



# Natural Cool Holdings Limited

Company Registration Number: 200509967G

Announcement of Unaudited Condensed Interim  
Financial Statements for the Six Months Ended  
30 June 2022

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**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 the corresponding period of the immediately preceding financial year**

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Group		Increase/(Decrease)	
		6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000 Restated*	\$'000	%
<b>Continuing operations</b>					
Revenue	5	70,013	72,679	(2,666)	(3.7%)
Cost of sales		(57,111)	(61,526)	(4,415)	(7.2%)
<b>Gross profit</b>		<b>12,902</b>	<b>11,153</b>	1,749	15.7%
Other income	6	738	715	23	3.2%
Distribution expenses		(1,446)	(1,302)	144	11.1%
Administrative expenses		(10,361)	(7,931)	2,430	30.6%
Reversal of impairment loss/(Impairment loss) on trade receivables and contract assets, including bad debts written-off		3	(282)		NM
Other expenses		(179)	(412)	(233)	(56.6%)
<b>Results from operating activities</b>		<b>1,657</b>	<b>1,941</b>	(284)	(14.6%)
Finance costs	7	(415)	(406)	9	2.2%
<b>Profit before tax</b>		<b>1,242</b>	<b>1,535</b>	(293)	(19.1%)
Tax expense	8	(308)	(327)	(19)	(5.8%)
<b>Profit from continuing operations</b>		<b>934</b>	<b>1,208</b>	(274)	(22.7%)
<b>Discontinued operation</b>					
Profit/(Loss) from discontinued operation (net of tax)	22	2,763	(966)		NM
<b>Profit for the period</b>	9	<b>3,697</b>	<b>242</b>		NM
<b>Profit attributable to:</b>					
Owners of the Company		3,547	267		NM
Non-controlling interests		150	(25)		NM
<b>Profit for the period</b>		<b>3,697</b>	<b>242</b>		NM
<b>Other comprehensive income</b>					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences from translation of foreign operations		26	20	6	30.0%
<b>Other comprehensive income for the period</b>		<b>26</b>	<b>20</b>	6	30.0%
<b>Total comprehensive income for the period</b>		<b>3,723</b>	<b>262</b>		NM
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		3,567	281		NM
Non-controlling interests		156	(19)		NM
<b>Total comprehensive income for the period</b>		<b>3,723</b>	<b>262</b>		NM

\* See Note 22

NM denotes 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.**

**Condensed Interim Consolidated Statement of Financial Position**

	Note	Group		Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		Unaudited \$'000	Audited \$'000	Unaudited \$'000	Audited \$'000
<b>Assets</b>					
Property, plant and equipment	10	42,643	54,449	8	11
Intangible assets and goodwill	11	5,014	2,429	264	251
Investment property	12	936	950	–	–
Subsidiaries		–	–	8,025	8,025
Other investments	15	105	–	–	–
Other receivables	14	762	2,333	7,465	5,894
<b>Non-current assets</b>		<b>49,460</b>	<b>60,161</b>	<b>15,762</b>	<b>14,181</b>
Inventories	13	11,948	8,575	–	–
Contract assets		3,352	4,397	–	–
Trade and other receivables	14	23,696	19,701	1,751	1,387
Other investments	15	1,000	1,000	1,000	1,000
Cash and cash equivalents		4,911	11,625	150	703
<b>Current assets</b>		<b>44,907</b>	<b>45,298</b>	<b>2,901</b>	<b>3,090</b>
<b>Total assets</b>		<b>94,367</b>	<b>105,459</b>	<b>18,663</b>	<b>17,271</b>
<b>Equity</b>					
Share capital	16	36,412	36,412	36,412	36,412
Reserves		(3,009)	(3,029)	300	300
Accumulated losses		(15,974)	(19,170)	(33,761)	(31,372)
<b>Equity attributable to owners of the Company</b>		<b>17,429</b>	<b>14,213</b>	<b>2,951</b>	<b>5,340</b>
Non-controlling interests		273	(349)	–	–
<b>Total equity</b>		<b>17,702</b>	<b>13,864</b>	<b>2,951</b>	<b>5,340</b>
<b>Liabilities</b>					
Loans and borrowings	17	34,860	48,394	2,755	3,375
Deferred tax liabilities		322	324	–	–
Provision		742	580	–	–
<b>Non-current liabilities</b>		<b>35,924</b>	<b>49,298</b>	<b>2,755</b>	<b>3,375</b>
Loans and borrowings	17	9,516	11,006	1,235	1,223
Contract liabilities		12,010	11,766	–	–
Trade and other payables	18	18,788	19,327	11,722	7,333
Current tax liabilities		427	198	–	–
<b>Current liabilities</b>		<b>40,741</b>	<b>42,297</b>	<b>12,957</b>	<b>8,556</b>
<b>Total liabilities</b>		<b>76,665</b>	<b>91,595</b>	<b>15,712</b>	<b>11,931</b>
<b>Total equity and liabilities</b>		<b>94,367</b>	<b>105,459</b>	<b>18,663</b>	<b>17,271</b>

**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.**

**Condensed Interim Consolidated Statement of Cash Flows**

	Note	Group	
		6 months ended 30	6 months ended 30
		June 2022	June 2021
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Profit for the period		3,697	242
Adjustments for:			
Amortisation of intangible assets		74	54
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		–	300
Depreciation of property, plant and equipment		3,443	3,801
Depreciation of investment property		14	–
Gain on disposal of property, plant and equipment		(3,945)	(34)
Impairment loss on goodwill		–	103
Interest expenses		540	608
Interest income		(1)	–
Property, plant and equipment written-off		451	3
Tax expense		308	327
		<u>4,581</u>	<u>5,404</u>
Changes in:			
Inventories		(3,242)	(745)
Trade and other receivables		(1,404)	(1,121)
Contract assets		1,045	(2,678)
Trade and other payables		(2,571)	2,143
Contract liabilities		217	1,010
Cash generated from operations		<u>(1,374)</u>	<u>4,013</u>
Tax paid		<u>(101)</u>	<u>(146)</u>
<b>Net cash (used in)/from operating activities</b>		<u>(1,475)</u>	<u>3,867</u>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired	21	(2,673)	–
Interest received		1	–
Proceeds from disposal of property, plant and equipment		192	9
Purchase of intangible assets		(91)	(232)
Purchase of property, plant and equipment		<u>(1,388)</u>	<u>(1,514)</u>
<b>Net cash used in investing activities</b>		<u>(3,959)</u>	<u>(1,737)</u>
<b>Cash flows from financing activities</b>			
Dividend paid		(351)	(376)
Interest paid		(518)	(588)
Changes in bills payable		1,869	1,496
Payment of lease liabilities		(1,110)	(2,407)
Repayment of borrowings		<u>(1,203)</u>	<u>(433)</u>
<b>Net cash used in financing activities</b>		<u>(1,313)</u>	<u>(2,308)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(6,747)</u>	<u>(178)</u>
Cash and cash equivalents at beginning of period		11,625	10,744
Effect of foreign exchange fluctuations on cash held		33	26
<b>Cash and cash equivalents at end of period</b>		<u><u>4,911</u></u>	<u><u>10,592</u></u>

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

**Condensed Interim Consolidated Statement of Changes in Equity**

	Note	Share capital	Capital reserve	Translation reserve	Accumulated losses	Total attributable to owners of the Company	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>								
At 1 January 2022		36,412	(3,078)	49	(19,170)	14,213	(349)	13,864
<b>Total comprehensive income for the period</b>								
Profit for the period		–	–	–	3,547	3,547	150	3,697
<b>Other comprehensive income</b>								
Foreign currency translation differences from translation of foreign operations		–	–	20	–	20	6	26
<b>Total comprehensive income for the period</b>		–	–	<b>20</b>	<b>3,547</b>	<b>3,567</b>	<b>156</b>	<b>3,723</b>
<b>Transaction with owners, recognised directly in equity</b>								
Acquisition of subsidiary with non-controlling interest	21	–	–	–	–	–	466	466
Dividends declared	16	–	–	–	(351)	(351)	–	(351)
<b>Total distributions to owners</b>		–	–	–	<b>(351)</b>	<b>(351)</b>	<b>466</b>	<b>115</b>
At 30 June 2022		<b>36,412</b>	<b>(3,078)</b>	<b>69</b>	<b>(15,974)</b>	<b>17,429</b>	<b>273</b>	<b>17,702</b>
<b>At 1 January 2021</b>								
		36,412	(3,078)	37	(13,131)	20,240	(288)	19,952
<b>Total comprehensive income for the period</b>								
Profit/(Loss) for the period		–	–	–	267	267	(25)	242
<b>Other comprehensive income</b>								
Foreign currency translation differences from translation of foreign operations		–	–	14	–	14	6	20
<b>Total comprehensive income/(loss) for the period</b>		–	–	<b>14</b>	<b>267</b>	<b>281</b>	<b>(19)</b>	<b>262</b>
<b>Transaction with owners, recognised directly in equity</b>								
Dividends declared	16	–	–	–	(376)	(376)	–	(376)
<b>Total distributions to owners</b>		–	–	–	<b>(376)</b>	<b>(376)</b>	–	<b>(376)</b>
At 30 June 2021		<b>36,412</b>	<b>(3,078)</b>	<b>51</b>	<b>(13,240)</b>	<b>20,145</b>	<b>(307)</b>	<b>19,838</b>

**Condensed Interim Statement of Changes in Equity**

	Note	Share capital \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b><u>Company</u></b>					
<b>At 1 January 2022</b>		<b>36,412</b>	<b>300</b>	<b>(31,372)</b>	<b>5,340</b>
<b>Total comprehensive loss for the period</b>					
Loss for the period		–	–	(2,038)	(2,038)
<b>Transaction with owners, recognised directly in equity</b>					
Dividends declared	17	–	–	(351)	(351)
<b>At 30 June 2022</b>		<b>36,412</b>	<b>300</b>	<b>(33,761)</b>	<b>2,951</b>
<b>At 1 January 2021</b>		<b>36,412</b>	<b>300</b>	<b>(31,365)</b>	<b>5,347</b>
<b>Total comprehensive loss for the period</b>					
Loss for the period		–	–	(662)	(662)
<b>Transaction with owners, recognised directly in equity</b>					
Dividends declared	17	–	–	(376)	(376)
<b>At 30 June 2021</b>		<b>36,412</b>	<b>300</b>	<b>(32,403)</b>	<b>4,309</b>

## Notes of the Condensed Interim Financial Statements

### 1. Corporate information

Natural Cool Holdings Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist Board of the Singapore Exchange. These condensed interim financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are as follows:

- a. Air-conditioning: trading of air-conditioning units and spare parts, installation services for commercial air-conditioning systems and mechanical ventilation, and maintenance services;
- b. Investment: sub-lease of leased property;
- c. Paint and coatings: manufacturing, and trading of paint and basic chemicals;
- d. Food and beverages (“F&B”): operator of restaurants, manufacture and wholesale of F&B products; and
- e. Technology: installation of building automated systems for remote monitoring.

### 2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

#### 2.1. New and amended standards adopted by the Group

On 1 January 2022, the Group adopted new and amended SFRS(I) and interpretations to SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial period. The adoption of these new or amended SFRS(I) and INT SFRS(I) did not have a material effect on the financial statements.

#### 2.2. Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 5 – revenue recognition: estimate of total contract costs to complete;
- Notes 10, 11 and 12 – impairment assessment of property, plant and equipment, intangible assets and goodwill, and investment property: key assumptions underlying the recoverable amounts;
- Note 14 – measurement of expected credit losses (“ECL”) allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and
- Note 21 – acquisition of business: fair value of the assets acquired and liabilities assumed.

### **3. Seasonal operations**

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### **4. Segment and revenue information**

The Group has five reportable segments, as described below, which are the Group’s strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group Chief Executive Officer (“CEO”) and Group Chief Operating Officer (“COO”) review internal management reports on at least a quarterly basis. The following summary describes the operations in each Group’s reportable segments:

- Air-conditioning : trading of air-conditioning units and spare parts, installation services for commercial air-conditioning systems and mechanical ventilation, and maintenance services.
- Investment : sub-lease of leased property.
- Paint and coatings : manufacturing and distribution of paints and chemicals.
- F&B : operator of restaurants, manufacture and wholesale of F&B products.
- Technology : installation of building automated systems for remote monitoring.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports review by the Group CEO and Group COO. Segment profit before income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**Information about reportable segments**

	<b>Aircon</b>	<b>Investment*</b> <b>(Discontinued)</b>	<b>Paint and</b> <b>Coatings</b>	<b>F&amp;B</b>	<b>Technology</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>1 January 2022 to 30 June 2022</b>						
External revenue	63,717	1,045	1,980	3,171	1,145	71,058
Inter-segment revenue	2,006	201	989	332	–	3,528
Total revenue of reportable segments	<u>65,723</u>	<u>1,246</u>	<u>2,969</u>	<u>3,503</u>	<u>1,145</u>	<u>74,586</u>
Interest income	(9)	(6)	–	–	–	(15)
Finance costs	357	125	16	22	1	521
Depreciation and amortisation	1,329	1,328	137	648	37	3,479
Reportable segment profit before tax	<u>1,295</u>	<u>2,907</u>	<u>22</u>	<u>35</u>	<u>304</u>	<u>4,563</u>
Other material non-cash items:						
Reversal of impairment loss on trade receivables and contract assets, including bad debts written-off	(3)	–	–	–	–	(3)
Reportable segment assets	93,047	941	2,895	5,580	4,803	107,266
Capital expenditure	736	–	5	1,057	–	1,798
Reportable segment liabilities	<u>67,759</u>	<u>1,962</u>	<u>7,976</u>	<u>7,797</u>	<u>4,036</u>	<u>89,530</u>
<b>1 January 2021 to 30 June 2021</b>						
External revenue	68,551	1,950	1,823	2,305	–	74,629
Inter-segment revenue	3,445	293	1,186	89	–	5,013
Total revenue of reportable segments	<u>71,996</u>	<u>2,243</u>	<u>3,009</u>	<u>2,394</u>	<u>–</u>	<u>79,642</u>
Interest income	(9)	(7)	–	–	–	(16)
Finance costs	354	202	14	10	–	580
Depreciation and amortisation	1,255	2,181	132	259	–	3,827
Reportable segment profit/(loss) before tax	<u>1,791</u>	<u>(587)</u>	<u>68</u>	<u>(86)</u>	<u>–</u>	<u>1,186</u>
Other material non-cash items:						
Impairment loss on goodwill	–	–	–	103	–	103
Impairment loss on trade receivables and contract assets, including bad debts written-off	282	–	–	–	–	282
Reportable segment assets	86,405	20,934	2,440	2,947	–	112,726
Capital expenditure	513	134	2	1,005	–	1,654
Reportable segment liabilities	<u>60,689</u>	<u>19,212</u>	<u>7,637</u>	<u>4,255</u>	<u>–</u>	<u>91,793</u>

\* See Note 22

**Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	\$'000	\$'000 Restated*
<b>Revenue</b>		
Total revenue for reportable segments	74,586	79,642
Elimination of inter-segment revenue	(3,528)	(5,013)
Elimination of discontinued operation	(1,045)	(1,950)
Consolidated revenue	70,013	72,679
<b>Profit before tax</b>		
Total profit before tax for reportable segments	4,563	1,186
Unallocated amounts	(2,038)	(600)
Elimination of inter-segment profit or loss	1,480	(17)
Elimination of discontinued operation	(2,763)	966
Consolidated profit before tax	1,242	1,535
<b>Assets</b>		
Total assets for reportable segments	107,266	112,726
Unallocated amounts	1,496	985
Elimination of inter-segment assets	(14,395)	(8,899)
Consolidated total assets	94,367	104,812
<b>Liabilities</b>		
Total liabilities for reportable segments	89,530	91,793
Unallocated amounts	4,217	5,168
Elimination of inter-segment liabilities	(17,082)	(11,987)
Consolidated total liabilities	76,665	84,974

**Reconciliations of reportable segment other material items**

	Reportable segment totals	Unallocated amounts	Consolidated totals
	\$'000	\$'000	\$'000
<b>1 January 2022 to 30 June 2022</b>			
Interest income	(15)	14	(1)
Finance costs	521	19	540
Depreciation and amortisation	3,479	52	3,531
Impairment loss on trade receivables and contract assets, including bad debts written-off	(3)	–	(3)
Capital expenditure	1,798	62	1,860 <sup>#</sup>
<b>1 January 2021 to 30 June 2021</b>			
Interest income	(16)	16	–
Finance costs	580	28	608
Depreciation and amortisation	3,827	28	3,855
Impairment loss on goodwill	103	–	103
Impairment loss on trade receivables and contract assets, including bad debts written-off	282	–	282
Capital expenditure	1,654	92	1,746 <sup>#</sup>

\* See Note 22

# Exclude right-of-use properties

**Geographical information**

The Group operates primarily in Singapore. The reportable revenue is primarily generated from Singapore and the segment assets are based in Singapore.

**Major customer**

Revenue from one customer of the Group's Aircon segment represents approximately \$2,674,000 (30 June 2021: \$4,906,000) of the Group's total revenue.

**5. Revenue**

	Continuing operations		Discontinuing operation*		Consolidated	
			6 months ended 30 June			
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	69,564	72,100	–	–	69,564	72,100
Rental income	449	579	1,045	1,950	1,494	2,529
	70,013	72,679	1,045	1,950	71,058	74,629

**Disaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by revenue streams and timing of revenue recognition.

	Paint and Coatings		Aircon		F&B		Technology		Total	
					6 months ended 30 June					
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue streams</b>										
Trading	1,980	1,823	42,054	44,821	3,129	2,220	79	–	47,242	48,864
Installation	–	–	17,066	18,080	–	–	54	–	17,120	18,080
Servicing	–	–	4,190	5,156	–	–	1,012	–	5,202	5,156
	1,980	1,823	63,310	68,057	3,129	2,220	1,145	–	69,564	72,100
<b>Timing of revenue recognition</b>										
Products and services transferred over time	–	–	17,066	18,080	–	–	54	–	17,120	18,080
Products transferred at a point in time	1,980	1,823	46,244	49,977	3,129	2,220	1,091	–	52,444	54,020
	1,980	1,823	63,310	68,057	3,129	2,220	1,145	–	69,564	72,100

\* See Note 22

***Sources of estimation uncertainty***

Revenue recognition on installation is dependent on estimating the total completion cost of the installation contract. Actual total costs may be higher or lower than estimated at the reporting date, which would affect the revenue recognised in future years. As at the reporting date, management considered that all costs to complete and revenue can be reliably estimated.

**6. Other income**

	Continuing operations		Discontinuing operation*		Consolidated	
	2022	2021	6 months ended 30 June		2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	1	–	–	–	1	–
Dividend income	21	–	–	–	21	–
Gain on disposal of property, plant and equipment	–	34	3,945	–	3,945	34
Government grants:						
- Job support scheme	123	330	–	18	123	348
- Other government grants	401	199	13	13	414	212
Others	192	152	54	37	246	189
	738	715	4,012	68	4,750	783

**7. Finance costs**

	Continuing operations		Discontinuing operation*		Consolidated	
	2022	2021	6 months ended 30 June		2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest expenses:						
- Bank loans	276	281	–	–	276	281
- Lease liability interest	139	125	103	182	242	307
Unwind of discount on provision	–	–	22	20	22	20
	415	406	125	202	540	608

\* See Note 22

**8. Tax expense**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Continuing operations		Discontinuing operation*		Consolidated	
	2022	2021	6 months ended 30 June		2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current tax expense</b>						
Current year	310	329	–	–	310	329
<b>Deferred tax credit</b>						
Origination and reversal of temporary differences	(2)	(2)	–	–	(2)	(2)
Tax expense	308	327	–	–	308	327

**9. Profit for the period**

The following items have been included in arriving at profit for the period:

	Continuing operations		Discontinuing operation*		Consolidated	
	2022	2021	6 months ended 30 June		2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amortisation of intangible assets (Note 11)	74	54	–	–	74	54
Audit fees paid/payable to:						
- Auditors of the Company	110	94	10	9	120	103
- Other auditors	25	29	–	–	25	29
Non-audit fees paid/payable to auditors of the Company	8	8	3	3	11	11
Change in fair value of financial assets at FVTPL	–	300	–	–	–	300
Depreciation of property, plant and equipment (Note 10)	2,115	1,620	1,328	2,181	3,443	3,801
Depreciation of investment property (Note 12)	14	–	–	–	14	–
Property, plant and equipment written-off	–	3	451	–	451	3
Impairment loss on goodwill (Note 11)	–	103	–	–	–	103
Operating lease expense	418	498	7	32	425	530
Staff costs	10,853	7,707	–	259	10,853	7,966
Contributions to defined contribution plans, included in staff costs	602	364	–	26	602	390

\* See Note 22

**10. Property, plant and equipment**

Note	Leasehold	Computers	Furniture, fittings and	Motor	Tools and	Renovation	Right-of-use	Right-of-	Total
	properties		office				– motor	use –	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>									
<b>Cost</b>									
At 1 January 2021	26,090	954	1,367	3,496	3,762	8,421	1,215	36,182	81,487
Additions	870	97	301	749	334	1,039	78	1,853	5,321
Acquisition through business combination	21	120	–	26	–	–	169	–	315
Disposals/write-offs	–	(165)	(112)	(173)	(186)	(4)	(27)	(427)	(1,094)
Changes in lease modification	–	–	–	–	–	–	–	883	883
Effect of movements in exchange rates	–	–	(2)	(1)	(3)	(3)	–	(6)	(15)
At 31 December 2021	27,080	886	1,580	4,071	3,907	9,453	1,435	38,485	86,897
Additions	–	50	125	–	772	417	405	304	2,073
Acquisition through business combination	21	–	3	2	–	–	–	26	31
Disposals/write-offs	–	(12)	(797)	–	(491)	(3,646)	–	(25,983)	(30,929)
Changes in lease modification	–	–	–	–	–	–	–	7	7
Reclassification	–	–	–	(79)	–	–	79	–	–
Effect of movements in exchange rates	–	–	(3)	(1)	(3)	(4)	–	(9)	(20)
At 30 June 2022	27,080	927	907	3,991	4,185	6,220	1,919	12,830	58,059
<b>Accumulated depreciation and impairment losses</b>									
At 1 January 2021	3,213	860	1,034	1,036	2,193	4,459	496	7,668	20,959
Depreciation	885	64	131	742	352	364	187	5,001	7,726
Disposals/write-offs	–	(165)	(72)	(147)	(88)	(1)	(25)	(296)	(794)
Impairment loss	–	–	12	–	175	283	–	4,095	4,565
Effect of movements in exchange rates	–	–	(2)	(1)	(2)	(2)	–	(1)	(8)
At 31 December 2021	4,098	759	1,103	1,630	2,630	5,103	658	16,467	32,448
Depreciation	475	39	85	345	189	265	166	1,879	3,443
Disposals/write-offs	–	(12)	(775)	–	(247)	(3,217)	–	(16,211)	(20,462)
Reclassification	–	–	–	(16)	–	–	16	–	–
Effect of movements in exchange rates	–	–	(3)	(1)	(3)	(2)	–	(4)	(13)
At 30 June 2022	4,573	786	410	1,958	2,569	2,149	840	2,131	15,416
<b>Carrying amounts</b>									
At 1 January 2021	22,877	94	333	2,460	1,569	3,962	719	28,514	60,528
At 31 December 2021	22,982	127	477	2,441	1,277	4,350	777	22,018	54,449
At 30 June 2022	22,507	141	497	2,033	1,616	4,071	1,079	10,699	42,643

	<b>Computers</b>	<b>Office equipment</b>	<b>Furniture and fittings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Company</b>				
<b>Cost</b>				
At 1 January 2021	63	8	4	75
Write-offs	(23)	–	–	(23)
At 31 December 2021 and 30 June 2022	40	8	4	52
<b>Accumulated depreciation</b>				
At 1 January 2021	51	1	4	56
Depreciation	6	2	–	8
Write-offs	(23)	–	–	(23)
At 31 December 2021	34	3	4	41
Depreciation	2	1	–	3
At 30 June 2022	36	4	4	44
<b>Carrying amounts</b>				
At 1 January 2021	12	7	–	19
At 31 December 2021	6	5	–	11
At 30 June 2022	4	4	–	8

### Depreciation

The depreciation charge of the Group is recognised in the following line items of the statement of profit or loss:

	<b>Continuing operations</b>		<b>Discontinuing operation*</b>		<b>Consolidated</b>	
			<b>6 months ended 30 June</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cost of sales	452	416	1,318	2,178	1,770	2,594
Administrative expenses	1,663	1,204	10	3	1,673	1,207
	2,115	1,620	1,328	2,181	3,443	3,801

### Securities

At 30 June 2022, several leasehold properties are pledged as security to secure bank loans (see Note 17).

### Impairment loss

In financial year ended 31 December 2021 (“FY2021”), the impairment loss of property, plant and equipment mainly related to the Investment cash generating units (“CGU”) amounted to \$4,292,000. The remaining impairment loss of \$273,000 related to plant and equipment of the F&B CGU.

The recoverable amount of the Investment CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

The Group prepared a 4-year cash flow forecast derived from the most recent financial budgets approved by the Directors of the Group. Key assumptions used in the estimation of the value in use calculation are as set out below.

\* See Note 22



- Forecasted revenue dropped of 21.9% in the following financial year and of 1.1% to 1.6% annual growth assumed for the subsequent years; and
- Pre-tax discount rate of 8.11% has been applied to the pre-tax cash flow projections.

Based on the above, the Investment CGU had been impaired in FY2021 to their value in use and impairment loss on property, plant and equipment has been recognised in other expenses in profit or loss.

Management believes that any reasonable change in the above key assumptions will not materially cause the recoverable value to be lower than the carrying amount.

#### *Sources of estimation uncertainty*

In estimating the recoverable amounts of the CGU using value in use from the respective cash flow forecasts or based on its fair value less costs to sell, the Group assumed revenue growth rates throughout the cash flow forecast periods, terminal values at the end of the cash flow forecast period and discount rate applied to the cash flow projections. The determination requires judgment. The Group evaluates, amongst other factors, the near-term business outlook, including factors such as industry and sector performance, and changes in technology. The fair value less costs to sell determined by independent external valuer using the market comparison approach is sensitive to the key assumptions applied. These assumptions continue to be subjected to estimation uncertainties that may result in material adjustments on the recoverable amounts in future periods.

#### 11. Intangible assets and goodwill

	Note	Goodwill	Order backlogs	Customer relationships	Trademark	Computer software	Others	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>								
<b>Cost</b>								
At 1 January 2021		3,212	188	118	383	727	–	4,628
Additions		–	–	–	–	236	100	336
Acquisition through business combination	21	285	–	–	–	–	–	285
Write-offs		–	–	–	–	(56)	–	(56)
At 31 December 2021		3,497	188	118	383	907	100	5,193
Additions		–	–	–	–	91	–	91
Acquisition through business combination	21	2,568	–	–	–	–	–	2,568
At 30 June 2022		6,065	188	118	383	998	100	7,852
<b>Accumulated amortisation and impairment losses</b>								
At 1 January 2021		1,580	188	57	184	601	–	2,610
Amortisation		–	–	6	19	66	16	107
Impairment loss		103	–	–	–	–	–	103
Write-offs		–	–	–	–	(56)	–	(56)
At 31 December 2021		1,683	188	63	203	611	16	2,764
Amortisation		–	–	3	10	51	10	74
At 30 June 2022		1,683	188	66	213	662	26	2,838
<b>Carrying amounts</b>								
At 1 January 2021		1,632	–	61	199	126	–	2,018
At 31 December 2021		1,814	–	55	180	296	84	2,429
At 30 June 2022		4,382	–	52	170	336	74	5,014

<u>Company</u>	<u>Computer software \$'000</u>
<b>Cost</b>	
At 1 January 2021	197
Additions	194
Write-offs	(53)
At 31 December 2021	<u>338</u>
Additions	62
At 30 June 2022	<u><u>400</u></u>
<b>Accumulated amortisation</b>	
At 1 January 2021	93
Amortisation	47
Write-offs	(53)
At 31 December 2021	<u>87</u>
Amortisation	49
At 30 June 2022	<u><u>136</u></u>
<b>Carrying amounts</b>	
At 1 January 2021	<u>104</u>
At 31 December 2021	<u>251</u>
At 30 June 2022	<u><u>264</u></u>

#### **Amortisation**

The amortisation of customer relationships, trademark, computer software and others are included in 'administrative expenses' in profit or loss.

#### **Impairment loss**

In 2021, there were impairment indicators and impairment loss on goodwill of \$103,000 was recognised for F&B CGU.

#### ***Sources of estimation uncertainty***

In estimating the recoverable amounts of the CGUs using value in use from the respective cash flow forecasts or based on its fair value less costs to sell, the Group assumed revenue growth rates throughout the cash flow forecast periods, terminal values at the end of the cash flow forecast period and discount rate applied to the cash flow projections. The determination requires judgment. The Group evaluates, amongst other factors, the near-term business outlook, including factors such as industry and sector performance, and changes in technology. The fair value less costs to sell determined by independent external valuer using the market comparison approach is sensitive to the key assumptions applied. These assumptions continue to be subjected to estimation uncertainties that may result in material adjustments on the recoverable amounts in future periods.

**12. Investment property**

<u>Group</u>	Note	<u>Leasehold property</u> \$'000
<b>Cost</b>		
At 1 January 2021		–
Acquisition through business combination	21	950
At 31 December 2021 and 30 June 2022		<u>950</u>
<b>Accumulated amortisation</b>		
At 1 January 2021 and 31 December 2021		–
Amortisation		14
At 30 June 2022		<u>14</u>
<b>Carrying amounts</b>		
At 1 January 2021		–
At 31 December 2021		950
At 30 June 2022		<u>936</u>

**Depreciation**

The depreciation of investment property is included in ‘administrative expenses’ in profit or loss.

**Securities**

At 30 June 2022, the investment property is pledged as security to secure bank loans (see Note 17).

**Measurement of fair value**

At 30 June 2022, the fair value of investment property was determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for the investment property of \$970,000 has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

*Valuation technique and significant unobservable inputs*

The following table shows the Group’s valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
Comparable sales (market comparison approach): The market comparison approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or group of assets and liabilities, such as a business.	Transacted price of comparable properties: - \$341 - \$514 psf	The estimated fair value would increase/(decrease) if: - The transacted price of comparable properties was higher/(lower)

**13. Inventories**

	Group	
	30 June 2022	31 December 2021
	\$'000	\$'000
Raw materials	583	352
Finished goods	11,365	8,223
	11,948	8,575

As at 30 June 2022, inventories of \$46,152,000 (30 June 2021: \$47,637,000) were recognised as an expense during the financial period and included in 'cost of sales'.

**14. Trade and other receivables**

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
- Third parties	17,514	15,198	–	–
- Subsidiaries	–	–	2,977	2,792
Impairment losses	(753)	(760)	(2,416)	(2,416)
Net trade receivables	16,761	14,438	561	376
Unbilled trade receivables	2,807	2,022	–	–
Non-trade amounts due from subsidiaries, net	–	–	8,581	6,873
Accrued discount receivables	789	918	–	–
Deposits	2,615	3,188	6	6
Other receivables	488	479	4	4
Financial assets	23,460	21,045	9,152	7,259
Prepayments	998	989	64	22
	24,458	22,034	9,216	7,281
Non-current	762	2,333	7,465	5,894
Current	23,696	19,701	1,751	1,387
	24,458	22,034	9,216	7,281

The Group's non-current receivables consist of an insurance payment of \$762,000 (31 December 2021: \$762,000) for its executive director and a deposit of \$Nil (31 December 2021: \$1,571,000) which was paid to the landlord for its leased property.

Non-trade balances due from subsidiaries are unsecured, interest-free and repayable on demand. As \$7,465,000 (31 December 2021: \$5,894,000) of the non-trade amounts due from subsidiaries are not expected to be recalled within the next 12 months, the amounts have been classified as non-current. As at 30 June 2022, the impairment losses on non-trade amounts due from subsidiaries amounting to \$14,674,000 (31 December 2021: \$13,194,000).

***Sources of estimation uncertainty***

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates to be applied for the respective category of the financial assets and contract assets. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation including evaluation of the Group's historical loss rates, existing market conditions as well as forward looking estimates at the end of each reporting period.

**15. Other investments**

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
Unquoted equity investments – at FVTPL	105	–	–	–
Money market funds – at FVTPL	1,000	1,000	1,000	1,000
	<u>1,105</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Non-current	105	–	–	–
Current	1,000	1,000	1,000	1,000
	<u>1,105</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The Group and the Company also have an unquoted equity investment of \$3,750,000 which is accounted for as FVTPL investment and the fair value is assessed to be \$Nil (31 December 2021: \$Nil).

**16. Share capital**

	Group and Company			
	30 June 2022		31 December 2021	
	Number of shares	Amount	Number of shares	Amount
	'000	\$'000	'000	\$'000
At beginning and end of interim period	250,448	36,412	250,448	36,412

All issued shares are fully paid, with no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

***Dividends***

The following tax exempt (one-tier) first and final dividends were declared and paid by the Group and the Company.

	Group and Company	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	\$'000	\$'000
<u>Ordinary dividends paid</u>		
0.14 Singapore cents per qualifying ordinary share (30 June 2021: \$0.15 Singapore cents)	351	376

**17. Loans and borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current liabilities</b>				
Bank loans (Secured)	24,199	26,029	2,755	3,375
Lease liabilities	10,661	22,365	–	–
	<u>34,860</u>	<u>48,394</u>	<u>2,755</u>	<u>3,375</u>
<b>Current liabilities</b>				
Bank loans (Secured)	3,556	2,929	1,235	1,223
Lease liabilities	1,422	5,408	–	–
Bills payable	4,538	2,669	–	–
	<u>9,516</u>	<u>11,006</u>	<u>1,235</u>	<u>1,223</u>
<b>Total loans and borrowings</b>	<u>44,376</u>	<u>59,400</u>	<u>3,990</u>	<u>4,598</u>

**Details of collateral:**

The borrowings are secured on:

- i) Leasehold properties amounted to S\$21,727,000 as at 30 June 2022 (31 December 2021: S\$23,061,000); and
- ii) Motor vehicles amounted to S\$1,079,000 as at 30 June 2022 (31 December 2021: S\$777,000); and
- iii) Corporate guarantees by Natural Cool Holdings Limited and Natural Cool Airconditioning & Engineering Pte Ltd.

**18. Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables	12,277	12,250	122	33
Amount due to subsidiaries:				
- Trade	–	–	586	298
- Non-trade	–	–	10,908	6,757
Deposits received	1,014	1,052	1	1
Accrued expenses	3,834	4,742	87	175
Other payables	1,345	923	6	62
Financial liabilities	<u>18,470</u>	<u>18,967</u>	<u>11,710</u>	<u>7,326</u>
GST payable	315	277	12	7
Deferred revenue	3	83	–	–
	<u>18,788</u>	<u>19,327</u>	<u>11,722</u>	<u>7,333</u>

Outstanding balances due to subsidiaries are unsecured, interest-free and repayable on demand.

**19. Related party transactions**
**Key management personnel compensation**

Key management personnel of the Group and the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Directors and senior management of the Group and the Company are considered as key management personnel.

Key management personnel compensation comprised:

	Continuing operations		Discontinuing operation*		Consolidated	
	2022	2021	6 months ended 30 June		2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	1,012	1,030	–	–	1,012	1,030
Post-employment benefits (including CPF)	37	40	–	–	37	40
	<u>1,049</u>	<u>1,070</u>	<u>–</u>	<u>–</u>	<u>1,049</u>	<u>1,070</u>

Included in the above is the total compensation to the Directors of the Company which amount to \$570,000 (30 June 2021: \$568,000).

\* See Note 22

**20. Financial assets and financial liabilities**

	Note	Carrying amount				Fair value			
		Mandatorily at fair value through profit or loss \$'000	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>									
<b>30 June 2022</b>									
<b>Financial assets measured at fair value</b>									
Other investments	15	1,105	–	–	1,105	–	1,105	–	1,105
<b>Financial assets not measured at fair value</b>									
Trade and other receivables#	14	–	23,460	–	23,460				
Cash and cash equivalents		–	4,911	–	4,911				
		–	28,371	–	28,371				
<b>Financial liabilities not measured at fair value</b>									
Variable interest rate loans	17	–	–	1,330	1,330				
Fixed interest rate loans	17	–	–	26,425	26,425	–	23,491	–	23,491
Bills payable	17	–	–	4,538	4,538				
Trade and other payables*	18	–	–	18,470	18,470				
		–	–	50,763	50,763				
<b>31 December 2021</b>									
<b>Financial assets measured at fair value</b>									
Other investments	15	1,000	–	–	1,000	–	1,000	–	1,000
<b>Financial assets not measured at fair value</b>									
Trade and other receivables#	14	–	21,045	–	21,045				
Cash and cash equivalents		–	11,625	–	11,625				
		–	32,670	–	32,670				
<b>Financial liabilities not measured at fair value</b>									
Variable interest rate loans	17	–	–	1,346	1,346				
Fixed interest rate loans	17	–	–	27,612	27,612	–	26,274	–	26,274
Bills payable	17	–	–	2,669	2,669				
Trade and other payables*	18	–	–	18,967	18,967				
		–	–	50,594	50,594				

# Exclude prepayments

\* Exclude deferred revenue and GST payable



**Unaudited Condensed Interim Financial Statements for the 6 Months Financial Period Ended 30 June 2022**

	Note	Carrying amount				Fair value			
		Mandatorily at fair value through profit or loss \$'000	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Company</b>									
<b>30 June 2022</b>									
<b>Financial assets measured at fair value</b>									
Other investments	15	1,000	–	–	1,000	–	1,000	–	1,000
<b>Financial assets not measured at fair value</b>									
Trade and other receivables#	14	–	9,152	–	9,152				
Cash and cash equivalents		–	150	–	150				
		–	9,302	–	9,302				
<b>Financial liabilities not measured at fair value</b>									
Fixed interest rate loans	17	–	–	3,990	3,990	–	3,797	–	3,797
Trade and other payables^	18	–	–	11,710	11,710				
		–	–	15,700	15,700				
<b>31 December 2021</b>									
<b>Financial assets measured at fair value</b>									
Other investments	15	1,000	–	–	1,000	–	1,000	–	1,000
<b>Financial assets not measured at fair value</b>									
Trade and other receivables#	14	–	7,259	–	7,259				
Cash and cash equivalents		–	703	–	703				
		–	7,962	–	7,962				
<b>Financial liabilities not measured at fair value</b>									
Fixed interest rate loans	17	–	–	4,598	4,598	–	4,536	–	4,536
Trade and other payables^	18	–	–	7,326	7,326				
		–	–	11,924	11,924				

# Exclude prepayments

^ Exclude GST payable

**21. Acquisition of business**
**iFocus Pte Ltd**

On 25 January 2022, the Company has incorporated a wholly-owned subsidiary, Futura Innovation Pte. Ltd. to acquire 51% of the issued share capital in iFocus Pte Ltd (“iFocus”) on 27 January 2022 for a consideration of \$3,060,000.

***Acquisition-related costs***

The Group incurred acquisition related costs of \$89,000 on legal fees. These costs have been included in ‘administrative expenses’ in profit or loss.

***Identifiable assets acquired and liabilities assumed***

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	\$’000
Property, plant and equipment	10	31
Other investment		105
Cash and cash equivalents		387
Inventories		131
Trade and other receivables		1,020
Trade and other payables		(639)
Contract liabilities		(27)
Loans and borrowings		(30)
Current tax liabilities		(20)
Total identifiable net assets		<u>958</u>

The effects on the cash flows of the Group, at the acquisition date, are as follows:

	\$’000
Cash paid	(3,060)
Less: cash and cash equivalents in subsidiary acquired	<u>387</u>
	<u>(2,673)</u>

***Goodwill***

Goodwill arising from the acquisition has been recognised as follows:

	Note	\$’000
Total consideration transferred in cash		3,060
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree		466
Fair value of identifiable net assets		<u>(958)</u>
Provisional goodwill	11	<u>2,568</u>

The acquisition transaction gave rise to a provisional goodwill of \$2,568,000 based on total consideration paid over the fair value of net assets acquired. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised. The goodwill is attributable mainly to the synergies expected to be achieved from integrating iFocus into the Group’s existing air-conditioning installation business.

**Nam Fang Co Pte Ltd.**

On 28 December 2021, the Group acquired 51% of the issued share capital in Nam Fang Co Pte Ltd. (“NFC”) for cash consideration of \$473,000.

***Acquisition-related costs***

The Group incurred acquisition related costs of \$45,000 on legal fees. These costs have been included in ‘administrative expenses’ in profit or loss.

***Identifiable assets acquired and liabilities assumed***

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	\$’000
Property, plant and equipment	10	315
Investment property	12	950
Cash and cash equivalents		157
Trade and other receivables		858
Contract assets		3,184
Trade and other payables		(3,183)
Contract liabilities		(44)
Loans and borrowings		(1,848)
Current tax liabilities		(21)
Total identifiable net assets		<u>368</u>

The effects on the cash flows of the Group, at the acquisition date, are as follows:

	\$’000
Cash paid	(473)
Less: cash and cash equivalents in subsidiary acquired	157
	<u>(316)</u>

***Measurement of fair values***

The valuation techniques used for measuring the fair value of material assets acquired are as follows:

<b>Asset required</b>	<b>Valuation technique</b>
Property, plant and equipment	Comparable sales (market comparison approach): The market comparison approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or group of assets and liabilities, such as a business.
Investment property	

***Goodwill***

Goodwill arising from the acquisition has been recognised as follows:

	Note	\$’000
Total consideration transferred in cash		473
51% share of fair value of identifiable net assets		(188)
Provisional goodwill	11	<u>285</u>

The acquisition transaction gave rise to a provisional goodwill of \$285,000 based on total consideration paid over the fair value of net assets acquired. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised. The goodwill is attributable mainly to the synergies expected to be achieved from integrating NFC into the Group's existing air-conditioning installation business.

## 22. Discontinued operation

On 30 June 2022, the Group's wholly-owned subsidiary, Natural Cool Investments Pte. Ltd. ("NCI") has stopped its operation which represents the Investment segment. The segment was not previously presented as a discontinued operation as at 30 June 2021. Thus, the comparative statement of profit or loss has been re-presented to show the discontinued operation separately from continuing operations.

	Group	
	30 June 2022	30 June 2021
	\$'000	\$'000
<b>Results of discontinued operation</b>		
Revenue	1,045	1,950
Other income	4,012	68
Expenses	(2,294)	(2,984)
Results from operating activities	2,763	(966)
Income tax expense	–	–
Profit/(Loss) for the period	2,763	(966)
Basic and diluted earnings per share (cents)	1.10	(0.39)

The profit/(loss) for the financial period from discontinued operation of \$2,763,000 (30 June 2021: loss of \$966,000) is attributed entirely to the owners of the Company.

	Group	
	30 June 2022	30 June 2021
	\$'000	\$'000
<b>Cash flows from discontinued operation</b>		
Net cash from operating activities	283	1,140
Net cash used in investing activities	–	(134)
Net cash used in financing activities	(497)	(462)
Net cash flow for the year	(214)	544

## 23. Subsequent event

On 5 July 2022, the Group's wholly-owned subsidiary, NCI received a Notice of Termination from Mapletree Logistics Trust, the landlord of the premises at 29 Tai Seng Avenue, Singapore 534119, demanding an outstanding lease sum of \$154,578 and settlement claim of \$5,452,545.

For more detail information and future updates, please refer to the Company's announcement on SGXNet.

## **Other Information Required by Listing Rule Appendix 7C**

- 1. 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 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.**

There was no change in the Company's share capital from 31 December 2021 to 30 June 2022.

The Company did not have any outstanding options or convertibles as at 30 June 2022 and 30 June 2021.

There were also no treasury shares or subsidiary holdings as at 30 June 2022 and 30 June 2021.

- 1(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 250,447,985 as at 30 June 2022 and 31 December 2021.

There were no treasury shares as at 30 June 2022 and 31 December 2021.

- 1(d)(iv) A statement showing all sales, transfers, 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.

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

Not applicable. There were no subsidiary holdings 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 condensed consolidated statement of financial position of Natural Cool Holdings Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable. The latest financial statements as at 31 December 2021 have an unmodified opinion.

**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 adopted in the financial statements for the current reporting period as those of the most recent audited financial statements for the financial year ended 31 December 2021.

**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 all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for annual periods beginning on 1 January 2022. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's accounting policies and has no material impact on the financial statements for the current financial 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:**

- (a) Based on the weighted average number of ordinary shares on issue; and
- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
Net profit attributable to shareholders (S\$'000) – continuing operations	784	1,233
Weighted average number of ordinary shares in issue (No. of shares)	250,447,985	250,447,985
Earnings per share (Singapore cents) – basic and diluted	0.31	0.49

The Company does not have any potential dilutive ordinary shares in existence for HY2022 and HY2021.

For the discontinued operation's earnings per share information, please refer to Note 22 of the Notes of the Condensed Interim Financial Statements.

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.**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
Net assets attributable to shareholders (S\$'000)	17,429	14,213	2,951	5,340
Net asset value per share as at the end of the financial period/year (Singapore cents)	6.96	5.68	1.18	2.13

The total numbers of issued shares (excluding treasury shares) were 250,447,985 as at 30 June 2022 and 31 December 2021.

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; and**
- (b) **Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial reported on.**

**Review of Income Statement**

The Group generated revenue of S\$70.0 million for the half year ended 30 June 2022 (“**HY2022**”), a decrease of S\$2.7 million, or 3.7% compared to S\$72.7 million in the half year ended 30 June 2021 (“**HY2021**”).

Our Aircon Division reported a decrease in revenue of S\$4.8 million, or 7.1% compared to HY2021. The decrease was mainly from the Commercial Installation Department of S\$6.4 million, Regional Sales Department of S\$2.1 million, Trading Department of S\$1.7 million. The decreases were offset by the new revenue source, one of our newly acquired subsidiaries – Nam Fang Co Pte Ltd. (“**Nam Fang**”) contributed S\$3.1 million, and our M&E Department also contributed S\$2.3 million. Our Paint and Coatings Division recorded a slight increase in revenue of S\$0.1 million, or 8.6% compared to HY2021. Our F&B Division also recorded an increase in revenue of S\$0.9 million, or 37.6% compared to HY2021, mainly due to better festive season sales. Lastly, our recent acquisition of iFocus Pte Ltd (“**iFocus**”) contributed S\$1.1 million in HY2022.

Gross profit margins were 18.4% in HY2022, 3.1 percentage points higher than HY2021. The increase in gross profit margins were from our Aircon Division and F&B Division. At Aircon Division, the increases were mainly from our Trading Department, Commercial Installation Department and M&E Department, and Nam Fang as the new source of gross profit in HY2022. At F&B Division, the improvement is largely because of the effect of economic of scale when the F&B production capacity increased during the financial period.

Distribution expenses increased by S\$0.1 million or 11.1% in HY2022 mainly due to higher entertainment expenses as a result of increased business development efforts.

Administrative expenses increased by S\$2.4 million or 30.6% in HY2022 mainly due to higher professional fees of S\$0.1 million incurred for the iFocus acquisition. Depreciation has also increased by S\$0.5 million mainly due to additional renovation works and right-of-use – properties for business operations. Staff costs increased by S\$1.5 million mainly due to higher staff costs from Aircon Division by S\$1.0 million and also selectively increased employee salaries amidst a tight labour market in Singapore and partially from the newly acquired subsidiaries – Nam Fang and iFocus. Lastly, utility costs increased by S\$0.2 million.

Profit from the discontinued operation had increased significantly due to the derecognition of the right-of-use of the property at 29 Tai Seng Avenue as a result of termination of the lease at this property (S\$4.0 million), this has used to offset the property, plant and equipment written-off amounting to S\$0.5 million and the operation costs during HY2022.

Arising from the above, the Group reported a profit after tax of S\$3.7 million in HY2022 including a profit attributable to non-controlling interests of S\$0.1 million.

### **Review of Statement of Financial Position**

Property, plant and equipment decreased by S\$11.8 million in HY2022 mainly due to the disposal of right-of-use – properties of S\$9.8 million and S\$0.7 million of the disposals/written-offs of other property, plant and equipment. We have also incurred a S\$3.4 million of depreciation charges in HY2022. On the other hand, we have purchased computer, furniture and fittings and office equipment amounted to S\$0.2 million, tools and machineries of S\$0.8 million, motor vehicles of S\$0.4 million, incurred renovation works of S\$0.4 million, and signed on the new lease contracts for operation use for S\$0.3 million.

Goodwill increased by S\$2.6 million arising from the acquisition of iFocus.

Inventories increased by S\$3.4 million due to stocking up in anticipation of better sales and to mitigate the Aircon Division's potential supply chain issues in the second half of 2022.

Contract assets decreased by approximately S\$1.1 million mainly due to lower level of contract activities and shorter project billing cycle in HY2022.

Trade and other receivables (current and non-current) increased by S\$2.4 million mainly due to higher sales contributed by end of HY2022 amounting to S\$2.0 million. There are also services rendered to customers but not billed yet of S\$0.8 million. The iFocus acquisition has contributed S\$1.0 million. On the other hand, the security deposits of S\$1.6 million that paid to Mapletree Logistics Trust were used to offset the rental billing in trade payables. We have made another S\$0.2 million of deposits for project tendering purposes.

Loans and borrowings (current and non-current) decreased by S\$15.0 million as a result from the termination of the lease contract of S\$13.8 million, net repayments of loans and lease liabilities of S\$1.2 million and S\$2.5 million, respectively. We also further utilised the invoice financing facilities of S\$1.9 million. We have recognised new lease liabilities relating to the newly signed lease contracts of S\$0.3 million and hire purchase for motor vehicle of S\$0.3 million.

Trade and other payables decreased by S\$0.5 million in HY2022 mainly due to higher purchases made by our Aircon Division towards the end of HY2022 but not due for payment and lower accruals of S\$0.9 million. S\$1.6 million from security deposit in receivables was used to offset the rental billing in trade payables and slight increase of S\$0.4 million in other payables. Lastly, deferred revenue dropped by S\$0.1 million.



### **Review of Statement of Cash Flows**

In HY2022, we recorded a net cash inflow of S\$4.6 million before changes in working capital.

We recorded working capital outflows of S\$6.0 million mainly attributed to the increases in trade and other receivables of S\$1.4 million, inventories of S\$3.3 million and contract liabilities of S\$0.2 million. These were offset by the decrease in contract assets of S\$1.1 million and trade and other payables of S\$2.6 million.

We have also made tax payments to Inland Revenue Authority of Singapore amounted to S\$0.1 million.

We recorded net cash used in investing activities of S\$4.0 million in HY2022 mainly due to the iFocus acquisition of S\$2.7 million and purchase of plant and equipment and intangible assets of S\$1.5 million. These were offset by the proceeds received for the disposal of plant and equipment of S\$0.2 million.

We recorded net cash used in financing activities of S\$1.3 million in HY2022 mainly due to the payments of lease liabilities, interest, and loan repayments amounted to S\$2.8 million. We have also made dividend payments of S\$0.4 million. This has been offset by the utilisation of invoice financing facilities of S\$1.9 million.

As a result, our cash and cash equivalents decreased by S\$6.7 million in HY2022.

### **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.**

Singapore's economy and borders have reopened and the impact of the Covid-19 pandemic have somewhat abated. However, record inflation rates brought on by previous loose credit policies, and higher raw material, commodities and energy costs are threatening economic recoveries worldwide. As economic growth worldwide is at risk, we expect that our main market in Singapore will also not be spared. Also, although global supply chain issues have largely been resolved, the ongoing dynamic zero Covid policy in China remains a risk to some of our business units. The labour market remains tight and we continue to offer competitive salaries to attract and retain staff.

All these factors will result in an increase in our operating costs, especially at our Aircon Division, and there is no assurance that we will be able to pass on all these increases to our customers. We are, however, heartened to see good revenue traction from our high containment services business unit, JAD Solutions Pte. Ltd..

Our Paints and Coatings Division continues to actively manage its costs and open new markets for its existing products while collaborating with a number of partners on developing innovative new products for sale. Our Technology Division has also been working with business units from the Aircon Division on joint project opportunities and we are hopeful that these will be fruitful.

The Food Division has performed admirably in HY2022. However higher food costs, and overheads in terms of depreciation and (especially) utility costs remain a challenge for which it is working hard to overcome.

As previously announced, our lease at 29 Tai Seng Avenue, Singapore 534119 has been terminated by the landlord. As the Investment Division substantially derives its income from rental and services fees from operating this property, and as a result of this termination, the division does not have any further source of revenue.

**11. Dividend information.**

**If a decision regarding dividend has been made:**

- a. Whether an interim (final) dividend has been declared (recommended) for current financial period reported on;**

No.

- b. Amount per share;**

Not applicable.

- c. Previous corresponding period;**

On 28 February 2022, the Directors recommended a tax exempted one-tier first and final dividend of S\$0.0014 per ordinary share in respect of FY2021, had subsequently been approved in the Annual General Meeting (“AGM”) held on 28 April 2022.

<b>Name of Dividend</b>	First and Final
<b>Dividend Type</b>	Cash
<b>Dividend Amount</b>	S\$0.0014 per Ordinary Share
<b>Tax Rate</b>	Tax Exempted (One-tier)

There is no dividend declared for the period of HY2021.

- d. Whether the dividend is before tax, net of tax or tax exempted. If before tax or net of tax, state the tax and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated);**

Not applicable.

- e. The date the dividend is payable; and**

Not applicable.

- f. The date on which Registrable Transfers received by the Company (up to 5:00 PM) will be registered before entitlement to the dividend are determined.**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared for HY2022 as the profits were retained for business use.

**13. If the Group has obtained a general mandate from shareholders for Interested Party Transactions (“IPT”), the aggregated value of such transactions as required under Rule 920(1)(a)(ii) of Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.**

The Company has not obtained a general mandate from shareholders for IPTs. There were no IPTs of S\$100,000 and above being entered into by the Group during HY2022.

**14. Confirmation that the Issuer has procured undertakings from all its Directors and executive officers under Rule 720(1) of the Catalist Rules.**

The Company confirms that it has procured all the required undertaking from all its Directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

**15. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalist Rules.**

Save as disclosed in Note 21 of the Condensed Interim Financial Statements, the Company did not incorporate or acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

**Confirmation by the Board pursuant to Catalist Rule 705 (5)**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed interim financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tsng Joo Peng  
Executive Director  
Group CEO

Choy Bing Choong  
Executive Director  
Group COO

Singapore  
8 August 2022

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

*The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*

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