

Unaudited Half Year Financial Statements and Dividend Announcement for the 6 months financial period ended 30 June 2015

Natural Cool Holdings Limited (Registration Number: 200509967G)

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULT

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

CONSOLIDATED INCOME STATEMENT

	Group Period Ended 30 June		Increase/ (Decrease)
	2015	2014	
	S\$'000	S\$'000	%
Revenue	73,734	66,525	10.84
Cost of sales	(61,489)	(54,881)	12.04
Gross profit	12,245	11,644	5.16
Other income	902	373	141.82
Distribution expenses	(2,951)	(2,721)	8.45
Administrative expenses	(7,722)	(8,436)	(8.46)
Other expenses	(1,375)	(113)	NM
Results from operating activities	1,099	747	47.12
Finance costs	(811)	(482)	68.26
Profit before income tax	288	265	8.68
Income tax credit	191	87	119.54
Profit for the period	479	352	36.08
Profit attributable to:			
Owners of Company	481	395	21.77
Non-controlling interests	(2)	(43)	(95.35)
Profit for the period	479	352	36.08

NM denotes not meaningful

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group 6 months Financial Period Ended 30 June		Increase/ (Decrease)
	2015	2014	
	S\$'000	S\$'000	%
Profit for the period	479	352	36.08
Other comprehensive income:			
Foreign currency translation differences for foreign operations	(273)	30	NM
Total comprehensive income for the period	<u>206</u>	<u>382</u>	
Attributable to:			
Owners of the Company	206	423	(51.30)
Non-controlling interests	-	(41)	NM
Total comprehensive income for the period	<u>206</u>	<u>382</u>	

NM denotes not meaningful

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1 (a) (ii) Other notes:

Profit from operations is arrived at after charging/(crediting) the following items:

	Group	
	6 months Financial	
	Period Ended 30 June	
	2015	2014
	S\$'000	S\$'000
Amortisation of deferred revenue	(650)	(650)
Amortisation of intangible assets	345	308
Bad debt written-back	-	(76)
Depreciation of property, plant and equipment	1,552	1,488
Depreciation of investment property	-	48
Foreign exchange loss – net	371	35
Gain on disposal of plant and equipment	-	(15)
Interest income	(12)	(3)
Impairment loss on trade and other receivables	517	20
Plant and equipment written-off	478	130
Allowance for inventory obsolescence recognised	9	-
Unwinding of the discount of the convertible loan notes	300	-

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at	As at	As at	As at
	30 Jun 15	31 Dec 14	30 Jun 15	31 Dec 14
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	23,967	25,591	8	5
Intangible assets	9,085	8,078	12	-
Subsidiaries	-	-	15,007	15,007
Other investments	5,898	5,898	5,898	5,898
Deferred tax asset	1,411	1,404	-	-
	<u>40,361</u>	<u>40,971</u>	<u>20,925</u>	<u>20,910</u>
Current assets				
Inventories	21,917	16,785	-	-
Trade and other receivables	45,269	48,393	3,994	7,466
Cash and cash equivalents	14,544	14,491	82	643
	<u>81,730</u>	<u>79,668</u>	<u>4,076</u>	<u>8,109</u>
Current liabilities				
Trade and other payables	59,460	54,619	85	2,744
Loans & borrowings	4,676	6,367	2,700	3,450
Current tax payable	1,299	1,328	-	-
	<u>65,435</u>	<u>62,314</u>	<u>2,785</u>	<u>6,194</u>
Net current assets	16,295	17,355	1,291	1,915
Less:				
Non-current liabilities				
Loans & borrowings	12,971	14,721	-	-
Deferred tax liabilities	209	370	-	-
	<u>13,180</u>	<u>15,091</u>	<u>-</u>	<u>-</u>
Net assets	<u>43,476</u>	<u>43,235</u>	<u>22,216</u>	<u>22,825</u>
Share capital	31,957	31,957	31,957	31,957
Reserves	(3,707)	(3,432)	300	300
Accumulated profits/(losses)	14,963	14,482	(10,041)	(9,432)
Equity attributable to owners of the Company	<u>43,213</u>	<u>43,007</u>	<u>22,216</u>	<u>22,825</u>
Non-controlling interests	263	228	-	-
Total equity	<u>43,476</u>	<u>43,235</u>	<u>22,216</u>	<u>22,825</u>

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

	Group		Company	
	As at	As at	As at	As at
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand				
Unsecured				
Convertible loan notes	2,700	3,450	2,700	3,450
Term loans	884	1,613	-	-
	<u>3,584</u>	<u>5,063</u>	<u>2,700</u>	<u>3,450</u>
Secured				
Current portion of bank loans	712	808	-	-
Finance lease payables	380	496	-	-
	<u>1,092</u>	<u>1,304</u>	<u>-</u>	<u>-</u>
	<u>4,676</u>	<u>6,367</u>	<u>2,700</u>	<u>3,450</u>
Amount repayable after one year				
Unsecured				
Term loans	<u>2,096</u>	<u>2,447</u>	<u>-</u>	<u>-</u>
Secured				
Bank loans	10,012	11,253	-	-
Finance lease payables	863	1,021	-	-
	<u>10,875</u>	<u>12,274</u>	<u>-</u>	<u>-</u>
	<u>12,971</u>	<u>14,721</u>	<u>-</u>	<u>-</u>

Details of any collateral

The borrowings are secured on:-

- property, plant and equipment with net book values amounting to S\$16,477,931 as at 30 June 2015 (31 December 2014 of S\$16,914,065);
- fixed deposits pledged amounting to S\$240,248 (As at 31 December 2014: S\$249,855);
- fixed and floating charges on inventories amounting to S\$86,564 (As at 31 December 2014: S\$69,402); and
- corporate guarantees by Natural Cool Holdings Limited.

The finance lease payables are secured by motor vehicles, equipment and machines under the leases.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Half year ended 30 June	
	2015	2014
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	479	352
<u>Adjustments for:</u>		
Amortisation of deferred revenue	(650)	(650)
Amortisation of intangible assets	345	308
Depreciation of property, plant and equipment	1,552	1,488
Depreciation of investment properties	-	48
Gain on disposal of plant and equipment	-	(15)
Plant and equipment written-off	478	130
Income tax credit	(191)	(87)
Interest expenses	811	482
Interest income	(12)	(3)
	<u>2,812</u>	<u>2,053</u>
<u>Changes in working capital:</u>		
Inventories	(5,132)	1,838
Trade and other receivables	1,900	3,314
Trade and other payables	<u>5,003</u>	<u>(4,944)</u>
Cash flows generated from operations	4,583	2,261
Income taxes paid	<u>(5)</u>	<u>(72)</u>
Net cash from operating activities	<u>4,578</u>	<u>2,189</u>
Cash flows from investing activities		
Interest received	12	3
Proceeds from disposal of property, plant and equipment	-	37
Purchase of computer software	(182)	(185)
Purchase of investment property	-	(256)
Purchase of property, plant and equipment	<u>(193)</u>	<u>(8,435)</u>
Net cash used in investing activities	<u>(363)</u>	<u>(8,836)</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Group	
	Half year ended 30 June	
	2015	2014
	S\$'000	S\$'000
Cash flows from financing activities		
Fixed deposits pledged	10	(23)
Interest paid	(811)	(471)
Non-trade amounts due from a related party	35	-
Proceeds from borrowings	2,000	9,740
Repayment of borrowings	(4,118)	(1,033)
Repayment of convertible loan notes redeemed	(3,750)	-
Proceeds from convertible loan notes issued	2,700	-
Repayment of finance lease liabilities	(274)	(753)
Net cash (used in) / generated from financing activities	(4,208)	7,460
Net (decrease) / increase in cash and cash equivalents	7	813
Effect on changes in foreign exchange rate	57	(31)
Cash and cash equivalents at beginning of period	14,240	11,048
Cash and cash equivalents at end of period	14,304	11,830
Cash and cash equivalents in the balance sheet	14,544	12,236
Fixed deposits pledged to banks	(240)	(237)
Cash restricted in use	-	(113)
Bank overdrafts	-	(56)
Cash and cash equivalents in the statement of cash flows	14,304	11,830

Unaudited Half Year Financial Statements and Dividend Announcement for the 6 months financial period ended 30 June 2015

1(d) (i) A statement (for 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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve	Foreign currency translation reserves	Accumulated profits	Total equity attributable to owners of the Company	Non- controlling interests	Total equity
<u>Group</u>	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2014	31,957	(3,078)	(306)	11,384	39,957	275	40,232
Total comprehensive income for the period							
-Profit/(Loss) for the period	-	-	-	395	395	(43)	352
Other comprehensive income							
-Foreign currency translation differences	-	-	28	-	28	2	30
Total comprehensive income for the period	-	-	28	395	423	(41)	382
30 June 2014	31,957	(3,078)	(278)	11,779	40,380	234	40,614

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Group	Share capital	Capital reserve	Foreign currency translation reserves	Accumulated profits	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2015	31,957	(3,078)	(354)	14,482	43,007	228	43,235
Total comprehensive income for the period							
-Profit/(Loss) for the period	-	-	-	481	481	(2)	479
Other comprehensive income							
-Foreign currency translation differences	-	-	(275)	-	(275)	2	(273)
Total comprehensive income for the period	-	-	(275)	481	206	-	206
Transactions with owners, recognised directly in equity							
Increase in share capital in subsidiary with non-controlling interest	-	-	-	-	-	35	35
30 June 2015	31,957	(3,078)	(629)	14,963	43,213	263	43,476

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STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Capital reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Company</u>				
At 1 January 2014	31,957	300	(7,185)	25,072
-Loss for the period	-	-	(104)	(104)
At 30 June 2014	31,957	300	(7,289)	24,968
At 1 January 2015	31,957	300	(9,432)	22,825
-Loss for the period	-	-	(609)	(609)
At 30 June 2015	31,957	300	(10,041)	22,216

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1. **(d) (ii) Details of any changes in the company's share capital arising from right 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 outstanding convertibles as at the end of the current financial period reported on and as the end of the corresponding period of the immediately preceding financial year.**

There was no change in the issued and paid-up share capital of the Company from 31 December 2014 up to 30 June 2015. The Company's share capital was S\$31,956,902 comprising 205,447,985 shares as at 31 December 2014 and as at 30 June 2015.

During the full year ended 31 December 2013, the Company issued convertible loan notes amounting to S\$3,750,000 to HT Holdings (HK) Ltd. The convertible loan notes were subsequently transferred to Rhodus Capital Limited in August 2013. Both HT Holdings (HK) Ltd and Rhodus Capital Limited are owned by the same shareholders with the same shareholding structure.

The equity component of these convertible loan notes amounting to \$300,000 had been classified under capital reserve.

All the convertible loan notes have matured on 2 April 2015 and was not converted into shares in the capital of the Company. The Company redeemed all outstanding notes on 2 May 2015.

During the half year ended 30 June 2015, the Company issued convertible loan notes amounting to S\$2,700,000 to Rhodus Capital Limited. The notes are convertible into 18,000,000 shares in the capital of the Company.

Save as disclosed, the Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2015 and as at 30 June 2014.

(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at end of immediately preceding year.

The total numbers of issued shares (excluding treasury shares) were 205,447,985 as at 30 June 2015 and 31 December 2014.

There were no treasury shares as at 30 June 2015 and 31 December 2014.

(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.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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 auditors.

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

Not applicable.

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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 paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in those of the most recent audited financial statements for the financial year ended 31 December 2014.

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.

The Group has adopted the new and/or revised Financial Reporting Standards (FRSs) and interpretations that are effective for annual periods beginning 1 January 2015. Presently, the Group does not expect the adoption of the new and/or revised FRS and the interpretations to have any material impact on the financial statements of the Group for the current reporting period.

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	
	Half year ended 30 June	
	2015	2014
Net Profit attributable to shareholders (S\$'000)	<u>481</u>	<u>395</u>
Weighted average number of ordinary share in issue (No. of shares) - basic	205,447,985	205,447,985
Earnings per share (Singapore cents) - basic	0.23	0.19
Weighted average number of ordinary share in issue (No. of shares) - diluted	205,447,985	205,447,985
Earnings per share (Singapore cents) - diluted	0.23	0.19

Note:

- As at 30 June 2015 and 30 June 2014, the conversion effect of the convertible loan notes were excluded from the calculation of diluted weighted average number of ordinary share as their effects would have been anti-dilutive.

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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	
	As at 30 June 2015	As at 31 December 2014	As at 30 June 2015	As at 31 December 2014
Net assets attributable to shareholders (S\$'000)	<u>43,213</u>	<u>43,007</u>	<u>22,216</u>	<u>22,825</u>
Net asset value per share as at the end of the financial period/year (Singapore cents) ¹	<u>21.03</u>	<u>20.93</u>	<u>10.81</u>	<u>11.11</u>

Note:

- The total numbers of issued shares (excluding treasury shares) were 205,447,985 as at 30 June 2015 and 31 December 2014 respectively.

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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, cost, and earnings of the group for the current financial period reported on including (where applicable) seasonal or cyclical factors.**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Income Statement

The Group achieved revenue of S\$73.73 million in the half year ended 30 June 2015 ("HY2015"), an increase of S\$7.21 million, or 10.84% as compared to the half year ended 30 June 2014 ("HY2014"). This was due mainly to higher revenue registered by the Group's Aircon division. Correspondingly, gross profit increased by S\$0.60 million or 5.16% to S\$12.25 million in HY2015

Other income increased by S\$0.53 million or 141.82% to S\$0.90 million due mainly to accrued insurance claim income due to a fire incident in our Malaysia production premise.

Administrative expenses decreased by S\$0.71 million or 8.46% to S\$7.72 million due mainly to lower rental expenses and lower legal and professional fees.

Distribution expenses increased by S\$0.23 million or 8.45% to S\$2.95 million due mainly to higher delivery costs and entertainment expenses.

Other expenses increased by S\$1.26 million to S\$1.38 million due mainly to higher impairment of trade receivables, fixed assets written-off and higher exchange losses due to depreciation of Malaysian Ringgit.

Finance costs increased by S\$0.33 million or 68.26% to S\$0.81 million due mainly to the unwinding of the discount of the convertible loan notes.

The Group recorded an income tax credit of S\$0.19 million due to overprovision of income tax in the prior financial year ended 31 December 2014.

Arising from the above, the Group reported a profit attributable to owners of Company of S\$0.48million in HY2015.

Review of Statements of Financial Position

Inventories increased by S\$5.13 million to S\$21.92 million as at 30 June 2015 due mainly to more purchases of inventories by the Group's Aircon division.

Trade and other receivables decreased by S\$3.12 million to S\$45.27 million as at 30 June 2015 due mainly to timely collection of trade receivables from debtors.

Trade and other payables increased by S\$4.84 million to S\$59.46 million as at 30 June 2015 due mainly to longer term payment to suppliers.

Total loans and borrowings decreased by S\$3.44 million to S\$17.65 million due mainly to repayment to banks and Rhodus Capital Limited for the redemption of notes on 2 May 2015.

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Review of Statement of Cash Flows

The Group recorded a cash inflow from operating activities of S\$4.58 million for HY2015 as compared to a cash inflow of S\$2.19 million for HY2014. This was due mainly to the increase in trade and other payables as a result of longer term payments to suppliers, decrease in trade and other receivables due to timely collections from customers and partially offset by increase in inventories due to anticipation of more projects.

There was a lower cash outflow from investing activities of S\$0.36 million for HY2015 as compared to S\$8.84 million for HY2014 due mainly to the acquisition of property at Defu Lane in HY2014.

There was a cash outflow from financing activities of S\$4.21 million due mainly to repayment of borrowings.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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 Board of the Directors of the Company expects the Group's operating environment and conditions to be challenging for the next 12 months. The Group will continue to enhance margins by improving operational efficiency and rationalising cost structure in order to enhance our competitiveness.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

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PART II-ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Interested person transaction

During the year, there were following significant related party transactions carried out in the normal course of business (excluding transaction less than S\$100,000) on term agreed between the parties.

During HY2015, the following interested person transaction was carried out in the normal course of business (excluding transaction less than S\$100,000) on normal commercial terms agreed between Tsng Joo Ann and the Company's wholly-owned subsidiary Natural Cool Air-conditioning and Engineering Pte Ltd for the sale of air-conditioners and parts.

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 transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
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Tsng Joo Ann ¹	S\$105,703	-
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1 – Brother of Tsng Joo Peng, the Chief Executive Officer of the Company

The Company does not have a general mandate from shareholders for interested person transactions.

14. Negative Assurance Confirmation on Interim Financial Result Pursuant to Rule 705 (5) of the Listing Manual

We, the undersigned, 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 half year ended 30 June 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Joseph Ang Choon Cheng
Executive Chairman

Tsng Joo Peng
Chief Executive Officer

BY ORDER OF THE BOARD
Joseph Ang Choon Cheng
Executive Chairman

Singapore
11 August 2015