

LORENZO

LORENZO INTERNATIONAL LIMITED

(Co. Reg. No.: 200508277C)

Full Year 2005 Financial Statements Announcement

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.

Lorenzo International Limited (the “Company”) was incorporated in Singapore on 16 June 2005 as a private limited company under the name of Lorenzo International Pte. Ltd. The Company was incorporated for the purpose of acquiring the shares in the group companies pursuant to the Restructuring Exercise as described in the Prospectus dated 2 May 2006.

On 11 May 2006, the Company was admitted to the Official List of SGX-SESDAQ.

The initial public offering of the Company was sponsored by UOB Asia Limited (“Manager”). The Manager assumes no responsibility for the contents of this announcement.

The unaudited Pro Forma financial information has been prepared on the assumption that the group structure has been in existence since 1 January 2004.

| Pro Forma Group | Pro Forma | | |
|-------------------------------|---------------------------|---------------------------|--------------------------|
| | Year ended 31 Dec 2005 | Year ended 31 Dec 2004 | Increase / (Decrease) |
| | S\$'000 | S\$'000 | % |
| Revenue | 65,332 | 52,477 | 24.5% |
| Cost of Sales | (42,039) | (32,462) | 29.5% |
| Gross Profit | 23,293 | 20,015 | 16.4% |
| Other Operating Income | 1,436 | 1,020 | 40.8% |
| Distribution Costs | (9,082) | (5,733) | 58.4% |
| Administrative Expenses | (10,078) | (10,013) | 1.0% |
| Other Operating Expenses | (802) | (1,090) | (26.4%) |
| Profit from Operations | 4,797 | 4,199 | 14.2% |
| Finance Costs | (597) | (783) | (23.8%) |
| Profit before tax | 4,200 | 3,416 | 23.0% |
| Taxation | (1,182) | (816) | 44.9% |
| Profit after tax | 3,018 | 2,600 | 16.1% |

- 1(a) (i) The accompany notes to the financial statements form an integral part of financial statements.

The Group profit from operations before taxation is arrived at after charging/ (crediting):

| Pro Forma Group | Pro Forma | |
|---|---------------------------|---------------------------|
| | Year ended 31 Dec 2005 | Year ended 31 Dec 2004 |
| | S\$'000 | S\$'000 |
| Depreciation of plant and equipments | 1,481 | 1,070 |
| Foreign exchange (gain)/loss | 47 | (10) |
| Gain on disposal of plant and equipment | (69) | (4) |
| Interest Income | (70) | (69) |

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

| | Pro Forma Group | | Company |
|--------------------------------|----------------------|----------------------|----------------------|
| | As at 31 Dec 2005 | As at 31 Dec 2004 | As at 31 Dec 2005 |
| | S\$'000 | S\$'000 | S\$'000 |
| ASSETS: | | | |
| Non-Current Assets | | | |
| Goodwill | 3,282 | 3,219 | - |
| Land Use Rights | 250 | 246 | - |
| Property, plant and equipment | 14,918 | 9,947 | - |
| Long-term investments | 2 | 130 | - |
| | 18,452 | 13,542 | - |
| Current Assets: | | | |
| Short-term investments | 79 | 165 | - |
| Inventories, at cost | 12,526 | 10,157 | - |
| Trade and other receivables | 7,134 | 6,622 | - |
| Fixed deposits with banks | 4,030 | 3,535 | - |
| Cash and cash equivalents | 3,975 | 2,039 | - |
| | 27,744 | 22,518 | - |
| Total assets | 46,196 | 36,060 | - |
| EQUITY AND LIABILITIES: | | | |
| Capital and Reserve | | | |
| Share capital | 7,500 | 7,500 | - |
| Reserves | 8,090 | 7,057 | - |
| | 15,590 | 14,557 | - |
| Non-current liabilities | | | |
| Deferred income | 29 | 59 | - |
| Borrowings | 3,542 | 2,786 | - |
| Deferred tax | 279 | 273 | - |
| | 3,850 | 3,118 | - |

| | | | |
|-------------------------------------|---------------|---------------|---|
| Current Liabilities | | | |
| Trade and other payables | 15,729 | 10,357 | - |
| Provision for taxation | 484 | 290 | - |
| Borrowings | 10,543 | 7,738 | - |
| | 26,756 | 18,385 | - |
| Total equity and liabilities | 46,196 | 36,060 | - |

Lorenzo International Pte. Ltd. was incorporated on 16 June 2005 with a share capital of S\$1.00. No transaction was carried out during the year ended 31 December 2005.

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

Amount repayable in one year or less, or on demand

| Pro forma <u>As at 31 December 2005 (S\$'000)</u> | | Pro forma <u>As at 31 December 2004 (S\$'000)</u> | |
|--|------------------|--|------------------|
| Secured | Unsecured | Secured | Unsecured |
| 10,543 | - | 7,738 | - |

Amount repayable after one year

| Pro forma <u>As at 31 December 2005 (S\$'000)</u> | | Pro forma <u>As at 31 December 2004 (S\$'000)</u> | |
|--|------------------|--|------------------|
| Secured | Unsecured | Secured | Unsecured |
| 3,542 | - | 2,786 | - |

Details of any collateral

All bank facilities are secured and guaranteed by one or more of the following:

- personal guarantees of the Executive Directors of the Company;
- legal mortgage on the land, factory building, shopoffice buildings and office building owned by our subsidiaries;
- letters of set-off in respect of fixed deposits placed with the relevant banks,
- a corporate guarantee from subsidiary; and
- a debenture over subsidiary's present and future fixed and floating assets.

With the admission of the Company's share to the Official List of the SGX-SESDAQ on 11 May 2006, the Company will seek a release of the personal guarantees from the respective financial institutions. Barring unforeseen circumstances, the Directors believe that the financial institutions will release the guarantors from their guarantees and continue to grant similar credit facilities to the Company.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Pro Forma Group | Pro Forma | |
|---|---|---|
| | Year ended 31 Dec 2005 S\$'000 | Year ended 31 Dec 2004 S\$'000 |
| Cash Flows from Operating Activities | | |
| Profit before taxation | 4,200 | 3,416 |
| Adjustments for:- | | |
| Bad debts written-off | 12 | - |
| Amortisation of goodwill | - | 163 |
| Depreciation of property, plant and equipment | 1,481 | 1,070 |
| Amortisation of land use rights | 7 | 7 |
| Exchange differences on translation | 47 | (10) |
| Property, plant and equipment written off | 28 | 33 |
| Gain on disposal of property, plant and equipment | (69) | (4) |
| Gain on disposal of investments | - | (20) |
| Deferred Income | (30) | - |
| Inventory written off | 1 | - |
| Provision for leave benefit | 26 | - |
| Interest expenses | 772 | 783 |
| Interest income | (70) | (69) |
| Operating profit before working capital changes | 6,405 | 5,369 |
| Increase in inventories | (1,317) | (2,995) |
| Increase in operating receivables | (18,562) | (1,605) |
| Increase in operating payables | 20,573 | 1,427 |
| Cash generated from operations | 7,145 | 2,196 |
| Interest paid | (772) | (783) |
| Tax paid | (899) | (774) |
| Net cash generated from operating activities | 5,474 | 639 |
| Cash Flows from Investing Activities | | |
| Acquisition of property, plant and equipment | (5,518) | (1,873) |
| Acquisition of short term investment | 165 | (166) |
| Grant received | - | 59 |
| Proceeds from disposal of property, plant and equipment | 5 | - |
| Proceeds from disposal of short term investment | 44 | 35 |
| Interest received | 70 | 69 |
| Net cash generated from investing activities | (5,234) | (1,876) |
| Cash Flows from Financing Activities | | |
| Net receipts from borrowings | 4,094 | 590 |
| Dividends paid | (2,000) | (117) |
| Net cash generated from financing activities | 2,094 | 473 |
| Net increased/ (decrease) in cash & cash equivalents | 2,288 | (764) |
| Cash and cash equivalents at beginning of the year | 4,382 | 5,211 |
| Exchange differences on translation of cash and cash equivalents at beginning of the year | 25 | (65) |
| Fixed Deposit pledged as collaterals | (4,030) | (3,535) |
| Cash and cash equivalents at end of the year | 2,665 | 847 |

Represented by:

| | | |
|---------------------------------|--------------|------------|
| Cash & bank balances | 3,975 | 2,039 |
| Bank Overdrafts | (1,310) | (1,192) |
| | <u>2,665</u> | <u>847</u> |

- 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.

| Pro Forma Group | Pro Forma shareholders' equity | | | | |
|--|--------------------------------|-------------------------------|------------------|----------------|----------------|
| | Share capital | Exchange fluctuation reserves | Retained profits | Share Reserve | Total equity |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 Jan 2004 | 10,000 | (255) | 2,255 | - | 12,000 |
| Proforma adjustment pursuant to restructuring exercise | (2,500) | - | 184 | 2,500 | 184 |
| Currency translation difference | - | (227) | - | - | (227) |
| Net profit for the year | - | - | 2,600 | - | 2,600 |
| Balance as at 31 Dec 2004 | 7,500 | (482) | 5,039 | 2,500 | 14,557 |
| Balance as at 1 Jan 2005 | 7,500 | (482) | 5,039 | 2,500 | 14,557 |
| Currency translation difference | - | 15 | - | - | 15 |
| Net profit for the year | - | - | 3,018 | - | 3,018 |
| Dividends | - | - | (2,000) | - | (2,000) |
| Balance as at 31 Dec 2005 | 7,500 | (467) | 6,057 | 2,500 | 15,590 |

- 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 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.

Please refer to the restructuring exercise undertaken by the Company as set out in the Company's Prospectus dated 2 May 2006. On 11 May 2006, the Company successfully completed its initial public offering on the SGX-SESDAQ raising approximately S\$5.5 million, net of issuance expenses of approximately S\$2.0 million.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial figures of the Company for the year ended 31 December 2005 have been prepared on the basis that the Pro Forma Group has been in existence since 1 January 2004. The figures have not been audited or 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).

The figures have not been audited or reviewed by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the most recently audited annual financial statements as at 31 December 2004 except as disclosed in Note 5 below.

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.

With effect from 1 January 2005, the Group and the Company adopted the following new and revised Financial Reporting Standards (FRS) which was issued by the Council on Corporate Disclosure and Governance. The 2004 comparatives have been amended where required, in accordance with the relevant transitional provisions in the respective FRS.

FRS 1 (revised 2004) Presentation of Financial Statements
FRS 2 (revised 2004) Inventories
FRS 8 (revised 2004) Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004) Events after the Balance Sheet Date
FRS 16 (revised 2004) Property, Plant and Equipment
FRS 17 (revised 2004) Leases
FRS 21 (revised 2004) The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004) Related Party Disclosures
FRS 27 (revised 2004) Consolidated and Separate Financial Statements
FRS 28 (revised 2004) Investments in Associates
FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004) Earnings per Share
FRS 36 (revised 2004) Impairment of Assets
FRS 38 (revised 2004) Intangible Assets
FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement
FRS 103 Business Combinations

The adoption of the above FRS did not result in significant financial effects to the financial statement.

6. **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.**

Earning per ordinary share (cents) – basic and fully diluted

| | Group Proforma | |
|--|----------------|-------------|
| | 31 Dec 2005 | 31 Dec 2004 |
| | S\$'000 | S\$'000 |
| Net profit attributable to shareholders | 3,018 | 2,600 |
| Earnings per share for the year based on the number of shares in issue, after adjusting for the restructuring exercise as set out in the Company's Prospectus dated 2 May 2006 of pre-invitation share capital of 75,000,000 | S\$ cents | S\$ cents |
| Basic earnings per share | 4.02 | 3.47 |
| Diluted earnings per share | 4.02 | 3.47 |

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 Proforma | |
|---|----------------|--------------|
| | 31 Dec 2005 | 31 Dec 2004 |
| | S\$'000 | S\$'000 |
| Net assets value | 15,590 | 14,557 |
| Net asset value per share for the year based on the number of shares in issue, after adjusting for the restructuring exercise as set out in the Company's Prospectus dated 2 May 2006 of pre-invitation share capital of 75,000,000 | S\$ cents | S\$ cents |
| | 20.79 | 19.41 |

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.

Profit and Loss Account (Year 2005 (the "FY2005") vs. Year 2004 (the "FY2004"))

Revenue

Our revenue increased by S\$12.8 million or 24.5% from S\$52.5 million in FY2004 to S\$65.3 million in FY2005 was due mainly to the higher contribution at both the retail business segment and export business segment. Revenue from the retail business segment increase by S\$7.4 million or 26.1% with contributions mainly from Malaysia. Our export business segment also experienced a strong growth of S\$5.0 million or 20.8% due to a greater demand from existing customers, new customers in Australia, Canada, Middle East and Europe. Revenue from the “LRS” licensing program in FY2005 was S\$0.5 million as most of the licensed stores started operations only in the second half of FY2005.

Cost of Sales and Gross Profit

As a result of the increase in revenue, our total gross profit increased by approximately S\$3.3 million or 16.4% from S\$20.0 million in FY2004 to S\$23.3 million in FY2005. Cost of sales increased by S\$9.5 million or 29.5% from S\$32.5 million in FY2004 to S\$42.0 million in FY2005 due to increase in sales volume. Gross profit margin in FY2005 was approximately 35.7%, a drop of 2.4% points from 38.1% in the corresponding period partly due to a stronger increase in sofa revenue which had lower gross profit margin as compared to revenue from the other furniture. Other factors are due to the start-up cost for the new wood-based factory in Kunshan, PRC and also the implementation of the “LRS” licensing program.

Other Operating Income

Other operating income increased by S\$0.4 million or 40.6% from S\$1.0 million in FY2004 to S\$1.4 million in FY2005. This was due to an increase in sundry income, net exchange gain and transportation income.

Distribution Costs

Our distribution costs increased by S\$3.4 million or 60.1% from S\$5.7 million in FY2004 to S\$9.1 million in FY2005 due to the increase in advertising and promotion, after sales service, trade fair and other expenses.

Administrative Expenses

Our administrative expenses mainly comprise of salaries and related expenses, rental expenses, directors’ remuneration, showroom maintenance, office equipment maintenance and general office expenses. The administrative expenses increased by S\$0.1 million or 1.1% from S\$10.0 million in FY2004 to S\$10.1 million in FY2005 due to the increased in manpower and related expenses, showroom rental and other general expenses.

Other Operating Expenses

Our other operating expenses decreased by S\$0.3 million or 26.4% from S\$1.1 million in FY2004 to S\$0.8 million in FY2005.

Finance Cost

Our finance cost was reduced by S\$0.2 million or 23.7% from S\$0.8 million in FY2004 to S\$0.6 million in FY2005 due to lower utilization of bank credit facilities.

Profit after Taxation

Our Group achieved a net profit after taxation of S\$3.0 million in FY2005, an increase of S\$0.4 million or 16.1% from S\$2.6 million recorded in FY2004. Our net profit margin decreased from 5.0% in FY2004 to 4.6% in FY2005 are due to higher tax expenses,

moving of sofa production facilities to a new block within the same site in early FY2005 in Kunshan, the PRC and the start-up expenses associated with the new wood-based factory which was completed in first quarter of FY2005.

Balance Sheet (FY2005 vs. FY2004)

Liquidity

The Group's current ratio as at 31 Dec 2005 is 1.0 as compared to 1.2 as at 31 Dec 2004. The net current asset of the Group has been reduced from S\$4.1 million as at 31 Dec 2004 to S\$0.9 million as at 31 Dec 2005. In addition, the Group's cash and cash equivalents, excluding pledged bank deposits, stood at S\$2.7 million as at 31 Dec 2005 compared to S\$0.8 million as at 31 Dec 2004

As at 31 Dec 2005, the Group's net gearing ratio (defined as the net borrowings to shareholder's equity) stood at 0.4 times (as at 31 Dec 2004; 0.3 times).

Shareholders' Equity

Shareholders' equity of the Group increased by S\$1.0 million from S\$14.6 million as at 31 Dec 2004 to S\$15.6 million as at 31 Dec 2005.

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

It was stated in the Company's Prospectus dated 2 May 2006 that the Directors estimate the Group will achieve, on a proforma basis, a revenue and net profit after taxation of approximately S\$65.9 million and S\$3.0 million respectively for FY2005.

The Group has achieved, on a proforma basis, revenue and net profit after taxation of approximately S\$65.3 million and S\$3.0 million respectively for FY2005. The revenue was lower than the estimate by S\$0.6 million due to several factors including rescheduling of delivery of goods to FY2006 and inter-company eliminations arising from consolidation.

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 growing trend in residential property markets in Singapore, Taiwan and Malaysia should continue to drive demand on household furniture. This trend will enable the Group to spur higher revenue from the retail business segment. Given the current strong economic growth and rising standards of living in China, it will enable the Group "LRS" licensing program to expand rapidly. The Group has recorded a significant revenue growth from its export business segment and would continue to expect further growth in FY2006.

Barring unforeseen circumstances, the Directors expect the Group to remain profitable during FY2006 on the assumption that the cost of raw materials will not rise significantly.

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

None

(d) Books closure date

None

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

Not applicable

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Primary reporting format – Business Segments

Segment revenue and expenses are revenue and expense reported in the Proforma Group's profit and loss statement that either are directly attributable to a segment or can be allocated on a reasonable basis to a segment.

Segment assets are all operating assets that are employed by a segment in its operating activities and that either are directly attributable to a segment or can be allocated to the segment on a reasonable basis. Segment assets exclude interest-producing assets.

Segment liabilities are all operating liabilities of a segment and that either directly attributable to a segment or can be allocated to the segment on a reasonable basis. Segment liabilities exclude interest-bearing liabilities and income tax liabilities.

Financial year ended 31 December 2005

| S\$'000 | Retail | Export | LRS | Total |
|----------------|---------------|---------------|------------|---------------|
| Revenue | 35,761 | 29,131 | 440 | 65,332 |

RESULT:

| | | | | |
|---|--------|-------|----|-----------------|
| Segment Result | 18,091 | 5,130 | 72 | 23,293 |
| Other Income | | | | 1,466 |
| Unallocated corporate expenses | | | | (19,962) |
| Profit from operations | | | | 4,797 |
| Finance Cost | | | | (597) |
| Profit before income tax | | | | 4,200 |
| Income Tax expenses | | | | (1,182) |
| Net profit attributable to the proforma | | | | 3,018 |

OTHER INFORMATION:

Assets:

| | | | | |
|------------------------------|--------|--------|-------|---------------|
| Segment assets | 14,236 | 13,244 | 3,440 | 30,920 |
| Unallocated corporate assets | | | | 15,276 |
| Consolidated total assets | | | | 46,196 |

Liabilities:

| | | | | |
|-----------------------------------|---------|----------|---------|-----------------|
| Segment liabilities | (6,898) | (14,198) | (3,434) | (24,530) |
| Unallocated corporate liabilities | | | | (6,076) |
| Consolidated total liabilities | | | | (30,606) |

| | | | | |
|-----------------------|-------|-------|-------|--------------|
| Capital Expenditure | 3,517 | 1,799 | 1,029 | 6,345 |
| Depreciation expenses | 532 | 852 | 97 | 1,481 |

Financial year ended 31 December 2004

| S\$'000 | Retail | Export | Total |
|----------------|---------------|---------------|---------------|
| Revenue | 28,370 | 24,107 | 52,477 |

RESULT:

| | | | |
|---|--------|-------|-----------------|
| Segment Result | 14,185 | 5,380 | 20,015 |
| Other Income | | | 1,021 |
| Unallocated corporate expenses | | | (16,837) |
| Profit from operations | | | 4,199 |
| Finance Cost | | | (783) |
| Profit before income tax | | | 3,416 |
| Income Tax expenses | | | (816) |
| Net profit attributable to the proforma | | | 2,600 |

OTHER INFORMATION:

Assets:

| | | | |
|----------------|--------|-------|---------------|
| Segment assets | 10,380 | 7,930 | 18,310 |
|----------------|--------|-------|---------------|

| | | | |
|------------------------------|--|--|----------------------|
| Unallocated corporate assets | | | <u>17,741</u> |
| Consolidated total assets | | | <u><u>36,051</u></u> |

Liabilities:

| | | | |
|-----------------------------------|--------------|--------------|----------------------|
| Segment liabilities | <u>4,615</u> | <u>8,058</u> | <u>12,673</u> |
| Unallocated corporate liabilities | | | <u>8,830</u> |
| Consolidated total liabilities | | | <u><u>21,503</u></u> |

| | | | |
|-----------------------|------------|--------------|--------------|
| Capital Expenditure | <u>961</u> | <u>2,355</u> | <u>3,316</u> |
| Depreciation expenses | <u>374</u> | <u>167</u> | <u>541</u> |
| Other non cash items | <u>159</u> | <u>-</u> | <u>159</u> |

Secondary reporting format – Geographical Segments

The Proforma Group's retail customers are located in Malaysia, Singapore and Taiwan. The export businesses are mostly to Australia, Japan, South East Asia and other countries.

Segment revenue by geographical segment is based on location of customers regardless of where the goods are produced.

The assets of the Proforma Group are substantially located in Malaysia and PRC which are used to support customers in the geographical location. Accordingly, it is not meaningful to segregate segment assets and capital expenditure by location of customers

Revenue by geographical segments:

| <u>SS'000</u> | <u>31 December 2005</u> | <u>31 December 2004</u> |
|-----------------|-------------------------|-------------------------|
| Malaysia | 23,398 | 16,707 |
| Singapore | 7,066 | 6,533 |
| Taiwan | 5,297 | 5,130 |
| Australia | 6,509 | 5,702 |
| Other Countries | <u>22,981</u> | <u>18,405</u> |
| Total Revenue | <u><u>65,332</u></u> | <u><u>52,477</u></u> |

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Business Segment

LRS refers to the newly introduced licensing program in second half of FY2005. Revenue from retail business segment remained as the main contributor and also enjoyed high gross margin compared to export segment.

Geographical Segment

The revenue contributed from Malaysia as a percent of total revenue has increased from 31.8% in FY2004 to 36.7% in FY2005. Other Countries consist of more than 50 countries where Lorenzo products are exported.

15. A breakdown of sales.

| Pro Forma Group | Pro Forma | | |
|-------------------------------------|----------------|----------------|-------------------------|
| | 2005 | 2004 | Increase/ (decrease) |
| | S\$'000 | S\$'000 | % |
| Sales reported for first half year | 29,886 | 21,688 | 37.8% |
| Sales reported for second half year | 35,446 | 30,789 | 15.1% |

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable

BY ORDER OF THE BOARD