suppliers	729	17	712
Prepayments	84	464	(380)
Tax recoverable	642	560	82
	<u>6,119</u>	<u>8,060</u>	(1,941)

The Group's reported current assets amounted to approximately S\$15.5 million as at 31 March 2018. (31 March 2017: S\$21.6 million). The decrease was mainly due to the reduction of trade and other receivables and inventories amounting to S\$1.9 million and S\$4.1 million respectively.

The decrease in trade and other receivables and inventories were due to provision for doubtful debts and stock obsolescence made during the financial year reported on.

Non-Current Liabilities

The Group's non-current liabilities increased to S\$2.1 million at 31 March 2018 (31 March 2017: S\$0.2 million). The increase was due to advance rental paid by the tenant of its factory in China.

Current Liabilities

<u>Trade and other payables</u>	31/03/2018	31/03/2017	Variance
	S\$'000	S\$'000	S\$'000
Trade creditors	2,723	4,119	(1,396)
Other creditors	4,746	4,872	(126)
Deposit received	4,515	2,986	1,529
Accruals	2,494	2,526	(32)
Amount due to directors	-	282	(282)
	<u>14,478</u>	<u>14,785</u>	(307)

The Group's current liabilities position decreased by S\$0.1 million from S\$29.5 million as at 31 March 2017 to S\$29.4 million as at 31 March 2018. The decrease was mainly attributable to a reduction in borrowings and trade and other payables of S\$1.3 million and S\$0.3 million respectively offset by an increase in provision for taxation of S\$0.2 million and the current portion of advance rental paid by tenant of its factory in China amounting to S\$1.2 million.

Capital and Reserves

As at 31 March 2018, the Group had negative shareholders' equity of S\$0.1 million compared to a positive shareholders' equity of S\$9.3 million at 31 March 2017. This was due to accumulated losses and exchange translation loss recorded in the financial year.

Cash flow Statement

Net cash used in operating activities was S\$2.1 million in FY2018 compared to S\$0.6 million in FY2017. This was due to decrease in inventories of S\$4.1 million, increase in trade and other payables of S\$3.4 million which was partially offset by increase in trade and other receivables of S\$2.5 million and lower interest expenses and income tax paid.

Net cash flow generated from investing activities was approximately S\$4.1 million, as a result of proceeds from disposal of property, plant and equipment amounting to S\$0.7 million and from sale of subsidiary company of S\$3.9 million offset by acquisition of property, plant and equipment of S\$0.6 million and interest received of S\$0.02 million.

Net cash flow used in financing activities was S\$1.5 million compared to net cash flow used in financing activities of S\$0.3 million in FY2017. This arose from proceeds from repayment of trust receipts and bills payable amounting to S\$0.7 million, bank borrowings of S\$0.3 million, finance lease liabilities of S\$0.1 million and repayment of directors' loan of S\$0.3 million.

Cash and cash equivalents increased by S\$0.5 million mainly as a result of net cash generated from investing 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.

Weak demand for furniture in both Malaysia and Singapore as a result of lower consumer demand and weak demand in residential property respectively will continue to affect the performance of the Group in the next reporting period and the next twelve months.

The Group will manage the business challenges by reducing its overall cost and expenses and grows its export market to boost its revenue stream.

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.

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.

The Group has not obtained a general mandate from shareholders for interested person transactions.

Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions under shareholders' mandate pursuant to Rule 920 of the Listing Manual)

	31/03/2018	31/03/2017
	S\$'000	S\$'000
Sales to a firm of which a director of the Company is a member	-	-
Purchases from a firm of which a director of the Company is a member	-	-
Expenses charged by a firm of which a director of the Company is a member	-	-
<i>In addition, the Group had entered into the following transactions which come under the exception under</i>		
Rental expenses paid and payable to a firm of which a director of the Company is a member	1,233	-
Rental expenses in relation to prior years paid and payable to a firm of which a director of the Company is a member	655	-

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for 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 year.

The Group has decided to change the presentation of its segment information in the previous reporting period as it is primarily engaged in two business segments namely:

- (a) Furniture; and
- (b) Building material

Prior to the previous corresponding period, the Furniture business was organised into Retail, Export and Licensing Retail system ("LRS"). During the last financial period, the Group decided to monitor the operating results based on the nature of the businesses. The current segment information provide management with details on revenue, segment results, addition to capital expenditure and segment assets and liabilities of the business segments.

	Furniture business	Building material business	Unallocated	Total
(unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
2018				
Revenue				
Total revenue	34,335	761	-	35,096
Inter-company	(3,654)	-	-	(3,654)
External revenue	<u>30,681</u>	<u>761</u>	<u>-</u>	<u>31,442</u>
Gross profit	14,026	1,694	-	15,720
Results				
Segment results	(4,293)	(1,539)	(2,376)	(8,208)
Finance cost	(725)	(148)	(21)	(894)
Profit/(Loss) before income tax	<u>(5,018)</u>	<u>(1,687)</u>	<u>(2,397)</u>	<u>(9,102)</u>
Income tax expense				(415)
Profit/(Loss) for the period				<u><u>(9,517)</u></u>
Non-cash Items				
Depreciation of property, plant & equipment	(1,302)	-	(2)	(1,304)
Gain on disposal of PPE	352	-	-	352
Amortisation of intangible assets	(31)	-	-	(31)
PPE written off	(1)	-	-	(1)
Allowance for stock obsolescence	(1,279)	(2,001)	-	(3,280)
Write back of allowance for inventory obsolescence	10	-	-	10
Receivables written off	(4)	-	-	(4)
Allowance for doubtful debts - operating receivables	(1,332)	-	-	(1,332)
Amount due from disposed subsidiary written off	(3,627)	-	-	(3,627)
Amount due to holding company written back	3,892	-	-	3,892
Capital Expenditure				
Property, plant & equipment	575	-	3	578
Intangible asset	-	-	-	-
Assets and Liabilities				
Segment assets	29,997	668	63	30,728
Tax recoverable	642	-	-	642
Deferred tax assets	<u>38</u>	<u>-</u>	<u>-</u>	<u>38</u>
Segment liabilities	26,055	3,407	1,658	31,120
Provision for taxation	325	-	-	325
Deferred taxation	<u>74</u>	<u>-</u>	<u>-</u>	<u>74</u>

LORENZO INTERNATIONAL LIMITED

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Financial Statements and Dividend Announcement For the year ended 31 March 2018

	Furniture business	Building material business	Unallocated	Total
2017	S\$'000	S\$'000	S\$'000	S\$'000
Revenue				
Total revenue	61,765	2,831	-	64,596
Inter-company	(10,457)	-	-	(10,457)
External revenue	<u>51,308</u>	<u>2,831</u>	<u>-</u>	<u>54,139</u>
Gross profit	24,101	462	-	24,563
Results				
Segment results	(4,674)	(729)	(1,767)	(7,170)
Finance cost	(967)	(176)	-	(1,143)
Profit/(Loss) before income tax	<u>(5,641)</u>	<u>(905)</u>	<u>(1,767)</u>	<u>(8,313)</u>
Income tax expense	-	-	-	(868)
Profit/(Loss) for the period	-	-	-	<u>(9,181)</u>
Non-cash Items				
Depreciation of property, plant & equipment	(2,699)	-	(16)	(2,715)
Gain on disposal of PPE	240	112	-	352
Amortisation of intangible assets	(39)	-	-	(39)
Impairment of Non current assets	(1,320)	-	-	(1,320)
PPE written off	(56)	-	(45)	(101)
Allowance for doubtful debts	(972)	(106)	-	(1,078)
Inventories written off	(79)	-	-	(79)
Allowance for inventory obsolescence	(1,126)	-	-	(1,126)
Capital Expenditure				
Property, plant & equipment	404	-	4	408
Intangible asset	-	-	-	-
Assets and Liabilities				
Segment assets	35,006	3,331	216	38,553
Tax recoverable	560	-	-	560
Deferred tax assets	<u>12</u>	<u>-</u>	<u>-</u>	<u>12</u>
Segment liabilities	23,428	5,078	1,036	29,542
Provision for taxation	98	-	-	98
Deferred taxation	<u>159</u>	<u>-</u>	<u>-</u>	<u>159</u>

Geographical segment

	Singapore S\$'000	Malaysia S\$'000	Taiwan S\$'000	China S\$'000	Others S\$'000	Total S\$'000
2018						
Revenue from external customers	<u>4,143</u>	<u>10,663</u>	<u>15,147</u>	<u>589</u>	<u>900</u>	<u>31,442</u>
Non-current assets	<u>1,979</u>	<u>4,814</u>	<u>553</u>	<u>8,588</u>	<u>-</u>	<u>15,934</u>
2017						
Revenue from external customers	<u>14,665</u>	<u>18,581</u>	<u>15,900</u>	<u>1,795</u>	<u>3,198</u>	<u>54,139</u>
Non-current assets	<u>1,956</u>	<u>4,528</u>	<u>576</u>	<u>10,451</u>	<u>-</u>	<u>17,511</u>

LORENZO INTERNATIONAL LIMITED

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15. *In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments*

Refer to Section 8 and 14 for details.

16. *A breakdown of sales.*

Sales & Net Loss reported for the 1st 6 months.

Sales

Net Loss

Sales & Net Loss reported for the 2nd 6 months.

Sales

Net Loss

Sales & Net Profit reported for the next 3 months.

Sales

Net Profit

FY 2018 (unaudited)	PY 2017 (audited)
S\$'000	S\$'000
15,610	22,024
(5,726)	(4,147)
15,832	20,399
(3,791)	(2,641)
-	11,716
-	(2,393)

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

The Company has procured undertakings from all its Directors and Executive Officers.

18. *Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive or substantial shareholder of the issuer under Rule 704 (13) of the Listing Manual.*

Pursuant to Rule 704 (13) of the Listing Manual, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lim Pang Hern

Executive Director/ Deputy Chairman

5 July 2018