

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		
	Half Year ended 30/09/2017	Half Year ended 30/06/2016	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	15,610	22,024	(29.12)
Cost of sales	(8,967)	(13,227)	(32.21)
Gross Profit	6,643	8,797	(24.49)
Other operating income	1,375	971	41.61
Administrative expenses	(8,808)	(9,250)	(4.78)
Distribution and marketing costs	(1,211)	(2,404)	(49.63)
Other operating expenses	(2,994)	(1,711)	74.99
Finance costs	(536)	(484)	10.74
(Loss)/ Profit before taxation	(5,531)	(4,081)	35.53
Taxation	(195)	(66)	195.45
(Loss)/ Profit after taxation	(5,726)	(4,147)	38.08
(Loss)/ Profit attributable to: Equity holders of the Company	(5,726)	(4,147)	38.08

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

	Half Year ended 30/09/2017	Half Year ended 30/06/2016	Increase/ (Decrease)
	S\$'000	S\$'000	%
Interest income	(1)	(36)	(97.22)
Interest expense	776	475	63.37
Depreciation of property, plant & equipment	709	1,291	(45.08)
Amortisation of land use rights	14	16	(12.50)
Foreign exchange (gain)/loss net	(124)	840	(114.76)
Loss on disposal of property, plant & equipment	3	-	nm
Property, plant & equipment written off	220	-	-
Impairment loss on trade receivables	4	-	nm
Inventories written off	-	79	(100.00)

nm – not meaningful

Note:

In December 2016, the Company changed its financial year end to 31 March and therefore the half year ended for current period is from April to September 2017. The half year for the corresponding period was for the period from 1 January 2016 to 30 June 2016.

LORENZO INTERNATIONAL LIMITED
(Co. Reg. No.: 200508277C)
Financial Statements and Dividend Announcement For the Half Year ended 30 September 2017

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.

	Half Year ended 30/09/2017	Half Year ended 30/06/2016	Increase/ (Decrease)
	S\$'000	S\$'000	%
(Loss) for the year	(5,726)	(4,147)	38.08
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	39	(508)	(107.68)
Other comprehensive (loss)/ income for the period/ year	39	(508)	(107.68)
Total comprehensive (loss)/ income for the year attributable to owners of the Company	(5,687)	(4,655)	22.17

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 Sept 2017	As at 31 Mar 2017	As at 30 Sept 2017	As at 31 Mar 2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS:				
Non-Current Assets				
Land use rights	1,077	1,088	-	-
Property, plant and equipment	15,395	16,267	5	4
Other receivables	353	144	-	-
Investment in subsidiaries	-	-	25,372	25,372
Deferred tax assets	12	12	-	-
	16,837	17,511	25,377	25,376
Current Assets:				
Land use rights	31	31	-	-
Inventories, at cost	10,890	11,930	-	-
Amount due from subsidiaries	-	-	4,785	5,142
Trade and other receivables	11,078	8,060	208	204
Fixed deposits with banks	49	49	-	-
Cash and cash equivalents	2,238	1,544	-	8
	24,286	21,614	4,993	5,354
Total assets	41,123	39,125	30,370	30,730
EQUITY AND LIABILITIES:				
Capital and Reserve				
Share capital	39,949	39,949	39,949	39,949
Reserves	(36,311)	(30,623)	(13,353)	(12,113)
	3,638	9,326	26,596	27,836
Non-current liabilities				
Borrowings	534	75	-	-
Deferred tax	280	159	-	-
Deferred income	2,481	42	-	-
	3,295	276	-	-
Current Liabilities				
Trade and other payables	21,657	14,503	1,296	1,026
Deferred income	1,260	41	10	10
Amount due to a subsidiary	-	-	2,168	1,858
Amount due to directors	-	282	-	-
Provision for taxation	-	98	-	-
Borrowings	11,273	14,599	300	-
	34,190	29,523	3,774	2,894
Total equity and liabilities	41,123	39,125	30,370	30,730

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

	As at 30 September 2017		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	11,273	-	12,920	-
Amount repayable after one year	534	-	205	-

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	
	Half Year ended 30/09/2017	Half Year ended 30/06/2016
	S\$'000	S\$'000
Cash Flows from operating activities		
Loss before taxation	(5,531)	(4,082)
Adjustments for:-		
Amortisation of land use rights	14	16
Depreciation of property, plant and equipment	710	1,291
Impairment loss on property, plant and equipment	-	-
Property, plant & equipment written off	220	-
(Gain)/ loss on disposal of property, plant & equipment	3	(51)
Interest expense	776	475
Interest income	(1)	(36)
Operating profit/(loss) before working capital changes	(3,809)	(2,387)
Changes in inventories	1,041	1,349
Changes in operating receivables	261	6
Changes in operating payables	7,154	1,695
Net cash generated from operations	4,647	663
Interest expense	(776)	(475)
Income tax paid	(201)	(66)
Net cash generated from operating activities	3,670	122
Cash Flows generated from/(used in) investing activities		
Acquisition of property, plant and equipment	(72)	(202)
Proceed from disposal of property, plant and equipment	96	-
Proceed from available-for-sales of financial assets	-	-
Interest received	1	36
Net cash generated from/(used in) investing activities	25	(166)
Cash Flows generated from/(used in) financing activities		
Proceeds from Issue of Shares	-	1,200
Repayment of Shares related expenditure	-	(48)
Repayment of bank loans	(637)	(920)
Proceeds from bank loan	-	-
Repayment of trust receipts and bills payable	(1,561)	(470)
Repayment to directors	(282)	-
Repayment of finance lease liabilities	(67)	(155)
Net cash generated from/(used in) financing activities	(2,547)	(393)
Net increase/(decrease) in cash & cash equivalents	1,148	(437)
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	149	(22)
Cash and cash equivalents at end of the period	(3,113)	(4,231)

Note 1:

Cash and cash equivalents at end of the period

Cash and bank balances

Fixed deposit

Bank overdraft

Group	
Half Year ended 30/09/2017	Half Year ended 30/06/2016
S\$'000	S\$'000
2,239	1,573
49	361
(5,401)	(6,165)
(3,113)	(4,231)

Note:

In December 2016, the Company changed its financial year end to 31 March and therefore the half year ended for current period is from April to September 2017. The half year for the corresponding period was for the period from 1 January 2016 to 30 June 2016.

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
<u>2017/2018</u>								
Balance as at 1 Apr 2017	(5,145)	68	838	(3,282)	-	(23,103)	39,949	9,325
Issue of new shares	-	-	-	-	-	-	-	-
Share expenses	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(5,726)	-	(5,726)
Other comprehensive income/(loss)	39	-	-	-	-	-	-	39
Balance at 30 Sept 2017	(5,106)	68	838	(3,282)	-	(28,829)	39,949	3,638
<u>2016/2017</u>								
Balance as at 1 Jan 2016	(4,629)	68	838	(3,282)	(11)	(13,922)	36,554	15,616
Issue of new shares	-	-	-	-	-	-	1,200	1,200
Share expenses	-	-	-	-	-	-	(48)	(48)
Loss for the period	-	-	-	-	-	(4,147)	-	(4,147)
Other comprehensive income/(loss)	(508)	-	-	-	-	-	-	(508)
Balance at 30 Jun 2016	(5,137)	68	838	(3,282)	(11)	(18,069)	37,706	12,113

Company
2017/2018

Balance as at 1 Apr 2017
Issue of new shares
Share expenses
Loss for the period

Balance at 30 Sept 2017

2016/2017

Balance as at 1 Jan 2016
Issue of new shares
Share expenses
Loss for the year

Balance at 30 Jun 2016

Retained earnings	Share Capital	Total Equity
S\$'000	S\$'000	S\$'000
(12,113)	39,949	27,836
-	-	-
-	-	-
(1,240)	-	(1,240)
(13,353)	39,949	26,596
(9,328)	36,554	27,226
-	1,200	1,200
-	(48)	(48)
(663)	-	(663)
(9,991)	37,706	27,715

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 30 September 2017

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 30/09/2017 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

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 2017 and 30 September 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 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 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 period 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 April 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	
Half Year ended 30 September 2017	Half Year ended 30 June 2016
(1.30) cents	(1.24) cents
(1.30) cents	(1.24) cents

The loss per share of the Group for the period ended 30 September 2017 was computed based on the weighted average number of shares in issue of 439,400,466 (30 June 2016: 333,800,466)

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	
30.09.2017	31.03.2017	30.09.2017	31.03.2017
0.83 cents	2.12 cents	6.05 cents	6.33 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 September 2017 (30 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 September 2017

Revenue

The Group's revenue for the period from 1 April 2017 to 30 September 2017 ("HY2018") was S\$15.6 million compared to S\$22.0 million in the previous corresponding period ("HY2017"). The decrease in revenue of S\$6.4 million was due to lower revenue generated from both its Furniture and Building Materials segment. Revenue for Furniture and Building Materials segment had decreased by S\$4.5 million and S\$1.9 million respectively.

Cost of Goods Sold and Gross Profit

Cost of sales amounted to S\$8.97 million compared to S\$13.2 million in HY2017. The decrease was attributable to lower revenue recorded in HY2018. Gross profit decreased by 24.5% or S\$2.2 million in HY2018 compared to HY2017.

Other operating income

Other operating income increased by S\$0.4 million from S\$1.0 million in HY2017 to S\$1.4 million in HY2018. The increase was mainly due to higher rental income and higher gain on foreign exchange respectively.

Administrative expense

Administrative expense decreased by S\$0.4 million or 4.8 percent compared to S\$9.3 million in HY2017. The decrease was mainly due to reduction of salary related expenses.

Distribution and Marketing costs

Distribution and Marketing cost decreased from S\$2.4 million in HY2017 to S\$1.2 million in HY2018. The decrease arose mainly from reduction of advertisement and promotion expenses, sales commission and transport charges due to lower sales generated.

Other operating expense

Other operating expense increased by S\$1.3 million from S\$1.7 million in HY2017 to S\$3.0 million in HY2018. This was mainly attributable to the retrenchment cost incurred in relation to the Group's production plants in China.

Finance cost

Finance cost increased by S\$0.1 million compared to S\$0.4 million in HY2017. The increase was due to additional interest expense incurred for the Group's bank overdraft facilities.

Taxation

Income tax expense of the Group increased by S\$0.1 million from S\$0.1 million in HY2017 to S\$0.2 million in HY2018. This was attributable mainly to withholding taxes paid for dividends income remitted from one of its foreign subsidiaries.

Loss for the period

The Group reported a higher loss of \$5.7 million in HY2018 compared to S\$4.1 million in HY2017. This was due to higher other operating expenses, finance cost and income tax expense offset by higher other operating income and lower administrative and distribution costs.

LORENZO INTERNATIONAL LIMITED**(Co. Reg. No.: 200508277C)****Financial Statements and Dividend Announcement For the Half Year ended 30 September 2017****Balance Sheet****Non-Current Assets**

Non-current assets of the Group decreased by S\$0.7 million from S\$17.5 million as at 31 March 2017 to S\$16.8 million as at 30 September 2017. This was mainly attributable to depreciation charges of property, plant and equipment and amortisation charges of land use rights.

Current Assets

The Group's reported current assets amounting to approximately S\$24.3 million as at 30 September 2017. (31 March 2017: S\$21.6 million). The increase was mainly due to increase in trade and other receivables and cash and cash equivalents offset by decrease in inventories.

The increase in trade and other receivables was attributable to slower collection due to a debtor repaying on an instalment plan. The lower inventories was due to higher provision for stock obsolescence made during the financial period ended 31 March 2017.

Non-Current Liabilities

The Group's non-current liabilities increased by S\$3.0 million to S\$3.3 million at 30 September 2017 (31 March 2017: S\$0.3 million). The increase was due to rental charges paid in advance by its tenant for one of its factory in China, higher deferred taxation and borrowings.

Current Liabilities

The Group's current liabilities position increased by S\$4.7 million from S\$29.5 million as at 31 March 2017 to S\$34.2 million as at 30 September 2017. The increase was mainly attributable to a reduction in borrowings of S\$3.3 million offset by an increase in trade and other payables and deferred income of S\$7.2 million S\$1.2 million respectively.

The increase in trade and other payables was attributable to delay in payment to operating payables and the accruals of retrenchment cost in relation to the Group's production plants in China.

Capital and Reserves

As at 30 September 2017, the Group had shareholders' equity of S\$9.3 million compared to S\$12.1 million at 31 March 2017. This was due to accumulated losses and exchange translation losses incurred for the current half year ended 30 September 2017.

Cash flow Statement

Net cash generated from operating activities was S\$3.7 million in HY2018 compared to S\$0.1 million in HY2016. This was due to the decrease in inventories of S\$1.0 million, trade and other receivables of S\$0.2 million and the increase in trade and other payables of S\$7.2 million offset by higher income tax paid and interest expense incurred.

Net cash flow generated from investing activities was approximately S\$0.02 million, as a result of proceeds from disposal of property, plant and equipment amounting to S\$0.09 million offset by acquisition of property, plant and equipment of S\$0.07 million.

Net cash flow used in financing activities was S\$2.5 million compared to S\$0.4 million in HY2017. This arose from repayment of trust receipts and bills payable and bank loans of S\$1.6 million and S\$0.6 million respectively.

Cash and cash equivalents increased by S\$1.1 million mainly as a results of net cash generated from operating 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 will continue to face the challenges of weak demand for furniture in both Malaysia and Singapore as a result of lower consumer demand and weak demand in residential property respectively.

The Group will manage the business challenges by exploring new opportunities to improve its future income stream and reduce its overall cost and expenses.

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)

	30/09/2017	30/06/2016
	S\$'000	S\$'000
Sales to a firm of which a director of the Company is a member	-	384
Purchases from a firm of which a director of the Company is a member	-	187
Expenses charged by a firm of which a director of the Company is a member	-	53

In addition, the Group had entered into the following transactions which come under the exception under Rule 916 (1) of the Listing Manual:

Rental expenses paid and payable to a firm of which a director of the Company is a member	*	616	88
Rental expenses in relation to prior years paid and payable to a firm of which a director of the Company is a member	*	285	-

* Pursuant to Rule 916 (1) of the Listing Manual, the relevant tenancy agreement(s) provide for tenancy periods not exceeding three (3) years and the terms of each such tenancy agreement are supported by independent valuation.

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 half ended 30 September 2017 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/ Deputy Chairman
14 November 2017

Ding Lei
Executive Director