



Natural Cool Holdings Limited

Company Registration Number: 200509967G

Announcement of Unaudited Condensed Interim
Financial Statements for the Six Months and Full
Year Ended 31 December 2022

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PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL 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			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Revenue	78,392	73,324	149,450	147,953
Cost of sales	(65,433)	(63,299)	(124,184)	(127,362)
Gross profit	12,959	10,025	25,266	20,591
Other income	1,075	1,109	5,825	1,892
Distribution expenses	(1,300)	(1,576)	(2,752)	(2,890)
Administrative expenses	(12,775)	(10,220)	(23,208)	(18,384)
(Impairment loss)/Reversal on trade receivables and contract assets, including bad debts written-off	(114)	149	(111)	(133)
Other expenses	(1,430)	(5,181)	(2,060)	(5,593)
Results from operating activities	(1,585)	(5,694)	2,960	(4,517)
Finance costs	(483)	(571)	(1,023)	(1,179)
(Loss)/Profit before tax	(2,068)	(6,265)	1,937	(5,696)
Tax credit/(expense)	28	113	(280)	(214)
(Loss)/Profit for the period/year	(2,040)	(6,152)	1,657	(5,910)
(Loss)/Profit attributable to:				
Owners of the Company	(1,537)	(5,930)	2,010	(5,663)
Non-controlling interests	(503)	(222)	(353)	(247)
(Loss)/Profit for the period/year	(2,040)	(6,152)	1,657	(5,910)
Other comprehensive (loss)/income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences from translation of foreign operations	(14)	(2)	12	18
Other comprehensive (loss)/income for the period/year	(14)	(2)	12	18
Total comprehensive (loss)/income for the period/year	(2,054)	(6,154)	1,669	(5,892)
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(1,543)	(5,932)	2,024	(5,651)
Non-controlling interests	(511)	(222)	(355)	(241)
Total comprehensive (loss)/income for the period/year	(2,054)	(6,154)	1,669	(5,892)

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	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		Unaudited \$'000	Audited \$'000	Unaudited \$'000	Audited \$'000
Assets					
Property, plant and equipment	12	39,452	54,449	6	11
Intangible assets and goodwill	13	5,597	2,429	288	251
Investment property	14	922	950	–	–
Subsidiaries		–	–	8,025	8,025
Other investments	15	74	–	74	–
Other receivables	17	762	2,333	7,676	5,894
Non-current assets		46,807	60,161	16,069	14,181
Asset held for sale	12	644	–	–	–
Inventories	16	10,140	8,575	–	–
Contract assets		6,202	4,397	–	–
Trade and other receivables	17	21,800	19,701	1,277	1,387
Other investments	15	1,013	1,000	1,013	1,000
Cash and cash equivalents		8,169	11,625	113	703
Current assets		47,968	45,298	2,403	3,090
Total assets		94,775	105,459	18,472	17,271
Equity					
Share capital	18	36,412	36,412	36,412	36,412
Reserves		(3,015)	(3,029)	300	300
Accumulated losses		(17,511)	(19,170)	(33,736)	(31,372)
Equity attributable to owners of the Company		15,886	14,213	2,976	5,340
Non-controlling interests		358	(349)	–	–
Total equity		16,244	13,864	2,976	5,340
Liabilities					
Loans and borrowings	19	32,036	48,394	2,129	3,375
Deferred tax liabilities		420	324	–	–
Provision		140	580	–	–
Non-current liabilities		32,596	49,298	2,129	3,375
Loans and borrowings	19	10,019	11,006	1,248	1,223
Contract liabilities		9,312	11,766	–	–
Trade and other payables	20	26,096	19,327	12,119	7,333
Current tax liabilities		508	198	–	–
Current liabilities		45,935	42,297	13,367	8,556
Total liabilities		78,531	91,595	15,496	11,931
Total equity and liabilities		94,775	105,459	18,472	17,271

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	
	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000
Cash flows from operating activities		
	1,657	(5,910)
Profit/(Loss) for the year		
Adjustments for:		
Amortisation of intangible assets	570	107
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")	–	600
Depreciation of property, plant and equipment	5,672	7,726
Depreciation of investment property	28	–
Gain on disposal of property, plant and equipment	(275)	(162)
Gain on termination of lease	(3,974)	–
Impairment loss on goodwill	–	103
Impairment loss on property, plant and equipment	–	4,565
Interest expenses	1,023	1,179
Interest income	(1)	(3)
Loss on deconsolidation	1,171	–
Property, plant and equipment written-off	593	34
Tax expense	280	214
	6,744	8,453
Changes in:		
Inventories	(1,836)	(539)
Trade and other receivables	(4,271)	(1,916)
Contract assets	(1,805)	(247)
Trade and other payables	9,652	744
Contract liabilities	(2,481)	(912)
Cash generated from operations	6,003	5,583
Tax paid	(155)	(155)
Net cash from operating activities	5,848	5,428
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	22	(2,813)
Interest received	1	3
Investment in other investment	(87)	(1,000)
Proceeds from disposal of property, plant and equipment	1,276	297
Purchase of intangible assets	(232)	(336)
Purchase of property, plant and equipment	(2,637)	(3,308)
Net cash used in investing activities	(4,492)	(4,660)

	Group	
	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000
Cash flows from financing activities		
Dividend paid	(351)	(376)
Interest paid	(1,001)	(1,139)
Changes in bills payable	1,623	2,669
Payment of lease liabilities	(3,340)	(4,704)
Proceeds from borrowings	1,796	5,000
Repayment of borrowings	(3,618)	(1,362)
Net cash (used in)/from financing activities	<u>(4,891)</u>	<u>88</u>
Net (decrease)/increase in cash and cash equivalents	(3,535)	856
Cash and cash equivalents at beginning of year	11,625	10,744
Effect of foreign exchange fluctuations on cash held	79	25
Cash and cash equivalents at end of year	<u>8,169</u>	<u>11,625</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 \$'000	Capital reserve \$'000	Translation reserve \$'000	Accumulated losses \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group								
At 1 January 2022		36,412	(3,078)	49	(19,170)	14,213	(349)	13,864
Total comprehensive income/(loss) for the year								
Profit/(Loss) for the year		–	–	–	2,010	2,010	(353)	1,657
Other comprehensive income								
Foreign currency translation differences from translation of foreign operations		–	–	14	–	14	(2)	12
Total comprehensive income/(loss) for the year		–	–	14	2,010	2,024	(355)	1,669
Transaction with owners, recognised directly in equity								
Dividends paid	18	–	–	–	(351)	(351)	–	(351)
Total contribution by and distributions to owners		–	–	–	(351)	(351)	–	(351)
Changes in ownership interests in subsidiary								
Acquisition of subsidiary with non-controlling interests	22	–	–	–	–	–	1,062	1,062
Total changes in ownership interests in subsidiary		–	–	–	–	–	1,062	1,062
At 31 December 2022		36,412	(3,078)	63	(17,511)	15,886	358	16,244

	Note	Share capital \$'000	Capital reserve \$'000	Translation reserve \$'000	Accumulated losses \$'000	Total attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
Group								
At 1 January 2021		36,412	(3,078)	37	(13,131)	20,240	(288)	19,952
Total comprehensive loss for the year								
Loss for the year		–	–	–	(5,663)	(5,663)	(247)	(5,910)
Other comprehensive income								
Foreign currency translation differences from translation of foreign operations		–	–	12	–	12	6	18
Total comprehensive income/(loss) for the year		–	–	12	(5,663)	(5,651)	(241)	(5,892)
Transaction with owners, recognised directly in equity								
Dividends paid	18	–	–	–	(376)	(376)	–	(376)
Total contribution by and distributions to owners		–	–	–	(376)	(376)	–	(376)
Changes in ownership interests in subsidiary								
Acquisition of subsidiary with non-controlling interests	22	–	–	–	–	–	180	180
Total changes in ownership interests in subsidiary		–	–	–	–	–	180	180
At 31 December 2021		36,412	(3,078)	49	(19,170)	14,213	(349)	13,864

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 2022		36,412	300	(31,372)	5,340
Total comprehensive income for the year					
Loss for the year		–	–	(2,013)	(2,013)
Transaction with owners, recognised directly in equity					
Dividends paid	18	–	–	(351)	(351)
At 31 December 2022		36,412	300	(33,736)	2,976
At 1 January 2021		36,412	300	(31,365)	5,347
Total comprehensive income for the year					
Profit for the year		–	–	369	369
Transaction with owners, recognised directly in equity					
Dividends paid	18	–	–	(376)	(376)
At 31 December 2021		36,412	300	(31,372)	5,340

Notes to 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 and full year ended 31 December 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. Aircon and engineering: trading of air-conditioning units and spare parts, installation services for commercial air-conditioning systems and mechanical ventilation, plumbing and sanitary works and maintenance services;
- b. Investment: leasing of properties;
- 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 and full year ended 31 December 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 interim financial statements for the period ended 30 June 2022.

On 1 January 2022, the Group changed its accounting policy with respect to the subsequent measurement of inventories from first-in-first-out to the weighted average principle. The Group believes that subsequent measurement using the weighted average principle provides more relevant information about the financial performance of the inventories and assists users to better understand the risks. This financial impact for the change in accounting policy is not material.

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

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 12, 13 and 14 – impairment assessment of property, plant and equipment, intangible assets and goodwill, and investment property: key assumptions underlying the recoverable amounts;
- Note 17 – measurement of expected credit losses (“ECL”) allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and
- Note 22 – 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/year.

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:

Aircon and engineering	:	trading of air-conditioning units and spare parts, installation services for commercial air-conditioning systems and mechanical ventilation, plumbing and sanitary works and maintenance services.
Investment	:	leasing of properties.
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

	Aircon and Engineering	Investment	Paint and Coatings	F&B	Technology	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2022 to 31 December 2022						
External revenue	72,418	–	2,200	1,899	1,875	78,392
Inter-segment revenue	2,554	–	388	140	–	3,082
Total revenue of reportable segments	74,972	–	2,588	2,039	1,875	81,474
Interest income	(12)	(1)	–	–	–	(13)
Finance costs	438	–	8	26	1	473
Depreciation and amortisation	1,465	(5)	113	654	445	2,672
Reportable segment profit/(loss) before tax	509	37	14	(1,088)	53	(475)
Other material non-cash items:						
Impairment loss on trade receivables and contract assets, including bad debts written-off	193	–	–	–	–	193
Reportable segment assets	91,542	–	2,334	5,237	5,798	104,911
Capital expenditure	2,556	–	2	225	6	2,789
Reportable segment liabilities	68,310	–	7,496	8,361	4,769	88,936
1 July 2021 to 31 December 2021						
External revenue	68,162	1,892	1,842	1,428	–	73,324
Inter-segment revenue	2,267	233	1,298	317	–	4,115
Total revenue of reportable segments	70,429	2,125	3,140	1,745	–	77,439
Interest income	(14)	(6)	–	–	–	(20)
Finance costs	335	182	13	18	–	548
Depreciation and amortisation	1,266	2,192	109	382	–	3,949
Reportable segment profit/(loss) before tax	277	(4,757)	66	(1,202)	–	(5,616)
Other material non-cash items:						
(Reversal)/Impairment loss on trade receivables and contract assets, including bad debts written-off	(151)	–	2	–	–	(149)
Impairment loss on property, plant and equipment	–	4,293	–	272	–	4,565
Reportable segment assets	91,669	13,901	3,014	5,663	–	114,247
Capital expenditure	147	58	8	1,742	–	1,955
Reportable segment liabilities	67,752	17,700	8,118	7,915	–	101,485

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

	Group	
	6 months ended 31 December 2022	6 months ended 31 December 2021
	\$'000	\$'000
Revenue		
Total revenue for reportable segments	81,474	77,439
Elimination of inter-segment revenue	(3,082)	(4,115)
Consolidated revenue	78,392	73,324
Loss before tax		
Total loss before tax for reportable segments	(475)	(5,616)
Unallocated amounts	1,442	(710)
Elimination of inter-segment profit or loss	(3,035)	61
Consolidated loss before tax	(2,068)	(6,265)
Assets		
Total assets for reportable segments	104,911	114,247
Unallocated amounts	1,746	1,996
Elimination of inter-segment assets	(11,882)	(10,784)
Consolidated total assets	94,775	105,459
Liabilities		
Total liabilities for reportable segments	88,936	101,485
Unallocated amounts	3,801	4,877
Elimination of inter-segment liabilities	(14,206)	(14,767)
Consolidated total liabilities	78,531	91,595

Reconciliations of reportable segment other material items

	Reportable segment totals	Unallocated amounts	Consolidated totals
	\$'000	\$'000	\$'000
1 July 2022 to 31 December 2022			
Interest income	(13)	13	–
Finance costs	473	10	483
Depreciation and amortisation	2,672	67	2,739
Impairment loss on trade receivables and contract assets, including bad debts written-off	193	(79)	114
Capital expenditure	2,789	89	2,878
1 July 2021 to 31 December 2021			
Interest income	(20)	17	(3)
Finance costs	548	23	571
Depreciation and amortisation	3,949	29	3,978
Impairment loss on property, plant and equipment	4,565	–	4,565
Reversal on trade receivables and contract assets, including bad debts written-off	(149)	–	(149)
Capital expenditure	1,955	103	2,058 [#]

Exclude right-of-use properties

	Aircon and Engineering	Investment	Paint and Coatings	F&B	Technology	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 January 2022 to 31 December 2022						
External revenue	136,135	1,045	4,180	5,070	3,020	149,450
Inter-segment revenue	4,560	201	1,377	472	–	6,610
Total revenue of reportable segments	<u>140,695</u>	<u>1,246</u>	<u>5,557</u>	<u>5,542</u>	<u>3,020</u>	<u>156,060</u>
Interest income	(21)	(7)	–	–	–	(28)
Finance costs	795	125	24	48	2	994
Depreciation and amortisation	2,794	1,323	250	1,302	482	6,151
Reportable segment profit/(loss) before tax	<u>1,804</u>	<u>2,944</u>	<u>36</u>	<u>(1,053)</u>	<u>357</u>	<u>4,088</u>
Other material non-cash items:						
Impairment loss on trade receivables and contract assets, including bad debts written-off	190	–	–	–	–	190
Reportable segment assets	91,542	–	2,334	5,237	5,798	104,911
Capital expenditure	3,292	–	7	1,282	6	4,587
Reportable segment liabilities	<u>68,310</u>	<u>–</u>	<u>7,496</u>	<u>8,361</u>	<u>4,769</u>	<u>88,936</u>
1 January 2021 to 31 December 2021						
External revenue	136,713	3,842	3,665	3,733	–	147,953
Inter-segment revenue	5,712	526	2,484	406	–	9,128
Total revenue of reportable segments	<u>142,425</u>	<u>4,368</u>	<u>6,149</u>	<u>4,139</u>	<u>–</u>	<u>157,081</u>
Interest income	(23)	(13)	–	–	–	(36)
Finance costs	689	384	27	28	–	1,128
Depreciation and amortisation	2,521	4,373	241	641	–	7,776
Reportable segment profit/(loss) before tax	<u>2,068</u>	<u>(5,344)</u>	<u>134</u>	<u>(1,288)</u>	<u>–</u>	<u>(4,430)</u>
Other material non-cash items:						
Impairment loss on trade receivables and contract assets, including bad debts written-off	131	–	2	–	–	133
Impairment loss on goodwill	–	–	–	103	–	103
Impairment loss on property, plant and equipment	–	4,293	–	272	–	4,565
Reportable segment assets	91,669	13,901	3,014	5,663	–	114,247
Capital expenditure	660	192	10	2,747	–	3,609
Reportable segment liabilities	<u>67,752</u>	<u>17,700</u>	<u>8,118</u>	<u>7,915</u>	<u>–</u>	<u>101,485</u>

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

	Group	
	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000
Revenue		
Total revenue for reportable segments	156,060	157,081
Elimination of inter-segment revenue	(6,610)	(9,128)
Consolidated revenue	149,450	147,953
Profit before tax		
Total profit/(loss) before tax for reportable segments	4,088	(4,430)
Unallocated amounts	(596)	(1,310)
Elimination of inter-segment profit or loss	(1,555)	44
Consolidated profit/(loss) before tax	1,937	(5,696)
Assets		
Total assets for reportable segments	104,911	114,247
Unallocated amounts	1,746	1,996
Elimination of inter-segment assets	(11,882)	(10,784)
Consolidated total assets	94,775	105,459
Liabilities		
Total liabilities for reportable segments	88,936	101,485
Unallocated amounts	3,801	4,877
Elimination of inter-segment liabilities	(14,206)	(14,767)
Consolidated total liabilities	78,531	91,595

Reconciliations of reportable segment other material items

	Reportable segment totals	Unallocated amounts	Consolidated totals
	\$'000	\$'000	\$'000
1 January 2022 to 31 December 2022			
Interest income	(28)	27	(1)
Finance costs	994	29	1,023
Depreciation and amortisation	6,151	119	6,270
Impairment loss on trade receivables and contract assets, including bad debts written-off	190	(79)	111
Capital expenditure	4,587	151	4,738
1 January 2021 to 31 December 2021			
Interest income	(36)	33	(3)
Finance costs	1,128	51	1,179
Depreciation and amortisation	7,776	57	7,833
Impairment loss on trade receivables and contract assets, including bad debts written-off	133	–	133
Impairment loss on goodwill	103	–	103
Impairment loss on property, plant and equipment	4,565	–	4,565
Capital expenditure	3,609	195	3,804 [#]

[#] 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 and Engineering segment represents approximately \$5,374,000 (30 June 2022: \$2,674,000, 31 December 2021: \$8,399,000 and 30 June 2021: \$4,906,000) of the Group's total revenue.

5. Revenue

	Group			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	78,031	70,871	147,595	142,971
Rental income	361	2,453	1,855	4,982
	<u>78,392</u>	<u>73,324</u>	<u>149,450</u>	<u>147,953</u>

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 and Engineering		F&B		Technology		Total	
	6 months ended 31 December									
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue streams										
Trading	2,200	1,842	44,145	43,607	1,926	1,342	128	–	48,399	46,791
Installation	–	–	21,651	19,104	–	–	628	–	22,279	19,104
Servicing	–	–	6,234	4,976	–	–	1,119	–	7,353	4,976
	<u>2,200</u>	<u>1,842</u>	<u>72,030</u>	<u>67,687</u>	<u>1,926</u>	<u>1,342</u>	<u>1,875</u>	<u>–</u>	<u>78,031</u>	<u>70,871</u>
Timing of revenue recognition										
Products and services transferred over time	–	–	21,651	19,104	–	–	–	–	21,651	19,104
Products transferred at a point in time	2,200	1,842	50,379	48,583	1,926	1,342	1,875	–	56,380	51,767
	<u>2,200</u>	<u>1,842</u>	<u>72,030</u>	<u>67,687</u>	<u>1,926</u>	<u>1,342</u>	<u>1,875</u>	<u>–</u>	<u>78,031</u>	<u>70,871</u>

	Paint and Coatings		Aircon and Engineering		F&B		Technology		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue streams										
Trading	4,180	3,665	86,199	88,428	5,055	3,562	207	–	95,641	95,655
Installation	–	–	38,717	37,184	–	–	628	–	39,345	37,184
Servicing	–	–	10,424	10,132	–	–	2,185	–	12,609	10,132
	<u>4,180</u>	<u>3,665</u>	<u>135,340</u>	<u>135,744</u>	<u>5,055</u>	<u>3,562</u>	<u>3,020</u>	<u>–</u>	<u>147,595</u>	<u>142,971</u>
Timing of revenue recognition										
Products and services transferred over time	–	–	38,717	37,184	–	–	–	–	38,717	37,184
Products transferred at a point in time	4,180	3,665	96,623	98,560	5,055	3,562	3,020	–	108,878	105,787
	<u>4,180</u>	<u>3,665</u>	<u>135,340</u>	<u>135,744</u>	<u>5,055</u>	<u>3,562</u>	<u>3,020</u>	<u>–</u>	<u>147,595</u>	<u>142,971</u>

	Group		
	Financial year ended 31 December 2022	Financial year ended 31 December 2021	Increase / (Decrease)
	\$'000	\$'000	%
Sales reported for the first half year	71,058	74,629	(4.8)
Operating profit after tax before deducting non-controlling interests reported for first half year	3,697	242	NM
Sales reported for second half year	78,392	73,324	6.9
Operating loss after tax before deducting non-controlling interests reported for second half year	(2,040)	(6,152)	60.7

NM denotes not meaningful

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

	Group			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Interest income	–	3	1	3
Dividend income	–	–	21	–
Gain on disposal of property, plant and equipment	304	128	275	162
Gain on termination of lease	–	–	3,974	–
Government grants:				
- Job support scheme	–	147	123	495
- Other government grants	587	425	1,001	637
Rental deposit forfeited	–	94	–	129
Others	184	312	430	466
	<u>1,075</u>	<u>1,109</u>	<u>5,825</u>	<u>1,892</u>

7. Other expenses

	Group			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Change in fair value of investment in FVTPL	–	300	–	600
Impairment on goodwill	–	–	–	103
Impairment on property, plant and equipment	–	4,565	–	4,565
Impairment of stock	70	–	70	–
Loss on deconsolidation	1,171	–	1,171	–
Loss on foreign exchange adjustment	32	45	187	45
Property, plant and equipment written off	142	34	593	34
Others	15	237	39	246
	<u>1,430</u>	<u>5,181</u>	<u>2,060</u>	<u>5,593</u>

8. Finance costs

	Group			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Interest expenses:				
- Bank loans	312	268	588	549
- Lease liability interest	171	283	413	590
Unwind of discount on provision for restoration	–	20	22	40
	<u>483</u>	<u>571</u>	<u>1,023</u>	<u>1,179</u>

9. Tax (credit)/expense

The Group calculates the period/year 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 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Current tax expense/(credit)				
Current year	181	(125)	491	204
Over provided in prior year	(44)	(48)	(44)	(48)
	<u>137</u>	<u>(173)</u>	<u>447</u>	<u>156</u>
Deferred tax (credit)/expense				
Origination and reversal of temporary differences	(166)	10	(168)	8
Under provided in prior year	1	50	1	50
	<u>(165)</u>	<u>60</u>	<u>(167)</u>	<u>58</u>
Tax (credit)/expense	<u>(28)</u>	<u>(113)</u>	<u>280</u>	<u>214</u>

10. (Loss)/Profit for the period/year

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

	Group			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Amortisation of intangible assets	496	53	570	107
Audit fees paid/payable to:				
- Auditors of the Company	148	114	268	217
- Other auditors	33	19	58	48
Non-audit fees paid/payable to auditors of the Company	7	12	18	23
Depreciation of property, plant and equipment	2,229	3,925	5,672	7,726
Depreciation of investment property	14	-	28	-
Operating lease expense	446	341	871	871
Bad debts written off	(71)	61	(71)	61
Staff costs	14,429	10,641	25,282	18,607
Contributions to defined contribution plans, included in staff costs	573	765	1,175	1,155

11. Related party
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:

	Group			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	1,142	1,200	2,154	2,230
Post-employment benefits (including CPF)	52	62	89	102
	1,194	1,262	2,243	2,332

Illustrated in the above is the total compensation to Directors of the Company which amount to \$1,170,000 as at 31 December 2022 (30 June 2022: \$570,000, 31 December 2021: \$1,160,000 and 30 June 2021: \$568,000).

12. Property, plant and equipment

Note	Leasehold	Computers	Furniture,	Motor	Tools and	Renovation	Right-of-use –	Right-of-use –	Total
	properties		equipment				motor	properties	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
Cost									
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	22	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	–	83	351	84	1,065	917	2,006	787	5,293
Acquisition through business combination	22	–	1	2	–	–	–	33	36
Disposals/write-offs	–	(15)	(797)	(1,111)	(1,365)	(3,646)	–	(26,019)	(32,953)
Changes in lease modification	–	–	–	–	–	–	–	(2,422)	(2,422)
Deconsolidation	24	–	(2)	(98)	(40)	(105)	–	(277)	(647)
Transferred to asset held for sale	–	(870)	–	(79)	–	–	79	–	(870)
Effect of movements in exchange rates	–	–	(5)	(2)	(5)	(6)	(1)	(20)	(39)
At 31 December 2022	26,210	953	1,033	2,923	3,477	6,613	3,519	10,567	55,295
Accumulated depreciation and impairment losses									
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	913	81	154	665	373	519	442	2,525	5,672
Disposals/write-offs	–	(13)	(775)	(553)	(782)	(3,217)	–	(16,244)	(21,584)
Deconsolidation	24	–	(1)	(98)	(32)	(120)	(84)	(125)	(460)
Transferred to asset held for sale	–	(226)	–	(8)	–	–	8	–	(226)
Effect of movements in exchange rates	–	–	(5)	(2)	(5)	(4)	–	9	(7)
At 31 December 2022	4,785	826	379	1,700	2,096	2,317	1,108	2,632	15,843
Carrying amounts									
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 31 December 2022	21,425	127	654	1,223	1,381	4,296	2,411	7,935	39,452

	Computers	Office equipment	Furniture and fittings	Total
	\$'000	\$'000	\$'000	\$'000
Company				
Cost				
At 1 January 2021	63	8	4	75
Write-offs	(23)	–	–	(23)
At 31 December 2021 and 31 December 2022	40	8	4	52
Accumulated depreciation				
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	3	2	–	5
At 31 December 2022	37	5	4	46
Carrying amounts				
At 1 January 2021	12	7	–	19
At 31 December 2021	6	5	–	11
At 31 December 2022	3	3	–	6

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 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Cost of sales	475	2,611	2,245	5,205
Administrative expenses	1,754	1,314	3,427	2,521
	2,229	3,925	5,672	7,726

Securities

At 31 December 2022, several leasehold properties are pledged as security to secure bank loans (see Note 19).

Asset held for sale

A leasehold property located at 15 Woodlands Loop is held for sale following the decision of the management in September 2022. The property is expected to be sold in 2023.

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.

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.

13. Intangible assets and goodwill

	Note	Goodwill \$'000	Order backlogs \$'000	Customer relationships \$'000	Trademark \$'000	Computer software \$'000	Others \$'000	Total \$'000
Group								
Cost								
At 1 January 2021		3,212	188	118	383	727	–	4,628
Additions		–	–	–	–	236	100	336
Acquisition through business combination	22	285	–	–	–	–	–	285
Write-offs		–	–	–	–	(56)	–	(56)
At 31 December 2021		3,497	188	118	383	907	100	5,193
Additions		–	–	–	–	232	–	232
Acquisition through business combination	22	1,955	1,001	550	–	–	–	3,506
Write-offs		–	–	–	–	(124)	–	(124)
At 31 December 2022		5,452	1,189	668	383	1,015	100	8,807
Accumulated amortisation and impairment losses								
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		–	334	61	19	136	20	570
Write-offs		–	–	–	–	(124)	–	(124)
At 31 December 2022		1,683	522	124	222	623	36	3,210
Carrying amounts								
At 1 January 2021		1,632	–	61	199	126	–	2,018
At 31 December 2021		1,814	–	55	180	296	84	2,429
At 31 December 2022		3,769	667	544	161	392	64	5,597

<u>Company</u>	Computer software \$'000
Cost	
At 1 January 2021	197
Additions	194
Write-offs	(53)
At 31 December 2021	<u>338</u>
Additions	151
At 31 December 2022	<u><u>489</u></u>
Accumulated amortisation	
At 1 January 2021	93
Amortisation	47
Write-offs	(53)
At 31 December 2021	<u>87</u>
Amortisation	114
At 31 December 2022	<u><u>201</u></u>
Carrying amounts	
At 1 January 2021	<u>104</u>
At 31 December 2021	<u>251</u>
At 31 December 2022	<u><u>288</u></u>

Amortisation

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

Impairment assessment

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.

14. Investment property

<u>Group</u>	Leasehold property \$'000
Cost	
At 1 January 2021	–
Acquisition through business combination	950
At 31 December 2021 and 31 December 2022	<u>950</u>
Accumulated depreciation	
At 1 January 2021 and 31 December 2021	–
Depreciation	28
At 31 December 2022	<u>28</u>
Carrying amounts	
At 1 January 2021	–
At 31 December 2021	950
At 31 December 2022	<u>922</u>

Depreciation

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

Securities

At 31 December 2022, the investment property is pledged as security to secure bank loans (see Note 19).

Measurement of fair value

At 31 December 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 \$1,000,000 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.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Comparable sales (market comparison approach):</i> 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: - \$3,792 - \$4,264 psm	The estimated fair value would increase/(decrease) if: - The transacted price of comparable properties was higher/(lower)

15. Other investments

	Group and Company	
	31 December 2022	31 December 2021
	\$'000	\$'000
Unquoted equity investments – at FVTPL	74	–
Money market funds – at FVTPL	1,013	1,000
	<u>1,087</u>	<u>1,000</u>
Non-current	74	–
Current	1,013	1,000
	<u>1,087</u>	<u>1,000</u>

16. Inventories

	Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Raw materials	330	352
Finished goods	9,810	8,223
	<u>10,140</u>	<u>8,575</u>

As at 31 December 2022, inventories of \$95,508,000 (30 June 2022: \$46,152,000, 31 December 2021: \$93,122,000 and 30 June 2021: \$47,637,000) were recognised as an expense during the financial period/year and included in 'cost of sales'.

The inventories are stated after allowance for inventory obsolescence of \$70,000 (30 June 2022: \$Nil, 31 December 2021: \$Nil and 30 June 2021: \$Nil).

17. Trade and other receivables

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
- Third parties	15,408	15,198	7	–
- Subsidiaries	–	–	1,651	2,792
Impairment losses	(684)	(760)	(532)	(2,416)
Net trade receivables	<u>14,724</u>	<u>14,438</u>	<u>1,126</u>	<u>376</u>
Unbilled trade receivables	2,481	2,022	–	–
Non-trade amounts due from subsidiaries, net	–	–	7,599	6,873
Accrued discount receivables	1,093	918	–	–
Deposits	2,073	3,188	106	6
Other receivables	994	479	4	4
Financial assets	<u>21,365</u>	<u>21,045</u>	<u>8,835</u>	<u>7,259</u>
Prepayments	1,197	989	118	22
	<u>22,562</u>	<u>22,034</u>	<u>8,953</u>	<u>7,281</u>
Non-current	762	2,333	7,676	5,894
Current	21,800	19,701	1,277	1,387
	<u>22,562</u>	<u>22,034</u>	<u>8,953</u>	<u>7,281</u>

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 \$7,676,000 (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 31 December 2022, the impairment losses on non-trade amounts due from subsidiaries amounting to \$3,780,000 (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.

18. Share capital

	Group and Company			
	31 December 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	
	31 December 2022	31 December 2021
	\$'000	\$'000
Paid by the Company to owners of the Company		
0.14 Singapore cents per qualifying ordinary share (31 December 2021: 0.15 Singapore cents)	351	376

After the respective reporting dates, the following first and final exempt (one-tier) dividends were proposed by the Directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	31 December 2022	31 December 2021
	\$'000	\$'000
0.14 Singapore cents per qualifying ordinary share	–	351

19. Loans and borrowings

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Bank loans (Secured)	23,067	26,029	2,129	3,375
Lease liabilities (Secured)	8,969	22,365	–	–
	<u>32,036</u>	<u>48,394</u>	<u>2,129</u>	<u>3,375</u>
Current liabilities				
Bank loans (Secured)	4,069	2,929	1,248	1,223
Lease liabilities (Secured)	1,658	5,408	–	–
Bills payable (Secured)	4,292	2,669	–	–
	<u>10,019</u>	<u>11,006</u>	<u>1,248</u>	<u>1,223</u>
Total loans and borrowings	<u>42,055</u>	<u>59,400</u>	<u>3,377</u>	<u>4,598</u>

Details of collateral:

The borrowings are secured on:

- i) Leasehold properties amounted to S\$21,344,000 as at 31 December 2022 (31 December 2021: S\$22,111,000);
- ii) Motor vehicles amounted to S\$2,411,000 as at 31 December 2022 (31 December 2021: S\$777,000);
- iii) Corporate guarantees by Natural Cool Holdings Limited and Natural Cool Airconditioning & Engineering Pte Ltd; and
- iv) Personal guarantee by non-controlling interest.

20. Trade and other payables

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
Trade payables	13,549	12,250	135	33
Amount due to subsidiaries:				
- Trade	–	–	864	298
- Non-trade	–	–	10,830	6,757
Deposits received	510	1,052	1	1
Accrued expenses	9,221	4,742	268	175
Other payables	2,293	923	12	62
Financial liabilities	<u>25,573</u>	<u>18,967</u>	<u>12,110</u>	<u>7,326</u>
GST payable	399	277	9	7
Deferred revenue	124	83	–	–
	<u>26,096</u>	<u>19,327</u>	<u>12,119</u>	<u>7,333</u>

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

21. Financial assets and financial liabilities

Group	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
31 December 2022									
Financial assets measured at fair value									
Other investments	15	1,087	–	–	1,087	–	1,013	74	1,087
Financial assets not measured at fair value									
Trade and other receivables#	17	–	21,365	–	21,365				
Cash and cash equivalents		–	8,169	–	8,169				
		–	29,534	–	29,534				
Financial liabilities not measured at fair value									
Variable interest rate loans	19	–	–	1,252	1,252				
Fixed interest rate loans	19	–	–	25,884	25,884	–	23,965	–	23,965
Bills payable	19	–	–	4,292	4,292				
Trade and other payables*	20	–	–	25,573	25,573				
		–	–	57,001	57,001				
31 December 2021									
Financial assets measured at fair value									
Other investments	15	1,000	–	–	1,000	–	1,000	–	1,000
Financial assets not measured at fair value									
Trade and other receivables#	17	–	21,045	–	21,045				
Cash and cash equivalents		–	11,625	–	11,625				
		–	32,670	–	32,670				
Financial liabilities not measured at fair value									
Variable interest rate loans	19	–	–	1,346	1,346				
Fixed interest rate loans	19	–	–	27,612	27,612	–	26,274	–	26,274
Bills payable	19	–	–	2,669	2,669				
Trade and other payables*	20	–	–	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 and Full Year Ended 31 December 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
Company									
31 December 2022									
Financial assets measured at fair value									
Other investments	15	1,087	–	–	1,087	–	1,013	74	1,087
Financial assets not measured at fair value									
Trade and other receivables#	17	–	8,835	–	8,835				
Cash and cash equivalents		–	113	–	113				
		–	8,948	–	8,948				
Financial liabilities not measured at fair value									
Fixed interest rate loans	19	–	–	3,377	3,377	–	3,193	–	3,193
Trade and other payables^	20	–	–	12,110	12,110				
		–	–	15,487	15,487				
31 December 2021									
Financial assets measured at fair value									
Other investments	15	1,000	–	–	1,000	–	1,000	–	1,000
Financial assets not measured at fair value									
Trade and other receivables#	17	–	7,259	–	7,259				
Cash and cash equivalents		–	703	–	703				
		–	7,962	–	7,962				
Financial liabilities not measured at fair value									
Fixed interest rate loans	19	–	–	4,598	4,598	–	4,536	–	4,536
Trade and other payables^	20	–	–	7,326	7,326				
		–	–	11,924	11,924				

Exclude prepayments

^ Exclude GST payable

22. Acquisitions of subsidiaries
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 \$104,000 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	12	36
Intangible assets	13	1,551
Cash and cash equivalents		247
Inventories		172
Trade and other receivables		1,133
Trade and other payables		(628)
Contract liabilities		(27)
Loans and borrowings		(36)
Deferred tax liabilities		(264)
Current tax liabilities		(18)
Total identifiable net assets		<u>2,166</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	247
	<u>(2,813)</u>

Measurement of fair values

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

Assets acquired	Valuation technique
Intangible assets - Order backlog - Customer relationships	Multi-period excess earnings methods

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Note	\$’000
Total consideration transferred in cash		3,060
51% share of fair value of identifiable net assets		(1,105)
Goodwill	13	<u>1,955</u>

Nam Fang Co Pte Ltd.

On 28 December 2021, the Group acquired 51% of the issued share capital in Nam Fang Co Pte Ltd. (“Nam Fang”) 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	12	315
Investment property	14	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:

Asset required	Valuation technique
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)
Goodwill	13	<u>285</u>

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Nam Fang into the Group's existing air-conditioning installation business. None of the goodwill recognised is expected to be deductible for tax purposes.

23. Deconsolidation of subsidiaries

On 2 September 2022, liquidators were appointed for the purpose of winding up the affairs of Natural Cool Investments Pte. Ltd. ("NCI"), a subsidiary in our investment segment. Consequently, control over NCI has been transferred to the liquidators and consolidation of NCI ceased with effect from that day. The assets and liabilities of NCI being deconsolidated comprised the following:

	Note	Group 31 December 2022 \$'000
Property, plant and equipment	12	187
Inventories		443
Trade and other receivables		3,861
Cash and cash equivalents		371
		<u>4,862</u>
Provision		602
Trade and other payables		18,681
Lease liabilities		177
		<u>19,460</u>

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 30 June 2022 to 31 December 2022.

The Company did not have any outstanding options or convertibles as at 31 December 2022 and 31 December 2021.

There were also no treasury shares or subsidiary holdings as at 31 December 2022 and 31 December 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 31 December 2022 and 31 December 2021.

There were no treasury shares as at 31 December 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 31 December 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.

On 1 January 2022, the Group changed its accounting policy with respect to the subsequent measurement of inventories from first-in-first-out to the weighted average principle. The Group believes that subsequent measurement using the weighted average principle provides more relevant information about the financial performance of the inventories and assists users to better understand the risks. This financial impact for the change in accounting policy is not material.

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 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Net (loss)/profit attributable to shareholders (S\$'000)	(1,537)	(5,930)	2,010	(5,663)
Weighted average number of ordinary share in issue (No. of shares)	250,447,985	250,447,985	250,447,985	250,447,985
(Loss)/Earnings per share (Singapore cents) – basic and diluted	(0.61)	(2.37)	0.80	(2.26)

The Company does not have any potential dilutive ordinary shares in existence for the current financial year and previous financial year.

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	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net assets attributable to shareholders (S\$'000)	15,886	14,213	2,976	5,340
Net asset value per share as at the end of the financial period/year (Singapore cents)	6.34	5.68	1.19	2.13

The total numbers of issued shares (excluding treasury shares) were 250,447,985 as at 31 December 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\$149.5 million for the financial year ended 31 December 2022 ("FY2022"), an increase of S\$1.5 million, or 1.0% compared to S\$148.0 million in the last financial year ended 31 December 2021 ("FY2021").

Our Paint and Coatings Division recorded an increase in revenue of S\$0.5 million, or 14.1% compared to FY2021. Our F&B Division recorded an increase in revenue of S\$1.4 million, or 35.8% compared to FY2021, mainly due to better festive season sales and new range of products. Our recent acquisition of iFocus Pte Ltd ("iFocus") also contributed S\$3.0 million in the Group's revenue for FY2022.

Lower revenues were recorded for our Investment Division and Aircon and Engineering Division by S\$2.8 million and S\$0.6 million, respectively. These decrease in the Investment Division's revenue was due to the deconsolidation of NCI. For Aircon and Engineering Division, the decrease in revenue was mainly from the Regional Sales Department of S\$2.4 million, Commercial Installation Department of S\$2.0 million, Trading Department of S\$1.8 million. The decreases were offset by the revenue contribution of our newly acquired subsidiaries – Nam Fang Co Pte Ltd. ("Nam Fang") of S\$5.6 million in FY2022.

Gross profit margins ("GPM") were 16.9% in FY2022, 3.0 percentage points higher than in FY2021. The increase in GPM was from our Aircon and Engineering Division, F&B Division and Technology Division. At Aircon and Engineering Division, the increase was mainly from our Trading Department and M&E Department, and Nam Fang as the new source of gross profit in FY2022. At F&B Division, the improvement in GPM is largely because of the effect of economies of scale when the F&B production capacity increased during the financial year.

Other income increased by S\$3.9 million in FY2022 mainly from the gain on termination of lease.

Administrative expenses increased by S\$4.8 million or 26.2% in FY2022 mainly due to higher staff costs of S\$2.6 million. The increase was mainly from Aircon and Engineering and Technology Divisions and also selectively increased employee salaries amidst a tight labour market in Singapore and acquisition of new subsidiaries – Nam Fang and iFocus. Depreciation and amortisation also increased by S\$1.4 million due to the additional plant and equipment especially at the F&B Division and intangible assets purchased during the financial year for business operations. Notwithstanding the higher GPM achieved, the F&B Division recorded a net loss before tax mainly due to higher depreciation and amortisation expenses arising from additions of plant and equipment during the year.

Other expenses decreased by S\$3.5 million or 63.2%. In FY2022, the major other expenses are the loss on deconsolidation of subsidiaries of S\$1.2 million and property, plant and equipment written off of S\$0.6 million. Whereas in FY2021, the Group recorded changes in fair value of financial assets of S\$0.6 million and impairment of goodwill and property, plant and equipment of S\$4.7 million.

Arising from the above, the Group reported a profit after tax of S\$1.7 million in FY2022 including losses attributable to non-controlling interests of S\$0.4 million.

Review of Statement of Financial Position

Property, plant and equipment decreased by S\$15.0 million in FY2022 mainly due to the derecognition of right-of-use – properties of S\$9.8 million and S\$1.6 million of the disposals/write-offs. We have also incurred S\$5.7 million of depreciation charges in FY2022. In addition, the changes in lease modification due to changes in the payment terms have caused a decrease in the cost of the right-of-use – properties by S\$2.4 million. Furthermore, the transfer of the property (15 Woodlands Loop) to the asset held for sale has further decreased by S\$0.6 million and others by S\$0.2 million. On the other hand, we have purchased computers, furniture and fittings and office equipment amounted to S\$0.4 million, tools and machineries of S\$1.1 million, incurred renovation works of S\$0.9 million, motor vehicles of S\$2.1 million, and signed on new lease contracts for operation use of S\$0.8 million.

Intangible assets and goodwill increased by \$3.2 million mainly arising from the acquisition of iFocus.

Inventories increased by S\$1.6 million mainly due to stocking up in anticipation of better sales and to mitigate the Aircon and Engineering Division's potential supply chain issues in FY2022. Furthermore, there is also an increase in inventories at the F&B Division of S\$0.1 million in preparation of the festive season. iFocus contributed S\$0.3 million in inventories.

Contract assets increased by S\$1.8 million due to higher volume of works performed but not billed to customers towards the end of FY2022.

Trade and other receivables (current and non-current) increased by S\$0.5 million mainly due to higher sales contributed towards the end of FY2022 amounted to S\$0.3 million and increase of S\$0.5 million of deposits for project tendering purposes. There is also increase in unbilled trade receivables of S\$0.4 million. The acquisition of iFocus has contributed S\$0.8 million to Technology Division. On the other hand, the security deposits of S\$1.6 million with Mapletree Logistics Trust were used to offset the outstanding rental in trade payables.

Loans and borrowings (current and non-current) decreased by S\$17.3 million as a result of the termination of the lease contract of S\$13.8 million, lease modification adjustments of S\$2.4 million for changes in payment terms, net repayments of loans and lease liabilities of S\$3.6 million and S\$3.3 million, respectively. On the other hand, the Group has drawn down fresh loans of S\$1.8 million and invoice financing facilities of S\$1.6 million. We have recognised new lease liabilities relating to the newly signed lease contracts and hire purchase for motor vehicles of S\$2.5 million.

Trade and other payables increased by S\$6.8 million in FY2022 mainly due to higher purchases made by our Aircon and Engineering Division towards the end of FY2022 but not due for payment and higher accruals for project subcontractor costs of S\$5.0 million. Our newly acquired subsidiary – iFocus has contributed S\$0.6 million in both trade payables and accruals.

Contract liabilities decreased by S\$2.5 million as of the better work progress during FY2022.

Review of Statement of Cash Flows

In FY2022, we recorded a net cash inflow of S\$6.7 million before changes in working capital compared to S\$8.5 million in FY2021.

We recorded working capital outflows of S\$0.7 million mainly attributed to the increases in trade and other receivables of S\$4.3 million, inventories of S\$1.8 million, contract assets of S\$1.8 million and trade and other payables of S\$9.7 million. This has been offset by the decrease in contract liabilities of S\$2.5 million.

We have also made tax payments to the Inland Revenue Authority of Singapore amounted to S\$0.2 million.

We recorded net cash used in investing activities of S\$4.5 million in FY2022 mainly due to the iFocus acquisition of S\$2.8 million (refer to Note 22 of Notes to the Condensed Interim Financial Statement on page 33), purchase of property, plant and equipment and intangible assets of S\$2.9 million and other investment of S\$0.1 million. This has been offset by the proceeds received for the disposal of property, plant and equipment of S\$1.3 million.

We recorded net cash used in financing activities of S\$4.9 million in FY2022 mainly due to the payments of lease liabilities, interest, and loan repayments amounted to S\$7.9 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\$1.6 million and the new loan drawdown of S\$1.8 million.

As a result, our cash and cash equivalents decreased by S\$3.5 million to S\$8.2 million as at 31 December 2022.

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 continued relaxation of Covid-19 related measures globally has further reduced supply chain risks to the Group and we are hopeful that this will normalise in the near future. As global economies gradually adjust to the new normal levels of raw material, commodities and energy costs, we are hopeful that demand will stabilize. Staff attraction and retention remains relatively challenging.

Notwithstanding these challenges, the Group's flagship Aircon and Engineering Division performed well. The division's order books are healthy, and it continues to land new, good quality projects, especially at our commercial installation, high containment service, fire protection, plumbing and sanitary business, and commercial servicing business units.

Our Paints and Coatings Division will continue to deliver value to its customers, manage its costs and barring unforeseen circumstances, will continue to grow its business. Meanwhile, our Technology Division turned in an admirable performance in its maiden full year with the Group and continues to engage with its existing and potential new customers to grow both its projects and its maintenance revenues in the long term.

Higher food costs and overheads continue to be a challenge at our F&B Division and we will continue to work with this division to increase its factory production utilisation by growing revenue from retail and wholesale sales channels.

As previously announced, NCI received a notice from its landlord to terminate the lease on the premises at 29 Tai Seng Avenue. NCI has since 2 September 2022 been put into creditors' voluntary winding up by its director, and a creditors committee of inspection has been formed to, amongst other things, assist the liquidators in the performance of their duties.

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.

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

There is no dividend declared for FY2022.

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 FY2022 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 FY2022.

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 Notes 22 and 23 (refer to Page 29 to 31) 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.

16. Segmented revenue and result for operating segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

Please refer to “Notes to the Condensed Interim Financial Statements” – Note 4 (refer to Page 9 to 14).

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8.

18. Disclosure of persons occupying managerial positions in the issuer or any of its principal subsidiaries who are relatives of a director, chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10) in the format set out below.

Not applicable. There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company as at the date of this announcement.

By Order of the Board

Tsng Joo Peng
Executive Director

Choy Bing Choong
Executive Director

Singapore
1 March 2023

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.

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