

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 30/09/2018	Half Year ended 30/09/2017	Increase/ (Decrease)	
	S\$'000	S\$'000	S\$'000	%
Revenue	12,820	15,610	(2,790)	(17.87)
Cost of sales	(6,894)	(8,967)	2,073	(23.12)
Gross Profit	5,926	6,643	(717)	(10.79)
Other operating income	1,353	1,375	(22)	(1.60)
Administrative expenses	(6,866)	(8,808)	1,942	(22.05)
Distribution and marketing costs	(1,282)	(1,211)	(71)	5.86
Other operating expenses	(1,007)	(2,994)	1,987	(66.37)
Finance costs	(604)	(536)	(68)	12.69
(Loss)/ Profit before taxation	(2,480)	(5,531)	3,051	(55.16)
Taxation	(53)	(195)	142	(72.82)
(Loss)/ Profit after taxation	(2,533)	(5,726)	3,193	(55.76)
(Loss)/ Profit attributable to:				
Equity holders of the Company	(2,533)	(5,726)	3,193	(55.76)

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

	Half Year ended 30/09/2018	Half Year ended 30/09/2017	Increase/ (Decrease)	
	S\$'000	S\$'000	S\$'000	%
Interest income	-	(1)	1	(100.00)
Interest expense	616	776	(160)	(20.62)
Depreciation of property, plant & equipment	546	709	(163)	(22.99)
Amortisation of land use rights	12	14	(2)	(14.29)
Foreign exchange (gain)/loss net	277	(124)	401	(323.39)
Loss on disposal of property, plant & equipment	33	3	30	nm
Property, plant & equipment written off	-	220	(220)	(100.00)
Impairment loss on trade receivables	-	4	(4)	(100.00)
Inventories written off	-	-	-	-

nm – not meaningful

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 30/09/2018	Half Year ended 30/09/2017	Increase/ (Decrease)	
	S\$'000	S\$'000	S\$'000	%
(Loss) for the year	(2,533)	(5,726)	3,193	(55.76)
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	120	39	81	207.69
Other comprehensive (loss)/ income for the period/ year	120	39	81	207.69
Total comprehensive (loss)/ income for the year attributable to owners of the Company	(2,413)	(5,687)	3,274	(57.57)

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 2018	As at 31 Mar 2018	As at 30 Sept 2018	As at 31 Mar 2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS:				
Non-Current Assets				
Land use rights	875	922	-	-
Property, plant and equipment	5,073	5,234	3	5
Investment properties	8,176	8,720	-	-
Other receivables	46	121	-	-
Investment in subsidiaries	-	-	-	-
Deferred tax assets	-	-	-	-
	14,170	14,997	3	5
Current Assets:				
Land use rights	24	25	-	-
Inventories, at cost	9,289	7,166	-	-
Amount due from subsidiaries	-	-	2,475	3,853
Trade and other receivables	7,623	6,507	43	48
Tax recoverable	635	642	-	-
Fixed deposits with banks	49	49	-	-
Cash and cash equivalents	1,859	1,537	25	3
	19,479	15,926	2,543	3,904
Total assets	33,649	30,923	2,546	3,909
EQUITY AND LIABILITIES:				
Capital and Reserve				
Share capital	39,949	39,949	39,949	39,949
Reserves	(43,911)	(41,498)	(40,986)	(39,939)
	(3,962)	(1,549)	(1,037)	10
Non-current liabilities				
Borrowings	290	271	-	-
Deferred tax	121	120	-	-
Deferred income	1,099	1,765	-	-
	1,510	2,156	-	-
Current Liabilities				
Trade and other payables	16,424	16,683	1,915	1,709
Deferred income	1,207	1,119	-	-
Amount due to a subsidiary	-	-	1,668	2,190
Amount due to directors	-	-	-	-
Provision for taxation	-	129	-	-
Borrowings	18,470	12,385	-	-
	36,101	30,316	3,583	3,899
Total equity and liabilities	33,649	30,923	2,546	3,909

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

	As at 30 September 2018		As at 31 March 2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	18,470	-	12,385	-
Amount repayable after one year	290	-	271	-

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 30/09/2018	Half Year ended 30/09/2017
	S\$'000	S\$'000
Cash Flows from operating activities		
Loss before taxation	(2,480)	(5,531)
Adjustments for:-		
Amortisation of land use rights	12	14
Depreciation of property, plant and equipment	546	710
Impairment loss on property, plant and equipment	-	-
Property, plant & equipment written off	-	220
(Gain)/ loss on disposal of property, plant & equipment	33	3
Interest expense	616	776
Interest income	-	(1)
Operating profit/(loss) before working capital changes	(1,273)	(3,809)
Changes in inventories	(2,123)	1,041
Changes in operating receivables	(1,620)	261
Changes in operating payables	(258)	7,154
Net cash generated from/(used in) operations	(5,274)	4,647
Interest expense	(616)	(776)
Income tax paid	(183)	(201)
Net cash generated from/(used in) operating activities	(6,073)	3,670
Cash Flows generated from/(used in) investing activities		
Acquisition of property, plant and equipment	(356)	(72)
Proceed from disposal of property, plant and equipment	128	96
Proceed from available-for-sales of financial assets	-	-
Interest received	-	1
Net cash generated from/(used in) investing activities	(228)	25
Cash Flows generated from/(used in) financing activities		
Proceeds from Issue of Shares	-	-
Repayment of Shares related expenditure	-	-
Repayment of bank loans	-	(637)
Proceeds from bank loan	6,206	-
Repayment of trust receipts and bills payable	759	(1,561)
Repayment to directors	-	(282)
Repayment of finance lease liabilities	(20)	(67)
Net cash generated from/(used in) financing activities	6,945	(2,547)
Net increase/(decrease) in cash & cash equivalents	644	1,148
Cash & cash equivalents at beginning of the period	(4,331)	(4,410)
Net effect of exchange rate changes on balance of cash and cash equivalents at beginning of the year	519	149
Cash and cash equivalents at end of the period	(3,168)	(3,113)

Note 1:

Cash and cash equivalents at end of the period

Cash and bank balances
Fixed deposit
Bank overdraft

Group	
Half Year ended 30/09/2018	Half Year ended 30/09/2017
S\$'000	S\$'000
1,860	2,239
49	49
(5,077)	(5,401)
(3,168)	(3,113)

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
2018/2019								
Balance as at 1 Apr 2018	(5,613)	-	838	(3,282)	-	(33,441)	39,949	(1,549)
Issue of new shares	-	-	-	-	-	-	-	-
Share expenses	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(2,533)	-	(2,533)
Other comprehensive income/(loss)	120	-	-	-	-	-	-	120
Balance at 30 Sept 2018	(5,493)	-	838	(3,282)	-	(35,974)	39,949	(3,962)
2017/2018								
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

Company
2018/2019

Balance as at 1 Apr 2018
Issue of new shares
Share expenses
Loss for the period

Balance at 30 Sept 2018

2017/2018

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

Balance at 30 Sept 2017

Retained earnings	Share Capital	Total Equity
S\$'000	S\$'000	S\$'000
(39,939)	39,949	10
-	-	-
-	-	-
(1,047)	-	(1,047)
(40,986)	39,949	(1,037)
(12,113)	39,949	27,836
-	-	-
-	-	-
(1,240)	-	(1,240)
(13,353)	39,949	26,596

LORENZO INTERNATIONAL LIMITED

(Co. Reg. No.: 200508277C)

Financial Statements and Dividend Announcement For the Half Year ended 30 September 2018

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 2018 and 30 September 2018

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 31/03/2018

Total number of issued shares

439,400,466 439,400,466

Issue of ordinary shares

- -

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 2018 and 30 September 2018.

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 2018.

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 year ended 31 March 2018, 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 2018.

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 2018	Half Year ended 30 September 2017
(0.58) cents	(1.30) cents
(0.58) cents	(1.30) cents

The loss per share of the Group for the period ended 30 September 2018 was computed based on the weighted average number of shares in issue of 439,400,466 (30 September 2017: 439,400,466)

LORENZO INTERNATIONAL LIMITED

(Co. Reg. No.: 200508277C)

Financial Statements and Dividend Announcement For the Half Year ended 30 September 2018

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.

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

Group		Company	
30.09.2018	31.03.2018	30.09.2018	31.03.2018
(0.90) cents	(0.35) cents	(0.24) cents	0.00 cents

The net asset value per ordinary share is based on the number of shares in issue of 439,400,466 as at 30 September 2018 (30 March 2018: 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 September 2018**Revenue**

The Group registered a lower revenue amounting to S\$ 12.8 million for the six months ended 30 September 2018 ("HY2019") compared to S\$15.6 million in the previous corresponding period ("HY2018"). The decrease in revenue of S\$2.8 million was due to lower revenue generated from its Furniture segment offset by a higher revenue from its Building Materials segment. Revenue for Furniture segment had decreased by S\$2.9 million while revenue for Building Materials segment increased by S\$0.1 million. The decrease in revenue was attributable to lower sales generated for its Singapore, Malaysia and Taiwan units.

Cost of Goods Sold and Gross Profit

Cost of sales reduced by S\$2.1 million from S\$9.0 million to S\$6.9 million. The lower cost of sales was in line with the decrease in sales revenue arising from lesser purchases made and lower production costs during the six months period. Gross profit decreased by 10.8% or S\$0.7 million in HY2019 compared to HY2018 owing to lower sales generated.

Other operating income

Other operating income remained flat at S\$1.4 million in HY2019 compared to S\$1.4 million in HY2018.

Administrative expense

Administrative expense decreased by S\$1.9 million or 22.1 percent compared to S\$8.8 million in HY2018. The decrease was mainly due to reduction of salary related expenses and rental expenses.

Distribution and Marketing costs

Distribution and Marketing cost increased by S\$0.1 million from S\$1.2 million in HY2018 to S\$1.3 million in HY2019. The increase arose mainly from credit card commission paid to the banks.

Other operating expense

Other operating expense decreased by S\$2.0 million from S\$3.0 million in HY2018 to S\$1.0 million in HY2019. This was mainly attributable to the retrenchment cost incurred in relation to the Group's production plants in China in HY 2018.

Finance cost

Finance cost increased by S\$0.1 million compared to S\$0.5 million in HY2018. The increase was due to additional interest expense incurred for the Group's bank trade facilities and short term bank borrowings.

Taxation

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

Loss for the period

The Group reported a reduced loss of \$2.5 million in HY2019 compared to S\$5.5 million in HY2018. This was due to lower administrative and other operating expenses offset by higher distribution and marketing and finance costs.

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Financial Statements and Dividend Announcement For the Half Year ended 30 September 2018**Balance Sheet****Non-Current Assets**

Non-current assets of the Group decreased by S\$0.8 million from S\$15.0 million as at 31 March 2018 to S\$14.2 million as at 30 September 2018. This was mainly attributable to depreciation charges of property, plant and equipment, investment properties and amortisation charges of land use rights.

Current Assets

<u>Trade and other receivables</u>	30/09/2018	31/03/2018	Variance
	S\$'000	S\$'000	S\$'000
Trade debtors	3,272	2,704	568
Other debtors	1,312	1,677	(365)
Deposits	1,007	1,049	(42)
Advance to suppliers	402	751	(349)
Prepayments	1,630	326	1,304
	<u>7,623</u>	<u>6,507</u>	1,116

The Group's reported current assets amounted to approximately S\$19.5 million as at 30 September 2018. (31 March 2018: S\$15.9 million). The increase was mainly due to increase in inventories, trade and other receivables and cash and cash equivalents.

The increase in trade and other receivables was mainly attributable to advance rental paid to landlords in its Taiwan unit. The higher inventories was due to purchases made in September 2018 in anticipation of the increase demand for the festive period.

Non-Current Liabilities

The Group's non-current liabilities decreased by S\$0.7 million to S\$1.5 million at 30 September 2018 (31 March 2018: S\$2.2 million). The decrease was due to recognition of rental charges paid in advance by its tenant during the financial period under review.

Current Liabilities

<u>Trade and other payables</u>	30/09/2018	31/03/2018	Variance
	S\$'000	S\$'000	S\$'000
Trade creditors	4,933	3,225	1,708
Other creditors	3,966	7,900	(3,934)
Deposits received	4,890	2,480	2,410
Accruals	2,635	3,078	(443)
	<u>16,424</u>	<u>16,683</u>	(259)

The Group's current liabilities position increased by S\$5.8 million from S\$30.3 million as at 31 March 2018 to S\$36.1 million as at 30 September 2018. The increase was mainly attributable to an increase in borrowings of S\$6.1 million offset by a decrease in trade and other payables and provision for income tax amounting to S\$0.3 million and S\$0.1 million respectively.

The decrease in trade and other payables was attributable to payment to other creditors and accruals offset by increase in deposits received and trade creditors.

Capital and Reserves

As at 30 September 2018, the Group had negative shareholders' equity of S\$4.0 million compared to S\$1.6 million at 31 March 2018. This was due to accumulated losses incurred offset by exchange translation gain for the current half year ended 30 September 2018.

Cash flow Statement

Net cash used in operating activities amounted to S\$6.1 million in HY2019 compared to net cash generated from operating activities of S\$3.7 million in HY2018. This was due to the increase in inventories of S\$2.1 million, trade and other receivables of S\$1.6 million and the decrease in trade and other payables of S\$0.32 million offset by lower income tax paid and interest expense incurred.

Net cash flow used in investing activities was approximately S\$0.2 million, as a result of acquisition of property, plant and equipment of S\$0.3 million offset by the proceeds from the disposal of property, plant and equipment of S\$0.1 million.

Net cash flow generated from financing activities was S\$6.9 million compared to net cash used in financing activities of S\$2.5 million in HY2018. This arose from utilisation of bills payable and the procurement of a short term bank loans of S\$0.8 million and S\$6.2 million respectively.

Cash and cash equivalents increased by S\$0.6 million mainly as a results of net cash generated from 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.

Weak demand for furniture in both Malaysia and Singapore as a result of lower consumer demand and weak demand in residential property respectively is expected 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 to grow 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)

	30/09/2018 S\$'000	30/09/2017 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 Rule 916 (1) of the Listing Manual:</i>		
Rental expenses paid and payable to a firm of which a director of the Company is a member	505	616
Rental expenses in relation to prior years paid and payable to a firm of which a director of the Company is a member	149	285

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 2018 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
21 November 2018

Ding Lei
Executive Director