LORENZO INTERNATIONAL LIMITED

(Co. Reg. No.: 200508277C)

Half Year 2009 Financial Statements and Dividend Announcement
For the six months period ended 30th June 2009

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		
	6 months to 30/06/2009	6 months to 30/06/2008	Increase/ (Decrease)
	S$'000	S$'000	%
Revenue	40,630	43,494	(6.6)
Cost of sales	(24,439)	(27,499)	(11.1)
Gross Profit	**16,191**	**15,995**	**1.2**
Other operating income	421	1,953	(78.4)
Administrative expenses	(11,355)	(9,478)	19.8
Distribution and marketing costs	(3,829)	(4,425)	(13.5)
Other operating expenses	(1,677)	(494)	239.5
Finance costs	(431)	(772)	(44.2)
(Loss) / Profit before tax	**(680)**	**2,779**	**(124.5)**
Income tax	(1,361)	(1,161)	17.2
(Loss) / Profit for the period	**(2,041)**	**1,618**	**(226.1)**
Attributable to:			
Equity holders of the Company	(2,041)	1,618	

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

	6 months to 30/06/2009	6 months to 30/06/2008	Increase/ (Decrease)
	S$'000	S$'000	%
Interest income	(58)	(69)	(15.9)
Interest expense	431	772	(44.2)
Depreciation of plant & equipment	958	920	4.1
Amortisation of land used rights	3	2	50.0
Foreign exchange loss / (gain)	497	(1,216)	nm
Bad debts written off	46	-	nm
Inventories written off	113	9	1155.6
Loss on disposal of plant and equipment	611	61	901.6

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.

	6 months to	
	30/06/2009	**30/6/2008**
	S$'000	**S$'000**
(Loss) / Profit for the period	(2,041)	1,618
Exchange differences on translation of foreign operations	439	(639)
Total comprehensive (expense) / income for the period	**(1,602)**	**979**
Attributable to:		
Equity holders of the Company	(1,602)	979
Minority interest	-	-
	(1,602)	**979**

Explanatory notes to income statement:

1. Administrative expenses increased due to one-off compensation for terminating the leases for the Australian operations (Qiao Design Pty Ltd), and expenses for relocation of our existing rented wood-based factory in China.

2. Other operating expenses increased due to fixed assets written off from our Australian operations.

3. Income tax expenses increased due to additional tax liabilities for income previously assessed from our Malaysian operations.

1(c)(i) A balance sheet (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30 Jun 2009	**As at 31 Dec 2008**	**As at 30 Jun 2009**	**As at 31 Dec 2008**
	S$'000	**S$'000**	**S$'000**	**S$'000**
ASSETS:				
Non-Current Assets				
Land Use Rights	1,568	1,562	-	-
Property, plant and equipment	24,268	23,791	20	24
Investment in subsidiaries	-	-	23,506	21,212
	25,836	25,353	23,526	21,236
Current Assets:				
Inventories, at cost	17,010	21,843	-	-
Amount due from subsidiaries	-	-	2,680	4,997
Trade and other receivables	7,393	7,378	25	20
Fixed deposits with banks	5,477	6,032	-	-
Cash and cash equivalents	5,782	8,553	27	1,019
	35,662	43,806	2,732	6,036
Total assets	**61,498**	**69,159**	**26,258**	**27,272**

	Group		Company	
	As at 30 Jun 2009	As at 31 Dec 2008	As at 30 Jun 2009	As at 31 Dec 2008
	S$'000	S$'000	S$'000	S$'000
EQUITY AND LIABILITIES:				
Capital and Reserve				
Share capital	25,514	25,514	25,514	25,514
Reserves	4,756	7,198	682	1,750
	30,270	32,712	26,196	27,264
Non-current liabilities				
Borrowings	2,765	1,648	-	-
Deferred tax	247	256	-	-
	3,012	1,904	-	-
Current Liabilities				
Trade and other payables	16,951	21,270	62	8
Provision for taxation	1,235	713	-	-
Borrowings	10,030	12,560	-	-
	28,216	34,543	62	8
Total equity and liabilities	**61,498**	**69,159**	**26,258**	**27,272**

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

Amount repayable in one year or less, or on demand

As at 30 June 2009 (S$'000)		As at 31 December 2008 (S$'000)	
Secured	**Unsecured**	**Secured**	**Unsecured**
10,030	-	12,560	-

Amount repayable after one year

As at 30 June 2009 (S$'000)		As at 31 December 2008 (S$'000)	
Secured	**Unsecured**	**Secured**	**Unsecured**
2,765	-	1,648	-

Details of any collateral

All bank facilities are secured and guaranteed by the Company except in Malaysia which secured and guaranteed by one or more of the following:

(a) personal guarantees of the Executive Directors of the Company;

(b) legal mortgage on the land, factory building, shop office buildings and office building owned by our subsidiaries;

(c) a debenture over 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	
	6 months to 30/06/2009	**6 months to 30/06/2008**
	S$'000	**S$'000**
<u>Cash Flows from operating activities</u>		
(Loss) / Profit before taxation	(680)	2,779
Adjustments for:-		
Depreciation of property, plant and equipment	958	920
Amortisation of land used rights	3	2
Bad debts written off	46	-
Inventories written off	113	9
Net loss on disposal of plant and equipment	611	61
Interest expenses	431	772
Interest income	(58)	(69)
Foreign exchange translation loss / (gain) – unrealised	567	(292)
Operating profit before working capital changes	**1,991**	**4,182**
Inventories	4,720	2,133
Trade receivables	1,104	344
Other receivables and prepayment	(1,165)	584
Trade payables	(3,533)	(1,801)
Other payables	(785)	(2,625)
Cash generated from operations	**2,332**	**2,817**
Interest income	58	69
Interest expenses	(431)	(773)
Income tax paid	(842)	(1,345)
Net cash from operating activities	**1,117**	**768**
<u>Cash Flows used in investing activities</u>		
Purchase of property, plant and equipment	(1,980)	(4,753)
Net cash used in investing activities	**(1,980)**	**(4,753)**
<u>Cash Flows used in financing activities</u>		
Proceeds from / (payment of) long term loans	2,049	(455)
Proceeds from / (payment of) short term loans	(498)	2
Finance leases	(92)	(189)
Bills payables	(3,758)	(2,095)
Dividends paid	(840)	(1,019)
Net cash used in financing activities	**(3,139)**	**(3,756)**
Net decrease in cash & cash equivalents	**(4,002)**	**(7,741)**
Cash and cash equivalents at beginning of the period	11,727	12,017
Net effect of exchange rate changes on balance of cash and cash equivalents at beginning of the year	8	(88)
Cash and cash equivalents at end of the period	**7,733**	**4,188**

Note:

<u>**Cash and cash equivalents at end of the period**</u>	**S$**	**S$**
Cash and bank balances	5,782	4,383
Fixed deposit	5,477	4,147
Bank overdraft	(3,526)	(4,342)
	7,733	**4,188**

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				**Total Equity**
	Share capital	**Exchange fluctuation reserves**	**Merger Reserve**	**Retained profits**	
<u>Group</u>	**S$**	**S$**	**S$**	**S$**	**S$**
Balance as at 1 Jan 2009	25,514	(1,490)	(3,282)	11,970	32,712
Total comprehensive income / (expense) recognised for the period	-	439	-	(2,041)	(1,602)
Dividend paid	-	-	-	(840)	(840)
Balance as at 30 Jun 2009	**25,514**	**(1,051)**	**(3,282)**	**9,089**	**30,270**
Balance as at 1 Jan 2008	20,636	(1,398)	(3,282)	9,707	25,663
Total comprehensive (expense) / income recognised for the period	-	(639)	-	1,618	979
Dividend paid	-	-	-	(1,019)	(1,019)
Balance as at 30 Jun 2008	**20,636**	**(2,037)**	**(3,282)**	**10,306**	**25,623**

	Share capital	**Retained profits**	**Total Equity**
<u>**Company**</u>	**S$**	**S$**	**S$**
Balance as at 1 Jan 2009	25,514	1,750	27,264
Total comprehensive expense recognised for the period	-	(228)	(228)
Dividend paid	-	(840)	(840)
Balance as at 30 Jun 2009	**25,514**	**682**	**26,196**
Balance as at 1 Jan 2008	20,636	1,389	22,025
Total comprehensive expense recognised for the period	-	(219)	(219)
Dividend paid	-	(1,019)	(1,019)
Balance as at 30 Jun 2008	**20,636**	**151**	**20,787**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue 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.

There were no movements in the Company's share capital during the six months ended 30 June 2009.

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 total number of issued shares was 168,000,000 and 120,000,000 as at 30 June 2009 and 31 December 2008 respectively.

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.

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 qualifications 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 Note 5 below, the same accounting policies and methods of computation as in the Group and Company's audited financial statements for the year ended 31 December 2008 have been applied.

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 the effect of, the change.

In the current year, the Group and Company adopted the new/ revised Financial Reporting Standards (FRS) which took effect for annual periods beginning on and after 1 January 2009. Changes to the Group's and Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

FRS 1	Presentation of Financial Statements (Revised)
FRS 108	Operating Segments

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any material impact on the financial statements.

6. Loss / earnings 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.

	Group	
(Loss) / earnings per ordinary share:	**6 months to 30/06/2009**	**6 months to 30/06/2008**
- Based on weighted average number of ordinary shares in issue	(1.21) cents	1.35 cents
- On fully diluted basis	(1.21) cents	1.35 cents

The loss / earnings per share of the Company for the year ended 30 June 2009 was computed based on the weighted average number of shares in issue of 168,000,000 (30 June 2008: 120,000,000).

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	
	30/06/2009	**31/12/2008**	**30/06/2009**	**31/12/2008**
Net asset value per share for the year based on the number of shares in issue.	18.02 cents	19.47 cents	15.59 cents	16.23 cents

The net assets value per ordinary share is based on the number of shares in issue of 168,000,000 as at 30 June 2009 (31 December 2008: 168,000,000).

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.

8.1 Review commentary on income statement for six months ended 30th June 2009

8.1.1 Revenue

Revenue decreased by S$2.9 million or 6.6% from S$43.4 million in HY2008 to S$40.6 million in HY2009. This was mainly due to weak export sales, which was affected by a global economy still reeling from the economic and financial crisis. Our exports fell 26.7% in HY2009, as compared to HY2008, from S$15.0 million to S$11.0 million. Sales in our LRS stores also registered a significant decline of 28.3% from S$2.9 million to S$2.1 million over the same comparative period. The main reason for the decline was our decision to stop supporting LRS stores which placed few orders with us (17 LRS stores closed) and to husband our resources. On the other hand, our anchor retail business segment remained strong and despite poor markets recorded a rise of 7.8% from S$25.5 million to S$27.5 million over the same comparative period.

Revenue by Business Segment:

Group	**6 months to 30/06/2009**	**6 months to 30/06/2008**	**Increase / (Decrease)**
	S$'000	S$'000	%
Retail Segment	27,510	25,531	**7.8%**
Export Segment	11,004	15,012	**(26.7%)**
LRS Licensing	2,116	2,951	**(28.3%)**
Total Revenue	**40,630**	**43,494**	**(6.6%)**

Number of Stores:

Group	**6 months to 30/06/2009**	**6 months to 30/06/2008**	**Increase / (Decrease)**
Retail Stores:			
Malaysia	19	18	**1**
Taiwan	11	11	**-**
Singapore	5	5	**-**
Australia	-	1	**(1)**
China	3	2	**1**
Total retail store	**38**	**37**	**1**
LRS Stores:			
China	10	27	**(17)**
Malaysia	9	9	**-**
Other Country	3	3	**-**
Total LRS store	**22**	**39**	**(17)**
Total Number of Stores	**60**	**76**	**(16)**

Cost of Goods Sold and Gross Profit

We benefited from our continued effort to control costs. In spite of lower sales and utilisation rates our total gross profit increased by 1.2% from S$16.0 million to S$16.1 million. Gross profit margin in HY2009 increased from the 36.8% achieved in HY2008 to 39.9% in HY2009.
In other words, our Cost of Sales fell more than our Revenues and by 11.1% from S$27.4 million to S$24.4 million.

Profit before and after Taxation

Profit before and after taxation declined very significantly. Profit before taxation decreased from S$2.78 million in HY2008 to a loss of S$0.68 million in HY2009. Profit after taxation went from a profit of S$1.6 million in HY2008 to a loss of S$2.0 million in HY2009.

The reason was primarily due to write-offs of S$0.669 million and one-off provisions of S$2.176 million as shown below.

	Group	
	6 months to 30/06/2009	6 months to 30/06/2008
	S$'000	S$'000
Pre-tax (loss) / profit	**(680)**	**2,779**
Bad debts written off	46	-
Foreign exchange loss / (gain)	497	(1,216)
Inventories written off	113	9
Loss on disposal of plant and equipment (excluding the Australian and China provisions, see below)	13	61
	669	**(1,146)**
Pre-tax (loss) / profit before write-offs but after one-off provisions	**(11)**	**1,633**
Compensation and relocation of existing wood based factory in China	1,207	-
Provision for closure of Australian retail outlet	456	-
Additional tax liabilities for Malaysian operations	513	-
	2,176	**-**
Pre-tax profit before write-offs and one-off provisions	**2,165**	**1,633**

Other Operating Income

Other operating income arises mainly from transportation revenue, sundry income, and foreign exchange gains arising from timing differences. The Group does not undertake any hedging or derivative trading activities.

Other operating income fell from S$1.9 million in HY2008 to S$0.4 million in HY2009, mainly due to the high base in HY2008. The HY2008 figure contained a foreign translation gain of S$1.2 million.

Administrative Expenses

The administrative expenses comprise mainly salaries and related expenses, rental expenses, directors' remuneration, retail store maintenance, office equipment maintenance and general office expenses.

The administrative expenses increased by S$1.9 million or 19.8% from S$9.5 million in HY2008 to S$11.4 million in HY2009 mainly due to increase in salaries and allowance of S$0.4 million, rental expenses of $0.2 million and a large one-off provision of S$1.2 million for relocation of existing wood based factory and start up of the new wood based factory in China and closure of our loss making Australian operations.

Distribution and Marketing Costs
The distribution and marketing costs decreased marginally by S$0.6 million or by 13.5% from S$4.4 million in HY2008 to S$3.8 million in HY2009 due to the decrease in trade fair expenses and promotion activities.

Other Operating Expenses
Other operating expenses recorded the steepest increase of 239.5% by S$1.2 million from S$0.5 million in HY2008 to S$1.7 million in HY2009 mainly due to increase in foreign exchange translation loss of S$0.5 million, loss on disposal of plant and equipment of $0.6 million for closure of Australian operations and relocation of existing wood based factory in China, and bad debts and inventories written off of S$0.1 million.

Finance Cost
Finance cost decreased from S$0.8 million in HY2008 to S$0.4 million or by 44.2% in HY2009 due to lower utilisation of bank credit facilities and lower interest rates for the period under review.

Income Tax Expenses
The Group's subsidiaries, Uhin Sofa Sdn. Bhd. and Ginova Marketing Sdn. Bhd., were subjected to pay an additional tax of S$0.5 million due to re-assessment in double taxation claims. As such, our tax expenses increased by a one-off 17.2% from S$1.2 million to S$1.4 million in spite of lower sales.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Balance Sheet

Non-Current Assets
The Group's non-current assets increased by S$0.5 million from S$25.3 million as at 31 December 2008 to S$25.8 million as at 30 June 2009 due mainly to the construction cost of a new production facility at Dianshan Lake Kunshan, PRC.

Inventories
Inventories decreased by approximately S$4.8 million from S$21.8 million as at 31 December 2008 to S$17.0 million as at 30 June 2009. Inventory declined due to seasonality reasons. Chinese New Year in 2009 fell in mid-January resulting in higher 31 December 2008 inventory. The inventory turnover improved to 127 days compared from FY2008's 131 days.

	Group		
	As at 30 Jun 2009	**As at 31 Dec 2008**	**Increase / (Decrease)**
	S$'000	**S$'000**	**%**
Finished Goods – Inventories	8,206	8,700	(5.7%)
Finished Goods – Showroom Display	3,184	4,238	(24.9%)
Raw Materials	3,811	5,992	(36.4%)
Work-in-Progress	1,024	1,709	(40.1%)
Stock-in-transit	785	1,204	(34.8%)
Total Inventories	**17,010**	**21,843**	**(22.1%)**

Current Liabilities: Borrowings
Current portion of the bank borrowings reduced from S$12.6 million as at 31 December 2008 to S$10.0 million as at 30 June 2009 primarily due to fewer trust receipts issued for raw material purchases.

Liquidity
The Group's current ratio remains unchanged at 1.26 times for the period under review. The net current assets of the Group also decreased from S$9.3 million as at 31 December 2008 to S$7.4 million as at 30 June 2009.

As at 30 June 2009, the Group's net gearing ratio (defined as the net borrowings to shareholder's equity) stood at 0.42 times as compared to 31 December 2008's 0.43 times.

Shareholders' Equity
Shareholders' equity of the Group decreased by S$2.4 million (after payment of S$0.8 million dividend) from S$32.7 million as at 31 December 2008 to S$30.3 million as at 30 June 2009.

Cashflow Statement

In HY2009, the Group generated net cash inflow from operating activities of S$1.1 million compared to S$0.8 million in HY2008 due to a fall in inventories and trade receivables.

Net cash used in investing activities was S$2.0 million mainly due to the construction cost arising from the building of new production facilities at Dianshan Lake Kunshan, PRC.

Net cash outflow used in financing activities was S$3.1 million, mainly for repayment of bills payables and borrowings and dividend payout during the period.

Hence, the cash and cash equivalents decreased by S$4.0 million in HY2009.

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

The results were in line with the profit warning announcement released on 24 June 2009.

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 previously noted, FY2009 is likely to remain challenging for the Group given that the weakness in the global economy is likely to affect export sales and dampen consumer confidence in Malaysia and Singapore. FY2009's results will also be affected by our decision to streamline and rational operations, namely: to close our Australian store; to stop supporting LRS stores that place few orders with us; and the consolidation of our production in a new factory.

We intend to face these challenges by doing what we do best: by creating new furniture suites, by focusing on our core markets and keeping a tighten control over costs. We also intend to be more stringent over inventory management and by managing downwards our gearing ratio. Despite the provision fuelled loss, the Directors are of the belief that the Group remains in a good position to not only weather the current economic crisis but to seize value enhancing opportunities.

As at 30 June 2009, we have an outstanding order book of approximately S$15.4 million. Our order book consists of orders which we have received, confirmed purchase orders from our export buyers and confirmed orders from our retail customers, most of which will be delivered before 31 December 2009.

Barring unforeseen circumstances and any impairment charges, the Directors expect the Group to return to profitability in second half of FY2009.

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

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

No dividend had been declared.

BY ORDER OF THE BOARD

Goh Ah Lee
Executive Chairman/Group MD

12 August 2009

Confirmation by the Board of Directors:

We hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the period ended 30 June 2009 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Goh Ah Lee	**Lee Fut Hua**
Executive Chairman/Group MD	**Finance Director**