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Miscellaneous	
* Asterisks denote mandatory information	
Name of Announcer *	LERENO BIO-CHEM LTD.
Company Registration No.	197401961C
Announcement submitted on behalf of	LERENO BIO-CHEM LTD.
Announcement is submitted with respect to *	LERENO BIO-CHEM LTD.
Announcement is submitted by *	Barbara Seng Suet shee
Designation *	Company Secretary
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Announcement Title *	PROPOSED CAPITAL REDUCTION EXERCISE TO REDUCE THE ISSUED AND FULLY PAID-UP SHARE CAPITAL OF THE COMPANY
Description	
Attachments	 CapitalReductionExercise_11Jun08.pdf Total size = 70K (2048K size limit recommended)

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LERENO BIO-CHEM LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 197401961C)

PROPOSED CAPITAL REDUCTION EXERCISE TO REDUCE THE ISSUED AND FULLY PAID-UP SHARE CAPITAL OF THE COMPANY

1. INTRODUCTION

The Board of Directors of Lereno Bio-Chem Ltd (the "**Company**") wishes to announce that the Company is proposing to undertake a capital reduction exercise (the "**Proposed Capital Reduction**") pursuant to Section 78A read together with Section 78C of the Companies Act (Cap. 50), to reduce and cancel the share capital of the Company, which is unrepresented by available assets to the extent of S\$105,169,309 ("**Accumulated Losses**") as at 31 March 2008.

2. THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction exercise is a legal and accounting process. It will entail a cancellation of the Company's issued and paid-up share capital as at 31 March 2008 from the existing amount of S\$124,121,610 to S\$18,952,301. In connection with the Proposed Capital Reduction, it is proposed that the amount of S\$105,169,309 arising therefrom shall be applied to cancel the Accumulated Losses of S\$105,169,309 sitting in the books of the Company as at 31 March 2008 to \$Nil.

The Accumulated Losses of the Company arose principally from writedowns in the carrying values of investments in, and amounts due from, subsidiaries of the Company and losses from operations.

The purpose of the proposed Capital Reduction Exercise is to cancel paid-up share capital no longer represented by available assets due to the Accumulated Losses and to cancel the accumulated losses of the Company as at 31 March 2008, amounting to S\$105,169,309. This serves to rationalise the balance sheet to better reflect the financial position of the Company, to facilitate future equity-related fund raising to recapitalise and strengthen the balance sheet of the Company and to facilitate the declaration of dividends in the future, if appropriate.

3. FINANCIAL EFFECTS OF THE PROPOSED CAPITAL REDUCTION

The effect of the Proposed Capital Reduction on the issued and paid-up share capital of the Company as at 31 March 2008 is set out below:

Share Capital	As at 31 March 2008	
	No. of Shares	S\$
Before the Proposed Capital Reduction	1,341,043,620	124,121,610
After the Proposed Capital Reduction	1,341,043,620	18,952,301

For illustrative purposes only and based on the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial period ended 31 March 2008, a summary of the proforma financial effects of the Proposed Capital Reduction on the Company's issued and paid-up share capital and shareholders' funds of the Company and the Group are set out below:

	As at 31 March 2008			
	Group		Company	
	Before Proposed Capital Reduction (\$)	After Proposed Capital Reduction (\$)	Before Proposed Capital Reduction (\$)	After Proposed Capital Reduction (\$)
Issued and Paid-up Share Capital	124,121,610	18,952,301	124,121,610	18,952,301
Accumulated Losses	(106,295,440)	(1,126,131)	(105,169,309)	-
Fair value reserve	(511,985)	(511,985)	(511,985)	(511,985)
Foreign currency translation reserve	31,604	31,604	-	-
Minority Interest	4,488	4,488	-	-
Shareholders' funds	17,350,277	17,350,277	18,440,316	18,440,316

The Proposed Capital Reduction will not have any effect on the earnings, net tangible assets and gearing of the Company and the Group and the number of the Company's shares in issue.

4. CONDITIONS OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction is subject to, *inter alia*, the following:

- (a) the approval of shareholders of the Company by way of a special resolution at an extraordinary general meeting ("EGM") to be convened; and
- (b) all other relevant approvals and consents being obtained and statutory requirements being complied with.

5. GENERAL

A circular setting out further details of the Proposed Capital Reduction will be despatched to the shareholders of the Company in due course.

By Order of the Board

Ong Puay Koon
 Managing Director & Chief Executive Officer
 11 June 2008