



Natural Cool Holdings Limited

Company Registration Number: 200509967G

Announcement of Unaudited Condensed Interim
Financial Statements for the Six Months Ended
30 June 2021

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

	Note	Group		Increase/(Decrease)	
		6 months ended	6 months ended	\$'000	%
		30 June 2021	30 June 2020	\$'000	%
Revenue	5	74,629	50,303	24,326	48.4%
Cost of sales		(64,063)	(42,662)	21,401	50.2%
Gross profit		10,566	7,641	2,925	38.3%
Other income	6	783	1,457	(674)	(46.3%)
Distribution expenses		(1,314)	(936)	378	40.4%
Administrative expenses		(8,164)	(7,572)	592	7.8%
Impairment loss on trade receivables and contract assets, including bad debts written-off		(282)	–		NM
Other expenses		(412)	(57)		NM
Results from operating activities		1,177	533		NM
Finance costs	7	(608)	(408)	200	49.0%
Profit before tax		569	125		NM
Tax expense	8	(327)	–		NM
Profit for the period	9	242	125	117	93.6%
Profit/(Loss) attributable to:					
Owners of the Company		267	280	(13)	(4.6%)
Non-controlling interests		(25)	(155)	130	83.9%
Profit for the period		242	125	117	93.6%
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences from translation of foreign operations		20	16	4	25.0%
Other comprehensive income for the period		20	16	4	25.0%
Total comprehensive income for the period		262	141	121	85.8%
Total comprehensive income/(loss) attributable to:					
Owners of the Company		281	294	(13)	(4.4%)
Non-controlling interests		(19)	(153)	134	87.6%
Total comprehensive income for the period		262	141	121	85.8%

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 immediately preceding financial year.

Condensed Interim Consolidated Statement of Financial Position

	Note	Group		Company	
		30 June 2021	31 December 2020	30 June 2021	31 December 2020
		Unaudited \$'000	Audited \$'000	Unaudited \$'000	Audited \$'000
Assets					
Property, plant and equipment	11	59,021	60,528	14	19
Intangible assets and goodwill	12	2,093	2,018	170	104
Subsidiaries		–	–	7,932	7,932
Other investments	13	300	600	300	600
Other receivables	15	2,333	1,940	2,900	2,507
Non-current assets		63,747	65,086	11,316	11,162
Inventories	14	8,781	8,036	–	–
Contract assets		3,644	966	–	–
Trade and other receivables	15	18,048	17,320	3,663	1,447
Cash and cash equivalents		10,592	10,744	437	2,602
Current assets		41,065	37,066	4,100	4,049
Total assets		104,812	102,152	15,416	15,211
Equity					
Share capital	16	36,412	36,412	36,412	36,412
Reserves		(3,027)	(3,041)	300	300
Accumulated losses		(13,240)	(13,131)	(32,403)	(31,365)
Equity attributable to owners of the Company		20,145	20,240	4,309	5,347
Non-controlling interests		(307)	(288)	–	–
Total equity		19,838	19,952	4,309	5,347
Liabilities					
Loans and borrowings	17	44,450	47,139	3,889	4,498
Deferred tax liabilities		264	266	–	–
Provision		560	540	–	–
Non-current liabilities		45,274	47,945	3,889	4,498
Loans and borrowings	17	8,154	6,045	1,111	502
Contract liabilities		13,644	12,634	–	–
Trade and other payables	18	17,543	15,400	6,107	4,864
Current tax liabilities		359	176	–	–
Current liabilities		39,700	34,255	7,218	5,366
Total liabilities		84,974	82,200	11,107	9,864
Total equity and liabilities		104,812	102,152	15,416	15,211

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

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000
Cash flows from operating activities		
Profit for the period	242	125
Adjustments for:		
Amortisation of intangible assets	54	58
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")	300	–
Depreciation of property, plant and equipment	3,801	2,892
(Gain)/Loss on disposal of property, plant and equipment	(34)	1
Impairment loss on goodwill	103	–
Interest expenses	608	408
Interest income	–	(1)
Property, plant and equipment written-off	3	–
Tax expense	327	–
	5,404	3,483
Changes in:		
Inventories	(745)	1,616
Trade and other receivables	(1,121)	10,403
Contract assets	(2,678)	451
Trade and other payables	2,143	(8,145)
Contract liabilities	1,010	1,495
Cash generated from operations	4,013	9,303
Tax paid	(146)	(196)
Net cash from operating activities	3,867	9,107
Cash flows from investing activities		
Interest received	–	1
Proceeds from disposal of property, plant and equipment	9	26
Purchase of intangible assets	(232)	(151)
Purchase of property, plant and equipment	(1,514)	(63)
Net cash used in investing activities	(1,737)	(187)
Cash flows from financing activities		
Dividend paid	(376)	–
Interest paid	(588)	(408)
Changes in bills payable	1,496	18
Payment of lease liabilities	(2,407)	(2,970)
Proceeds from borrowings	–	1,000
Repayment of borrowings	(433)	(1,440)
Net cash used in financing activities	(2,308)	(3,800)
Net (decrease)/increase in cash and cash equivalents	(178)	5,120
Cash and cash equivalents at beginning of period	10,744	7,463
Effect of foreign exchange fluctuations on cash held	26	18
Cash and cash equivalents at end of period	10,592	12,601

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
Group								
At 1 January 2021		36,412	(3,078)	37	(13,131)	20,240	(288)	19,952
Total comprehensive income for the period								
Profit/(Loss) for the period		–	–	–	267	267	(25)	242
Other comprehensive income								
Foreign currency translation differences from translation of foreign operations		–	–	14	–	14	6	20
Total comprehensive income/(loss) for the period		–	–	14	267	281	(19)	262
Transaction with owners, recognised directly in equity								
Dividends declared	16	–	–	–	(376)	(376)	–	(376)
Total distributions to owners		–	–	–	(376)	(376)	–	(376)
At 30 June 2021		36,412	(3,078)	51	(13,240)	20,145	(307)	19,838
At 1 January 2020		36,412	(3,078)	40	(14,402)	18,972	(128)	18,844
Total comprehensive income for the period								
Profit/(Loss) for the period		–	–	–	280	280	(155)	125
Other comprehensive income								
Foreign currency translation differences from translation of foreign operations		–	–	14	–	14	2	16
Total comprehensive income/(loss) for the period		–	–	14	280	294	(153)	141
At 30 June 2020		36,412	(3,078)	54	(14,122)	19,266	(281)	18,985

Condensed Interim Statement of Changes in Equity

	Note	Share capital \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<u>Company</u>					
At 1 January 2021		36,412	300	(31,365)	5,347
Total comprehensive loss for the period					
Loss for the period		–	–	(662)	(662)
Transaction with owners, recognised directly in equity					
Dividends declared	16	–	–	(376)	(376)
At 30 June 2021		36,412	300	(32,403)	4,309
At 1 January 2020		36,412	300	(31,927)	4,785
Total comprehensive income for the period					
Profit for the period		–	–	183	183
At 30 June 2020		36,412	300	(31,744)	4,968

Notes to the Condensed Interim Consolidated 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 consolidated financial statements as at and for the six months ended 30 June 2021 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: property investment holding;
- c. Paint: manufacturing, and trading of paint and basic chemicals; and
- d. Food and beverages (“F&B”): operator of restaurants, manufacture and wholesale of F&B products.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 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 2020.

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 2021, 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 2020.

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:

- Notes 5 – revenue recognition: estimate of expected returns and total contract costs to complete.
- Notes 11 and 12 – impairment assessment of property, plant and equipment, intangible assets and goodwill: key assumptions underlying the recoverable amounts;
- Notes 15 – measurement of expected credit losses (“ECL”) allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and

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 four 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’s Chief Executive Officer (“CEO”) and Group’s 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 such as inspection and cleaning of air-conditioning and ventilation systems.
- Investments : sub-lease of leased property.
- Paint : manufacturing and distribution of paints and chemicals.
- F&B : operator of restaurants, manufacture and wholesale of F&B products.

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

	Aircon	Investments	Paint	F&B	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
1 January 2021 to 30 June 2021					
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>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>1,186</u>
Other material non-cash items:					
Impairment loss on trade receivables and contract assets, including bad debts written-off	282	–	–	–	282
Impairment loss on goodwill	–	–	–	103	103
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>91,793</u>
1 January 2020 to 30 June 2020					
External revenue	45,067	1,975	1,427	1,834	50,303
Inter-segment revenue	2,486	307	962	38	3,793
Total revenue of reportable segments	<u>47,553</u>	<u>2,282</u>	<u>2,389</u>	<u>1,872</u>	<u>54,096</u>
Interest income	(9)	(12)	–	–	(21)
Finance costs	372	26	20	10	428
Depreciation and amortisation	1,217	1,365	132	215	2,929
Reportable segment profit/(loss) before tax	<u>68</u>	<u>138</u>	<u>(132)</u>	<u>(240)</u>	<u>(166)</u>
Reportable segment assets	84,502	23,226	2,329	1,901	111,958
Capital expenditure	18	5	17	15	55
Reportable segment liabilities	<u>59,941</u>	<u>24,552</u>	<u>7,575</u>	<u>3,031</u>	<u>95,099</u>

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

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000
Revenue		
Total revenue for reportable segments	79,642	54,096
Elimination of inter-segment revenue	(5,013)	(3,793)
Consolidated revenue	74,629	50,303
Profit/(Loss) before tax		
Total profit/(loss) before tax for reportable segments	1,186	(166)
(Loss)/Profit for other segments	(600)	183
Elimination of inter-segment profit or loss	(17)	108
Consolidated profit before tax	569	125
Assets		
Total assets for reportable segments	112,726	111,958
Assets for other segments	985	1,646
Elimination of inter-segment assets	(8,899)	(9,577)
Consolidated total assets	104,812	104,027
Liabilities		
Total liabilities for reportable segments	91,793	95,099
Liabilities for other segments	5,168	218
Elimination of inter-segment liabilities	(11,987)	(10,275)
Consolidated total liabilities	84,974	85,042

Reconciliations of reportable segment other material items

	Reportable segment totals	Adjustments	Consolidated totals
	\$'000	\$'000	\$'000
1 January 2021 to 30 June 2021			
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
1 January 2020 to 30 June 2020			
Interest income	(21)	20	(1)
Finance costs	428	(20)	408
Depreciation and amortisation	2,929	21	2,950
Capital expenditure	55	159	214

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 \$4,906,000 (30 June 2020: \$3,192,000) of the Group's total revenue.

5. Revenue

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000
Revenue from contracts with customers	72,100	47,687
Rental income	2,529	2,616
	74,629	50,303

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		Aircon		F&B		Others		Total	
	6 months ended 30 June									
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue streams										
Trading	1,823	1,427	44,821	27,789	2,220	1,834	–	–	48,864	31,050
Installation	–	–	18,080	13,555	–	–	–	–	18,080	13,555
Servicing	–	–	5,156	3,066	–	–	–	16	5,156	3,082
	1,823	1,427	68,057	44,410	2,220	1,834	–	16	72,100	47,687
Timing of revenue recognition										
Products and services transferred over time	–	–	18,080	13,555	–	–	–	–	18,080	13,555
Products transferred at a point in time	1,823	1,427	49,977	30,855	2,220	1,834	–	16	54,020	34,132
	1,823	1,427	68,057	44,410	2,220	1,834	–	16	72,100	47,687

Sources of estimation uncertainty

Revenue recognition on installation are dependent on estimating the total completion cost of the construction 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

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000
Gain on disposal of property, plant and equipment	34	–
Government grants:		
- Job support scheme	348	960
- Other government grants	212	492
Others	189	5
	<u>783</u>	<u>1,457</u>

7. Finance costs

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000
Interest expenses:		
- Bank loans	281	217
- Lease liability interest	307	191
Unwind of discount on provision	20	–
	<u>608</u>	<u>408</u>

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:

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000
Current tax expense		
Current year	329	–
Deferred tax credit		
Origination and reversal of temporary differences	(2)	–
Tax expense	327	–

9. Profit for the period

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

	Note	Group	
		6 months ended 30 June 2021	6 months ended 30 June 2020
		\$'000	\$'000
Amortisation of intangible assets	12	54	58
Audit fees paid/payable to:			
- Auditors of the Company		103	99
- Other auditors		29	15
Non-audit fees paid/payable to auditors of the Company		11	13
Depreciation of property, plant and equipment	11	3,801	2,892
Impairment loss on goodwill	12	103	–
Change in fair value of financial assets at FVTPL		300	–
Operating lease expense		530	322
Staff costs		7,966	7,720
Contributions to defined contribution plans, included in staff costs		390	386

10. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

11. Property, plant and equipment

	Leasehold properties	Computers	Furniture, fittings and office equipment	Motor vehicles	Tools and machineries	Renovation	Right-of-use – motor vehicles	Right-of-use – properties	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
Cost									
At 1 January 2020	26,090	884	1,305	1,529	3,565	8,172	4,037	35,796	81,378
Additions	–	72	71	328	308	249	–	504	1,532
Disposals/write-offs	–	(2)	(9)	(268)	(111)	–	–	(110)	(500)
Reclassification upon early settlement of leases	–	–	–	1,909	–	–	(2,822)	–	(913)
Changes in lease modification	–	–	–	–	–	–	–	(5)	(5)
Effect of movements in exchange rates	–	–	–	(2)	–	–	–	(3)	(5)
At 31 December 2020	26,090	954	1,367	3,496	3,762	8,421	1,215	36,182	81,487
Additions	870	55	36	342	38	173	–	162	1,676
Disposals/write-offs	–	(1)	(11)	–	–	(4)	–	(58)	(74)
Changes in lease modification	–	–	–	–	–	–	–	675	675
Effect of movements in exchange rates	–	–	(2)	(1)	(3)	(3)	–	(6)	(15)
At 30 June 2021	26,960	1,008	1,390	3,837	3,797	8,587	1,215	36,955	83,749
Accumulated depreciation and impairment losses									
At 1 January 2020	2,447	804	910	749	1,923	4,138	1,001	3,792	15,764
Depreciation	766	57	130	464	364	321	408	3,959	6,469
Disposals/write-offs	–	(1)	(6)	(176)	(94)	–	–	(82)	(359)
Reclassification upon early settlement of leases	–	–	–	–	–	–	(913)	–	(913)
Effect of movements in exchange rates	–	–	–	(1)	–	–	–	(1)	(2)
At 31 December 2020	3,213	860	1,034	1,036	2,193	4,459	496	7,668	20,959
Depreciation	431	30	63	356	203	173	100	2,445	3,801
Disposals/write-offs	–	(1)	(2)	–	–	(1)	–	(19)	(23)
Effect of movements in exchange rates	–	–	(2)	(1)	(2)	(2)	–	(2)	(9)
At 30 June 2021	3,644	889	1,093	1,391	2,394	4,629	596	10,092	24,728
Carrying amounts									
At 1 January 2020	23,643	80	395	780	1,642	4,034	3,036	32,004	65,614
At 31 December 2020	22,877	94	333	2,460	1,569	3,962	719	28,514	60,528
At 30 June 2021	23,316	119	297	2,446	1,403	3,958	619	26,863	59,021

	Computers	Office equipment	Furniture and fittings	Total
	\$'000	\$'000	\$'000	\$'000
<u>Company</u>				
Cost				
At 1 January 2020	63	–	4	67
Additions	2	8	–	10
Write-offs	(2)	–	–	(2)
At 31 December 2020 and 30 June 2021	63	8	4	75
Accumulated depreciation				
At 1 January 2020	43	–	4	47
Depreciation	9	1	–	10
Write-offs	(1)	–	–	(1)
At 31 December 2020	51	1	4	56
Depreciation	4	1	–	5
At 30 June 2021	55	2	4	61
Carrying amounts				
At 1 January 2020	20	–	–	20
At 31 December 2020	12	7	–	19
At 30 June 2021	8	6	–	14

Depreciation

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

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000
Cost of sales	2,594	1,766
Administrative expenses	1,207	1,126
	3,801	2,892

Securities

At 30 June 2021, several leasehold properties are pledged as security to secure bank loans (see Note 17).

Sources of estimation uncertainty

In estimating the recoverable amounts of the cash generating units (“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.

12. Intangible assets and goodwill

	Goodwill	Order backlogs	Customer relationships	Trademark	Computer software	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
Cost							
At 1 January 2020	3,212	188	118	383	575	–	4,476
Additions	–	–	–	–	152	–	152
At 31 December 2020	3,212	188	118	383	727	–	4,628
Additions	–	–	–	–	132	100	232
At 30 June 2021	3,212	188	118	383	859	100	4,860
Accumulated amortisation and impairment losses							
At 1 January 2020	1,580	188	51	165	510	–	2,494
Amortisation	–	–	6	19	91	–	116
At 31 December 2020	1,580	188	57	184	601	–	2,610
Amortisation	–	–	3	10	35	6	54
Impairment loss	103	–	–	–	–	–	103
At 30 June 2021	1,683	188	60	194	636	6	2,767
Carrying amounts							
At 1 January 2020	1,632	–	67	218	65	–	1,982
At 31 December 2020	1,632	–	61	199	126	–	2,018
At 30 June 2021	1,529	–	58	189	223	94	2,093
							Computer software
							\$'000
Company							
Cost							
At 1 January 2020							53
Additions							144
At 31 December 2020							197
Additions							92
At 30 Jun 2021							289
Accumulated amortisation							
At 1 January 2020							53
Amortisation							40
At 31 December 2020							93
Amortisation							26
At 30 Jun 2021							119
Carrying amounts							
At 1 January 2020							–
At 31 December 2020							104
At 30 June 2021							170

Amortisation

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

Impairment assessment

There were impairment indicators as at 30 June 2021. Therefore, the management has performed the impairment assessments 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.

13. Other investments

	Group and Company	
	30 June 2021	31 December 2020
	\$'000	\$'000
Non-current investments		
Unquoted equity investments – at FVTPL	300	600

14. Inventories

	Group	
	30 June 2021	31 December 2020
	\$'000	\$'000
Raw materials	261	206
Finished goods	8,520	7,830
	<u>8,781</u>	<u>8,036</u>

As at 30 June 2021, inventories of \$47,637,000 (30 June 2020: \$30,807,000) were recognised as an expense during the financial period and included in 'cost of sales'.

15. Trade and other receivables

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
- Third parties	14,682	14,468	–	–
- Subsidiaries	–	–	2,745	2,561
Impairment losses	(970)	(688)	(2,232)	(2,232)
Net trade receivables	13,712	13,780	513	329
Unbilled trade receivables	1,870	1,178	–	–
Non-trade amounts due from subsidiaries, net	–	–	5,992	3,580
Accrued discount receivables	572	822	–	–
Deposits	2,925	2,231	6	6
Other receivables	321	251	4	4
Financial assets	19,400	18,262	6,515	3,919
Prepayments	981	998	48	35
	20,381	19,260	6,563	3,954
Non-current	2,333	1,940	2,900	2,507
Current	18,048	17,320	3,663	1,447
	20,381	19,260	6,563	3,954

The Group's non-current receivables include a deposit of \$1,571,000 (31 December 2020: \$1,178,000) which was paid to the landlord for its leased property and an insurance payment of \$762,000 (31 December 2020: \$762,000) for its executive director.

Non-trade balances due from subsidiaries are unsecured, interest-free and repayable on demand. As \$2,900,000 (31 December 2020: \$2,570,000) 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 2021, the impairment losses on non-trade amounts due from subsidiaries amounting to \$12,299,000 (31 December 2020: \$12,299,000).

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.

16. Share capital

	Group and Company			
	30 June 2021		31 December 2020	
	Number of shares '000	Amount \$'000	Number of shares '000	Amount \$'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 exempt (one-tier) dividends were declared by the Directors.

	Group	
	30 June 2021 \$'000	31 December 2020 \$'000
\$0.15 cents per qualifying ordinary share	–	376

17. Loans and borrowings

	Group		Company	
	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Non-current liabilities				
Bank loans (Secured)	21,227	22,263	3,889	4,498
Lease liabilities	23,223	24,876	–	–
	44,450	47,139	3,889	4,498
Current liabilities				
Bank loans (Secured)	2,049	1,446	1,111	502
Lease liabilities	4,609	4,599	–	–
Bills payable	1,496	–	–	–
	8,154	6,045	1,111	502
Total loans and borrowings	52,604	53,184	5,000	5,000

Details of collateral:

The borrowings are secured on:

- i) Leasehold properties amounted to S\$22,494,000 as at 30 June 2021 (31 December 2020: S\$22,877,000); and
- ii) Motor vehicles amounted to S\$619,000 as at 30 June 2021 (31 December 2020: S\$719,000); and
- iii) Corporate guarantees by Natural Cool Holdings Limited and Natural Cool Airconditioning & Engineering Pte Ltd.

18. Trade and other payables

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
Trade payables	11,603	8,809	12	42
Amount due to subsidiaries:				
- Trade	–	–	175	313
- Non-trade	–	–	5,820	4,118
Deposits received	1,114	1,385	1	1
Accrued expenses	4,207	4,038	72	290
Other payables	411	786	24	87
Financial liabilities	17,335	15,018	6,104	4,851
GST payable	169	333	3	13
Deferred revenue	39	49	–	–
	17,543	15,400	6,107	4,864

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

19. Financial assets and financial liabilities

Group	Note	Carrying amount				Fair value			
		Mandatorily at fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021									
Financial assets measured at fair value									
Other investments	13	300	–	–	300	–	–	300	300
Financial assets not measured at fair value									
Trade and other receivables #	15	–	19,400	–	19,400				
Cash and cash equivalents		–	10,592	–	10,592				
		–	29,992	–	29,992				
Financial liabilities not measured at fair value									
Variable interest rate loans	17	–	–	18,276	18,276				
Fixed interest rate loans	17	–	–	5,000	5,000	–	5,154	–	5,154
Bills payable	17	–	–	1,496	1,496				
Trade and other payables*	18	–	–	17,335	17,335				
		–	–	42,107	42,107				
31 December 2020									
Financial assets measured at fair value									
Other investments	13	600	–	–	600	–	–	600	600
Financial assets not measured at fair value									
Trade and other receivables #	15	–	18,262	–	18,262				
Cash and cash equivalents		–	10,744	–	10,744				
		–	29,006	–	29,006				
Financial liabilities not measured at fair value									
Variable interest rate loans	17	–	–	18,709	18,709				
Fixed interest rate loans	17	–	–	5,000	5,000	–	5,192	–	5,192
Trade and other payables*	18	–	–	15,018	15,018				
		–	–	38,727	38,727				

Exclude prepayments

* Exclude deferred revenue and GST payable

Unaudited Condensed Interim Financial Statements for the 6 Months Financial Period Ended 30 June 2021

	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
Company									
30 June 2021									
Financial assets measured at fair value									
Other investments	13	300	–	–	300	–	–	300	300
Financial assets not measured at fair value									
Trade and other receivables #	15	–	6,515	–	6,515				
Cash and cash equivalents		–	437	–	437				
		–	6,952	–	6,952				
Financial liabilities not measured at fair value									
Fixed interest rate loans	17	–	–	5,000	5,000	–	5,154	–	5,154
Trade and other payables [^]	18	–	–	6,104	6,104				
				11,104	11,104				
31 December 2020									
30 June 2021									
Financial assets measured at fair value									
Other investments	13	600	–	–	600	–	–	600	600
Financial assets not measured at fair value									
Trade and other receivables #	15	–	3,919	–	3,919				
Cash and cash equivalents		–	2,602	–	2,602				
		–	6,521	–	6,521				
Financial liabilities not measured at fair value									
Fixed interest rate loans	17	–	–	5,000	5,000	–	5,192	–	5,192
Trade and other payables [^]	18	–	–	4,851	4,851				
		–	–	9,851	9,851				

Exclude prepayments

[^] Exclude GST payable

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 2020 to 30 June 2021.

The Company did not have any outstanding options or convertibles as at 30 June 2021 and 30 June 2020.

There were also no treasury shares or subsidiary holdings as at 30 June 2021 and 30 June 2020.

- 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 2021 and 31 December 2020.

There were no treasury shares as at 30 June 2021 and 31 December 2020.

- 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 2021 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 2020 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 2020.

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 2021. 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 2021	6 months ended 30 June 2020
Net profit attributable to shareholders (S\$'000)	267	280
Weighted average number of ordinary share in issue (No. of shares)	250,447,985	250,447,985
Earnings per share (Singapore cents) – basic and diluted	0.11	0.11

The Company does not have any potential dilutive ordinary shares in existence for HY2021 and HY2020.

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	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Net assets attributable to shareholders (S\$'000)	20,145	20,240	4,309	5,347
Net asset value per share as at the end of the financial period/year (Singapore cents)	8.04	8.08	1.72	2.13

The total numbers of issued shares (excluding treasury shares) were 250,447,985 as at 30 June 2021 and 31 December 2020.

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\$74.6 million for the half year ended 30 June 2021 (“HY2021”), an increase of S\$24.3 million, or 48.4% compared to S\$50.3 million in the half year ended 30 June 2020 (“HY2020”).

Our Aircon Division reported an increase in revenue of S\$23.5 million, or 52.1% compared to HY2020. The increases were mainly from the trading department of S\$16.1 million, servicing department of S\$3.3 million, and commercial installation department of S\$2.8 million. Our Paint Division also recorded an increase in revenue of S\$0.4 million, or 27.8% compared to HY2020. Lastly, our Food Division recorded an increase in revenue of S\$0.4 million, or 21.0% compared to HY2020. This improvement in our Group's revenue as compared to HY2020, because we did not experience the same “Circuit Breaker” type restrictions on business which impacted our Aircon Division's and Paint Division's sales in HY2020. In contrast our Food Division performance better in HY2021 because of better festive season sales.

Gross profit margins were 14.2% in HY2021, 1.0 percentage points lower than HY2020. The decrease in gross profit margins were experienced at our Investments Division, Paint Division and Aircon Division, largely because of the increase in building maintenance costs, paint material costs and department operation costs. The decrease was offset by the increase in gross profit margins of our Food Division.

Other income decreased by S\$0.7 million or 46.3% in HY2021 mainly due to lower government grants received, such as funding from the Job Support Scheme and foreign worker levy rebates.

Distribution expenses increased by S\$0.4 million or 40.4% in HY2021 mainly due to higher transportation expenses of S\$0.2 million (attributable primarily to higher delivery costs by Aircon Division's trading department due to higher sales volumes in HY2021). There is also an increase in the entertainment expenses by S\$0.1 million as a result of increased business development efforts.

Administrative expenses increased by S\$0.6 million or 7.8% in HY2021 mainly due to higher professional fees of S\$0.1 million as a result of the information technology development in Aircon Division and human resources department. Depreciation has also increased by S\$0.1 million due to additional machinery and motor vehicles bought for business purposes. Staff costs and rental expenses have increased by S\$0.4 million in total.

Finance costs increased by S\$0.2 million or 49.0% in HY2021 mainly due to higher interest imputed on right-of-use lease liabilities on the property at 29 Tai Seng Avenue amounted to S\$0.1 million. Furthermore, we have also incurred an additional S\$0.1 million of loan interest for the additional banking facilities since HY2020.

Tax expense of S\$0.3 million has been provided.

Arising from the above, the Group reported a profit after tax of S\$0.2 million in HY2021 including a losses attributable to non-controlling interests of S\$25,000.

Review of Statement of Financial Position

Property, plant and equipment decreased by S\$1.5 million in HY2021 mainly due to the S\$3.8 million depreciation charge for the period and the acquisition of a leasehold property located at Woodlands for S\$0.9 million, purchases of motor vehicles of S\$0.3 million, renovation works of S\$0.2 million and others PPE purchases of S\$0.1 million. We have also recognised the right-of-use assets of S\$0.2 million for the recently signed lease contracts by our Food Division, and another S\$0.7 million of right-of-use has been recognised due to changes in its payment terms. On the other hand, we also recorded disposal of right-of-use assets of S\$0.1 million.

Other investments decreased by S\$0.3 million due to a change in the fair value of the investment in SPHomes Pte. Ltd..

Inventories increased by S\$0.7 million due to stocking up in anticipation of better sales and in light of potential supply chain issues related to Aircon Division in the second half of 2021.

Contract assets increased by S\$2.7 million due to the higher volume of works performed on projects but not billed to customers as at the end of HY2021.

Trade and other receivables (current and non-current) increased by S\$1.1 million mainly due to services rendered to customers but not billed yet of S\$0.7 million. We have also made payments for security deposits of S\$0.5 million and banker guarantee deposits of S\$0.2 million. This is offset by the decrease in trade receivables and accrued discount receivables of S\$0.3 million in total.

Loans and borrowings (current and non-current) decreased by S\$0.6 million as a result of the net repayments of loans and lease liabilities of S\$0.4 million and S\$2.4 million, respectively. We also utilised invoice financing facilities of S\$1.5 million. This was offset by the new lease liabilities recognised relating to the newly signed lease contracts of S\$0.2 million and S\$0.6 million due to changes in lease modification and disposal of right-of-use assets.

Contract liabilities increased by S\$1.0 million in HY2021.

Trade and other payables increased by S\$2.1 million in HY2021 mainly due to higher purchases made by our Aircon Division towards the end of HY2021 but not due for payment. This has been offset by the decrease in other payables and GST payable.

Review of Statement of Cash Flows

In HY2021, we recorded a net cash inflow of S\$5.4 million before changes in working capital.

We recorded working capital outflows of S\$1.4 million mainly attributed to the increases in trade and other receivables of S\$1.1 million, inventories of S\$0.7 million, contract assets of S\$2.7 million, trade and other payables of S\$2.1 million and contract liabilities of S\$1.0 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\$1.7 million in HY2021 mainly due to the purchase of plant and equipment and intangible assets.

We recorded net cash used in financing activities of S\$2.3 million in HY2021 mainly due to the payments of lease liabilities, interest, and loan repayments amounted to S\$3.4 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\$1.5 million.

As a result, our cash and cash equivalents decreased by S\$0.2 million in HY2021.

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 global Covid-19 pandemic outbreak continues to impact our main market in Singapore, especially our Paint Division and Food Division in HY2021. Notwithstanding the various support schemes from the Singapore government and tentative signs of recovery from all the Divisions, we expect demand for all our products and services to remain uncertain for the next 12 months.

Our Malaysia's operations may also be affected by the continued imposition of various forms of Movement Control Orders in HY2021.

Despite the uncertain outlook in HY2021, the Group will continue to grow its capabilities in its human resources, increase its digitalisation efforts, focus on new product development, and look for business acquisition opportunities in the second half of 2021. The Group will also continue to incur capital expenditure to expand capacity of some of its more promising segments.

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 26 February 2021, the Directors recommended a tax exempted one-tier first and final dividend of S\$0.0015 per ordinary share in respect of FY2020, had subsequently been approved in the Annual General Meeting (“AGM”) held on 28 April 2021.

Name of Dividend	First and Final
Dividend Type	Cash
Dividend Amount	S\$0.0015 per Ordinary Share
Tax Rate	Tax Exempted (One-tier)

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 HY2021 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 HY2021.

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

We, the undersigned, hereby confirm, on behalf of the Board of Directors, 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 of the Group for the half year ended 30 June 2021 to be false or misleading in any material aspect.

15. 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.

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

During HY2021, 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

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 financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tsng Joo Peng
Executive Director

Choy Bing Choong
Executive Director

Singapore
6 August 2021

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.
