

## NATURAL COOL HOLDINGS LIMITED

Company Registration No.: 200509967G  
(Incorporated in the Republic of Singapore)

*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 Catalist. 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.*

### MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the "Board" or the "Directors") of Natural Cool Holdings Limited (the "Company", and together with its subsidiaries, the "Group") refers to the announcement on its unaudited full year financial statements for the financial year ended 31 December 2016 released by the Company on the SGXNet on 28 February 2017.

The Board wishes to announce and clarify the material variances between the unaudited financial statements and audited financial statements for the financial year ended 31 December 2016. The material variances and the reasons for the material variances are set out in the explanatory notes below.

The material variances are set out as follows:

| CONSOLIDATED INCOME STATEMENT            | Group                  |                        | Variance | Note |
|--|------------------------|------------------------|----------|------|
|  | Year Ended 31 Dec 2016 | Year Ended 31 Dec 2016 |          |      |
| S\$'000                                  | Audited                | Unaudited              |          |      |
| <b>Continuing operations</b>             |                        |                        |          |      |
| Revenue                                  | 128,970                | 128,952                | 18       | NM   |
| Cost of sales                            | (114,219)              | (114,196)              | (23)     | NM   |
| <b>Gross profit</b>                      | 14,751                 | 14,756                 |          |      |
| Other income                             | 1,685                  | 1,919                  | (234)    | NM   |
| Distribution expenses                    | (1,528)                | (1,528)                | -        |      |
| Administrative expenses                  | (15,266)               | (15,513)               | 247      | NM   |
| Other expenses                           | (10,286)               | (7,253)                | (3,033)  | A, B |
| <b>Results from operating activities</b> | (10,644)               | (7,619)                | (3,025)  |      |
| Finance costs                            | (594)                  | (594)                  | -        |      |
| <b>Loss before tax</b>                   | (11,238)               | (8,213)                | (3,025)  |      |
| Tax credit                               | 8                      | 8                      | -        |      |
| <b>Loss from continuing operations</b>   | (11,230)               | (8,205)                | (3,025)  |      |

**Loss attributable to:**

**CONSOLIDATED INCOME STATEMENT**

| <b>S\$'000</b>            | <b>Group</b>                  |                  |                 | <b>Note</b> |
|---------------------------|-------------------------------|------------------|-----------------|-------------|
|                           | <b>Year Ended 31 Dec 2016</b> |                  |                 |             |
|                           | <b>Audited</b>                | <b>Unaudited</b> | <b>Variance</b> |             |
| Owners of Company         | (11,194)                      | (8,169)          | (3,025)         |             |
| Non-controlling interests | (36)                          | (36)             | -               |             |
| <b>Loss for the year</b>  | <b>(11,230)</b>               | <b>(8,205)</b>   | <b>(3,025)</b>  |             |
| Loss per share (cents)    | (5.11)                        | (3.73)           | (1.38)          |             |

**EXTRACT OF STATEMENTS OF FINANCIAL POSITION AS AT 31 DEC 2016**

| <b>S\$'000</b>                  | <b>Audited</b> | <b>Unaudited</b> | <b>Variance</b> | <b>Note</b> |
|---------------------------------|----------------|------------------|-----------------|-------------|
| <b>Non-current assets:</b>      |                |                  |                 |             |
| Property, plant and equipment   | 21,512         | 22,475           | (963)           | <b>A, B</b> |
| <b>Current assets:</b>          |                |                  |                 |             |
| Trade and other receivables     | 19,427         | 19,485           | (58)            | <b>NM</b>   |
| <b>Equity:</b>                  |                |                  |                 |             |
| Reserves                        | (3,476)        | (3,487)          | 11              | <b>NM</b>   |
| <b>Non-current liabilities:</b> |                |                  |                 |             |
| Provision                       | 1,570          | -                | 1,570           | <b>A</b>    |
| <b>Current liabilities:</b>     |                |                  |                 |             |
| Provision                       | 423            | -                | 423             | <b>A</b>    |
| Net assets per share (cents)    | 10.37          | 11.57            | (1.20)          |             |

**Note**

**NM.** Not considered material adjustments

- A.** In 2010, the Group entered into a non-cancellable sales and leaseback transaction for its Natural Cool Lifestyle Hub building whereby the Group has committed to being the master tenant for a lease period up to 2020. Due to changes in market conditions, estimated rental income is expected to be lower than the committed rental expenses and the discounted future losses amounting to S\$1.99 million, have been provided for as onerous contract. As a result, the Group also provided for impairment on plant and equipment attributable to the onerous contract in the Investment division amounting to S\$0.69 million.
- B.** The Group provided for impairment amounting to S\$0.27 million on plant and equipment in the Paint division as the management has assessed that these assets are not expected to bring future economic benefits to the Group.

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED 31 DEC 2016

| <b>S\$'000</b>                        | <b>Audited</b> | <b>Unaudited</b> | <b>Variance</b> | <b>Note</b> |
|---------------------------------------|----------------|------------------|-----------------|-------------|
| Net cash from operating activities    | 7,265          | 5,838            | 1,427           | <b>C</b>    |
| Net cash used in investing activities | (2,044)        | (616)            | (1,428)         | <b>C</b>    |
| Net cash used in financing activities | (17,122)       | (17,123)         | 1               | <b>NM</b>   |

### **Note**

**NM.** Not considered material adjustments

- C.** Certain payments for capital expenditures in plant and equipment and computer software were included as changes in trade and other payables under operating activities in the announcement. These payments were subsequently reclassified as purchase of property, plant and equipment and purchase of computer software under investing activities in the annual report.

### **BY ORDER OF THE BOARD**

Leaw Wei Siang  
Company Secretary

3 April 2017

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### **About Natural Cool Holdings Limited**

Established in 1989 and listed on Catalist (formerly known as SESDAQ) in May 2006, Natural Cool provides installation, maintenance, repair and replacement services for air-conditioning systems to the residential segment, both public and private; and commercial sectors, which includes factories, offices, condominiums, schools and hospitals, in Singapore. In addition, the Group sells air-conditioning components and tools used for the installation and servicing of air-conditioning business.