

UNAUDITED RESULTS FOR THIRD QUARTER ENDED 30 SEPTEMBER 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4) HALF YEAR AND FULL YEAR RESULTS

The Directors of Lereno Bio-Chem Ltd wish to announce the unaudited results of the Group for the third quarter ended 30 September 2018 ("3QFY2018").

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statements

For the third quarter and nine months ended 30 September 2018

	Group		+/(-) %	Group		+/(-) %
	3 months ended 30 Sep 18 (Unaudited)	3 months ended 30 Sep 17 (Unaudited)		9 months ended 30 Sep 18 (Unaudited)	9 months ended 30 Sep 17 (Unaudited)	
	S\$'000	S\$'000		S\$'000	S\$'000	
Other income / (loss)	1	1	-	3	(13)	NM
Total revenue	1	1	-	3	(13)	NM
Items of expense						
Staff costs	(24)	583	NM	(70)	540	NM
Other expenses	(68)	(114)	(40)	(224)	(255)	(12)
Finance costs	-	-	NM	-	-	NM
Loss before taxation	(91)	470	NM	(291)	272	NM
Taxation	-	-	NM	-	-	NM
Loss for the period	(91)	470	NM	(291)	272	NM

Consolidated Statement of Comprehensive Income

For the third quarter and nine months ended 30 September 2018

	Group		+/(-) %	Group		+/(-) %
	3 months ended 30 Sep 18 (Unaudited)	3 months ended 30 Sep 17 (Unaudited)		9 months ended 30 Sep 18 (Unaudited)	9 months ended 30 Sep 17 (Unaudited)	
	S\$'000	S\$'000		S\$'000	S\$'000	
Loss for the period, net of tax	(91)	470	NM	(291)	272	NM
Other comprehensive income (taken directly to equity)	-	-	NM	-	-	NM
Total comprehensive loss for the period	(91)	470	NM	(291)	272	NM

Notes to Consolidated Income Statements

The following items were (charged)/credited to the income statement:

	Group		+/(-) %	Group		+/(-) %
	3 months ended 30 Sep 18 (Unaudited)	3 months ended 30 Sep 17 (Unaudited)		9 months ended 30 Sep 18 (Unaudited)	9 months ended 30 Sep 17 (Unaudited)	
	S\$'000	S\$'000		S\$'000	S\$'000	
Depreciation of property, plant and equipment	-	-	NM	-	(5)	NM
Exchange gain / (loss)	-	-	NM	-	(3)	NM

NM : Not meaningful.

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

STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Group		Company	
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	-	-	-	-
	-	-	-	-
Current assets				
Other receivables	16	15	16	15
Prepayments	19	11	19	11
Amount due from a subsidiary	-	-	8	-
Cash and bank balances	18	20	13	14
	53	46	56	40
Current liabilities				
Other payables	987	689	979	678
Amounts due to related parties	5,197	5,197	5,197	5,197
	6,184	5,886	6,176	5,875
Net current liabilities	(6,131)	(5,840)	(6,120)	(5,835)
Non-current liabilities	-	-	-	-
Net liabilities	(6,131)	(5,840)	(6,120)	(5,835)
Equity attributable to equity holders of the parent				
Share capital	36,827	36,827	36,827	36,827
Accumulated losses	(42,958)	(42,667)	(42,947)	(42,662)
Total equity	(6,131)	(5,840)	(6,120)	(5,835)

1(b)(ii) Aggregate amount of group's borrowings and debt securities

The Group does not have any borrowings, debt securities and collaterals as at 30 September 2018 and 31 December 2017.

Amount repayable in one year or less, or on demand

As At 30 Sep 2018	
Secured	Unsecured
S\$'000	S\$'000
-	-

As At 31 Dec 2017	
Secured	Unsecured
S\$'000	S\$'000
-	-

Amount repayable after one year

As At 30 Sep 2018	
Secured	Unsecured
S\$'000	S\$'000
-	-

As At 31 Dec 2017	
Secured	Unsecured
S\$'000	S\$'000
-	-

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

Consolidated Statement of Cash Flows

For the third quarter and nine months ended 30 September 2018

	Group		Group	
	3 months ended 30	3 months ended 30	9 months ended	9 months ended
	Sep 18 (Unaudited) S\$'000	Sep 17 (Unaudited) S\$'000	30 Sep 18 (Unaudited) S\$'000	30 Sep 17 (Unaudited) S\$'000
Cash flows from Operating Activities				
Profit/(Loss) before taxation	(91)	470	(291)	272
Adjustments for:				
Depreciation of property, plant and equipment	-	-	-	5
Write back of directors' fees	-	(600)	-	(600)
Write off of property, plant and equipment	-	11	-	11
Provision for doubtful debts	-	-	-	8
Operating loss before working capital changes	(91)	(119)	(291)	(304)
Decrease / (Increase) in receivables	-	(11)	(1)	(11)
Decrease / (Increase) in prepayments	(3)	(7)	(8)	(16)
(Decrease) / Increase in payables	(4)	1	(8)	(115)
Cash flows used in operations	(98)	(136)	(308)	(446)
Interest paid	-	-	-	-
Net cash flows used in operating activities	(98)	(136)	(308)	(446)
Cash flows from Investing Activities				
Purchase of property, plant and equipment	-	-	-	-
Net cash flows generated from / (used in) investing activities	-	-	-	-
Cash flows from Financing Activities				
Loan from a director	99	136	306	436
Net cash flows generated from financing activities	99	136	306	436
Net increase / (decrease) in cash and cash equivalents	1	-	(2)	(10)
Cash and cash equivalents at beginning of the period	17	20	20	30
Cash and cash equivalents at end of the period	18	20	18	20

- 1(d)(i) A statement (for the issuer and 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.

STATEMENT OF CHANGES IN EQUITY

For nine months ended 30 September 2018

Group

As at 1 Jan 2018

Total comprehensive loss for the period

As at 30 Sep 2018

As at 1 Jan 2017

Total comprehensive loss for the period

As at 30 Sep 2017

Attributable to equity holders of the Group		
Share Capital (S\$'000)	Accum. Losses (S\$'000)	Total (S\$'000)
36,827	(42,667)	(5,840)
-	(291)	(291)
36,827	(42,958)	(6,131)
36,827	(42,967)	(6,140)
-	272	272
36,827	(42,695)	(5,868)

Company

As at 1 Jan 2018

Total comprehensive loss for the period

As at 30 Sep 2018

As at 1 Jan 2017

Total comprehensive loss for the period

As at 30 Sep 2017

Attributable to equity holders of the Company		
Capital Reserve (S\$'000)	Accum. Losses (S\$'000)	Total (S\$'000)
36,827	(42,662)	(5,835)
-	(285)	(285)
36,827	(42,947)	(6,120)
36,827	(42,831)	(6,004)
-	250	250
36,827	(42,581)	(5,754)

- 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 or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Shares granted to directors and staff under the Employee Share Award

	3 months ended 30 Sep 2018	3 months ended 30 Sep 2017
Balance at beginning of the year/period	-	-
Shares granted during the year/period	-	-
Shares issued during the year/period	-	-
Balance at end of the year/period	-	-

The Restricted Share Scheme and Performance Share Scheme Share awards granted to directors of the Company has expired on 13 July 2017.

Warrants

	3 months ended 30 Sep 2018	3 months ended 30 Sep 2017
Balance at beginning of the year/period	-	-
Converted during the period	-	-
Warrants expired	-	-
Warrants cancelled during the period	-	-
Balance at end of the year/period	-	-

Number of ordinary shares

	3 months ended 30 Sep 2018	3 months ended 30 Sep 2017
Balance at beginning of the year/period	73,631,858	73,631,858
Share consolidation exercise	-	-
Shares issued to pay directors/officers	-	-
Balance at end of the year/period	73,631,858	73,631,858

There are no treasury shares in issue as at 30 September 2018 and 30 September 2017.

There are no subsidiary holdings as at 30 September 2018 and 30 September 2017.

1d(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 number of issued shares as at 30 September 2018 was 73,631,858 (31 December 2017: 73,631,858).

1d(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of current financial period reported on.

Not applicable.

1d(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the financial period reported on.

Not applicable. There were no subsidiary holdings.

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

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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.

The Group's financial statements for the financial year ending 31 December 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)").

The Group has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there are no changes to the Group's current accounting policies under the Financial Reporting Standards in Singapore or material adjustments on the initial transition to the new framework.

Other than the adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from the current financial year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by any accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

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:

	Group			
	3 months ended 30 Sep 18 (Unaudited) Cents	3 months ended 30 Sep 17 (Unaudited) Cents	9 months ended 30 Sep 18 (Unaudited) Cents	9 months ended 30 Sep 17 (Unaudited) Cents
Profit / (Loss) per ordinary share (cent)				
Basic	(0.12)	0.64	(0.40)	0.37
Diluted	(0.12)	0.64	(0.40)	0.37
Weighted average number of shares				
Basic	73,631,858	73,631,858	73,631,858	73,631,858
Diluted	73,631,858	73,631,858	73,631,858	73,631,858

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 30 Sep 2018	As at 31 Dec 2017	As at 30 Sep 2018	As at 31 Dec 2017
Net asset value per ordinary share (cents)	(8.33)	(7.93)	(8.31)	(7.93)

Net asset value per ordinary share for the Group and Company is computed based on 73,631,858 ordinary shares as at 30 September 2018 (73,631,858 ordinary shares as at 31 December 2017) in issue.

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.**

STATEMENT OF COMPREHENSIVE INCOME

The Group registered a net loss of S\$291,000 for its nine month ended 30 September 2018 ("3QFY2018") as compared to its prior period's net profit of S\$272,000 for nine months ended 30 September 2017 ("3QFY2017"). The Group's expenses of S\$294,000 for 3QFY2018 is made up of staff costs of S\$70,000 and other expenses of S\$224,000. The difference of other expenses for the current and prior period is mainly due to the decrease in professional fees in 3QFY2018. In terms of the staff costs, the Group has recorded staff costs of S\$70,000 in 3QFY2018 as compared to the written back amount of S\$540,000 in 3QFY2017, as this is mainly due to the write back of accrued directors' fees of S\$600,000 that was approved in FY2015.

Under the Group's other income, the Group recorded S\$3,000 in 3QFY2018 as compared to prior period's other loss of S\$13,000 in 3QFY2017. The other loss incurred in 3QFY2017 is mainly due to the reversal of S\$15,000 of debts waived that was overstated in previous quarters. There were no such reversals in 3QFY2018.

STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS

The Group's net current liabilities increased from S\$5.84 million as at 31 December 2017 to S\$6.13 million as at 30 September 2018 and thus increased in the Group's negative shareholders' equity from S\$5.84 million as at 31 December 2017 to S\$6.13 million as at 30 September 2018. The increase in net liabilities is mainly due to an increase in funds provided by the Company's controlling shareholder for the Company's operating activities, recorded under other payables, which resulted in higher negative shareholders' equity.

As at 30 September 2018, the cash and cash equivalents for the Group remains consistent at S\$18,000 as compared to S\$20,000 as at 30 September 2017. There are no significant movements to the Group's cash flow for the current financial period reported on.

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.**

Following the termination of the Kenyalang Acquisition, the Company and Mr Lim Siau Hing @ Lim Kim Hoe have entered into a conditional put and call option agreement dated 27 September 2017 (the "Agreement") to acquire the entire issued share capital of Knit Textile and Apparel Pte. Ltd. for an aggregate consideration of S\$26,400,000, subject to adjustment in accordance with the Agreement (the "Consideration") (the "Proposed Acquisition"). The Consideration will be satisfied in full by the allotment and issuance of ordinary shares in the capital of the Company. The Proposed Acquisition constitutes as a "Reverse Takeover" transaction under the Catalyst Rules and is subject to, inter alia, the approval of SGX-ST and shareholders of the Company.

A supplemental agreement dated 13 February 2018 was entered into to extend the Long Stop Date of the put and call option from 15 February 2018 to 31 August 2018. On 31 August 2018, the Company entered into a second supplemental agreement to further extend the Long Stop Date until 28 February 2019. The due diligence for the Reverse Takeover is currently in its final phase.

The Company will announce any material developments in connection with the Proposed Acquisition as and when it is appropriate.

The Board is of the view that the Group will be able to operate as a going concern as the Proposed Acquisition is underway for the Group to meet its requirement for a new listing in accordance with Catalyst Rule 1017(2), and it is expected to be completed by end February 2019; and the Company's controlling shareholder will continue to provide financial support to the Group for the next 12 months or up to approval of shareholders for the RTO, whichever is earlier. Upon the completion of RTO, the principal business of the Company will be that of Knit Textile and Apparel Pte Ltd and the Company's controlling shareholder will cease to provide financial support to the enlarged Group.

11. **Dividend**

- (a) **Current Financial Period Reported On**

Any dividend declared 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) **Tax on dividend**

Whether the dividend is before tax, net of tax or tax exempt? Not applicable

- (d) **Date payable**

Not applicable

- (e) **Books closure date**

Not applicable

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

No dividend has been declared/recommended.

13. Interested Person Transactions

The aggregate value of interested person transactions is as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transaction conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	Financial period ended 30 September 2018 S\$'000 Nil	Financial period ended 30 September 2018 S\$'000 Nil

The Group has not obtained a general mandate from shareholders for IPTs.

14. Confirmation pursuant to Rule 705(5) of the SGX Listing Manual

We, ONG PUAY KOON and ONG CHOON LUI, being two directors of Lereno Bio-Chem Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the period ended 30 September 2018 unaudited financial results to be false or misleading.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1).

On behalf of the Board of Directors
LERENO BIO-CHEM LTD

ONG PUAY KOON
Managing Director and Chief Executive Officer
2 November 2018

ONG CHOON LUI
Executive Director

Review by Catalyst Sponsor

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. David Yeong (Telephone: 65-6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.