

LORENZO INTERNATIONAL LIMITED

(Co. Reg. No.: 200508277C)

Financial Statements and Dividend Announcement For the Third Quarter ended 31 December 2023

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							
	Q3 Oct to Dec 23	Q3 Oct to Dec 22	Increase/(Decrease)		9 mths ended 31/12/2023	9 mths ended 31/12/2022	Increase/ (Decrease) Dec 2021 vs Dec 2020	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
Revenue	5,133	5,815	(682)	(11.73)	13,246	17,488	(4,242)	(24.26)
Cost of sales	(2,768)	(2,831)	63	(2.23)	(6,733)	(8,748)	2,015	(23.03)
Gross Profit	2,365	2,984	(619)	(20.74)	6,513	8,740	(2,227)	(25.48)
Other operating income	416	79	337	426.58	842	567	275	48.50
Distribution and marketing costs	(401)	(612)	211	(34.48)	(1,184)	(1,515)	331	(21.85)
Administrative expenses	(1,509)	(2,336)	827	(35.40)	(4,944)	(5,204)	260	(5.00)
Other operating expenses	(724)	229	(953)	(416.16)	(1,360)	(1,496)	136	(9.09)
Finance costs	(128)	(108)	(20)	18.52	(333)	(328)	(5)	1.52
(Loss)/ Profit before taxation	19	236	(217)	(91.95)	(466)	764	(1,230)	(160.99)
Taxation	8	(194)	202	(104.12)	(142)	(265)	123	(46.42)
(Loss)/ Profit after taxation	27	42	(15)	(35.71)	(608)	499	(1,107)	(221.84)
(Loss)/ Profit attributable to:								
Equity holders of the Company	27	42	(15)	(35.71)	(608)	499	(1,107)	(221.84)

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

	Q3 Oct to Dec 23	Q3 Oct to Dec 22	Increase/ (Decrease)		9 mths ended 31/12/2023	9 mths ended 31/12/2022	Increase/ (Decrease)	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
	Interest income	(5)	(11)	6	(54.55)	(18)	(32)	14
Interest expense	126	103	23	22.33	328	315	13	4.13
Depreciation of property, plant & equipment	24	35	(11)	(31.43)	72	106	(34)	(32.08)
Amortisation of right of use assets	507	(362)	869	(240.06)	1,022	1,082	(60)	(5.55)
Foreign exchange (gain)/loss net	(53)	(46)	(7)	15.22	(233)	76	(309)	(406.58)
(Gain)/Loss on disposal of subsidiary	-	-	-	nm	-	-	-	nm
(Gain)/Loss on disposal of property, plant & equipment	(7)	(67)	60	(89.55)	(7)	(67)	60	(89.55)
Trade receivables written off	-	-	-	nm	-	-	-	nm
Impairment loss on trade receivables	199	144	55	38.19	205	232	(27)	(11.64)

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.

	Q3	Q3	Increase/(Decrease)		9 mths	9 mths	Increase/ (Decrease)	
	Oct to Dec 23	Oct to Dec 22	S\$'000	%	ended 31/12/2023	ended 31/12/2022	S\$'000	%
Profit/(Loss) for the year	27	42	(15)	(35.71)	(608)	499	(1,107)	(221.84)
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	(264)	(916)	652	(71.18)	(598)	(1,251)	653	(52.20)
Other comprehensive (loss)/income for the period/ year	(264)	(916)	652	(71.18)	(598)	(1,251)	653	(52.20)
Total comprehensive (loss)/income for the year attributable to owners of the Company	(237)	(874)	637	(72.88)	(1,206)	(752)	(454)	60.37

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 31 Dec 2023	As at 31 Mar 2023	As at 31 Dec 2023	As at 31 Mar 2023
ASSETS:	S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Assets				
Property, plant and equipment	267	319	-	-
Rights of use assets	4,264	5,437	-	-
Deferred tax assets	7	7	-	-
	4,538	5,763	-	-
Current Assets:				
Inventories, at cost	7,167	7,030	-	-
Amount due from subsidiaries	-	-	55	217
Trade receivables	1,546	727	-	-
Other receivables	8,482	8,477	14,681	14,527
Cash and cash equivalents	1,519	1,888	3	48
	18,714	18,122	14,739	14,792
Total assets	23,252	23,885	14,739	14,792
EQUITY AND LIABILITIES:				
Capital and Reserve				
Share capital	39,949	39,949	39,949	39,949
Reserves	(38,871)	(37,665)	(31,377)	(31,011)
	1,078	2,284	8,572	8,938
Non-current liabilities				
Borrowings	995	1,461	-	-
Deferred income	94	20	-	-
Deferred taxation	96	96	-	-
	1,185	1,577	-	-
Current Liabilities				
Trade payables	536	1,125	-	-
Other payables	7,869	7,411	4,321	3,967
Contract Liabilities	3,469	1,679	-	-
Amount due to a subsidiary	-	-	1,783	1,824
Amount due to directors	334	301	63	63
Provision for taxation	16	98	-	-
Borrowings	8,765	9,410	-	-
	20,989	20,024	6,167	5,854
Total equity and liabilities	23,252	23,885	14,739	14,792

Note:

The Group's Balance Sheet for year ended 31 March 2023 has been revised with the audited numbers of its Malaysia and Taiwan subsidiaries.

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

	As at 31 December 2023		As at 31 March 2023	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	8,765	-	9,410	-
Amount repayable after one year	995	-	1,461	-

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	
	9 mths ended 31/12/2023	9 mths ended 31/12/2022
	S\$'000	S\$'000
Cash Flows from operating activities		
Profit/(Loss) before taxation	(466)	499
Adjustments for:-		
Amortisation of right of use assets	1,022	1,082
Depreciation of property, plant and equipment	72	110
Depreciation of investment properties	-	-
Trade receivables written off	-	-
(Gain)/ loss on disposal of property, plant & equipment	(7)	(67)
(Gain)/ loss on disposal of subsidiary	-	-
Allowance for impairment loss for trade & other receivables	205	232
Allowance for inventory obsolescence	-	-
Interest expense	328	315
Interest income	(18)	(33)
Operating profit/(loss) before working capital changes	1,136	2,138
Changes in inventories	(531)	(606)
Changes in operating receivables	(1,146)	80
Changes in operating payables	(7)	563
Changes in contract liabilities	1,961	(654)
Net cash generated from/(used in) operations	1,413	1,521
Interest expense	(328)	(315)
Income tax (paid)/refunded	(228)	(143)
Net cash generated from/(used in) operating activities	857	1,063
Cash Flows generated from/(used in) investing activities		
Acquisition of property, plant and equipment	(39)	(213)
Acquisition of right of use assets	-	-
Proceed from disposal of property, plant and equipment	7	67
Proceeds from disposal of investment property	-	-
Interest received	18	33
Net cash generated from/(used in) investing activities	(14)	(113)
Cash Flows generated from/(used in) financing activities		
Repayment of bank loans	-	(71)
Proceeds from bank loan	28	-
Repayment of trust receipts and bills payable	(362)	(292)
Proceeds from disposal of subsidiary	-	-
Advance from/(Repayment to) directors	47	10
Proceeds from/(Repayment) of finance lease liabilities	(973)	(979)
Net cash generated from/(used in) financing activities	(1,260)	(1,332)
Net increase/(decrease) in cash & cash equivalents	(417)	(382)
Cash & cash equivalents at beginning of the period	(4,022)	(1,703)
Net effect of exchange rate changes on balance of cash and cash equivalents at beginning of the year	(225)	(1,070)
Cash and cash equivalents at end of the period	(4,664)	(3,155)

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Note 1:

Cash and cash equivalents at end of the period

Cash and bank balances

Fixed deposit

Bank overdraft

Group	
9 mths ended 31/12/2023	9 mths ended 31/12/2022
S\$'000	S\$'000
1,519	2,696
-	-
(6,183)	(5,851)
(4,664)	(3,155)

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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
<u>2023/2024</u>								
Balance as at 1 Apr 2023	(5,252)	-	838	(3,282)	-	(29,969)	39,949	2,284
Profit/(Loss) for the period	-	-	-	-	-	(608)	-	(608)
Other comprehensive income/(loss)	(598)	-	-	-	-	-	-	(598)
Balance at 31 Dec 2023	(5,850)	-	838	(3,282)	-	(30,577)	39,949	1,078
<u>2022/2023</u>								
Balance as at 1 Apr 2022	(5,505)	-	838	(3,282)	-	(28,353)	39,949	3,647
Profit/(Loss) for the period	-	-	-	-	-	499	-	499
Movement in reserves	-	-	-	-	-	-	-	-
Other comprehensive income/(loss)	(1,251)	-	-	-	-	-	-	(1,251)
Balance at 31 Dec 2022	(6,756)	-	838	(3,282)	-	(27,854)	39,949	2,895

Company

2023/2024

Balance as at 1 Apr 2022

Profit/(Loss) for the period

Balance at 31 Dec 2023

2022/2023

Balance as at 1 Apr 2021

Profit/(Loss) for the period

Balance at 31 Dec 2022

Retained earnings	Share Capital	Total Equity
S\$'000	S\$'000	S\$'000
(31,011)	39,949	8,938
(366)	-	(366)
(31,377)	39,949	8,572
(30,635)	39,949	9,314
(185)	-	(185)
(30,820)	39,949	9,129

Note:

The Group's Balance Sheet for year ended 31 March 2023 has been revised with the audited numbers of its Malaysia and Taiwan subsidiaries.

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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 2023 and 31 December 2023

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 31/12/2023 At 31/03/2023

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 2023 and 31 December 2023.

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 2023.

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 2023, 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 2023.

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.

Profit/(Loss) per ordinary share:

Based on weighted average number of ordinary shares in issue

- On fully diluted basis

Group	
9 mths ended 31 Dec 2023	9 mths ended 31 Dec 2022
(0.14) cents	0.11 cents
(0.14) cents	0.11 cents

The earnings per share of the Group for the period ended 31 December 2023 was computed based on the weighted average number of shares in issue of 439,400,466 (31 December 2022: 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	
31.12.2023	31.03.2023	31.12.2023	31.03.2023
0.25 cents	0.52 cents	1.95 cents	2.03 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 31 December 2023 (31 March 2023: 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 December 2023

Revenue

The Group registered a lower revenue amounting to S\$13.25 million for the nine months ended 31 December 2023 ("Q3 2024") compared to S\$17.49 million in the previous corresponding period ("Q3 2023"). The decrease in revenue of S\$4.24 million was due to lower revenue generated from its Furniture segment. This was attributable to lower sales generated from all its business units in Singapore, Malaysia and Taiwan. The lower sales were due to decreased retail and export sales made during the period under review which arose from lower demand for furniture from both retail and export customers. No revenue was generated by its Building material segment for the period under review.

Cost of Goods Sold and Gross Profit

Cost of sales decreased by S\$2.02 million from S\$8.75 million to S\$6.73 million. The lower cost of sales was mainly due to lower material consumed and purchase of finished good as a result of the reduction in sales volume during the reporting period. Gross profit also decreased by S\$2.23 million in Q3 2024 compared to Q3 2023 because of the decrease in sales volume.

Other operating income

Other operating income increased by S\$0.27 million to S\$0.84 million in Q3 2024 compared to S\$0.57 million in Q3 2023. The increase was mainly attributed to the gain on differences from foreign exchange of S\$0.23 million.

Distribution and Marketing costs

Distribution and Marketing cost decreased by S\$0.33 million compared to S\$1.51 million in Q3 2023. This was mainly due to the reduction of salesmen's commission, credit card charges and transportation cost arising from the reduction of sales volume.

Administrative expense

Administrative expense decreased by S\$0.26 million compared to S\$5.20 million in Q3 2023. The decrease was mainly due to lower administrative expenses incurred by its business units in Malaysia and Taiwan offset by a higher administrative expenses incurred by its business units in Singapore.

Other operating expense

Other operating expense decreased to S\$1.36 million from S\$1.50 million reported in the previous corresponding period. This was mainly attributed to the lower depreciation charges and amortisation of right-of-use assets for the current reporting period.

Finance cost

Finance cost remained relatively flat at S\$0.33 million compared to S\$0.33 million recorded in Q3 2023.

Taxation

Income tax expense of the Group decreased by S\$0.12 million compared to S\$0.26 million in Q3 2023. This was attributable mainly to lower withholding taxes paid for royalty and dividend income remitted from one of its foreign subsidiaries.

Profit/(Loss) for the period

The Group reported a loss of \$0.61 million in Q3 2024 compared to a profit of S\$0.50 million in Q3 2023. The factors attributing to the loss were explained above. However, the Group did manage to record a profit after taxation of S\$0.03 million for the three months from October to December 2023.

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Non-current assets of the Group decreased by S\$1.22 million from S\$5.76 million as at 31 March 2023 to S\$4.54 million as at 31 December 2023. This was mainly attributable to acquisition of property, plant and equipment and right of use assets offset by depreciation charges of property, plant and equipment and amortisation of right of use assets.

Current Assets

<u>Other receivables</u>	31/12/2023	31/03/2023	Variance
	S\$'000	S\$'000	S\$'000
Other debtors net of allowance for doubtful debts	6,966	7,105	(139)
Deposits	1,034	861	173
Advance to suppliers	223	327	(104)
Prepayments	168	164	4
Tax recoverable	91	20	71
	<u>8,482</u>	<u>8,477</u>	5

The Group's reported current assets amounted to approximately S\$18.71 million as at 31 December 2023. (31 March 2023: S\$18.12 million). This was mainly due to increase in inventories and trade receivables offset by reduction in cash and cash equivalents and other receivables.

The increase in trade receivables was mainly attributable to slower collections made and increase in sales in the last month of the current reporting period. The higher inventories was due to higher finished good stock level kept at 31 December 2023.

The decrease of other receivables was due to the reduction in other debtors and advance to suppliers offset by higher deposits, prepayments and tax recoverable at 31 December 2023.

Non-Current Liabilities

The Group's non-current liabilities decreased by S\$0.39 million to S\$1.18 million at 31 December 2023. The decrease was due to lower bank borrowings offset by increase in deferred income at 31 December 2023.

Current Liabilities

<u>Other payables</u>	31/12/2023	31/03/2023	Variance
	S\$'000	S\$'000	S\$'000
Other creditors	2,669	2,631	38
Deposits received	-	25	(25)
Accruals	5,200	4,755	445
	<u>7,869</u>	<u>7,411</u>	458

The Group's current liabilities increased from S\$20.02 million as at 31 March 2023 to S\$20.99 million as at 31 December 2023. This was mainly attributable to a increase in other payables, contract liabilities and amount due to directors offset by decrease in trade payables, tax payable and bank borrowings.

The decrease in trade payables was attributable to the payment of trade payables for the period under review.

The increase in other payables was due to increase in other creditors and accruals arising from slower payment of other payables.

Capital and Reserves

As at 31 December 2023, the Group had a shareholders' equity of S\$1.08 million compared to shareholders' equity S\$2.28 million at 31 March 2023. This was due to loss incurred and a loss in translation in foreign exchanges for the nine months period.

Cash flow Statement

The Group recorded a net cash generated from operating activities amounted to S\$0.86 million in Q3 2024 compared to net cash generated from operating activities of S\$1.06 million in Q3 2023. This was due to the adverse movements in inventories, trade and other receivables and trade and other payables offset by favourable movements in contract liabilities.

Net cash used in investing activities was S\$0.01 million which was mainly attributed to the acquisition of property, plant and equipment offset by proceeds from disposal of property, plant and equipment and interest income. In Q3 2023, the Group had a higher net cash used in investing activities arising mainly from acquisition of property, plant and equipment.

Net cash flow used in financing activities was S\$1.26 million. This arose mainly from the repayment of bills payables and lease liabilities amounting to S\$0.36 million and S\$0.97 million respectively. In Q3 2023, a net cash used in financing activities of S\$1.33 million was recorded owing to repayment of bills payable and lease liabilities.

Cash and cash equivalents decreased by S\$0.42 million mainly as a results of net cash used in investing and financing activities offset by net cash generated from operating activities. Cash and cash equivalents in Q3 2023 decreased by S\$0.38 million as a result of cash generated from operating activities offset by cash used in investing activities and financing activities.

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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.

As mentioned in the previous two quarters, the Group does not expect the weak consumer demand for furniture to improve in the next three months due to the uncertain economic climate in the countries it operates in. It will remain a challenge for the Group to be profitable for the financial year ending 31 March 2024.

It will however continue to manage its overall cost structures and to improve its production efficiency 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 31 December 2023.

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 nine months ended 31 December 2023 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 February 2024

Jimmy Soh King Bin

Independent and Non Executive Director