



Natural Cool Holdings Limited

Company Registration Number: 200509967G

Announcement of Unaudited Condensed Interim
Financial Statements for the Six Months and Full
Year Ended 31 December 2021

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PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULT

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

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

Note	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Revenue	73,324	69,905	147,953	120,208
Cost of sales	(63,299)	(59,159)	(127,362)	(101,821)
Gross profit	10,025	10,746	20,591	18,387
Other income	1,109	1,583	1,892	3,040
Distribution expenses	(1,576)	(988)	(2,890)	(1,924)
Administrative expenses	(10,220)	(8,405)	(18,384)	(15,977)
Reversal/(Impairment loss) on trade receivables and contract assets, including bad debts written-off	149	(706)	(133)	(706)
Other expenses	(5,181)	(655)	(5,593)	(712)
Results from operating activities	(5,694)	1,575	(4,517)	2,108
Finance costs	(571)	(651)	(1,179)	(1,059)
(Loss)/Profit before tax	(6,265)	924	(5,696)	1,049
Tax credit/(expense)	113	65	(214)	65
(Loss)/Profit for the period/year	(6,152)	989	(5,910)	1,114
(Loss)/Profit attributable to:				
Owners of the Company	(5,930)	991	(5,663)	1,271
Non-controlling interests	(222)	(2)	(247)	(157)
(Loss)/Profit for the period/year	(6,152)	989	(5,910)	1,114
Other comprehensive (loss)/income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences from translation of foreign operations	(2)	(22)	18	(6)
Other comprehensive (loss)/income for the period/year	(2)	(22)	18	(6)
Total comprehensive (loss)/income for the period/year	(6,154)	967	(5,892)	1,108
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(5,932)	974	(5,651)	1,268
Non-controlling interests	(222)	(7)	(241)	(160)
Total comprehensive (loss)/income for the period/year	(6,154)	967	(5,892)	1,108

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

Condensed Interim Consolidated Statement of Financial Position

	Note	Group		Company	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		Unaudited \$'000	Audited \$'000	Unaudited \$'000	Audited \$'000
Assets					
Property, plant and equipment	12	54,449	60,528	11	19
Intangible assets and goodwill	13	2,429	2,018	251	104
Investment property	14	950	–	–	–
Subsidiaries		–	–	8,025	7,932
Other investments	15	–	600	–	600
Other receivables	17	2,333	1,940	5,894	2,507
Non-current assets		60,161	65,086	14,181	11,162
Inventories	16	8,575	8,036	–	–
Contract assets		4,397	966	–	–
Trade and other receivables	17	19,701	17,320	1,387	1,447
Other investments	15	1,000	–	1,000	–
Cash and cash equivalents		11,625	10,744	703	2,602
Current assets		45,298	37,066	3,090	4,049
Total assets		105,459	102,152	17,271	15,211
Equity					
Share capital	18	36,412	36,412	36,412	36,412
Reserves		(3,029)	(3,041)	300	300
Accumulated losses		(19,170)	(13,131)	(31,372)	(31,365)
Equity attributable to owners of the Company		14,213	20,240	5,340	5,347
Non-controlling interests		(349)	(288)	–	–
Total equity		13,864	19,952	5,340	5,347
Liabilities					
Loans and borrowings	19	48,394	47,139	3,375	4,498
Deferred tax liabilities		324	266	–	–
Provision		580	540	–	–
Non-current liabilities		49,298	47,945	3,375	4,498
Loans and borrowings	19	11,006	6,045	1,223	502
Contract liabilities		11,766	12,634	–	–
Trade and other payables	20	19,327	15,400	7,333	4,864
Current tax liabilities		198	176	–	–
Current liabilities		42,297	34,255	8,556	5,366
Total liabilities		91,595	82,200	11,931	9,864
Total equity and liabilities		105,459	102,152	17,271	15,211

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

Condensed Interim Consolidated Statement of Cash Flows

Note	Group	
	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000
Cash flows from operating activities		
(Loss)/Profit for the year	(5,910)	1,114
Adjustments for:		
Amortisation of intangible assets	107	116
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")	600	–
Depreciation of property, plant and equipment	7,726	6,469
(Gain)/Loss on disposal of property, plant and equipment	(162)	16
Impairment loss on goodwill	103	–
Impairment loss on property, plant and equipment	4,565	–
Interest expenses	1,179	1,059
Interest income	(3)	(17)
Property, plant and equipment written-off	34	4
Tax expense/(credit)	214	(65)
	8,453	8,696
Changes in:		
Inventories	(539)	2,716
Trade and other receivables	(1,916)	6,434
Contract assets	(247)	771
Trade and other payables	744	(4,004)
Contract liabilities	(912)	45
Cash generated from operations	5,583	14,658
Tax paid	(155)	(363)
Net cash from operating activities	5,428	14,295
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	22	(316)
Interest received	3	17
Investment in other investment	(1,000)	–
Proceeds from disposal of property, plant and equipment	297	93
Purchase of intangible assets	(336)	(152)
Purchase of property, plant and equipment	(3,308)	(1,028)
Net cash used in investing activities	(4,660)	(1,070)

	Group	
	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000
Cash flows from financing activities		
Dividend paid	(376)	–
Interest paid	(1,139)	(1,021)
Changes in bills payable	2,669	(6,628)
Payment of lease liabilities	(4,704)	(6,766)
Proceeds from borrowings	5,000	6,000
Repayment of borrowings	(1,362)	(1,526)
Net cash from/(used in) financing activities	<u>88</u>	<u>(9,941)</u>
Net increase in cash and cash equivalents	856	3,284
Cash and cash equivalents at beginning of year	10,744	7,463
Effect of foreign exchange fluctuations on cash held	25	(3)
Cash and cash equivalents at end of year	<u>11,625</u>	<u>10,744</u>

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

Condensed Interim Consolidated Statement of Changes in Equity

	Note	Share capital \$'000	Capital reserve \$'000	Translation reserve \$'000	Accumulated losses \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group								
At 1 January 2021		36,412	(3,078)	37	(13,131)	20,240	(288)	19,952
Total comprehensive loss for the year								
Loss for the year		–	–	–	(5,663)	(5,663)	(247)	(5,910)
Other comprehensive income								
Foreign currency translation differences from translation of foreign operations		–	–	12	–	12	6	18
Total comprehensive income/(loss) for the year		–	–	12	(5,663)	(5,651)	(241)	(5,892)
Transaction with owners, recognised directly in equity								
Dividends declared	18	–	–	–	(376)	(376)	–	(376)
Total contribution by and distributions to owners		–	–	–	(376)	(376)	–	(376)
Changes in ownership interests in subsidiary								
Acquisition of subsidiary with non-controlling interests	22	–	–	–	–	–	180	180
Total changes in ownership interests in subsidiary		–	–	–	–	–	180	180
At 31 December 2021		36,412	(3,078)	49	(19,170)	14,213	(349)	13,864
At 1 January 2020		36,412	(3,078)	40	(14,402)	18,972	(128)	18,844
Total comprehensive income/(loss) for the year								
Profit/(Loss) for the year		–	–	–	1,271	1,271	(157)	1,114
Other comprehensive loss								
Foreign currency translation differences from translation of foreign operations		–	–	(3)	–	(3)	(3)	(6)
Total comprehensive (loss)/income for the year		–	–	(3)	1,271	1,268	(160)	1,108
At 31 December 2020		36,412	(3,078)	37	(13,131)	20,240	(288)	19,952

Condensed Interim Statement of Changes in Equity

	Note	Share capital \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<u>Company</u>					
At 1 January 2021		36,412	300	(31,365)	5,347
Total comprehensive income for the year					
Profit for the year		–	–	369	369
Transaction with owners, recognised directly in equity					
Dividends declared	18	–	–	(376)	(376)
At 31 December 2021		36,412	300	(31,372)	5,340
At 1 January 2020		36,412	300	(31,927)	4,785
Total comprehensive income for the year					
Profit for the year		–	–	562	562
At 31 December 2020		36,412	300	(31,365)	5,347

Notes to the Condensed Interim Financial Statements

1. Corporate information

Natural Cool Holdings Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist Board of the Singapore Exchange. These condensed interim financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are as follows:

- a. Air-conditioning: trading of air-conditioning units and spare parts, installation services for commercial air-conditioning systems and mechanical ventilation, and maintenance services;
- b. Investment: property investment holding;
- c. Paint and Coatings: manufacturing, and trading of paint and basic chemicals; and
- d. Food and beverages (“F&B”): operator of restaurants, manufacture and wholesale of F&B products.

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

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

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1. New and amended standards adopted by the Group

On 1 January 2021, the Group adopted new and amended SFRS(I) and interpretations to SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial period. The adoption of these new or amended SFRS(I) and INT SFRS(I) did not have a material effect on the financial statements.

2.2. Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Notes 5 – revenue recognition: estimate of total contract costs to complete.
- Notes 12 and 13 – impairment assessment of property, plant and equipment, intangible assets and goodwill: key assumptions underlying the recoverable amounts;
- Notes 17 – measurement of expected credit losses (“ECL”) allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and

3. Seasonal operations

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

4. Segment and revenue information

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

Air-conditioning : trading of air-conditioning units and spare parts, installation services for commercial air-conditioning systems and mechanical ventilation, and maintenance services such as inspection and cleaning of air-conditioning and ventilation systems.

Investments : sub-lease of leased property.

Paint and Coatings : manufacturing and distribution of paints and chemicals.

F&B : operator of restaurants, manufacture and wholesale of F&B products.

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

Information about reportable segments

	Aircon	Investments	Paint and Coatings	F&B	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2021 to 31 December 2021					
External revenue	68,162	1,892	1,842	1,428	73,324
Inter-segment revenue	2,267	233	1,298	317	4,115
Total revenue of reportable segments	<u>70,429</u>	<u>2,125</u>	<u>3,140</u>	<u>1,745</u>	<u>77,439</u>
Interest income	(14)	(6)	–	–	(20)
Finance costs	335	182	13	18	548
Depreciation and amortisation	1,266	2,192	109	382	3,949
Reportable segment profit/(loss) before tax	<u>277</u>	<u>(4,757)</u>	<u>66</u>	<u>(1,202)</u>	<u>(5,616)</u>
Other material non-cash items:					
(Reversal)/Impairment loss on trade receivables and contract assets, including bad debts written-off	(151)	–	2	–	(149)
Impairment loss on property, plant and equipment	–	4,293	–	272	4,565
Reportable segment assets	91,669	13,901	3,014	5,663	114,247
Capital expenditure	147	58	8	1,742	1,955
Reportable segment liabilities	<u>67,752</u>	<u>17,700</u>	<u>8,118</u>	<u>7,915</u>	<u>101,485</u>
1 July 2020 to 31 December 2020					
External revenue	64,796	2,004	1,711	1,394	69,905
Inter-segment revenue	4,939	359	885	33	6,216
Total revenue of reportable segments	<u>69,735</u>	<u>2,363</u>	<u>2,596</u>	<u>1,427</u>	<u>76,121</u>
Interest income	(26)	(9)	–	–	(35)
Finance costs	414	204	19	5	642
Depreciation and amortisation	1,229	2,040	132	205	3,606
Reportable segment profit/(loss) before tax	<u>1,228</u>	<u>(308)</u>	<u>(31)</u>	<u>(230)</u>	<u>659</u>
Other material non-cash item:					
Impairment loss on trade receivables and contract assets, including bad debts written-off	573	101	–	–	674
Reportable segment assets	79,449	22,029	2,630	2,366	106,474
Capital expenditure	761	168	26	5	960
Reportable segment liabilities	<u>55,215</u>	<u>21,527</u>	<u>7,876</u>	<u>3,589</u>	<u>88,207</u>

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

	Group	
	6 months ended 31 December 2021	6 months ended 31 December 2020
	\$'000	\$'000
Revenue		
Total revenue for reportable segments	77,439	76,121
Elimination of inter-segment revenue	(4,115)	(6,216)
Consolidated revenue	73,324	69,905
(Loss)/Profit before tax		
Total (loss)/profit before tax for reportable segments	(5,616)	659
Unallocated amounts	(710)	(481)
Elimination of inter-segment profit or loss	61	746
Consolidated (loss)/profit before tax	(6,265)	924
Assets		
Total assets for reportable segments	114,247	106,474
Unallocated amounts	1,996	3,370
Elimination of inter-segment assets	(10,784)	(7,692)
Consolidated total assets	105,459	102,152
Liabilities		
Total liabilities for reportable segments	101,485	88,207
Unallocated amounts	4,877	5,433
Elimination of inter-segment liabilities	(14,767)	(11,440)
Consolidated total liabilities	91,595	82,200

Reconciliations of reportable segment other material items

	Reportable segment totals	Unallocated amounts	Consolidated totals
	\$'000	\$'000	\$'000
1 July 2021 to 31 December 2021			
Interest income	(20)	17	(3)
Finance costs	548	23	571
Depreciation and amortisation	3,949	29	3,978
Impairment loss on property, plant and equipment	4,565	–	4,565
Reversal on trade receivables and contract assets, including bad debts written-off	(149)	–	(149)
Capital expenditure	1,955	103	2,058
1 July 2020 to 31 December 2020			
Interest income	(35)	19	(16)
Finance costs	642	9	651
Depreciation and amortisation	3,606	29	3,635
Impairment loss on trade receivables and contract assets, including bad debts written-off	674	32	706
Capital expenditure	960	6	966

	Aircon	Investments	Paint and Coatings	F&B	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
1 January 2021 to 31 December 2021					
External revenue	136,713	3,842	3,665	3,733	147,953
Inter-segment revenue	5,712	526	2,484	406	9,128
Total revenue of reportable segments	142,425	4,368	6,149	4,139	157,081
Interest income	(23)	(13)	–	–	(36)
Finance costs	689	384	27	28	1,128
Depreciation and amortisation	2,521	4,373	241	641	7,776
Reportable segment profit/(loss) before tax	2,068	(5,344)	134	(1,288)	(4,430)
Other material non-cash items:					
Impairment loss on trade receivables and contract assets, including bad debts written-off	131	–	2	–	133
Impairment loss on goodwill	–	–	–	103	103
Impairment loss on property, plant and equipment	–	4,293	–	272	4,565
Reportable segment assets	91,669	13,901	3,014	5,663	114,247
Capital expenditure	660	192	10	2,747	3,609
Reportable segment liabilities	67,752	17,700	8,118	7,915	101,485
1 January 2020 to 31 December 2020					
External revenue	109,863	3,979	3,138	3,228	120,208
Inter-segment revenue	7,425	666	1,847	71	10,009
Total revenue of reportable segments	117,288	4,645	4,985	3,299	130,217
Interest income	(35)	(21)	–	–	(56)
Finance costs	786	230	39	15	1,070
Depreciation and amortisation	2,446	3,405	264	420	6,535
Reportable segment profit/(loss) before tax	1,296	(170)	(163)	(470)	493
Other material non-cash item:					
Impairment loss on trade receivables and contract assets, including bad debts written-off	573	101	–	–	674
Reportable segment assets	79,449	22,029	2,630	2,366	106,474
Capital expenditure	779	173	43	20	1,015
Reportable segment liabilities	55,215	21,527	7,876	3,589	88,207

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

	Group	
	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000
Revenue		
Total revenue for reportable segments	157,081	130,217
Elimination of inter-segment revenue	(9,128)	(10,009)
Consolidated revenue	<u>147,953</u>	<u>120,208</u>
(Loss)/Profit before tax		
Total (loss)/profit before tax for reportable segments	(4,430)	493
Unallocated amounts	(1,310)	(298)
Elimination of inter-segment profit or loss	44	854
Consolidated (loss)/profit before tax	<u>(5,696)</u>	<u>1,049</u>
Assets		
Total assets for reportable segments	114,247	106,474
Unallocated amounts	1,996	3,370
Elimination of inter-segment assets	(10,784)	(7,692)
Consolidated total assets	<u>105,459</u>	<u>102,152</u>
Liabilities		
Total liabilities for reportable segments	101,485	88,207
Unallocated amounts	4,877	5,433
Elimination of inter-segment liabilities	(14,767)	(11,440)
Consolidated total liabilities	<u>91,595</u>	<u>82,200</u>

Reconciliations of reportable segment other material items

	Reportable segment totals	Unallocated amounts	Consolidated totals
	\$'000	\$'000	\$'000
1 January 2021 to 31 December 2021			
Interest income	(36)	33	(3)
Finance costs	1,128	51	1,179
Depreciation and amortisation	7,776	57	7,833
Impairment loss on trade receivables and contract assets, including bad debts written-off	133	–	133
Impairment loss on goodwill	103	–	103
Impairment loss on property, plant and equipment	4,565	–	4,565
Capital expenditure	<u>3,609</u>	<u>195</u>	<u>3,804</u>
1 January 2020 to 31 December 2020			
Interest income	(56)	39	(17)
Finance costs	1,070	(11)	1,059
Depreciation and amortisation	6,535	50	6,585
Impairment loss on trade receivables and contract assets, including bad debts written-off	674	32	706
Capital expenditure	<u>1,015</u>	<u>165</u>	<u>1,180</u>

Geographical information

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

Major customer

Revenue from one customer of the Group's Aircon segment represents approximately \$8,399,000 (30 June 2021: \$4,906,000, 31 December 2020: \$6,427,000 and 30 June 2020: \$3,192,000) of the Group's total revenue.

5. Revenue

	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	70,871	67,426	142,971	115,113
Rental income	2,453	2,479	4,982	5,095
	<u>73,324</u>	<u>69,905</u>	<u>147,953</u>	<u>120,208</u>

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by revenue streams and timing of revenue recognition.

	Paint and Coatings		Aircon		F&B		Total	
			6 months ended 31 December					
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue streams								
Trading	1,842	1,711	43,607	46,765	1,342	1,394	46,791	49,870
Installation	–	–	19,104	10,539	–	–	19,104	10,539
Servicing	–	–	4,976	7,017	–	–	4,976	7,017
	<u>1,842</u>	<u>1,711</u>	<u>67,687</u>	<u>64,321</u>	<u>1,342</u>	<u>1,394</u>	<u>70,871</u>	<u>67,426</u>
Timing of revenue recognition								
Products and services transferred over time	–	–	19,104	10,539	–	–	19,104	10,539
Products transferred at a point in time	1,842	1,711	48,583	53,782	1,342	1,394	51,767	56,887
	<u>1,842</u>	<u>1,711</u>	<u>67,687</u>	<u>64,321</u>	<u>1,342</u>	<u>1,394</u>	<u>70,871</u>	<u>67,426</u>

	Paint and Coatings		Aircon		F&B		Total	
			12 months ended 31 December					
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue streams								
Trading	3,665	3,138	88,428	74,554	3,562	3,228	95,655	80,920
Installation	–	–	37,184	24,094	–	–	37,184	24,094
Servicing	–	–	10,132	10,099	–	–	10,132	10,099
	<u>3,665</u>	<u>3,138</u>	<u>135,744</u>	<u>108,747</u>	<u>3,562</u>	<u>3,228</u>	<u>142,971</u>	<u>115,113</u>
Timing of revenue recognition								
Products and services transferred over time	–	–	37,184	24,094	–	–	37,184	24,094
Products transferred at a point in time	3,665	3,138	98,560	84,653	3,562	3,228	105,787	91,019
	<u>3,665</u>	<u>3,138</u>	<u>135,744</u>	<u>108,747</u>	<u>3,562</u>	<u>3,228</u>	<u>142,971</u>	<u>115,113</u>

A breakdown of sales:

	Group		Increase / (Decrease)
	Financial year ended 31 December 2021	Financial year ended 31 December 2020	
	\$'000	\$'000	%
Sales reported for the first half year	74,629	50,303	48.4
Operating profit after tax before deducting non-controlling interests reported for first half year	242	125	93.6
Sales reported for second half year	73,324	69,905	4.9
Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year	(6,152)	989	NM

NM denotes not meaningful

Sources of estimation uncertainty

Revenue recognition on installation are dependent on estimating the total completion cost of the installation contract. Actual total costs may be higher or lower than estimated at the reporting date, which would affect the revenue recognised in future years. As at the reporting date, management considered that all costs to complete and revenue can be reliably estimated.

6. Other income

	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of property, plant and equipment	128	–	162	–
Government grants:				
- Job support scheme	147	601	495	1,561
- Other government grants	425	723	637	1,215
Interest income	3	16	3	17
Rental deposit forfeited	129	–	129	–
Others	277	243	466	247
	1,109	1,583	1,892	3,040

7. Other expenses

	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Change in fair value of investment in FVTPL	300	–	600	–
Grant expense	–	635	–	635
Impairment on goodwill	–	–	103	–
Impairment on property, plant and equipment	4,565	–	4,565	–
Loss on disposal of property, plant and equipment	–	16	–	16
Loss/(Gain) on foreign exchange adjustment	45	(1)	45	52
Property, plant and equipment written off	34	–	34	4
Others	237	5	246	5
	5,181	655	5,593	712

8. Finance costs

	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Interest expenses:				
- Bank loans	268	287	549	504
- Lease liability interest	283	326	590	517
Unwind of discount on provision for restoration	20	38	40	38
	571	651	1,179	1,059

9. Tax (credit)/expense

The Group calculates the period/year income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Current tax (credit)/expense				
Current year	(162)	155	167	155
Over provided in prior year	(52)	(125)	(52)	(125)
	<u>(214)</u>	<u>30</u>	<u>115</u>	<u>30</u>
Deferred tax expense/(credit)				
Origination and reversal of temporary differences	51	44	49	44
Under/(Over) provided in prior year	50	(139)	50	(139)
	<u>101</u>	<u>(95)</u>	<u>99</u>	<u>(95)</u>
Tax (credit)/expense	<u>(113)</u>	<u>(65)</u>	<u>214</u>	<u>(65)</u>

10. Related party
Key management personnel compensation

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

Key management personnel compensation comprised:

	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	1,160	1,342	2,230	2,345
Post-employment benefits (including CPF)	62	67	102	107
	<u>1,222</u>	<u>1,409</u>	<u>2,332</u>	<u>2,452</u>

Included in the above is the total compensation to Directors of the Company which amount to \$1,160,000 (30 June 2021: \$568,000, 31 December 2020: \$1,288,000 and 30 June 2020: \$501,000)

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

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

	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Amortisation of intangible assets	53	58	107	116
Audit fees paid/payable to:				
- Auditors of the Company	114	89	217	188
- Other auditors	19	27	48	42
Non-audit fees paid/payable to auditors of the Company	12	13	23	26
Depreciation of property, plant and equipment	3,925	3,577	7,726	6,469
Operating lease expense	341	226	871	548
Bad debts written off	61	124	61	124
Staff costs	10,641	8,800	18,607	16,520
Contributions to defined contribution plans, included in staff costs	528	435	918	821

12. Property, plant and equipment

Note	Leasehold	Computers	Furniture, fittings and office equipment	Motor vehicles	Tools and machineries	Renovation	Right-of-use – motor vehicles	Right-of-use – properties	Total
	properties		\$'000	\$'000	\$'000		\$'000	\$'000	
Group									
Cost									
At 1 January 2020	26,090	884	1,305	1,529	3,565	8,172	4,037	35,796	81,378
Additions	–	72	71	328	308	249	–	504	1,532
Disposals/write-offs	–	(2)	(9)	(268)	(111)	–	–	(110)	(500)
Reclassification upon early settlement of leases	–	–	–	1,909	–	–	(2,822)	–	(913)
Changes in lease modification	–	–	–	–	–	–	–	(5)	(5)
Effect of movements in exchange rates	–	–	–	(2)	–	–	–	(3)	(5)
At 31 December 2020	26,090	954	1,367	3,496	3,762	8,421	1,215	36,182	81,487
Additions	870	97	301	749	334	1,039	78	1,853	5,321
Acquisition through business combination	22	120	–	26	–	–	169	–	315
Disposals/write-offs	–	(165)	(112)	(173)	(186)	(4)	(27)	(427)	(1,094)
Changes in lease modification	–	–	–	–	–	–	–	883	883
Effect of movements in exchange rates	–	–	(2)	(1)	(3)	(3)	–	(6)	(15)
At 31 December 2021	27,080	886	1,580	4,071	3,907	9,453	1,435	38,485	86,897
Accumulated depreciation and impairment losses									
At 1 January 2020	2,447	804	910	749	1,923	4,138	1,001	3,792	15,764
Depreciation	766	57	130	464	364	321	408	3,959	6,469
Disposals/write-offs	–	(1)	(6)	(176)	(94)	–	–	(82)	(359)
Reclassification upon early settlement of leases	–	–	–	–	–	–	(913)	–	(913)
Effect of movements in exchange rates	–	–	–	(1)	–	–	–	(1)	(2)
At 31 December 2020	3,213	860	1,034	1,036	2,193	4,459	496	7,668	20,959
Depreciation	885	64	131	742	352	364	187	5,001	7,726
Disposals/write-offs	–	(165)	(72)	(147)	(88)	(1)	(25)	(296)	(794)
Impairment loss	–	–	12	–	175	283	–	4,095	4,565
Effect of movements in exchange rates	–	–	(2)	(1)	(2)	(2)	–	(1)	(8)
At 31 December 2021	4,098	759	1,103	1,630	2,630	5,103	658	16,467	32,448
Carrying amounts									
At 1 January 2020	23,643	80	395	780	1,642	4,034	3,036	32,004	65,614
At 31 December 2020	22,877	94	333	2,460	1,569	3,962	719	28,514	60,528
At 31 December 2021	22,982	127	477	2,441	1,277	4,350	777	22,018	54,449

	Computers	Office equipment	Furniture and fittings	Total
	\$'000	\$'000	\$'000	\$'000
Company				
Cost				
At 1 January 2020	63	–	4	67
Additions	2	8	–	10
Write-offs	(2)	–	–	(2)
At 31 December 2020	63	8	4	75
Write-offs	(23)	–	–	(23)
At 31 December 2021	40	8	4	52
Accumulated depreciation				
At 1 January 2020	43	–	4	47
Depreciation	9	1	–	10
Write-offs	(1)	–	–	(1)
At 31 December 2020	51	1	4	56
Depreciation	6	2	–	8
Write-offs	(23)	–	–	(23)
At 31 December 2021	34	3	4	41
Carrying amounts				
At 1 January 2020	20	–	–	20
At 31 December 2020	12	7	–	19
At 31 December 2021	6	5	–	11

Depreciation

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

	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Cost of sales	2,611	2,446	5,205	4,212
Administrative expenses	1,314	1,131	2,521	2,257
	3,925	3,577	7,726	6,469

Securities

At 31 December 2021, several leasehold properties are pledged as security to secure bank loans (see Note 19).

Impairment loss

The impairment loss of property, plant and equipment in current financial year mainly relates to the Investment cash generating unit (“CGU”) amounted to \$4,292,000. The remaining impairment loss of \$273,000 relates to plant and equipment of the F&B CGU.

The recoverable amount of the Investment CGU is based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

The Group prepared a 4-year cash flow forecast derived from the most recent financial budgets approved by the Directors of the Group. Key assumptions used in the estimation of the value in use calculation are as set out below.

- Forecasted revenue dropped of 21.9% in the following financial year and of 1.1% to 1.6% annual growth assumed for the subsequent year; and
- Pre-tax discount rate of 18.86% has been applied to the pre-tax cash flow projections.

Based on the above, the Investment CGU has been impaired to their value-in-use and impairment loss on property, plant and equipment has been recognised in other expenses in profit or loss.

Sources of estimation uncertainty

In estimating the recoverable amounts of the CGU using value in use from the respective cash flow forecasts or based on its fair value less costs to sell, the Group assumed revenue growth rates throughout the cash flow forecast periods, terminal values at the end of the cash flow forecast period and discount rate applied to the cash flow projections. The determination requires judgment. The Group evaluates, amongst other factors, the near-term business outlook, including factors such as industry and sector performance, and changes in technology. The fair value less costs to sell determined by independent external valuer using the market comparison approach is sensitive to the key assumptions applied. These assumptions continue to be subjected to estimation uncertainties that may result in material adjustments on the recoverable amounts in future periods.

13. Intangible assets and goodwill

	Note	Goodwill \$'000	Order backlogs \$'000	Customer relationships \$'000	Trademark \$'000	Computer software \$'000	Others \$'000	Total \$'000
Group								
Cost								
At 1 January 2020		3,212	188	118	383	575	–	4,476
Additions		–	–	–	–	152	–	152
At 31 December 2020		3,212	188	118	383	727	–	4,628
Additions		–	–	–	–	236	100	336
Acquisition through business combination	22	285	–	–	–	–	–	285
Write-offs		–	–	–	–	(56)	–	(56)
At 31 December 2021		3,497	188	118	383	907	100	5,193
Accumulated amortisation and impairment losses								
At 1 January 2020		1,580	188	51	165	510	–	2,494
Amortisation		–	–	6	19	91	–	116
At 31 December 2020		1,580	188	57	184	601	–	2,610
Amortisation		–	–	6	19	66	16	107
Impairment loss		103	–	–	–	–	–	103
Write-offs		–	–	–	–	(56)	–	(56)
At 31 December 2021		1,683	188	63	203	611	16	2,764
Carrying amounts								
At 1 January 2020		1,632	–	67	218	65	–	1,982
At 31 December 2020		1,632	–	61	199	126	–	2,018
At 31 December 2021		1,814	–	55	180	296	84	2,429

<u>Company</u>	<u>Computer software</u> \$'000
Cost	
At 1 January 2020	53
Additions	144
At 31 December 2020	197
Additions	194
Write-offs	(53)
At 31 December 2021	338
Accumulated amortisation	
At 1 January 2020	53
Amortisation	40
At 31 December 2020	93
Amortisation	47
Write-offs	(53)
At 31 December 2021	87
Carrying amounts	
At 1 January 2020	–
At 31 December 2020	104
At 31 December 2021	251

Amortisation

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

Impairment assessment

There were impairment indicators as at 31 December 2021. Therefore, the management has performed the impairment assessments and impairment loss on goodwill of \$103,000 was recognised for F&B CGU.

Sources of estimation uncertainty

In estimating the recoverable amounts of the CGUs using value in use from the respective cash flow forecasts or based on its fair value less costs to sell, the Group assumed revenue growth rates throughout the cash flow forecast periods, terminal values at the end of the cash flow forecast period and discount rate applied to the cash flow projections. The determination requires judgment. The Group evaluates, amongst other factors, the near-term business outlook, including factors such as industry and sector performance, and changes in technology. The fair value less costs to sell determined by independent external valuer using the market comparison approach is sensitive to the key assumptions applied. These assumptions continue to be subjected to estimation uncertainties that may result in material adjustments on the recoverable amounts in future periods.

14. Investment property

	Leasehold properties \$'000
Group	
Cost	
At 1 January 2020 and at 31 December 2020	–
Acquisition through business combination	950
At 31 December 2021	<u>950</u>
Accumulated depreciation	
At 1 January 2020, at 31 December 2020 and at 31 December 2021	–
Carrying amounts	
At 1 January 2020	<u>–</u>
At 31 December 2020	<u>–</u>
At 31 December 2021	<u>950</u>

The Group's investment property consists only industrial property, which held for long term rental yields and/or capital appreciation and are not substantially occupied by the Group. This is mainly leased to third party under operating lease.

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 \$950,000 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Comparable sales (market comparison approach):</i> The market comparison approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or group of assets and liabilities, such as a business.	Transacted price of comparable properties: - \$341 - \$495 psf	The estimated fair value would increase/(decrease) if: - The transacted price of comparable properties was higher/(lower)

15. Other investments

	Group and Company	
	31 December 2021	31 December 2020
	\$'000	\$'000
Unquoted equity investments – at FVTPL	–	600
Money market funds – at FVTPL	1,000	–
	<u>1,000</u>	<u>600</u>
Non-current	–	600
Current	1,000	–
	<u>1,000</u>	<u>600</u>

16. Inventories

	Group	
	31 December 2021	31 December 2020
	\$'000	\$'000
Raw materials	352	206
Finished goods	8,223	7,830
	<u>8,575</u>	<u>8,036</u>

As at 31 December 2021, inventories of \$94,347,000 (30 June 2021: \$47,637,000, 31 December 2020: \$78,340,000 and 30 June 2020: \$30,807,000) were recognised as an expense during the financial period/year and included in 'cost of sales'.

17. Trade and other receivables

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
- Third parties	15,198	14,468	–	–
- Subsidiaries	–	–	2,792	2,561
Impairment losses	(760)	(688)	(2,416)	(2,232)
Net trade receivables	<u>14,438</u>	<u>13,780</u>	<u>376</u>	<u>329</u>
Unbilled trade receivables	2,022	1,178	–	–
Non-trade amounts due from subsidiaries, net	–	–	6,873	3,580
Accrued discount receivables	918	822	–	–
Deposits	3,188	2,231	6	6
Other receivables	479	251	4	4
Financial assets	<u>21,045</u>	<u>18,262</u>	<u>7,259</u>	<u>3,919</u>
Prepayments	989	998	22	35
	<u>22,034</u>	<u>19,260</u>	<u>7,281</u>	<u>3,954</u>
Non-current	2,333	1,940	5,894	2,507
Current	19,701	17,320	1,387	1,447
	<u>22,034</u>	<u>19,260</u>	<u>7,281</u>	<u>3,954</u>

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

Non-trade balances due from subsidiaries are unsecured, interest-free and repayable on demand. As \$5,894,000 (31 December 2020: \$2,507,000) of the non-trade amounts due from subsidiaries are not expected to be recalled within the next 12 months, the amounts have been classified as non-current. As at 31 December 2021, the impairment losses on non-trade amounts due from subsidiaries amounting to \$13,194,000 (31 December 2020: \$12,299,000).

Sources of estimation uncertainty

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

18. Share capital

	Group and Company			
	31 December 2021		31 December 2020	
	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 first and final exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	31 December 2021	31 December 2020
	\$'000	\$'000
Paid by the Company to owners of the Company		
0.15 Singapore cents per qualifying ordinary share (2020: Nil)	376	–

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

	Group and Company	
	31 December 2021	31 December 2020
	\$'000	\$'000
0.14 Singapore cents per qualifying ordinary share (2020: 0.15 Singapore cents)	351	376

19. Loans and borrowings

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Bank loans (Secured)	26,029	22,263	3,375	4,498
Lease liabilities	22,365	24,876	–	–
	48,394	47,139	3,375	4,498
Current liabilities				
Bank loans (Secured)	2,929	1,446	1,223	502
Lease liabilities	5,408	4,599	–	–
Bills payable	2,669	–	–	–
	11,006	6,045	1,223	502
Total loans and borrowings	59,400	53,184	4,598	5,000

Details of collateral:

The borrowings are secured on:

- i) Leasehold properties amounted to S\$22,111,000 as at 31 December 2021 (31 December 2020: S\$22,877,000);
- ii) Motor vehicles amounted to S\$777,000 as at 31 December 2021 (31 December 2020: S\$719,000);
- iii) Corporate guarantees by Natural Cool Holdings Limited and Natural Cool Airconditioning & Engineering Pte Ltd; and
- iv) Personal guarantee by non-controlling interest.

20. Trade and other payables

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
Trade payables	12,250	8,809	33	42
Amount due to subsidiaries:				
- Trade	–	–	298	313
- Non-trade	–	–	6,757	4,118
Deposits received	1,052	1,385	1	1
Accrued expenses	4,742	4,038	175	290
Other payables	923	786	62	87
Financial liabilities	18,967	15,018	7,326	4,851
GST payable	277	333	7	13
Deferred revenue	83	49	–	–
	19,327	15,400	7,333	4,864

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

21. Financial assets and financial liabilities

Group	Note	Carrying amount				Fair value			
		Mandatorily at fair value through profit or loss \$'000	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2021									
Financial assets measured at fair value									
Other investments	15	1,000	–	–	1,000	–	1,000	–	1,000
Financial assets not measured at fair value									
Trade and other receivables #	17	–	21,045	–	21,045				
Cash and cash equivalents		–	11,625	–	11,625				
		–	32,670	–	32,670				
Financial liabilities not measured at fair value									
Variable interest rate loans	19	–	–	18,559	18,559				
Fixed interest rate loans	19	–	–	10,399	10,399	–	10,788	–	10,788
Bills payable	19	–	–	2,669	2,669				
Trade and other payables*	20	–	–	18,967	18,967				
		–	–	50,594	50,594				
31 December 2020									
Financial assets measured at fair value									
Other investments	15	600	–	–	600	–	–	600	600
Financial assets not measured at fair value									
Trade and other receivables #	17	–	18,262	–	18,262				
Cash and cash equivalents		–	10,744	–	10,744				
		–	29,006	–	29,006				
Financial liabilities not measured at fair value									
Variable interest rate loans	19	–	–	18,709	18,709				
Fixed interest rate loans	19	–	–	5,000	5,000	–	5,192	–	5,192
Trade and other payables*	20	–	–	15,018	15,018				
		–	–	38,727	38,727				

Exclude prepayments

* Exclude deferred revenue and GST payable

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	Note	Carrying amount			Fair value				
		Mandatorily at fair value through profit or loss \$'000	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company									
31 December 2021									
Financial assets measured at fair value									
Other investments	15	1,000	–	–	1,000	–	1,000	–	1,000
Financial assets not measured at fair value									
Trade and other receivables #	17	–	7,259	–	7,259				
Cash and cash equivalents		–	703	–	703				
		–	7,962	–	7,962				
Financial liabilities not measured at fair value									
Fixed interest rate loans	19	–	–	4,598	4,598	–	4,665	–	4,665
Trade and other payables [^]	20	–	–	7,326	7,326				
		–	–	11,924	11,924				
31 December 2020									
Financial assets measured at fair value									
Other investments	15	600	–	–	600	–	–	600	600
Financial assets not measured at fair value									
Trade and other receivables #	17	–	3,919	–	3,919				
Cash and cash equivalents		–	2,602	–	2,602				
		–	6,521	–	6,521				
Financial liabilities not measured at fair value									
Fixed interest rate loans	19	–	–	5,000	5,000	–	5,192	–	5,192
Trade and other payables [^]	20	–	–	4,851	4,851				
		–	–	9,851	9,851				

Exclude prepayments

[^] Exclude GST payable

22. Acquisition of subsidiary

On 28 December 2021, the Group acquired 51% of the issued share capital in Nam Fang Co Pte Ltd. (“NFC”) for consideration of \$473,000.

The Group incurred acquisition related costs of \$45,000 on legal fees. These costs have been included in ‘administrative expenses’ in profit or loss.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	\$’000
Property, plant and equipment	315
Investment property	950
Cash and cash equivalents	157
Trade and other receivables	858
Contract assets	3,184
Trade and other payables	(3,183)
Contract liabilities	(44)
Loans and borrowings	(1,848)
Current tax liabilities	(21)
Total identifiable net assets	<u>368</u>

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	\$’000
Total consideration transferred in cash	473
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	180
Fair value of identifiable net assets	(368)
Provisional goodwill	<u>285</u>

The acquisition transaction gave rise to a provisional goodwill of \$285,000 based on total consideration paid over the fair value of net assets acquired.

23. Subsequent events

On 25 January 2022, the Company has incorporated a wholly-owned subsidiary – Futura Innovation Pte. Ltd. to acquire 51% of the issued share capital in iFocus Pte Ltd (“iFocus”) on 27 January 2022 for a consideration of \$3,060,000. iFocus is a communications product development and engineering company with experience in developing train-borne communications systems, estate monitoring systems and internet of things application design and manufacturing. The acquisition is in line with the Group’s strategy to (i) integrate the use of technology in its operations and pivot away from the traditional form involving labour intensive services towards a business form with a greater focus on engineering and technology; (ii) allow the Group to enter into the green and sustainable technology market; (iii) increase the Group’s revenue base and profile of customers; and (iv) offer additional solutions to the Group’s customers.

Other Information Required by Listing Rule Appendix 7C

- 1. 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's share capital from 30 June 2021 to 31 December 2021.

The Company did not have any outstanding options or convertibles as at 31 December 2021 and 31 December 2020.

There were also no treasury shares or subsidiary holdings as at 31 December 2021 and 31 December 2020.

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

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

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

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

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

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

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

The condensed consolidated statement of financial position of Natural Cool Holdings Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The latest financial statements as at 31 December 2020 have an unmodified opinion.

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

Except as disclosed in Paragraph 5 below, the Group has applied the same accounting policies and methods of computation adopted in the financial statements for the current reporting period as those of the most recent audited financial statements for the financial year ended 31 December 2020.

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

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for annual periods beginning on 1 January 2021. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's accounting policies and has no material impact on the financial statements for the current financial reporting period.

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

- (a) Based on the weighted average number of ordinary shares on issue; and
- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Net (loss)/profit attributable to shareholders (S\$'000)	(5,930)	991	(5,663)	1,271
Weighted average number of ordinary share in issue (No. of shares)	250,447,985	250,447,985	250,447,985	250,447,985
(Loss)/Earnings per share (Singapore cents) – basic and diluted	(2.37)	0.40	(2.26)	0.51

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

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

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net assets attributable to shareholders (S\$'000)	14,213	20,240	5,340	5,347
Net asset value per share as at the end of the financial period/year (Singapore cents)	5.68	8.08	2.13	2.13

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

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**

- (a) **Any significant factors that affected the turnover, cost, and earnings of the group for the current financial period reported on including (where applicable) seasonal or cyclical factors; and**
- (b) **Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial reported on.**

Review of Income Statement

The Group generated revenue of S\$148.0 million for the financial year ended 31 December 2021 ("FY2021"), an increase of S\$27.8 million, or 23.1% compared to S\$120.2 million in the last financial year ended 31 December 2020 ("FY2020").

Our Aircon Division reported an increase in revenue of S\$26.9 million, or 24.4% compared to FY2020. The increases were mainly from the trading department of S\$16.1 million, servicing department of S\$4.9 million, commercial installation department of S\$7.0 million and a decrease in regional sales of S\$2.5 million. Our Paint and Coatings Division also recorded an increase in revenue of S\$0.5 million, or 16.8% compared to FY2020. Lastly, our Food Division recorded an increase in revenue of S\$0.5 million, or 15.6% compared to FY2020. This was an improvement in our Group's revenue as compared to FY2020 because we did not experience the same "Circuit Breaker" type restrictions on business which affected our Aircon Division's and Paint and Coatings Division's sales in FY2020. In contrast our Food Division performed better in FY2021 because of better festive season sales.

Gross profit margins were 13.9% in FY2021, 1.4 percentage points lower than FY2020. The decrease in gross profit margins were experienced at our Investments Division, Paint and Coatings Division, Aircon Division and Food Division. At the Investment Division, building maintenance costs have increased significantly due mainly to an increase in depreciation of property, plant and equipment by S\$0.8 million. Furthermore, there were also costs incurred to maintain and remove our temporary living quarters ("TLQ") of S\$0.2 million in the first quarter of 2021. The TLQ has since been decommissioned. Increases in the electricity charges has further reduced gross profit margin of the Investment Division. At the Paint and Coatings Division, the reduction of gross profit margin was mainly due to increases in the raw material price charged by the suppliers.

Other income decreased by S\$1.2 million or 37.8% in FY2021 mainly due to lower government grants received, such as funding from the Job Support Scheme, foreign worker levy rebates, property tax rebates and cash grant related to rental relief. This was offset by the gain on disposal of property, plant and equipment and the rental deposit forfeited from tenants.

Distribution expenses increased by S\$1.0 million or 50.2% in FY2021 mainly due to higher transportation expenses of S\$0.4 million (attributable primarily to higher delivery costs by Aircon Division's trading department due to higher sales volumes in FY2021). There is also an increase in the entertainment expenses by S\$0.1 million as a result of increased business development efforts. Regional business unit incurred S\$0.2 million of commissions for its regional sales. Aircon Division and Food Division incurred S\$0.2 million for advertisement due to the improvement of sales.

Administrative expenses increased by S\$2.4 million or 15.1% in FY2021 mainly due to higher staff costs from Aircon Division and Food Division by S\$1.0 million as we restored salary cuts implemented in FY2020, and also selectively increased employee salaries amidst a tight labour market in Singapore. Depreciation has also increased by S\$0.3 million due to additional machineries and motor vehicles bought for business purposes. Professional fees increased by S\$0.3 million, mainly due to expenses relating to the setting up of the Group's core digital team in response to our application and participation in Singapore's Digital Leader Programme ("DLP") that amounted to S\$0.1 million, legal fees incurred to support our corporate activities, and fees paid to a consultant for further customisation of our human resource information system. Rental expenses increased by S\$0.4 million mainly due to a sub-let penalty fee charged by government agency in respect of our property at 87 Defu Lane 10. Lastly, utility costs increased by S\$0.2 million.

Other expenses increased by S\$4.9 million. The Group incurred an impairment losses of S\$4.6 million on the property, plant and equipment of Investment and Food Divisions which mainly arise from a reduction in the carrying value of the right of use assets at 29 Tai Seng Avenue of S\$4.3 million and a write down in the carrying value of the Food Division's soya bean manufacturing plant and equipment of S\$0.3 million. For more information, please refer to Note 12 on "Notes to the Condensed Interim Financial Statements" of this announcement. Furthermore, a markdown of S\$0.6 million from the fair value of the investments in the furniture business was made due to its underperformance. However, the rental rebates that we granted to our tenants in FY2020 of S\$0.6 million did not recur in FY2021.

Finance costs increased by S\$0.1 million or 11.3% in FY2021 mainly due to higher interest imputed on right-of-use lease liabilities on the property at 29 Tai Seng Avenue and additional loan interest for additional banking facilities.

Tax expense of S\$0.2 million has been provided.

Arising from the above, the Group reported a loss after tax of S\$5.9 million in FY2021 including a losses attributable to non-controlling interests of S\$247,000.

Review of Statement of Financial Position

Property, plant and equipment decreased by S\$6.1 million in FY2021 mainly due to the impairment loss at the Investment Division and Food Division of S\$4.6 million and depreciation charge for the year of S\$7.7 million. During the year, we acquired a leasehold property located at Woodlands for S\$0.9 million, incurred renovation costs of S\$1.0 million, purchase of motor vehicle of S\$0.8 million, machineries and equipment for S\$0.6 million and other assets for S\$0.2 million. We have also recognised the right-of-use assets of S\$1.8 million for the recently signed lease contracts by our Food and Paint and Coatings Divisions, and another S\$0.9 million of right-of-use has been recognised due to changes in its payment terms. On the other hand, there is also S\$0.3 million of assets acquired through the business combination being our acquisition of a 51% interest in Nam Fang Co Pte Ltd. ("Nam Fang Acquisition").

Investment property increased by S\$1.0 million from the Nam Fang Acquisition.

Other investments (current and non-current) increased by S\$0.4 million mainly due to the investment in money market funds of S\$1.0 million. This has been offset by the fair value loss of the investment in SPHomes Pte. Ltd. of S\$0.6 million due to underperforming expectations.

Inventories increased by S\$0.5 million mainly due to stocking up in anticipation of better sales and in light of potential supply chain issues related to Aircon Division of S\$0.2 million. Furthermore, there is also an increase in Paint and Coatings Division of S\$0.2 million from the bulk purchase to secure lower raw material price and S\$0.1 million from Food Division for festive season preparation.

Contract assets increased by S\$3.4 million mainly due to Nam Fang Acquisition of S\$3.2 million.

Trade and other receivables (current and non-current) increased by S\$2.8 million mainly from the Nam Fang Acquisition of S\$0.9 million and the services rendered to customers but not billed yet of S\$0.8 million. We have also made payments for security deposits of S\$1.0 million.

Loans and borrowings (current and non-current) increased by S\$6.2 million mainly from the new loan drawdown of S\$5.0 million and utilisation of invoice financing facilities of S\$2.7 million. The Nam Fang Acquisition has contributed S\$1.8 million. These has been offset by the repayments of loans and lease liabilities of S\$1.4 million and S\$4.7 million, respectively. There were also new lease liabilities recognised relating to the newly signed lease contracts of S\$1.8 million, S\$0.9 million due to changes in lease modification and disposal of right-of-use assets and an increase in hire purchase for motor vehicles of S\$0.1 million.

Trade and other payables increased by S\$3.9 million in FY2021 mainly from the Nam Fang Acquisition of S\$3.2 million. Food Division has incurred S\$0.5 million for the purchase of raw materials, machineries, equipment and renovation works but not due for payment.

Review of Statement of Cash Flows

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

We recorded working capital outflows of S\$2.9 million mainly attributed to the increases in trade and other receivables of S\$1.9 million, inventories of S\$0.5 million, contract assets of S\$0.2 million and trade and other payables of S\$0.7 million. This has been offset by the decrease in contract liabilities of S\$0.9 million.

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

We recorded net cash used in investing activities of S\$4.7 million in FY2021 mainly due to the purchase of property, plant and equipment and intangible assets of S\$3.6 million, investment in money market funds of S\$1.0 million and acquisition of subsidiaries of S\$0.3 million. This has been offset by the proceeds received for disposal of plant and equipment of S\$0.3 million.

We recorded net cash used in financing activities of S\$0.1 million in FY2021 mainly due to the payments of lease liabilities, interest, and loan repayments amounted to S\$7.2 million. We have also made dividend payments of S\$0.4 million. This has been offset by the utilisation of invoice financing facilities of S\$2.7 million and the new loan drawdown of S\$5.0 million.

As a result, our cash and cash equivalents increased by S\$0.9 million to S\$11.6 million as at 31 December 2021.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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

The Covid-19 pandemic outbreak continues to impact global economies and markets, including our main market in Singapore. Although Singapore's high vaccination rates and safe management measures have facilitated a cautious re-opening of the economy and borders with a corresponding improvement in our business, the markets that we operate in are still relatively fragile.

The current tight labour market is causing our employee benefits cost to increase as we try to attract and retain staff. In addition, a global shortage of computer chips is causing a slowdown in the shipment of equipment from our suppliers for sale. Increases in raw materials and energy prices will also have an impact on our business performance.

The Group continues to grow its digital capabilities and increase its digitalisation efforts with the application and participation in Singapore's Digital Leader Programme. With this support, we have formed a core digital team to help the Group achieve its digital ambitions which include a mobile application platform, and the digitalisation and automation of warehouse sales order, processing and delivery processes.

The recent acquisition of iFocus Pte Ltd will also enable the Group to pivot away from the traditional business operations model involving labour intensive services towards a business form with a greater focus on engineering and technology, and at the same time, allow the Group to enter into the green and sustainable technology market.

Despite the challenging cost environment, our Paint and Coatings Division will continue to explore new markets and work with partners to develop products to sell to these markets.

At our Food Division, we have expanded our production capacity and invested in new manufacturing facilities at Bedok to cater to the expected increase in sales volume. In the short term, this will mean higher fixed overheads such as depreciation and utility costs and we will continue to closely monitor the performance of this division.

On our Investment Division, the Group is actively engaged in discussions with our landlord to mitigate our losses.

Despite the uncertain outlook in FY2022, the Group will continue to focus on its digitalisation efforts, and also on new product development at both the Aircon and Paint and Coatings Divisions.

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;**

Yes.

The Directors are pleased to recommend a tax exempt one-tier first and final dividend of S\$0.0014 per ordinary share in respect of FY2021 for approval by shareholders at the forthcoming annual general meeting (“AGM”) to be convened.

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

- b. Amount per share;**

The amount is S\$0.0014 per ordinary share.

- c. Previous corresponding period;**

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

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

- d. Whether the dividend is before tax, net of tax or tax exempted. If before tax or net of tax, state the tax and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated);**

The first and final dividend is tax exempted (one-tier).

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

It is subjected to the shareholders’ approval at the forthcoming AGM. The payment details will be announced in due course.

- f. The date on which Registrable Transfers received by the Company (up to 5:00 PM) will be registered before entitlement to the dividend are determined.**

The details will be announced in due course.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No applicable.

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 FY2021.

14. Confirmation that the Issuer has procured undertakings from all its Directors and executive officers under Rule 720(1) of the Catalist Rules.

The Company confirms that it has procured all the required undertaking from all its Directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

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

Save as disclosed in Notes 22 and 23 of the Condensed Interim Financial Statements, the Company did not incorporate or acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

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

Please refer to “Notes to the Condensed Interim Financial Statements” – Note 4.

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

Please refer to paragraph 8.

18. Disclosure of persons occupying managerial positions in the issuer or nay 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.

No applicable. There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company as at the date of this announcement.

By Order of the Board

Tsng Joo Peng
Executive Director

Choy Bing Choong
Executive Director

Singapore
28 February 2022

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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