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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
Date & Time of Broadcast	16-Feb-2009 19:42:38
Announcement No.	00134

**>> Announcement Details**  
 The details of the announcement start here ...

Announcement Title *	ADDITIONAL INFORMATION FOR THE THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2008 ("RESULTS ANNOUNCEMENT")
Description	
<b>Attachments</b>	 Additional_Info_for_3rd_Qtr_Fin_Statement.pdf Total size = <b>74K</b> (2048K size limit recommended)

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## **LERENO BIO-CHEM LTD**

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

### **ADDITIONAL INFORMATION FOR THE THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2008 ("RESULTS ANNOUNCEMENT")**

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The Board of Directors of Lereno Bio-Chem Ltd (the "Company" or "LBC") refers to the third quarter financial statement and dividend announcement for the period ended 31 December 2008 made by the Company on 12 February 2009 (the "announcement").

Further to the announcement released on 12 February 2009, the Board would like to disclose the following questions raised by SGX and our corresponding answers to enable the investors to understand the matters raised by the Exchange:

- (a) **We note that for the 9 months ended 31 December 2008, the Company made sales of only S\$6,000. On the other hand, "Staff costs" amounted to approximately S\$4.3m (including share-based payment of S\$2.4m). As disclosed on Page 7 of the announcement, the "Staff Costs" for the 9 months amounted to S\$4.3m. Company explained that the high staff costs are due to support of full production. We note in the balance sheet that the Company had no inventory. In view of this, please explain where the products from the full production process had been recorded and provide details of these products.**

Ans: The Company has transformed itself from a mechanical and electrical engineering ("M&E") company to a biofuel company in 2007. The S\$6,000 construction income represented the residual income from the old M&E business. The staff costs incurred by the Company are for the biofuel / oleochemicals and related business which the Company is still in the process of developing as a natural extension of its investment in the biofuel plant under the associated company, Lereno Sdn Bhd ("LSB") in Lumut Malaysia.

In the announcement, all the references to production or full production were referring to LSB. Therefore, the Company does not hold any inventory for LSB.

- (b) **We note that "Amount due from associated companies" has increased significantly from S\$3,000 as of 31 March 2008 to S\$388,000 as at 31 December 2008. Please elaborate on circumstances giving rise to the increase in "Amount due from associated companies" and provide details on the terms of repayment.**

Ans: The increase in "Amount due from associated companies" was mainly due to an amount of S\$384,000 transferred to the associated company, Lereno Sdn Berhad ("LSB") for production of biodiesel samples on behalf of LBC. Any balance after production of samples will be refunded to LBC.

**(c) Please quantify and provide a breakdown of the items in “Other Payables”.**

Ans: The “Other Payables” of S\$1.5m for the 3rd quarter was mainly represented by the amount due to some directors for their past remuneration (S\$0.6m), general accrual / provision to-date for payment of staff costs, CPF and year-end bonus (S\$0.5m) and for audit/tax/secretariat/legal fees etc (S\$0.4m).

**(d) It was disclosed on Page 7 of the announcement that the Group has no major creditors except for some short-term borrowings from bankers who have continued to be supportive. When are these short term borrowings due? Please provide further details on such support agreed with banks.**

Ans: The short-term borrowings from bankers are not fixed term loans. These are made up of bank overdraft facility and revolving credit facility. These bank facilities were offered to us since 2002 and 2005 respectively by our two long-term bankers. We have been making payments promptly to our bankers and continue to enjoy good relationships with our bankers.

**(e) We note on Page 7 of the announcement that “Bintai Kinden Corporation Berhad (“BKCB”) Group, a related party, which has a net outstanding amount of S\$2.314 million owing to the Group, continues to make monthly payments to the Group.**

- (i) Please disclose the relationship between BKCB and the Group; and**
- (ii) How did the debt arise? Please disclose the terms of repayment and whether the transaction is on “arms’ length”.**

Ans: BKCB is a related party of LBC because of the shareholding interests (direct and indirect) of our Managing Director and Chief Executive Officer, Mr Ong Puay Koon, in both BKCB and LBC.

The “Net Amounts owing by related parties” of S\$2.314 million represented the amount owing by companies within the BKCB Group arising from billings for past project services rendered to them and forms part of the interested person transactions that have been approved by the audit committees of both companies and their respective shareholders under the shareholders’ mandate. Mr Ong Puay Koon has abstained from voting on this transaction. Hence, the transaction is an arms’ length transaction. BKCB Group is making monthly repayments for this outstanding amount.

By Order of the Board  
Ong Puay Koon  
Managing Director and Chief Executive Officer  
16 February 2009