

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

Natural Cool Holdings Limited. (Registration Number: 200509967G)

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

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

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

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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

CONSOLIDATED INCOME STATEMENT

	Group		
	Year Ended 31 December		Increase/
	2016	2015	(Decrease)
	S\$'000	S\$'000	%
Continuing operations			
Revenue	128,952	108,978	18.33
Cost of sales	(114,196)	(95,894)	19.09
Gross profit	14,756	13,084	
Other income	1,919	626	206.55
Distribution expenses	(1,528)	(1,411)	8.29
Administrative expenses	(15,513)	(14,369)	7.96
Other expenses	(7,253)	(545)	1,230.83
Results from operating activities	(7,619)	(2,615)	
Finance costs	(594)	(886)	(32.96)
Loss before income tax	(8,213)	(3,501)	
Income tax credit/(expense)	8	(16)	(150.00)
Loss from continuing operations	(8,205)	(3,517)	
Discontinued operation			
Profit from discontinued operation (net of income tax)	-	9,988	NM
(Loss)/profit for the year	(8,205)	6,471	(226.80)
Profit attributable to:			
Owners of Company	(8,169)	6,495	(225.77)
Non-controlling interests	(36)	(24)	50.00
(Loss)/profit for the year	(8,205)	6,471	(226.80)
Earnings per share:			
Basic and diluted earnings per share (cents)	(3.73)	3.16	
Earnings per share - continuing operations:			
Basic and diluted earnings per share (cents)	(3.73)	(1.71)	

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	Year Ended 31 December		Increase/
	2016	2015	(Decrease)
	S\$'000	S\$'000	%
(Loss)/profit for the year	(8,205)	6,471	(226.80)
Other comprehensive income			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences from translation of foreign operations	(3)	(430)	(99.30)
Exchange differences on monetary items forming part of net investment in foreign operations	(24)	(220)	89.09
Exchange differences realised from discontinued operation	-	636	NM
Exchange differences realised from de-registration of a subsidiary	11	-	NM
Other comprehensive income for the year	<u>(16)</u>	<u>(14)</u>	14.29
Total comprehensive income for the year	<u><u>(8,221)</u></u>	<u><u>6,457</u></u>	
Attributable to:			
Owners of the Company	(8,211)	6,482	(226.67)
Non-controlling interests	<u>(10)</u>	<u>(25)</u>	(60.00)
Total comprehensive income for the year	<u><u>(8,221)</u></u>	<u><u>6,457</u></u>	(227.32)

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

1 (a) (ii) Other notes:

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

	Group Continuing Operations Year Ended 31 December	
	2016	2015
	S\$'000	S\$'000
Allowance for inventory obsolescence	43	413
Amortisation of deferred revenue	(1,300)	(1,300)
Amortisation of intangible assets	86	86
Bad debts written-off	169	70
Depreciation for property, plant and equipment	1,874	1,537
Loss/(gain) on foreign exchange - net	33	(237)
(Gain)/loss on disposal of property, plant and equipment	(431)	443
Goodwill written-off	1,580	-
Impairment loss on other investment	3,750	-
Impairment loss for receivables - net	202	120
Interest income	(160)	(20)
Interest expense	594	886
Net change in fair value of zero-coupon convertible bonds	1,341	(120)
Plant and equipment written-off	9	34

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

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.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at	As at	As at	As at
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	S\$'000	S\$'000	S\$'000	S\$'000
		Restated^(*)		
Non-current assets				
Property, plant and equipment	22,475	22,067	23	16
Intangible assets	690	2,171 ^(*)	33	45
Subsidiaries	-	-	6,899	6,899
Other investments	928	6,018	928	6,018
Deferred tax assets	802	1,023	-	-
	<u>24,895</u>	<u>31,279</u>	<u>7,883</u>	<u>12,978</u>
Current assets				
Inventories	11,707	14,650	-	-
Trade and other receivables	19,485	24,277	11,434	7,188
Cash and cash equivalents	25,028	36,900	3,080	28,364
	<u>56,220</u>	<u>75,827</u>	<u>14,514</u>	<u>35,552</u>
Current liabilities				
Trade and other payables	36,802	38,062	518	5,466
Loans and borrowings	1,000	8,473	-	2,700
Current tax payable	815	1,114	-	-
	<u>38,617</u>	<u>47,649</u>	<u>518</u>	<u>8,166</u>
Net current assets	17,603	28,178	13,996	27,386
Non-current liabilities				
Loans and borrowings	12,097	8,554	-	-
Deferred tax liabilities	1,427	1,405 ^(*)	-	-
	<u>13,524</u>	<u>9,959</u>	<u>-</u>	<u>-</u>
Net assets	<u>28,974</u>	<u>49,498</u>	<u>21,879</u>	<u>40,364</u>
Share capital	36,412	31,957	36,412	31,957
Reserves	(3,487)	(3,445)	300	300
Accumulated (losses)/profits	(3,950)	20,977	(14,833)	8,107
Equity attributable to owners of the Company	<u>28,975</u>	<u>49,489</u>	<u>21,879</u>	<u>40,364</u>
Non-controlling interests	(1)	9	-	-
Total equity	<u>28,974</u>	<u>49,498</u>	<u>21,879</u>	<u>40,364</u>

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

(*) The purchase price allocation for the Group's acquisition of Loh & Sons Paint Co (S) Pte Ltd has been finalised in FY2016. Consequently, the following restatements have been made to the FY2015 comparatives. The FY2014 comparatives are not affected. The FY2015 consolidated statement of financial position has been restated as follows:

	Previously reported	Adjustments	Restated
	31-Dec-15		31-Dec-15
	S\$'000	S\$'000	S\$'000
Intangible assets			
- Goodwill	976	604	1,580
- Customer relationship	-	118	118
- Trademark	-	383	383
- Others	90	-	90
	<u>1,066</u>	<u>1,105</u>	<u>2,171</u>
Deferred tax liabilities	<u>300</u>	<u>1,105</u>	<u>1,405</u>
	<u>300</u>	<u>1,105</u>	<u>1,405</u>

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

1 (b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group	
	As at 31-Dec-16 S\$'000	As at 31-Dec-15 S\$'000
Amount repayable in one year or less, or on demand		
Unsecured		
Term loans	191	178
Convertible loan notes	-	2,700
	<u>191</u>	<u>2,878</u>
Secured		
Current portion of bank loans	763	5,420
Finance lease payables	46	175
	<u>809</u>	<u>5,595</u>
	<u>1,000</u>	<u>8,473</u>
Amount repayable after one year		
Unsecured		
Term loans	574	765
Secured		
Bank loans	11,286	7,233
Finance lease payables	237	556
	<u>11,523</u>	<u>7,789</u>
	<u>12,097</u>	<u>8,554</u>

Details of collateral:

The borrowings are secured on:-

- (i) property, plant and equipment with net book values as at 31 December 2016 of S\$17,001,331 (FY2015: S\$17,603,257); and
- (ii) corporate guarantees by Natural Cool Holdings Limited.

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

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Year ended 31 December	
	2016	2015
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/profit for the year	(8,205)	6,471
<u>Adjustments for:</u>		
Amortisation of deferred revenue	(1,300)	(1,300)
Amortisation of intangible assets	86	667
Depreciation of property, plant and equipment	1,874	2,837
Gain on sale of discontinued operation	-	(15,517)
Gain on de-registration of a subsidiary	(11)	-
(Gain)/loss on disposal of plant and equipment	(431)	443
Goodwill written-off	1,580	-
Impairment loss on other investment	3,750	-
Interest expenses	594	1,405
Interest income	(160)	(25)
Plant and equipment written-off	9	34
Tax (credit)/expense on continuing operations	(8)	16
Tax credit from discontinued operation	-	(180)
Net change in fair value of zero-coupon convertible bonds	1,341	(120)
	(881)	(5,269)
<u>Changes in working capital:</u>		
Inventories	3,058	(5,289)
Trade and other receivables	4,736	4,811
Trade and other payables	(1,027)	5,643
Cash flows generated from/(used in) operations	5,886	(104)
Income tax paid	(48)	(74)
Net cash from/(used in) operating activities	5,838	(178)
Cash flows from investing activities		
Acquisition of subsidiary - net of cash acquired	130	(7,317)
Interest received	160	25
Proceeds from disposal of property, plant and equipment	229	301
Purchase of computer software	(14)	(103)
Purchase of property, plant and equipment	(1,121)	(1,383)
Purchase of industrial certificates	-	(1,331)
Sale of discontinued operation, net of cash disposed	-	31,846
Net cash (used in)/from investing activities	(616)	22,038

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Group	
	Year ended 31 December	
	2016	2015
	S\$'000	S\$'000
Cash flows from financing activities		
Fixed deposits released	-	250
Interest paid	(594)	(1,105)
Non-trade amounts due from a related party	28	7
Payment of dividend	(16,758)	-
Proceeds from issue of share capital	1,755	-
Proceeds from issue of convertible loan notes	-	2,700
Proceeds from borrowings	5,000	6,000
Redemption of convertible loan notes	-	(3,750)
Repayment of bank borrowings	(5,783)	(3,329)
Repayment of finance lease liabilities	(771)	(236)
Net cash (used in)/from financing activities	(17,123)	537
Net (decrease)/increase in cash and cash equivalents	(11,901)	22,397
Effect on changes in foreign exchange rate	29	263
Cash and cash equivalents at beginning of year	36,900	14,240
Cash and cash equivalents at end of year	25,028	36,900

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share capital	Capital reserve	Foreign currency translation reserves	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2015	31,957	(3,078)	(354)	14,482	43,007	228	43,235
Total comprehensive income for the year							
-Profit/(loss) for the year	-	-	-	6,495	6,495	(24)	6,471
Other comprehensive income							
-Foreign currency translation differences from translation of foreign operations	-	-	(429)	-	(429)	(1)	(430)
-Exchange differences on monetary items forming part of net investment in foreign operations	-	-	(220)	-	(220)	-	(220)
-Exchange differences realised from discontinued operations	-	-	636	-	636	-	636
Total comprehensive income for the year	-	-	(13)	6,495	6,482	(25)	6,457
Changes in ownership interests in subsidiaries							
-Sale of discontinued operation	-	-	-	-	-	(194)	(194)
At 31 December 2015	31,957	(3,078)	(367)	20,977	49,489	9	49,498

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Group	Share capital	Capital reserve	Foreign currency translation reserves	Accumulated profits/(losses)	Total attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2016	31,957	(3,078)	(367)	20,977	49,489	9	49,498
Total comprehensive income for the year							
-Loss for the year	-	-	-	(8,169)	(8,169)	(36)	(8,205)
Other comprehensive income							
-Foreign currency translation differences relating to financial statements of foreign operations	-	-	(29)	-	(29)	26	(3)
-Exchange differences on monetary items forming part of net investment in foreign operations	-	-	(24)	-	(24)	-	(24)
-Exchange differences realised from de-registration of a subsidiary	-	-	11	-	11	-	11
Total comprehensive loss for the year	-	-	(42)	(8,169)	(8,211)	(10)	(8,221)
Transactions with owners, recognised directly in equity							
-Issuance of new shares	4,455	-	-	-	4,455	-	4,455
-Dividends declared	-	-	-	(16,758)	(16,758)	-	(16,758)
	4,455	-	-	(16,758)	(12,303)	-	(12,303)
At 31 December 2016	36,412	(3,078)	(409)	(3,950)	28,975	(1)	28,974

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Capital reserve	Accumulated (losses)/profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Company</u>				
At 1 January 2015	31,957	300	(9,432)	22,825
Total comprehensive income for the year				
-Profit for the year	-	-	17,539	17,539
At 31 December 2015	31,957	300	8,107	40,364
Total comprehensive income for the year				
-Loss for the year	-	-	(6,182)	(6,182)
Transactions with owners, recognised directly in equity				
-Issuance of new shares	4,455	-	-	4,455
-Dividends declared	-	-	(16,758)	(16,758)
At 31 December 2016	36,412	300	(14,833)	21,879

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

1. **(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

The Company's share capital was S\$34,656,902 comprising 223,447,985 shares as at 30 June 2016 and S\$36,411,902 comprising 250,447,985 shares as at 31 December 2016.

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

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

The Company issued convertible loan notes amounting to S\$2,700,000 to Rhodus Capital Limited in June 2015. The notes are convertible into 18,000,000 shares in the capital of the Company. The convertible loan notes were subsequently transferred to Mr. Lim Teck Chuan in November 2015.

On 25 May 2016, the convertible loan notes had been fully converted into 18,000,000 shares in the capital of the Company at a conversion price of S\$0.15 per share (as at 31 December 2015: 18,000,000 shares were convertible).

On 24 November 2016 the Company has received cash consideration of S\$1,755,000 from Mr. Ng Quek Peng and allotted and issued 27,000,000 Subscription Shares to Mr. Ng Quek Peng at the issue price of S\$0.065 per Subscription Share (the "Share Issue").

Save as disclosed, the Company did not have any outstanding options, convertibles or treasury shares as at 31 December 2016 and 31 December 2015.

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

The total numbers of issued shares (excluding treasury shares) were 250,447,985 as at 31 December 2016 and 205,447,985 as at 31 December 2015.

There were no treasury shares as at 31 December 2016 and 31 December 2015.

- (d) (iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

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

2. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by the auditors.

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

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

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in those of the audited financial statements for the year ended 31 December 2016.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new and/or revised Financial Reporting Standards (FRSs) and interpretations that are effective for annual periods beginning 1 January 2016. Presently, the Group does not expect the adoption of the new and/or revised FRS and the interpretations to have any material impact on the financial statements of the Group for the current reporting period.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

(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 Year Ended 31 December	
	2016	2015
Net loss attributable to shareholders - continuing operations (S\$'000)	<u>(8,169)</u>	<u>(3,493)</u>
Weighted average number of ordinary share in issue (No. of shares) - basic	219,120,116	205,447,985
Earnings per share (Singapore cents) - basic	(3.73)	(1.70)
Weighted average number of ordinary share in issue (No. of shares) - diluted	219,120,116	205,447,985
Earnings per share (Singapore cents) - diluted	(3.73)	(1.70)

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

	Group	
	Year Ended 31 December	
	2016	2015
Net profit attributable to shareholders - discontinued operations (S\$'000)	-	9,988
Weighted average number of ordinary share in issue (No. of shares) – basic and diluted	219,120,116	205,447,985
Earnings per share (Singapore cents) - basic	-	4.86
Weighted average number of ordinary share in issue (No. of shares) - diluted	219,120,116	205,447,985
Earnings per share (Singapore cents) – diluted	-	4.86

Note:

As at 31 December 2015, the conversion effect of the convertible loan notes was excluded from the calculation of diluted weighted average number of ordinary share as their effects would have been anti-dilutive.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year:

	Group		Company	
	As at	As at	As at	As at
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Net assets attributable to shareholders (S\$'000)	28,975	49,489	21,879	40,364
Net asset value per share as at the end of the financial year (Singapore cents) ¹	11.57	24.09	8.74	19.65

Note:

The total numbers of issued shares (excluding treasury shares) were 250,447,985 as at 31 December 2016 and 205,447,985 as at 31 December 2015.

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

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, costs, 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 period reported on.**

Review of Income Statement

The Group achieved revenue of S\$128.95 million for the full year ended 31 December 2016 ("FY2016"), an increase of S\$19.97 million, or 18.33% as compared to S\$108.98 million in the full year ended 31 December 2015 ("FY2015"). This was due mainly to higher revenue earned by the Group's Aircon division.

Gross profit increased by S\$1.67 million to S\$14.76 million in FY2016. Gross profit margin decreased from 12.01% in FY2015 to 11.44% in FY2016 due mainly to higher subcontractors' costs.

Other income increased by S\$1.29 million or 206.55% to S\$1.92 million due mainly to reversal of payables upon deregistration of our subsidiary in Cambodia, interest income from fixed deposits and gain on disposal of motor vehicles.

Distribution expenses increased by S\$0.12 million or 8.29% to S\$1.53 million due mainly to higher salaries and entertainment expenses.

Administrative expenses increased by S\$1.14 million or 7.96% to S\$15.51 million due mainly to higher salaries, higher depreciation and ex-gratia payments to former Independent Directors in FY2016.

Other expenses increased by S\$6.71 million or 1,230.83% to S\$7.25 million due mainly to impairment of goodwill in the Paint division and impairment of other investments in FY2016 as set out in the review of statements of financial position below.

Finance costs decreased by S\$0.29 million or 32.96% to S\$0.59 million due mainly to lower trade facilities utilisation in FY2016.

Tax credit was due mainly to refunds of taxes paid by the Aircon division for prior year of assessments.

Arising from the above, the Group reported a loss from continuing operation of S\$8.21 million in FY2016.

Review of Statements of Financial Position

Intangible assets decreased by S\$1.48 million to S\$0.69 million as at 31 December 2016 due mainly to the write-off of goodwill in the Paint division.

Other investments decreased by S\$5.09 million to S\$0.93 million as at 31 December 2016 due mainly to the impairment of investment as well as change in fair value of the zero-coupon convertible bonds.

Inventories decreased by S\$2.94 million to S\$11.71 million as at 31 December 2016 due mainly to utilisation of existing built-up inventory in the Group's Aircon division during the year.

Trade and other receivables decreased by S\$4.79 million to S\$19.49 million as at 31 December 2016 due mainly to the refund of security deposit from the landlord of Natural Cool Lifestyle Hub.

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

Trade and other payables decreased by S\$1.26 million to S\$36.80 million as at 31 December 2016 due mainly to lower trade facilities utilisation, lower accrued expenses and the amortisation of deferred revenue from the sale and lease-back of Natural Cool Lifestyle Hub. The decrease is offset by the higher advances received from customers of the Aircon division.

Total loans and borrowings decreased by S\$3.93 million to S\$13.10 million due mainly to repayment of finance lease liabilities, bank loans and conversion of outstanding loan notes by Mr. Lim Teck Chuan as announced on 25 May 2016.

Review of Statement of Cash Flows

Cash flows from operating activities were an inflow of S\$5.84 million. This was due mainly to higher advances received from customers of Aircon division and refund of security deposit by from the landlord of Natural Cool Lifestyle Hub.

Cash flows from investing activities were an outflow of S\$0.62 million. This was due mainly to purchase of property, plant & equipment in Aircon and Paint divisions.

Cash flows from financing activities were an outflow of S\$17.12 million. This was due mainly to the payment of dividend and repayments of finance lease liabilities and bank loans.

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

No specific forecast or prospect statement for the current financial period was previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

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

The Company wishes to draw Shareholders' attention to its announcement dated 28 February 2017 regarding its Paint division.

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Shareholders had on an Extraordinary General Meeting held on 8 June 2016 and approved the one-tier tax exempt special final dividend of S\$0.075 per share for the financial year ended 31 December 2015. The book closure date was on 30 June 2016 and dividend payment date was on 18 July 2016.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared for FY2016.

13. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY2016 (S\$)	FY2015 (S\$)
Special final dividend (tax exempt one-tier)	-	16,758,224

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

PART II-ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results 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.

(a) Operating segment

2016	Aircon	Switchgear (Discontinued)	Paint	Investment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue and expenses					
External revenue	121,521	-	3,520	3,911	128,952
Inter-segment revenue	32	-	3	548	583
Total revenue of reportable segments	121,553	-	3,523	4,459	129,535
Finance income	23	-	11	-	34
Finance costs	327	-	213	-	540
Depreciation and amortisation	1,137	-	381	418	1,936
Reportable segment profit/(loss) before tax	2,271	-	(2,198)	(1,880)	(1,807)
Other material non-cash items:					
-Allowance for inventory obsolescence	43	-	-	-	43
-Amortisation of deferred revenue	-	-	-	1,300	1,300
-Bad debts written-off	148	-	-	21	169
-Impairment of goodwill	-	-	1,580	-	1,580
-Impairment of receivables - net	105	-	-	97	202
-Plant and equipment written-off	9	-	-	-	9
Reportable segment assets	58,687	-	10,143	10,970	79,800
Capital expenditure	775	-	1,138	344	2,257
Reportable segment liabilities	38,298	-	7,243	14,051	59,592
2015					
Revenue and expenses					
External revenue	104,445	45,350	1,210	3,323	154,328
Inter-segment revenue	60	110	-	1,094	1,264
Total revenue of reportable segments	104,505	45,460	1,210	4,417	155,592
Finance income	13	5	-	2	20
Finance costs	412	519	21	42	994
Depreciation and amortisation	1,246	1,881	15	355	3,497
Reportable segment profit/(loss) before tax	1,020	9,808	192	(1,891)	9,129
Other material non-cash items:					
-Allowance for inventory obsolescence	413	26	-	-	439
-Amortisation of deferred revenue	-	-	-	1,300	1,300
-Bad debts written-off	36	16	-	34	86
-Loss on disposal of property, plant and equipment	443	-	-	-	443
-Impairment of receivables - net	120	242	-	-	362
-Plant and equipment written-off	33	-	-	-	33
Reportable segment assets	53,308	-	8,986	11,418	73,712
Capital expenditure	929	2,341	225	431	3,926
Reportable segment liabilities	35,269	-	2,473	17,639	55,381

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2016	2015
	S\$'000	S\$'000
Revenues		
Total revenue for reportable segments	129,535	155,592
Elimination of inter-segment revenue	(583)	(1,264)
Elimination of discontinued operations	-	(45,350)
Consolidated revenue	128,952	108,978
Profit or loss		
Total profit or loss for reportable segments	(1,807)	9,129
Other losses	(6,406)	(2,823)
	(8,213)	6,306
Elimination of discontinued operations	-	(9,808)
Consolidated loss before income tax	(8,213)	(3,502)
	2016	2015
	S\$'000	S\$'000
Assets		
Total assets for reportable segments	79,800	73,712
Other assets	4,029	35,328
Elimination of inter-segment assets	(2,714)	(1,934)
Consolidated total assets	81,115	107,106
Liabilities		
Total liabilities for reportable segments	59,592	55,381
Other liabilities	522	6,936
Elimination of inter-segment liabilities	(7,973)	(4,709)
Consolidated total liabilities	52,141	57,608

Other material items in 2016	Reportable segment totals	Adjustments	Consolidated totals
	S\$'000	S\$'000	S\$'000
Finance income	34	126	160
Finance cost	540	54	594
Depreciation and amortisation	1,936	24	1,960
Allowance for inventory obsolescence	43	-	43
Amortisation of deferred revenue	1,300	-	1,300
Bad debts written-off	169	-	169
Impairment of goodwill	1,580	-	1,580
Impairment of receivables - net	202	-	202
Plant and equipment written-off	9	-	9
Capital expenditure	2,257	20	2,277

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

Other material items in 2015	Reportable segment totals	Adjustments	Consolidated totals
	S\$'000	S\$'000	S\$'000
Finance income	20	5	25
Finance cost	994	411	1,405
Depreciation and amortisation	3,497	7	3,504
Allowance for inventory obsolescence	439	-	439
Amortisation of deferred revenue	1,300	-	1,300
Bad debts written-off	86	-	86
Loss on disposal of property, plant and equipment	443	-	443
Impairment of receivables - net	362	-	362
Plant and equipment written-off	33	1	34
Capital expenditure	3,926	6,052	9,978

(b) Geographical information

	2016		2015	
	S\$'000	%	S\$'000	%
Revenue				
Singapore	127,700	99.03	149,544	96.90
Malaysia	1,252	0.97	3,886	2.52
India	-	-	430	0.28
Others*	-	-	468	0.30
	<u>128,952</u>	<u>100.00</u>	<u>154,328</u>	<u>100.00</u>
Discontinued operation	-		(45,350)	
Total	<u>128,952</u>		<u>108,978</u>	
Non-current assets**				
Singapore	23,719	98.45	30,256	100.00
Malaysia	374	1.55	-	-
Total	<u>24,093</u>	<u>100.00</u>	<u>30,256</u>	<u>100.00</u>

* Others include Sri Lanka, Hong Kong, Thailand, Vietnam, Indonesia and etc.

** Non-current assets consist of property, plant and equipment, intangible assets and other investments.

Major Customer

Revenue from one customer of Group's Aircon segment represents approximately S\$18.93 million (FY2015: S\$4.21 million) of the Group's total revenue.

15. 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.

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

16. A breakdown of sales as follows:

	2016 S\$'000	Group 2015 S\$'000	Increase/ (Decrease) %
(a) Sales reported for first half year	71,016	49,175	44.41
(b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	227	(622)	(136.50)
(c) Sales reported for second half year	57,936	59,803	(3.12)
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(8,432)	(2,895)	191.26

17. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

During FY2016, the following interested person transaction was carried out in the normal course of business (excluding transaction less than S\$100,000) on normal commercial terms agreed between Tsng Joo Ann and the Company's wholly-owned subsidiary Natural Cool Air-conditioning and Engineering Pte Ltd for the sale of air-conditioners and parts.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review excluding transactions less than \$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Tsng Joo Ann ¹	S\$294,079	-

Note:-

1 – Brother of Tsng Joo Peng, the Chief Executive Officer of the Company

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

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2016

- 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.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Yap Geok Khim	52	Spouse of Joseph Ang Choon Cheng, former Executive Chairman Sister-in-law of Eric Ang Choon Beng, former Executive Director	Administrative Manager of Loh & Sons Paint Co (S) Pte Ltd ("Loh & Sons"). Responsible for overall administrative and human resource matters in Loh & Sons. Madam Yap Geok Khim joined the Group on 2 March 2006.	NA
Aaron Ang	26	Son of Joseph Ang Choon Cheng, former Executive Chairman	Manager of Loh & Sons Responsible for overall business development in Loh & Sons. Mr. Ang first joined the Group on 1 March 2016.	NA

- 19. 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 undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

- 20. Use of Proceeds**

The estimated net proceeds from the Shares Issue are approximately S\$1.73 million. The Company intends to use the net proceeds to fund the regional and local growth and expansion of the Group's Aircon and Paint businesses.

As at 31 December 2016, the Company has not utilised any of the net proceeds.

BY ORDER OF THE BOARD

Tsng Joo Peng
Chief Executive Officer

Singapore
28 February 2017