

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 30/09/2020	Half Year ended 30/09/2019	Increase/ (Decrease) Sept 20 vs Sept 19	
	S\$'000	S\$'000	S\$'000	%
Revenue	10,853	13,761	(2,908)	(21.13)
Cost of sales	(5,592)	(6,988)	1,396	(19.98)
Gross Profit	5,261	6,773	(1,512)	(22.32)
Other operating income	4,526	1,051	3,475	330.64
Administrative expenses	(4,616)	(6,302)	1,686	(26.75)
Distribution and marketing costs	(858)	(1,275)	417	(32.71)
Other operating expenses	(749)	(1,195)	446	(37.32)
Finance costs	(388)	(566)	178	(31.45)
(Loss)/ Profit before taxation	3,176	(1,514)	4,690	(309.78)
Taxation	(49)	(157)	108	(68.79)
(Loss)/ Profit after taxation	3,127	(1,671)	4,798	(287.13)
(Loss)/ Profit attributable to: Equity holders of the Company	3,127	(1,671)	4,798	(287.13)

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

	Half Year ended 30/09/2020	Half Year ended 30/09/2019	Increase/ (Decrease)	
	S\$'000	S\$'000	S\$'000	%
	Interest income	(5)	-	(5)
Interest expense	384	555	(171)	(30.81)
Depreciation of property, plant & equipment	418	478	(60)	(12.55)
Amortisation of land use rights	12	12	-	-
Foreign exchange (gain)/loss net	(63)	423	(486)	(114.89)
(Gain)/Loss on disposal of property, plant & equipment	(38)	(31)	(7)	22.58
(Gain)/Loss on disposal of investment property	(3,125)	-	(3,125)	nm
Impairment loss on trade receivables	13	69	(56)	(81.16)

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 30/09/2020	Half Year ended 30/09/2019	Increase/ (Decrease) Sept 20 vs Sept 19	
	S\$'000	S\$'000	S\$'000	%
Profit/(Loss) for the year	3,127	(1,671)	4,798	(287.13)
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	(23)	298	(321)	(107.72)
Other comprehensive (loss)/ income for the period/ year	(23)	298	(321)	(107.72)
Total comprehensive (loss)/ income for the year attributable to owners of the Company	3,104	(1,373)	4,477	(326.07)

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 2020	As at 31 Mar 2020	As at 30 Sept 2020	As at 31 Mar 2020
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS:				
Non-Current Assets				
Land use rights	830	843	-	-
Property, plant and equipment	4,190	4,340	7	10
Investment properties	5,734	7,515	-	-
Other receivables	-	-	-	-
Investment in subsidiaries	-	-	-	-
Deferred tax assets	13	15	-	-
	10,767	12,713	7	10
Current Assets:				
Land use rights	24	24	-	-
Inventories, at cost	8,373	8,120	-	-
Amount due from subsidiaries	-	-	822	815
Trade receivables	2,504	2,276	-	-
Other receivables	2,059	1,987	32	40
Tax recoverable	131	93	-	-
Fixed deposits with banks	-	-	-	-
Cash and cash equivalents	1,885	1,075	5	2
	14,976	13,575	859	857
Total assets	25,743	26,288	866	867
EQUITY AND LIABILITIES:				
Capital and Reserve				
Share capital	39,949	39,949	39,949	39,949
Reserves	(46,127)	(49,231)	(44,412)	(44,013)
	(6,178)	(9,282)	(4,463)	(4,064)
Non-current liabilities				
Borrowings	76	82	-	-
Deferred income	28	29	-	-
Deferred taxation	95	96	-	-
	199	207	-	-
Current Liabilities				
Trade payables	2,448	1,960	-	-
Other payables	10,869	9,922	3,527	3,275
Contract Liabilities	4,410	4,315	-	-
Amount due to a subsidiary	-	-	1,698	1,588
Amount due to directors	117	72	104	68
Provision for taxation	77	77	-	-
Borrowings	13,801	19,017	-	-
	31,722	35,363	5,329	4,931
Total equity and liabilities	25,743	26,288	866	867

LORENZO INTERNATIONAL LIMITED

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Financial Statements and Dividend Announcement For the Half Year ended 30 September 2020

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

	As at 30 September 2020		As at 31 March 2020	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	13,801	-	19,017	-
Amount repayable after one year	76	-	82	-

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 30/09/2020	Half Year ended 30/09/2019
	S\$'000	S\$'000
Cash Flows from operating activities		
Profit /(Loss) before taxation	3,176	(1,514)
Adjustments for:-		
Amortisation of land use rights	12	12
Depreciation of property, plant and equipment	418	505
(Gain)/ loss on disposal of property, plant & equipment	(3,153)	(31)
Allowance for impairment loss for trade & other receivables	13	-
Interest expense	384	555
Interest income	(5)	-
Operating profit/(loss) before working capital changes	845	(473)
Changes in inventories	(253)	(151)
Changes in operating receivables	(432)	(313)
Changes in operating payables	1,088	1,839
Changes in contract liabilities	94	-
Net cash generated from/(used in) operations	1,342	902
Interest expense	(144)	(555)
Income tax (paid)/refunded	(88)	194
Net cash generated from/(used in) operating activities	1,110	541
Cash Flows generated from/(used in) investing activities		
Acquisition of property, plant and equipment	(32)	(65)
Proceed from disposal of property, plant and equipment	4,898	31
Proceed from available-for-sales of financial assets	-	-
Interest received	5	-
Net cash generated from/(used in) investing activities	4,871	(34)
Cash Flows generated from/(used) in financing activities		
Repayment of bank loans	(3,609)	(943)
Proceeds from bank loan	-	-
Repayment of trust receipts and bills payable	(766)	(562)
Advance from /(Repayment to) directors	46	-
Repayment of finance lease liabilities	(6)	(9)
Net cash generated from/(used in) financing activities	(4,335)	(1,514)
Net increase/(decrease) in cash & cash equivalents	1,646	(1,007)
Cash & cash equivalents at beginning of the period	(5,209)	(4,796)
Net effect of exchange rate changes on balance of cash and cash equivalents at beginning of the year	5	601
Cash and cash equivalents at end of the period	(3,558)	(5,202)

Group	
Half Year ended 30/09/2020	Half Year ended 30/09/2019
S\$'000	S\$'000
1,885	713
-	49
(5,443)	(5,964)
(3,558)	(5,202)

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
2020/2021								
Balance as at 1 Apr 2020	(5,023)	-	838	(3,282)	-	(41,764)	39,949	(9,282)
Profit/(Loss) for the period	-	-	-	-	-	3,127	-	3,127
Other comprehensive income/(loss)	(23)	-	-	-	-	-	-	(23)
Balance at 30 Sept 2020	(5,046)	-	838	(3,282)	-	(38,637)	39,949	(6,178)
2019/2020								
Balance as at 1 Apr 2019	(5,161)	-	838	(3,282)	-	(39,686)	39,949	(7,342)
Loss for the period	-	-	-	-	-	(1,671)	-	(1,671)
Other comprehensive income/(loss)	298	-	-	-	-	-	-	298
Balance at 30 Sept 2019	(4,863)	-	838	(3,282)	-	(41,357)	39,949	(8,715)

Company
2020/2021

Balance as at 1 Apr 2020
 Loss for the period

Balance at 30 Sept 2020

2018/2019

Balance as at 1 Apr 2019
 Loss for the period

Balance at 30 Sept 2019

Retained earnings	Share Capital	Total Equity
S\$'000	S\$'000	S\$'000
(44,013)	39,949	(4,064)
(399)	-	(399)
(44,412)	39,949	(4,463)
(42,097)	39,949	(2,148)
(935)	-	(935)
(43,032)	39,949	(3,083)

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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 2020 and 30 September 2020	<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 30/09/2020	At 31/03/2020
Total number of issued shares	439,400,466	439,400,466
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 2020 and 30 September 2020.

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 audited financial statements for the period ended 31 March 2020.

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 2020, 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 2020.

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 2020	Half Year ended 30 September 2019
0.71 cents	(0.38) cents
0.71 cents	(0.38) cents

The loss per share of the Group for the period ended 30 September 2020 was computed based on the weighted average number of shares in issue of 439,400,466 (30 September 2019: 439,400,466)

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7. *Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.*

Group		Company	
30.09.2020	31.03.2020	30.09.2020	31.03.2020
(1.41) cents	(2.11) cents	(1.06) cents	(0.92) 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 2020 (31 March 2020: 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 2020**Revenue**

The Group registered a lower revenue amounting to S\$10.8 million for the six months ended 30 September 2020 ("HY2021") compared to S\$13.8 million in the previous corresponding period ("HY2020"). The decrease in revenue of S\$3 million was due to lower revenue generated from both its Furniture segment and Building Materials segment. Revenue for Furniture segment and Building materials segment decreased by S\$2.4 million and S\$0.6 million respectively. The decrease in revenue was attributable to lower sales generated for all its business units in Singapore, Malaysia and Taiwan. The lower sales in Singapore and Malaysia were caused by the lock down imposed by the relevant governments due to the COVID-19 pandemic in April to June 2020, while the reduction in sales in Taiwan was due to a weak retail market.

Cost of Goods Sold and Gross Profit

Cost of sales decreased by S\$1.4 million from S\$7.0 million to S\$5.6 million. The lower cost of sales was mainly due to lower production costs and purchases made during the six months period. Gross profit decreased by 22.3% or S\$1.5 million in HY2021 compared to HY2020 because of lower sales volume.

Other operating income

Other operating income increased by S\$3.5 million to S\$4.5 million in HY2021 compared to S\$1.0 million in HY2020. The increase was mainly attributed to the gain on the disposal of investment property in Singapore.

Administrative expense

Administrative expense decreased by S\$1.7 million or 26.8 percent compared to S\$6.3 million in HY2020. The decrease was mainly due to reduction of salary related expenses and general reduction in other administrative expenses in all the business units.

Distribution and Marketing costs

Distribution and Marketing cost was S\$0.4 million lower than S\$1.3 million in HY2020. The reduction was the results of lower distribution costs incurred arising from lower sales generated.

Other operating expense

Other operating expense decreased by S\$0.4 million from S\$1.2 million in HY2020 to S\$0.8 million in HY2021. This was mainly attributable to lower depreciation charges and loss on foreign exchange for the six months period under review.

Finance cost

Finance cost reduced by S\$0.2 million from S\$0.6 million for HY2020 to S\$0.4 million in HY2021. This was due to the repayment of bank borrowings.

Taxation

Income tax expense of the Group decreased by S\$0.1 million from S\$0.2 million in HY2020. This was attributable mainly to lower withholding taxes paid for royalty income remitted from one of its foreign subsidiaries and no tax provision for its Taiwan unit.

Profit for the period

The Group reported a profit of \$3.1 million in HY2021 compared to a loss of S\$1.7 million in HY2020. The factors attributing to the profit were explained above. Excluding the gain on disposal of investment property, the Group managed to break even in the six months under review.

Balance Sheet

Non-Current Assets

Non-current assets of the Group decreased by S\$1.9 million from S\$12.7 million as at 31 March 2020 to S\$10.8 million as at 30 September 2020. This was mainly attributable to depreciation charges of property, plant and equipment, investment properties and amortisation charges of land use rights and the disposal of the investment property in Singapore.

Current Assets

<u>Other receivables</u>	30/9/2020	31/3/2020	Variance
	S\$'000	S\$'000	S\$'000
Other debtors	434	402	32
Deposits	1,075	1,077	(2)
Advance to suppliers	243	232	11
Prepayments	307	276	31
	<u>2,059</u>	<u>1,987</u>	72

The Group's reported current assets amounted to approximately S\$15.0 million as at 30 September 2020. (31 March 2020: S\$13.6 million). This was mainly due to increase in inventories, trade receivables, other receivables, tax recoverable and cash and cash equivalents.

The increase in trade receivables was mainly attributable to slower collection due to the impact on customers' businesses caused by the COVID-19 pandemic in the Malaysia business unit. The higher inventories was due to lower sales generated during the six months period. Tax recoverable increased because of estimated tax paid by its Malaysia units.

The increase in other receivables was due to increase in other debtors, advance to suppliers and prepayment offset by a decrease in deposits.

Non-Current Liabilities

The Group's non-current liabilities remained flat at S\$0.2 million.

Current Liabilities

<u>Other payables</u>	30/9/2020	31/3/2020	Variance
	S\$'000	S\$'000	S\$'000
Other creditors	5,929	5,676	253
Deposits received	25	161	(136)
Accruals	4,915	4,085	830
	<u>10,869</u>	<u>9,922</u>	947

The Group's current liabilities position decreased by S\$3.7 million from S\$35.4 million as at 31 March 2020 to S\$31.7 million as at 30 September 2020. The decrease was mainly attributable to a decrease in bank borrowings amounting to S\$5.2 million offset by increase in trade payables, other payables, contract liabilities and amount due to directors.

The increase in trade payables was attributable to slower payment to trade creditors.

The increase in other payables was due to increase in other creditors and accruals offset by a decrease in deposits received.

Capital and Reserves

As at 30 September 2020, the Group had negative shareholders' equity of S\$6.2 million compared to S\$9.3 million at 31 March 2020. This was due to accumulated losses incurred offset by exchange translation gain for the current half year ended 30 September 2020.

Cash flow Statement

Net cash generated from operating activities amounted to S\$1.1 million in HY2021 compared to S\$0.5 million in HY2020. This was due to the decrease in trade and other payables of S\$1.1 million and lower interest and taxes paid offset by the increase in inventories of S\$0.3 million and trade and other receivables of S\$0.4 million.

Net cash generated from investing activities was S\$4.9 million which was mainly attributed to the proceeds from the sale of investment property in Singapore.

Net cash flow used in financing activities was S\$4.3 million. This arose mainly from repayment of bank loans and bills payable amounting to S\$3.6 million and S\$0.8 million respectively.

Cash and cash equivalents increased by S\$1.6 million mainly as a result of net cash generated from operating and investing activities offset by net cash used in financing activities.

9. *Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.*

Not applicable

10. *A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.*

The Group expects the demand for furniture to remain weak due to poor retail outlook in the countries it operates in as the economic recovery from the COVID-19 pandemic will take some time.

The Group will be adopting further cost cutting measures during this trying period.

The Company's management is looking to realise the China subsidiary with real estate asset to resolve the going concern issues as well as improve the Group's cash flow.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

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

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

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

There is no IPT for the reporting period ended 30 September 2020.

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 2020 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
12 November 2020

Jimmy Soh King Bin
Independent and Non Executive Director