



Natural Cool Holdings Limited

Company Registration Number: 200509967G

Announcement of Unaudited Condensed Interim
Financial Statements for the Six Months Ended
30 June 2023

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PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULT

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

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

	Note	Group		Variance	
		6 months ended	6 months ended	\$'000	%
		30 June 2023	30 June 2022		
		\$'000	\$'000		
			Restated		
Revenue	5	68,950	71,058	(2,108)	(3.0)
Cost of sales		(55,470)	(58,751)	(3,281)	(5.6)
Gross profit		13,480	12,307	1,173	9.5
Other income	6	786	4,750	(3,964)	(83.5)
Distribution expenses		(1,446)	(1,452)	(6)	(0.4)
Administrative expenses		(11,038)	(10,433)	605	5.8
Reversal of impairment loss on trade receivables and contract assets, including bad debts written-off		28	3		NM
Other expenses		(21)	(630)	(609)	(96.7)
Results from operating activities		1,789	4,545	(2,756)	(60.6)
Finance costs	7	(579)	(540)	39	7.2
Profit before tax		1,210	4,005	(2,795)	(69.8)
Tax expense	8	(326)	(308)	18	5.8
Profit for the period	9	884	3,697	(2,813)	(76.1)
Profit attributable to:					
Owners of the Company		693	3,547	(2,854)	(80.5)
Non-controlling interests		191	150	41	27.3
Profit for the period		884	3,697	(2,813)	(76.1)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences from translation of foreign operations		48	26	22	84.6
Other comprehensive income for the period		48	26	22	84.6
Total comprehensive income for the period		932	3,723	(2,791)	(75.0)
Total comprehensive income attributable to:					
Owners of the Company		729	3,567	(2,838)	(79.6)
Non-controlling interests		203	156	47	30.1
Total comprehensive income for the period		932	3,723	(2,791)	(75.0)

NM: denotes not meaningful

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

Condensed Interim Consolidated Statement of Financial Position

	Note	Group		Company	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		Unaudited \$'000	Audited \$'000	Unaudited \$'000	Audited \$'000
Assets					
Property, plant and equipment	10	37,127	38,567	27	6
Intangible assets and goodwill	11	5,248	5,522	232	288
Investment property	12	909	922	–	–
Subsidiaries		–	–	7,245	7,245
Other investments	15	74	74	74	74
Trade and other receivables	14	762	762	5,898	5,818
Non-current assets		44,120	45,847	13,476	13,431
Asset held for sale		644	644	–	–
Inventories	13	10,285	10,183	–	–
Contract assets		5,039	6,402	–	–
Trade and other receivables	14	21,004	21,800	1,328	1,354
Other investments	15	770	1,013	770	1,013
Cash and cash equivalents		12,115	8,169	132	113
Current assets		49,857	48,211	2,230	2,480
Total assets		93,977	94,058	15,706	15,911
Equity					
Share capital	16	36,412	36,412	36,412	36,412
Reserves		(2,979)	(3,015)	300	300
Accumulated losses		(17,441)	(18,134)	(33,985)	(33,697)
Equity attributable to owners of the Company		15,992	15,263	2,727	3,015
Non-controlling interests		467	264	–	–
Total equity		16,459	15,527	2,727	3,015
Liabilities					
Loans and borrowings	17	29,486	32,036	1,497	2,129
Deferred tax liabilities		385	420	–	–
Provision		140	140	–	–
Non-current liabilities		30,011	32,596	1,497	2,129
Loans and borrowings	17	10,820	10,019	1,260	1,248
Contract liabilities		10,505	9,312	–	–
Trade and other payables	18	25,560	26,096	10,222	9,519
Current tax liabilities		622	508	–	–
Current liabilities		47,507	45,935	11,482	10,767
Total liabilities		77,518	78,531	12,979	12,896
Total equity and liabilities		93,977	94,058	15,706	15,911

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 2023	6 months ended 30 June 2022
	\$'000	\$'000 Restated
Cash flows from operating activities		
Profit for the period	884	3,697
Adjustments for:		
Amortisation of intangible assets	304	74
Depreciation of property, plant and equipment	1,938	3,443
Depreciation of investment property	13	14
Gain on termination of lease	–	(3,945)
Interest expenses	579	540
Interest income	(1)	(1)
Property, plant and equipment written-off	2	451
Reversal of impairment loss on trade receivables and contract assets, including bad debts written-off	(28)	(3)
Tax expense	326	308
	4,017	4,578
Changes in:		
Inventories	(102)	(3,242)
Trade and other receivables	824	(1,401)
Contract assets	1,363	1,045
Trade and other payables	(536)	(2,571)
Contract liabilities	1,193	217
Cash generated from operations	6,759	(1,374)
Tax paid	(247)	(101)
Net cash from/(used in) operating activities	6,512	(1,475)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	–	(2,673)
Interest received	1	1
Investment in other investments	243	–
Proceeds from disposal of property, plant and equipment	–	192
Purchase of intangible assets	(30)	(91)
Purchase of property, plant and equipment	(222)	(1,388)
Net cash used in investing activities	(8)	(3,959)
Cash flows from financing activities		
Dividend paid	–	(351)
Interest paid	(579)	(518)
Changes in bills payable	300	1,869
Payment of lease liabilities	(866)	(1,110)
Proceeds from borrowings	450	–
Repayment of borrowings	(1,916)	(1,203)
Net cash used in financing activities	(2,611)	(1,313)
Net increase/(decrease) in cash and cash equivalents	3,893	(6,747)
Cash and cash equivalents at beginning of period	8,169	11,625
Effect of foreign exchange fluctuations on cash held	53	33
Cash and cash equivalents at end of period	12,115	4,911

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 2023		36,412	(3,078)	63	(18,134)	15,263	264	15,527
Total comprehensive income for the period								
Profit for the period		–	–	–	693	693	191	884
Other comprehensive income								
Foreign currency translation differences from translation of foreign operations		–	–	36	–	36	12	48
Total comprehensive income for the period		–	–	36	693	729	203	932
At 30 June 2023		36,412	(3,078)	99	(17,441)	15,992	467	16,459
At 1 January 2022		36,412	(3,078)	49	(19,170)	14,213	(349)	13,864
Total comprehensive income for the period								
Profit for the period		–	–	–	3,547	3,547	150	3,697
Other comprehensive income								
Foreign currency translation differences from translation of foreign operations		–	–	20	–	20	6	26
Total comprehensive income for the period		–	–	20	3,547	3,567	156	3,723
Transaction with owners, recognised directly in equity								
Acquisition of subsidiary with non-controlling interest		–	–	–	–	–	466	466
Dividends declared	16	–	–	–	(351)	(351)	–	(351)
Total distributions to owners		–	–	–	(351)	(351)	466	115
At 30 June 2022		36,412	(3,078)	69	(15,974)	17,429	273	17,702

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 2023		36,412	300	(33,697)	3,015
Total comprehensive loss for the period					
Loss for the period		–	–	(288)	(288)
At 30 June 2023		36,412	300	(33,985)	2,727
At 1 January 2022		36,412	300	(31,372)	5,340
Total comprehensive loss for the period					
Loss for the period		–	–	(2,038)	(2,038)
Transaction with owners, recognised directly in equity					
Dividends declared	16	–	–	(351)	(351)
At 30 June 2022		36,412	300	(33,761)	2,951

Notes of the Condensed Interim Financial Statements

1. Corporate information

Natural Cool Holdings Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist Board of the Singapore Exchange. These condensed interim financial statements as at and for the six months ended 30 June 2023 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 property;
- c. Paint and coatings: manufacturing, and trading of paint and basic chemicals;
- d. Food and beverages (“F&B”): operator of restaurants and stalls, manufacture and wholesale of F&B products; and
- e. Technology: installation of building automated systems for remote monitoring.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 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 2022.

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 2023, 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 2022.

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 and allocation of the contract value to the performance obligations;
- Notes 10 and 11 – impairment assessment of property, plant and equipment, intangible assets and goodwill: key assumptions underlying the recoverable amounts;
- Note 12 – determination of fair values of investment property;

3. Seasonal operations

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

4. Segment and revenue information

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

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 property.
Paint and coatings	:	manufacturing and distribution of paints and chemicals.
F&B	:	operator of restaurants, manufacture and wholesale of F&B products.
Technology	:	installation of building automated systems for remote monitoring.

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

Information about reportable segments

	Aircon and Engineering	Investment	Paint and Coatings	F&B	Technology	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 January 2023 to 30 June 2023						
External revenue	61,519	–	2,333	2,882	2,216	68,950
Inter-segment revenue	1,724	–	12	195	–	1,931
Total revenue of reportable segments	<u>63,243</u>	<u>–</u>	<u>2,345</u>	<u>3,077</u>	<u>2,216</u>	<u>70,881</u>
Interest income	(9)	–	–	–	–	(9)
Finance costs	536	–	5	34	1	576
Depreciation and amortisation	1,349	–	102	489	244	2,184
Reportable segment profit before tax	<u>968</u>	<u>–</u>	<u>138</u>	<u>6</u>	<u>386</u>	<u>1,498</u>
Other material non-cash items:						
Reversal of impairment loss on trade receivables and contract assets, including bad debts written-off	(28)	–	–	–	–	(28)
Reportable segment assets	89,714	–	2,626	4,253	6,026	102,619
Capital expenditure	225	–	7	1	3	236
Reportable segment liabilities	<u>68,389</u>	<u>–</u>	<u>7,605</u>	<u>8,237</u>	<u>4,406</u>	<u>88,637</u>
1 January 2022 to 30 June 2022						
External revenue	63,717	1,045	1,980	3,171	1,145	71,058
Inter-segment revenue	2,006	201	989	332	–	3,528
Total revenue of reportable segments	<u>65,723</u>	<u>1,246</u>	<u>2,969</u>	<u>3,503</u>	<u>1,145</u>	<u>74,586</u>
Interest income	(9)	(6)	–	–	–	(15)
Finance costs	357	125	16	22	1	521
Depreciation and amortisation	1,329	1,328	137	648	37	3,479
Reportable segment profit before tax	<u>1,295</u>	<u>2,907</u>	<u>22</u>	<u>35</u>	<u>304</u>	<u>4,563</u>
Other material non-cash items:						
Gain on termination of lease	–	3,945	–	–	–	3,945
Reversal of impairment loss on trade receivables and contract assets, including bad debts written-off	(3)	–	–	–	–	(3)
Reportable segment assets	93,047	941	2,895	5,580	4,803	107,266
Capital expenditure	736	–	5	1,057	–	1,798
Reportable segment liabilities	<u>67,759</u>	<u>1,962</u>	<u>7,976</u>	<u>7,797</u>	<u>4,036</u>	<u>89,530</u>

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

	Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000 Restated
Revenue		
Total revenue for reportable segments	70,881	74,586
Elimination of inter-segment revenue	(1,931)	(3,528)
Consolidated revenue	68,950	71,058
Profit before tax		
Total profit before tax for reportable segments	1,498	4,563
Unallocated amounts	(288)	(2,038)
Elimination of inter-segment profit or loss	–	1,480
Consolidated profit before tax	1,210	4,005
Assets		
Total assets for reportable segments	102,619	107,266
Unallocated amounts	1,428	1,496
Elimination of inter-segment assets	(10,070)	(14,395)
Consolidated total assets	93,977	94,367
Liabilities		
Total liabilities for reportable segments	88,637	89,530
Unallocated amounts	3,021	4,217
Elimination of inter-segment liabilities	(14,140)	(17,082)
Consolidated total liabilities	77,518	76,665

Reconciliations of reportable segment other material items

	Reportable segment totals	Unallocated amounts	Consolidated totals
	\$'000	\$'000	\$'000
1 January 2023 to 30 June 2023			
Interest income	(9)	8	(1)
Finance costs	576	3	579
Depreciation and amortisation	2,184	71	2,255
Reversal of impairment loss on trade receivables and contract assets, including bad debts written-off	(28)	–	(28)
Capital expenditure	236	36	272 [#]
1 January 2022 to 30 June 2022			
Interest income	(15)	14	(1)
Finance costs	521	19	540
Depreciation and amortisation	3,479	52	3,531
Gain on termination of lease	3,945	–	3,945
Reversal of impairment loss on trade receivables and contract assets, including bad debts written-off	(3)	–	(3)
Capital expenditure	1,798	62	1,860 [#]

[#] Exclude right-of-use properties

Geographical information

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

Major customer

Revenue from one customer of the Group's Aircon and Engineering segment represents approximately \$2,617,000 (30 June 2022: \$2,674,000) of the Group's total revenue.

5. Revenue

	Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000 Restated
Revenue from contracts with customers	68,526	69,564
Rental income	424	1,494
	68,950	71,058

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 30 June									
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
Revenue streams										
Trading	2,333	1,980	39,453	42,054	2,882	3,129	161	79	44,829	47,242
Installation	–	–	14,465	17,066	–	–	1,080	54	15,545	17,120
Servicing	–	–	7,177	4,190	–	–	975	1,012	8,152	5,202
	2,333	1,980	61,095	63,310	2,882	3,129	2,216	1,145	68,526	69,564
Timing of revenue recognition										
Products and services transferred over time	–	–	14,465	17,066	–	–	1,080	54	15,545	17,120
Products transferred at a point in time	2,333	1,980	46,630	46,244	2,882	3,129	1,136	1,091	52,981	52,444
	2,333	1,980	61,095	63,310	2,882	3,129	2,216	1,145	68,526	69,564

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 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
		Restated
Interest income	1	1
Dividend income	4	21
Gain in foreign currency adjustments	11	–
Gain on termination of lease	–	3,945
Government grants:		
- IMDA grants	220	–
- Job support scheme	–	123
- Other government grants	336	414
Others	214	246
	786	4,750

7. Finance costs

	Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
		Restated
Interest expenses:		
- Bank loans	347	276
- Lease liability interests	232	242
Unwind of discount on provision for restoration	–	22
	579	540

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 2023	6 months ended 30 June 2022
	\$'000	\$'000 Restated
Current tax expense		
Current year	361	310
Deferred tax credit		
Origination and reversal of temporary differences	(35)	(2)
Tax expense	326	308

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 2023	6 months ended 30 June 2022
		\$'000	\$'000 Restated
Amortisation of intangible assets	11	304	74
Audit fees paid to:			
- Auditors of the Company		105	120
- Other auditors		23	25
Non-audit fees paid to auditors of the Company		10	11
Depreciation of property, plant and equipment	10	1,938	3,443
Depreciation of investment property	12	13	14
Property, plant and equipment written-off		2	451
Operating lease expense		567	425
Staff costs		12,492	10,853
Contributions to defined contribution plans, included in staff costs		531	602

10. Property, plant and equipment

	Leasehold properties	Computers	Furniture, fittings and 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 2022	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	–	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 due to loss of control	–	(2)	(98)	(40)	(125)	(105)	–	(277)	(647)
Reclassification to asset held for sale	(870)	–	–	–	–	–	–	–	(870)
Reclassification to other categories	–	–	–	(79)	–	–	79	–	–
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
Additions	–	43	96	–	37	46	20	177	419
Disposals/write-offs	–	(4)	(4)	–	–	(162)	–	–	(170)
Changes in lease modification	–	–	–	–	–	–	–	86	86
Effect of movements in exchange rates	–	–	(1)	–	–	(2)	–	(10)	(13)
At 30 June 2023	26,210	992	1,124	2,923	3,514	6,495	3,539	10,820	55,617
Accumulated depreciation and impairment losses									
At 1 January 2022	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 due to loss of control	–	(1)	(98)	(32)	(120)	(84)	–	(125)	(460)
Impairment loss	–	2	92	–	–	460	–	331	885
Reclassification to asset held for sale	(226)	–	–	–	–	–	–	–	(226)
Reclassification to other categories	–	–	–	(8)	–	–	8	–	–
Effect of movements in exchange rates	–	–	(5)	(2)	(5)	(4)	–	9	(7)
At 31 December 2022	4,785	828	471	1,700	2,096	2,777	1,108	2,963	16,728
Depreciation	403	43	58	222	179	151	341	541	1,938
Disposals/write-offs	–	(3)	(3)	–	–	(162)	–	–	(168)
Effect of movements in exchange rates	–	–	(1)	–	–	(1)	–	(6)	(8)
At 30 June 2023	5,188	868	525	1,922	2,275	2,765	1,449	3,498	18,490
Carrying amounts									
At 1 January 2022	22,982	127	477	2,441	1,277	4,350	777	22,018	54,449
At 31 December 2022	21,425	125	562	1,223	1,381	3,836	2,411	7,604	38,567
At 30 June 2023	21,022	124	599	1,001	1,239	3,730	2,090	7,322	37,127

	Computers	Office equipment	Furniture and fittings	Total
	\$'000	\$'000	\$'000	\$'000
<u>Company</u>				
Cost				
At 1 January 2022 and 31 December 2022	40	8	4	52
Additions	–	–	24	24
At 30 June 2023	40	8	28	76
Accumulated depreciation				
At 1 January 2022	34	3	4	41
Depreciation	3	2	–	5
At 31 December 2022	37	5	4	46
Depreciation	1	1	1	3
At 30 June 2023	38	6	5	49
Carrying amounts				
At 1 January 2022	6	5	–	11
At 31 December 2022	3	3	–	6
At 30 June 2023	2	2	23	27

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 2023	6 months ended 30 June 2022
	\$'000	\$'000
		Restated
Cost of sales	411	1,770
Administrative expenses	1,527	1,673
	1,938	3,443

Securities

At 30 June 2023, several leasehold properties are pledged as security to secure bank loans (see Note 17).

Impairment loss

For the financial year ended 31 December 2022 (“FY2022”), due to poor financial performance, an impairment loss on property, plant and equipment of \$885,000 was recognised for F&B cash generating units (“CGUs”). The impairment loss was determined based on fair value less cost of disposal approach.

Sources of estimation uncertainty

In estimating the recoverable amounts of the CGUs using value in use from the respective cash flow forecasts or its fair value less costs of disposal, the Group assumed revenue growth rates throughout the cash flow forecast periods, and discount rate applied to the cash flow projections. The determination requires judgement. 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 of disposal determined by external valuer using the current replacement cost approach is sensitive to the key assumptions applied. The key assumptions are dependent to a great extent on economic and other conditions beyond the Group's control. These assumptions continue to be subjected to estimation uncertainties that may result in material adjustments on the recoverable amounts in future periods.

11. Intangible assets and goodwill

Note	Goodwill	Order backlogs	Customer relationships	Trademark	Computer software	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
Cost							
At 1 January 2022	3,497	188	118	383	907	100	5,193
Additions	–	–	–	–	232	–	232
Acquisition through business combination	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
Additions	–	–	–	–	30	–	30
At 30 June 2023	5,452	1,189	668	383	1,045	100	8,837
Accumulated amortisation and impairment losses							
At 1 January 2022	1,683	188	63	203	611	16	2,764
Amortisation	–	334	61	19	136	20	570
Impairment loss	75	–	–	–	–	–	75
Write-offs	–	–	–	–	(124)	–	(124)
At 31 December 2022	1,758	522	124	222	623	36	3,285
Amortisation	–	167	30	10	87	10	304
At 30 June 2023	1,758	689	154	232	710	46	3,589
Carrying amounts							
At 1 January 2022	1,814	–	55	180	296	84	2,429
At 31 December 2022	3,694	667	544	161	392	64	5,522
At 30 June 2023	3,694	500	514	151	335	54	5,248

<u>Company</u>	Computer software \$'000
Cost	
At 1 January 2022	338
Additions	151
At 31 December 2022	489
Additions	12
At 30 June 2023	501
 Accumulated amortisation	
At 1 January 2022	87
Amortisation	114
At 31 December 2022	201
Amortisation	68
At 30 June 2023	269
 Carrying amounts	
At 1 January 2022	251
At 31 December 2022	288
At 30 June 2023	232

Amortisation

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

Impairment assessment for CGUs containing goodwill

In FY2022, due to poor financial performance, an impairment loss on goodwill of \$75,000 was recognised for F&B CGUs.

Sources of estimation uncertainty

In estimating the recoverable amounts of the CGUs using value in use from the respective cash flow forecasts, 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.

12. Investment property

<u>Group</u>	Leasehold property \$'000
Cost	
At 1 January 2022, 31 December 2022 and 30 June 2023	950
Accumulated amortisation	
At 1 January 2022	–
Depreciation	28
At 31 December 2022	28
Depreciation	13
At 30 June 2023	41
Carrying amounts	
At 1 January 2022	950
At 31 December 2022	922
At 30 June 2023	909

Depreciation

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

Securities

At 30 June 2023, the investment property is pledged as security to secure bank loans (see Note 17).

Measurement of fair value

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 categorised as a Level 3 fair value based on the inputs to the valuation technique used. The fair value was assessed in January 2023 for the 31 December 2022 annual report and the management does not expect any material changes in the fair value of the property as at 30 June 2023.

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
Comparable sales (market comparison approach): The market comparison approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or group of assets and liabilities, such as a business.	Transacted price of comparable properties: - \$3,792 - \$4,264 per square meter	The estimated fair value would increase/(decrease) if: - The transacted price of comparable properties was higher/(lower)

13. Inventories

	Group	
	30 June 2023	31 December 2022
	\$'000	\$'000
Raw materials	199	330
Finished goods	10,086	9,853
	10,285	10,183

As at 30 June 2023, inventories of \$43,422,000 (30 June 2022: \$46,152,000) were recognised as an expense during the financial period and included in 'cost of sales'.

As at 30 June 2023, the inventories are stated after allowance for inventory obsolescence of \$70,000 (31 December 2022: \$70,000).

14. Trade and other receivables

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
- Third parties	14,540	15,401	–	–
- Subsidiaries	–	–	1,626	1,651
Impairment losses	(225)	(684)	(868)	(868)
Net trade receivables	14,315	14,717	758	783
Unbilled trade receivables	2,712	2,481	–	–
	17,027	17,198	758	783
Non-trade amounts due from subsidiaries	–	–	11,404	11,285
Impairment losses	–	–	(5,131)	(5,131)
	–	–	6,273	6,154
Accrued discount receivables	934	1,093	–	–
Deposits	2,131	2,073	112	106
Other receivables	683	1,001	25	11
Financial assets	20,775	21,365	7,168	7,054
Prepayments	991	1,197	58	118
	21,766	22,562	7,226	7,172
Non-current	762	762	5,898	5,818
Current	21,004	21,800	1,328	1,354
	21,766	22,562	7,226	7,172

The Group's non-current receivables consist of an insurance payment of \$762,000 (31 December 2022: \$762,000) for its executive director.

Non-trade balances due from subsidiaries are unsecured, interest-free and repayable on demand. As \$5,898,000 (31 December 2022: \$5,818,000) 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.

Sources of estimation uncertainty

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

15. Other investments

	Group and Company	
	30 June 2023	31 December 2022
	\$'000	\$'000
Unquoted equity investments – at fair value through profit or loss (“FVTPL”)	74	74
Money market funds – at FVTPL	770	1,013
	844	1,087
Non-current	74	74
Current	770	1,013
	844	1,087

The Group and the Company also have an unquoted equity investment of \$3,750,000 which is accounted for as FVTPL investment and the fair value is assessed to be \$Nil (31 December 2022: \$Nil).

16. Share capital

	Group and Company			
	30 June 2023		31 December 2022	
	Number of shares	Amount	Number of shares	Amount
	'000	\$'000	'000	\$'000
At beginning and end of interim period	250,448	36,412	250,448	36,412

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

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

Dividends

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

	Group and Company	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
<u>Ordinary dividends paid</u>		
0.14 Singapore cents per qualifying ordinary share	–	351

17. Loans and borrowings

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Bank loans (Secured)	21,127	23,067	1,497	2,129
Lease liabilities (Secured)	8,359	8,969	–	–
	29,486	32,036	1,497	2,129
Current liabilities				
Bank loans (Secured)	4,543	4,069	1,260	1,248
Lease liabilities (Secured)	1,685	1,658	–	–
Bills payable (Secured)	4,592	4,292	–	–
	10,820	10,019	1,260	1,248
Total loans and borrowings	40,306	42,055	2,757	3,377

Details of collateral:

- (a) Bank loans and bills payable are secured by:
- i) Leasehold properties and investment property amounted to \$20,961,000 and \$909,000, respectively as at 30 June 2023 (31 December 2022: \$21,344,000 and \$922,000); and
 - ii) Corporate guarantees by Natural Cool Holdings Limited and Natural Cool Airconditioning & Engineering Pte Ltd.
- (b) Lease liabilities are secured by:
- i) Motor vehicles amounted to \$2,090,000 as at 30 June 2023 (31 December 2022: \$2,411,000); and
 - ii) Security deposits amounted to \$196,000 as at 30 June 2023 (31 December 2022: \$184,000); and
 - iii) Corporate guarantees by Natural Cool Holdings Limited.

18. Trade and other payables

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	\$'000	\$'000	\$'000	\$'000
Trade payables	13,724	13,549	138	135
Amount due to subsidiaries:				
- Trade	–	–	1,155	864
- Non-trade	–	–	8,802	8,230
Deposits received	771	510	1	1
Accrued expenses	7,880	9,221	106	268
Other payables	2,439	2,293	8	12
Financial liabilities	24,814	25,573	10,210	9,510
GST payable	744	399	12	9
Deferred revenue	2	124	–	–
	25,560	26,096	10,222	9,519

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

19. Related party transactions
Key management personnel compensation

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

Key management personnel compensation comprised:

	Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
Short-term employee benefits	1,072	1,012
Post-employment benefits (including CPF)	38	37
	1,110	1,049

Included in the above is the total compensation to the Directors of the Company which amount to \$587,000 (30 June 2022: \$570,000).

20. Measurement of fair value

A number of Group's accounting policies and disclosures require the determination of fair value, for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other investments – equity investment at FVTPL

The fair value of equity investment designated at FVTPL is determined based on the latest projected business plans presented by the Management.

Other investments – money market fund at FVTPL

The fair value of money market fund designated at FVTPL is determined by reference to broker quotes.

Non-derivative financial liabilities – fixed interest rate loans

The fair value of fixed interest rate loans which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

21. 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 2023									
Financial assets measured at fair value									
Other investments	15	844	–	–	844	–	770	74	844
Financial assets not measured at fair value									
Trade and other receivables#	14	–	20,775	–	20,775				
Cash and cash equivalents		–	12,115	–	12,115				
		–	32,890	–	32,890				
Financial liabilities not measured at fair value									
Variable interest rate loans	17	–	–	1,693	1,693				
Fixed interest rate loans	17	–	–	23,977	23,977	–	22,238	–	22,238
Bills payable	17	–	–	4,592	4,592				
Trade and other payables*	18	–	–	24,814	24,814				
		–	–	55,076	55,076				
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#	14	–	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	17	–	–	1,252	1,252				
Fixed interest rate loans	17	–	–	25,884	25,884	–	23,965	–	23,965
Bills payable	17	–	–	4,292	4,292				
Trade and other payables*	18	–	–	25,573	25,573				
		–	–	57,001	57,001				

Exclude prepayments

* Exclude deferred revenue and GST payable

Unaudited Condensed Interim Financial Statements for the 6 Months Financial Period Ended 30 June 2023

	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 2023									
Financial assets measured at fair value									
Other investments	15	844	–	–	844	–	770	74	844
Financial assets not measured at fair value									
Trade and other receivables#	14	–	7,168	–	7,168				
Cash and cash equivalents		–	132	–	132				
		–	7,300	–	7,300				
Financial liabilities not measured at fair value									
Fixed interest rate loans	17	–	–	2,757	2,757	–	2,615	–	2,615
Trade and other payables^	18	–	–	10,210	10,210				
		–	–	12,967	12,967				
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#	14	–	7,054	–	7,054				
Cash and cash equivalents		–	113	–	113				
		–	7,167	–	7,167				
Financial liabilities not measured at fair value									
Fixed interest rate loans	17	–	–	3,377	3,377	–	3,193	–	3,193
Trade and other payables^	18	–	–	9,510	9,510				
		–	–	12,887	12,887				

Exclude prepayments

^ Exclude GST payable

22. Prior period's adjustments and comparative figures

To be consistent with the presentation for the FY2022, the Group's consolidated statement of profit or loss and other comprehensive income for the comparative period of 6 months ended 30 June 2022 has been restated to reverse the presentation of NCI as a discontinued operation. Effects of the restatements are below:

<i>Financial period ended 30 June 2022</i>	Group		
	Previously reported	Restatements	Restated
	\$'000	\$'000	\$'000
Revenue	70,013	1,045	71,058
Cost of sales	(57,111)	(1,640)	(58,751)
Gross profit	12,902	(595)	12,307
Other income	738	4,012	4,750
Distribution expenses	(1,446)	(6)	(1,452)
Administrative expenses	(10,361)	(72)	(10,433)
Reversal of impairment loss on trade receivables and contract assets, including bad debts written-off	3	–	3
Other expenses	(179)	(451)	(630)
Results from operating activities	1,657	2,888	4,545
Finance costs	(415)	(125)	(540)
Profit before tax	1,242	2,763	4,005
Tax expense	(308)	–	(308)
Profit from continuing operation	934	2,763	3,697
Discontinued operation			
Profit from discontinued operation (net of tax)	2,763	(2,763)	–
Profit for the period	3,697	–	3,697

Other Information Required by Listing Rule Appendix 7C

- 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 2022 to 30 June 2023.

The Company did not have any outstanding options or convertibles as at 30 June 2023 and 30 June 2022.

There were also no treasury shares or subsidiary holdings as at 30 June 2023 and 30 June 2022.

- 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 2023 and 31 December 2022.

There were no treasury shares as at 30 June 2023 and 31 December 2022.

- 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 2023 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 2022 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 2022.

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 2023. 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 2023	6 months ended 30 June 2022
Net profit attributable to shareholders (S\$’000)	693	3,547
Weighted average number of ordinary shares in issue (No. of shares)	250,447,985	250,447,985
Earnings per share (Singapore cents) – basic and diluted	0.28	1.42

The Company does not have any potential dilutive ordinary shares in existence for HY2023 and HY2022.

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 2023	31 December 2022	30 June 2023	31 December 2022
Net assets attributable to shareholders (S\$'000)	15,992	15,263	2,727	3,015
Net asset value per share as at the end of the financial period/year (Singapore cents)	6.39	6.09	1.09	1.20

The total numbers of issued shares (excluding treasury shares) were 250,447,985 as at 30 June 2023 and 31 December 2022.

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

During the financial year ended 31 December 2022, NCI filed for creditors' voluntary winding up and has been deconsolidated from the Group with effect from 2 September 2022. We have excluded NCI's financial performance from the statement of profit or loss for the 6-months ended 30 June 2022 below for a comparable analysis with the financial performance for the half year ended 30 June 2023 ("HY2023").

	Group		Variance	
	6 months ended 30 June 2023	6 months ended 30 June 2022	\$'000	%
Revenue	68,950	70,013	(1,063)	(1.5)
Cost of sales	(55,470)	(57,111)	(1,641)	(2.9)
Gross profit	13,480	12,902	578	4.5
Other income	786	738	48	6.5
Distribution expenses	(1,446)	(1,446)		NM
Administrative expenses	(11,038)	(10,361)	677	6.5
Reversal of impairment loss on trade receivables and contract assets, including bad debts written-off	28	3		NM
Other expenses	(21)	(179)	(158)	(88.3)
Results from operating activities	1,789	1,657	132	8.0
Finance costs	(579)	(415)	164	39.5
Profit before tax	1,210	1,242	(32)	(2.6)
Tax expense	(326)	(308)	18	5.8
Profit for the period	884	934	(50)	(5.4)

NM: denotes not meaningful

The Group generated revenue of S\$69.0 million for the HY2023, a decrease of S\$1.0 million, or 1.5% compared to S\$70.0 million in the half year ended 30 June 2022 (“HY2022”) due to the following:

- Our Aircon and Engineering Division reported a decrease in revenue of \$2.2 million. The main contributors to decrease in Aircon and Engineering Division revenues were Commercial Installation Department of \$1.7 million, Trading Department of \$2.2 million and Regional Sales Department of \$0.7 million. However, an improvement in revenue contribution from Mechanical & Electrical (“M&E”) Department of \$2.4 million has mitigated the lower performance of the division’s other business units;
- Our F&B Division also recorded a decrease in revenue of \$0.3 million mainly due to low festive sales compared to HY2022;
- Our Technology Division recorded an increase in revenue of \$1.1 million or 93.6% compared to HY2022, mainly due to high installation rate as compared to HY2022; and
- Our Paint and Coatings Division recorded an increase in revenue of \$0.4 million or 17.8% due to higher market demands.

Gross profit margins (“GPM”) were 19.6% in HY2023, 1.2 percentage points higher than HY2022. The increase in GPM was from our Aircon and Engineering Division, mainly from our M&E and Commercial Installation Departments due to better maintenance and project margins.

Administrative expenses increased by \$0.6 million or 5.8% in HY2023 mainly due to higher staff costs of \$0.6 million. Amortisation expenses also increased by \$0.2 million as we continue to amortise order backlog and customer relationship intangible assets arising from the acquisition of iFocus Pte Ltd. This has been offset by a reduction in professional fee.

Other expenses decreased by \$0.2 million or 88.3% mainly due to the absence of the foreign currency exchange losses.

Resulting from the above, the Group reported a profit after tax of S\$0.9 million in HY2023 including a profit attributable to non-controlling interests of S\$0.2 million.

Review of Statement of Financial Position

Property, plant and equipment decreased by S\$1.4 million in HY2023 mainly due to the depreciation incurred for the period amounted to S\$1.9 million. On the other hand, we have purchased furniture, fittings and office equipment amounted to S\$0.1 million and others for S\$0.1 million, and signed on the new lease contracts for operation use of S\$0.3 million.

Contract assets decreased by S\$1.4 million mainly due to lower level of contract activities and shorter project billing cycle in HY2023.

Trade and other receivables (current and non-current) decreased by S\$0.8 million mainly due to lower sales contributed by end of HY2023 amounted to S\$0.4 million. The other receivables also decreased by S\$0.3 million mainly due to utilisation of the advances paid to suppliers after we received goods in HY2023, by Aircon and Engineering Division. On the other hand, there is also an increase of \$0.2 million in services rendered to customers but not billed yet.

Loans and borrowings (current and non-current) decreased by S\$1.7 million mainly as a result of the repayments of loans and lease liabilities of S\$1.9 million and S\$0.9 million, respectively. We have also further drawn down S\$0.5 million of loans and utilised the invoice financing facilities of S\$0.3 million. We have recognised new lease liabilities relating to the newly signed lease contracts of S\$0.3 million.

Trade and other payables decreased by S\$0.5 million in HY2023 mainly due to lower accruals of S\$ 1.3 million as the Group has paid off its bonus during HY2023. There is also decrease in the subcontractor costs accruals in Aircon and Engineering Division. Trade payable increased by S\$0.2 million due to higher purchases made by Aircon and Engineering and Paint and Coatings Divisions towards the end of HY2023 but not due for payment. The deposits received increased by S\$0.3 million mainly from Aircon and Engineering Division's customers to secure future deliveries. GST payable increased by S\$0.3 million.

Review of Statement of Cash Flows

In HY2023, we recorded a net cash inflow of S\$4.0 million before changes in working capital.

We recorded working capital inflows of S\$2.7 million mainly attributed to (i) decreases in contract assets of S\$1.4 million and trade and other receivables of S\$0.8 million; and (ii) increase in contract liabilities of S\$1.2 million. These were offset by the decrease in trade and other payables of S\$0.5 million and increase in inventories of S\$0.1 million.

We have also made tax payments of S\$0.2 million.

We recorded net cash used in financing activities of S\$2.6 million in HY2023 mainly due to the payments of lease liabilities, interest, and loan repayments amounted to S\$3.4 million. This has been offset by the drawdown of new loan of S\$0.5 million and utilised the invoice financing facilities of S\$0.3 million.

As a result, our cash and cash equivalents increased by S\$3.9 million in HY2023.

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.

Despite global efforts to manage inflation by increasing interest rates, costs are expected to remain higher for longer. These factors will continue to threaten the economic growth of our main market in Singapore, causing our market to be more sensitive to price increases.

Order books for the Aircon and Engineering Division remain strong and the division continues to win good quality projects. However, as a result of the macro-economic factors mentioned above, this division will continue to be cautious in operating its various business units. The supply chain challenges caused by the pandemic-era restrictions have subsided.

Our Paint and Coatings Division performed admirably to overcome cost pressures in its traditional products segment, while continuing to collaborate with its partners to develop innovative new products. The division has successfully completed, on a pilot basis, adoption of its collaboration partner's passive cooling technology at two existing sites. We are also looking at extending pilot projects to other sites in the built environment and renewal energy sectors.

The Technology Division continues to perform well and have recently won a number of overseas projects for its train-borne services market. The division is currently looking to leverage its existing expertise to expand into new market. At the same time, the division continues to work on a number of joint opportunities with business units from our Aircon and Engineering Division.

The business environment at our F&B Division remains challenging, and we are still working on growing revenue from its retail and wholesale sales channels.

The Group will continue to implement cost saving measures and tighten our credit management to mitigate the impact of rising costs.

As regards to the creditors' voluntary winding up of Natural Cool Investments Pte. Ltd., there have been no significant developments.

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;**

Not applicable.

- 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.

If a decision regarding dividend has been made:

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

No.

- f. Amount per share;**

Not applicable.

- g. Previous corresponding period;**

Not applicable.

- h. 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.

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

Not applicable.

- j. 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 HY2023 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 HY2023.

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.

The Company did not incorporate or acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed interim financial statements for the six-month period ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tsng Joo Peng
Executive Director
Group CEO

Choy Bing Choong
Executive Director
Group COO

Singapore
11 August 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.

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.
