

LORENZO INTERNATIONAL LIMITED

(Co. Reg. No.: 200508277C)

Financial Statements and Dividend Announcement For the Quarter ended 30 June 2022

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			
	Q1 ended 30/06/2022	Q1 ended 30/06/2021	Increase/ (Decrease) June 2022 vs June 2021	
	S\$'000	S\$'000	S\$'000	%
Revenue	5,711	4,716	995	21.10
Cost of sales	(2,872)	(2,467)	(405)	16.42
<b>Gross Profit</b>	<b>2,839</b>	<b>2,249</b>	590	26.23
Other operating income	126	10,512	(10,386)	(98.80)
Administrative expenses	(1,402)	(2,154)	752	(34.91)
Distribution and marketing costs	(456)	(400)	(56)	14.00
Other operating expenses	(852)	(754)	(98)	13.00
Finance costs	(106)	(130)	24	(18.46)
(Loss)/ Profit before taxation	149	9,323	(9,174)	(98.40)
Taxation	(53)	(28)	(25)	89.29
<b>(Loss)/ Profit after taxation</b>	<b>96</b>	<b>9,295</b>	(9,199)	(98.97)
(Loss)/ Profit attributable to: Equity holders of the Company	96	9,295	(9,199)	(98.97)

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

	Q1 ended 30/06/2022	Q1 ended 30/06/2021	Increase/ (Decrease)	
	S\$'000	S\$'000	S\$'000	%
	Interest income	(11)	(2)	(9)
Interest expense	102	124	(22)	(17.74)
Depreciation of property, plant & equipment	35	179	(144)	(80.45)
Depreciation of right of use assets	691	-		
Amortisation of land use rights	-	6	(6)	(100.00)
Foreign exchange (gain)/loss net	96	(1,135)	1,231	(108.46)
(Gain)/Loss on disposal of subsidiary	-	(7,137)	7,137	nm
(Gain)/Loss on disposal of property, plant & equipment	-	(14)	14	nm
(Gain)/Loss on disposal of investment property	-	-	-	nm
Impairment loss on trade receivables	-	274	(274)	(100.00)

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.

	Q1 ended	Q1 ended	Increase/ (Decrease)	
	30/06/2022	30/06/2021	June 2022 vs June 2021	
	S\$'000	S\$'000	S\$'000	%
<b>Profit/(Loss) for the year</b>	96	9,295	(9,199)	(98.97)
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	(112)	13	(125)	(961.54)
Other comprehensive ( loss)/ income for the period/ year	(112)	13	(125)	(961.54)
<b>Total comprehensive (loss)/ income for the year attributable to owners of the Company</b>	(16)	9,308	(9,324)	(100.17)

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 Jun 2022	As at 31 Mar 2022	As at 30 Jun 2022	As at 31 Mar 2022
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS:</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	206	238	-	-
Right of use assets	5,067	5,038	-	-
Deferred tax assets	7	13	-	-
	5,280	5,289	-	-
<b>Current Assets:</b>				
Inventories, at cost	8,032	7,230	-	-
Amount due from subsidiaries	-	-	545	561
Trade receivables	1,693	1,826	-	-
Other receivables	8,355	8,739	14,526	14,527
Cash and cash equivalents	2,946	3,323	3	2
	21,026	21,118	15,074	15,090
<b>Total assets</b>	<b>26,306</b>	<b>26,407</b>	<b>15,074</b>	<b>15,090</b>
<b>EQUITY AND LIABILITIES:</b>				
<b>Capital and Reserve</b>				
Share capital	39,949	39,949	39,949	39,949
Reserves	(36,318)	(36,302)	(30,668)	(30,635)
	3,631	3,647	9,281	9,314
<b>Non-current liabilities</b>				
Borrowings	752	833	-	-
Contract liabilities	11	11	-	-
Deferred taxation	96	96	-	-
	859	940	-	-
<b>Current Liabilities</b>				
Trade payables	2,392	1,745	-	-
Other payables	6,480	6,585	3,890	3,836
Contract Liabilities	3,392	4,333	-	-
Amount due to a subsidiary	-	-	1,841	1,878
Amount due to directors	111	101	62	62
Provision for taxation	180	194	-	-
Borrowings	9,261	8,862	-	-
	21,816	21,820	5,793	5,776
<b>Total equity and liabilities</b>	<b>26,306</b>	<b>26,407</b>	<b>15,074</b>	<b>15,090</b>

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

	As at 30 June 2022		As at 31 March 2022	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	9,261	-	8,862	-
Amount repayable after one year	752	-	833	-

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	
	Q1 ended 30/06/2022	Q1 ended 30/06/2021
	S\$'000	S\$'000
<b>Cash Flows from operating activities</b>		
Profit /(Loss) before taxation	96	9,323
Adjustments for:-		
Amortisation of right of use assets	691	-
Depreciation of property, plant and equipment	37	189
(Gain)/ loss on disposal of property, plant & equipment	-	(14)
(Gain)/ loss on disposal of subsidiary	-	(7,137)
Allowance for impairment loss for trade & other receivables	-	-
Interest expense	102	124
Interest income	(11)	(2)
<b>Operating profit/(loss) before working capital changes</b>	<b>915</b>	<b>2,483</b>
Changes in inventories	(802)	(380)
Changes in operating receivables	492	(7,327)
Changes in operating payables	541	(1,471)
Changes in contract liabilities	(940)	(112)
<b>Net cash generated from/(used in) operations</b>	<b>206</b>	<b>(6,807)</b>
Interest expense	(102)	(124)
Income tax (paid)/refunded	11	(27)
<b>Net cash generated from/(used in) operating activities</b>	<b>115</b>	<b>(6,958)</b>
<b>Cash Flows generated from/(used in) investing activities</b>		
Acquisition of property, plant and equipment	(8)	(2)
Acquisition of right of use assets	(816)	-
Proceed from disposal of property, plant and equipment	-	14
Proceed from available-for-sales of financial assets	-	-
Interest received	11	2
<b>Net cash generated from/(used in) investing activities</b>	<b>(813)</b>	<b>14</b>
<b>Cash Flows generated from/(used) in financing activities</b>		
Repayment of bank loans	(22)	(183)
Proceeds from bank loan	-	-
Repayment of trust receipts and bills payable	(454)	(397)
Proceeds from disposal of subsidiary	-	6,587
Advance from /(Repayment to) directors	10	-
Proceeds from/(Repayment of) finance lease liabilities	127	(7)
<b>Net cash generated from/(used in) financing activities</b>	<b>(339)</b>	<b>6,000</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(1,037)</b>	<b>(944)</b>
Cash & cash equivalents at beginning of the period	(1,704)	(2,908)
Net effect of exchange rate changes on balance of cash and cash equivalents at beginning of the year	(35)	(78)
<b>Cash and cash equivalents at end of the period</b>	<b>(2,776)</b>	<b>(3,930)</b>

Group	
Q1 ended 30/06/2022	Q1 ended 30/06/2021
S\$'000	S\$'000
2,946	1,460
-	-
(5,722)	(5,390)
(2,776)	(3,930)

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
<b>2022/2023</b>								
Balance as at 1 Apr 2022	(5,505)	-	838	(3,282)	-	(28,353)	39,949	3,647
Profit/(Loss) for the period	-	-	-	-	-	96	-	96
Movement in reserves	-	-	-	-	-	-	-	-
Other comprehensive income/(loss)	(112)	-	-	-	-	-	-	(112)
Balance at 30 Jun 2022	(5,617)	-	838	(3,282)	-	(28,257)	39,949	3,631
<b>2021/2022</b>								
Balance as at 1 Apr 2021	(5,228)	-	838	(3,282)	-	(39,226)	39,949	(6,949)
Profit/(Loss) for the period	-	-	-	-	-	9,295	-	9,295
Movement in reserves	154	-	-	-	-	(154)	-	-
Other comprehensive income/(loss)	13	-	-	-	-	-	-	13
Balance at 30 Jun 2021	(5,061)	-	838	(3,282)	-	(30,085)	39,949	2,359

**Company**

**2022/2023**

Balance as at 1 Apr 2022  
 Loss for the period  
 Balance at 30 Jun 2022

**2021/2022**

Balance as at 1 Apr 2021  
 Loss for the period  
 Balance at 30 Jun 2021

Retained earnings	Share Capital	Total Equity
S\$'000	S\$'000	S\$'000
(30,635)	39,949	9,314
(33)	-	(33)
(30,668)	39,949	9,281
(44,741)	39,949	(4,792)
14,540	-	14,540
(30,201)	39,949	9,748

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 2022 and 30 June 2022	<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 30/06/2022	At 31/03/2022
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 2022 and 30 June 2022.

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 2022.

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 2022, 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 2022.

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	
First Quarter ended 30 June 2022	First Quarter ended 30 June 2021
0.02 cents	2.12 cents
0.02 cents	2.12 cents

The earnings per share of the Group for the period ended 30 June 2022 was computed based on the weighted average number of shares in issue of 439,400,466 (30 June 2021: 439,400,466)

**LORENZO INTERNATIONAL LIMITED**

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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	
30.06.2022	31.03.2022	30.06.2022	31.03.2022
0.83 cents	0.83 cents	2.11 cents	2.12 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 June 2022 (31 March 2022: 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 June 2022****Revenue**

The Group registered a higher revenue amounting to S\$5.71 million for the three months ended 30 June 2022 ("Q12023") compared to S\$4.72 million in the previous corresponding period ("Q12022"). The increase in revenue of S\$0.99 million was due to higher revenue generated from its Furniture segment. This was attributable to higher sales generated for its business units in Singapore and Malaysia offset by lower sales in its Taiwan business unit. The higher sales in Singapore and Malaysia were higher retail and export sales made during the quarter under review. The Building Material segment did not generate any revenue for the period under review.

**Cost of Goods Sold and Gross Profit**

Cost of sales increased by S\$0.40 million from S\$2.47 million to S\$2.87 million. The higher cost of sales was mainly due to higher production costs and purchases made during the period under review. Gross profit increased by S\$0.59 million in Q12023 compared to Q12022 because of higher sales volume.

**Other operating income**

Other operating income decreased by S\$10.38 million to S\$0.13 million in Q12023 compared to S\$10.51 million in Q12022. The decrease was mainly attributed to the recognition of a one-off gain on the disposal of the foreign subsidiary in the People's Republic of China of S\$7.14 million, an exceptional gain in foreign exchange differences of S\$1.3 million and a waiver of trade payable of S\$1.7 million in the previous corresponding period.

**Administrative expenses**

Administrative expenses decreased by S\$0.75 million compared to S\$2.15 million in Q12022. The decrease was mainly due to reclassification of rental expenses to right of use assets and lease liability respectively under SFRS 116 in the period under review.

**Distribution and Marketing costs**

Distribution and Marketing cost was S\$56,000 higher than S\$0.4 million in Q12022. The increase was the result of higher sales commission incurred arising from higher sales generated.

**Other operating expenses**

Other operating expenses increased by S\$98,000 million from S\$0.75 million in Q12022 to S\$0.85 million in Q12023. This was mainly attributable to the depreciation charges for right of use assets for the period under review. No such depreciation charges was recorded in Q12022.

**Finance costs**

Finance costs reduced by S\$0.02 million from S\$0.13 million for Q12022 to S\$0.11 million in Q12023. This was due to the lesser interest expense incurred owing to the repayment of bank borrowings.

**Taxation**

Income tax expense of the Group increased by S\$0.02 million for the period under review compared to Q12022. This was attributable mainly to withholding taxes paid for royalty income remitted from its Taiwan unit.

**Profit for the period**

The Group reported a profit of \$0.09 million in Q12023 compared to a profit of S\$9.29 million in Q12022. The factors attributing to the profit were explained above.

**LORENZO INTERNATIONAL LIMITED**

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**Balance Sheet****Non-Current Assets**

Non-current assets of the Group decreased by S\$0.01 million from S\$5.29 million as at 31 March 2022 to S\$5.28 million as at 30 June 2022. This was mainly attributable to depreciation charges of property, plant and equipment amounting to S\$0.03 million offset by increase in right of use assets of S\$0.02 million.

**Current Assets**

<u>Other receivables</u>	30/06/2022	31/03/2022	Variance
	S\$'000	S\$'000	S\$'000
Other debtors	7,057	7,406	(349)
Deposits	962	978	(16)
Advance to suppliers	82	65	17
Prepayments	167	178	(11)
Tax recoverable	87	112	(25)
	<u>8,355</u>	<u>8,739</u>	(384)

The Group's reported current assets amounted to approximately S\$21.03 million as at 30 June 2022. (31 March 2022: S\$21.12 million). This was mainly due to increase in inventories offset by decrease in trade and other receivables and cash and cash equivalents.

The decrease in trade receivables was mainly attributable to collection made during the period under review. The higher inventories was due to higher finished good carried at 30 June 2022.

The decrease of other receivables was due to lower other debtors, deposits paid, prepayments and tax recoverable offset by higher advance to suppliers.

**Non-Current Liabilities**

The Group's non-current liabilities decreased by S\$0.08 million to S\$0.86 million compared to S\$0.94 million at 31 March 2022 as a result from repayment of bank borrowings.

**Current Liabilities**

<u>Other payables</u>	30/06/2022	31/03/2022	Variance
	S\$'000	S\$'000	S\$'000
Other creditors	2,540	2,398	142
Deposits received	25	25	-
Accruals	3,915	4,162	(247)
	<u>6,480</u>	<u>6,585</u>	(105)

The Group's current liabilities position remained flat at S\$ 21.82 million at 30 June 2022 compared to 31 March 2022. This arose from the increase in trade payables and bank borrowings offset by decrease in other payables and contract liabilities.

The increase in trade payables was attributable to slower payment made for the period under review.

The decrease in other payables was due to decrease in accruals offset by increase in other creditors.

**Capital and Reserves**

As at 30 June 2022, the Group had a shareholders' equity of S3.63 million compared to a shareholders' equity S\$3.65 million at 31 March 2022. This was due to profit recorded offset by loss in translation exchange differences for the period under review.

**Cash flow Statement**

The Group recorded a net cash generated from operating activities of S\$0.12 million in Q12023 compared to a net cash used in operating activities amounted to S\$6.96 million in Q12022. This was due to the decrease in trade and other payables of S\$0.49 million, increase in trade and other payables of S\$0.54 million offset by the decrease in contract liabilities of S\$0.94 million and the increase of inventories of S\$0.80 million.

Net cash used in investing activities was S\$0.81 million which was mainly attributed to the acquisition of right of use assets.

Net cash flow used in financing activities was S0.34 million. This arose mainly from repayment of bank loans and bills payable amounting to S\$0.45 million and S\$0.02 million respectively offset by proceeds from lease liabilities of S\$0.13 million.

Cash and cash equivalents decreased by S\$1.04 million mainly as a results of net cash used in operating and investing activities and 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.*

Weak demand for furniture arising from lower consumer demand in the countries it operates in is a challenge that the Group will have to overcome. In addition, rising inflation rate and new waves of COVID-19 infections in the countries it operates in will pose further challenges for its operations in the next reporting period and the next twelve months..

It will continue to monitor 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 30 June 2022.

*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 quarter of FY2023 ended 30 June 2022 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 August 2022

Jimmy Soh King Bin

Independent and Non Executive Director