

## Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010

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

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, CNP Compliance Pte Ltd ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in 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 correctness of any of the statements or opinions made or reports contained in this announcement.*

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### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULT

**1(a) (i) An income statement (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 2010	2009	Increase/ (Decrease)
	S\$'000	S\$'000	%
<b>Continuing operations</b>			
<b>Revenue</b>	136,393	123,713	10.25
Cost of sales	(106,950)	(94,261)	13.46
Gross profit	29,443	29,452	(0.03)
Other income	10,429	2,059	406.51
Distribution expenses	(5,666)	(5,603)	1.12
Administrative expenses	(23,338)	(19,279)	21.05
Other expenses	(347)	(1,495)	(76.79)
<b>Results from operating activities</b>	10,521	5,134	104.93
Finance costs	(2,596)	(3,050)	(14.89)
<b>Profit before income tax</b>	7,925	2,084	280.28
Income tax expenses	(1,092)	(1,033)	5.71
<b>Profit from continuing operations</b>	6,833	1,051	550.14
<b>Discontinued operation</b>			
Loss from discontinued operation (net of income tax)	-	(1,847)	NM
<b>Profit /(Loss) for the year</b>	6,833	(796)	NM
<b>Profit /(Loss) attributable to:</b>			
Owner of Company	6,712	(543)	NM
Non-controlling interest	121	(253)	NM
<b>Profit/(Loss) for the year</b>	6,833	(796)	NM

**Notes:**

NM: Not meaningful.

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**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Group</b>	
	<b>Year Ended 31 December 2010</b>	<b>2009</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Profit/(Loss) for the year</b>	6,833	(796)
<b>Other comprehensive income:</b>		
Foreign currency translation differences for foreign operations	31	22
<b>Total Comprehensive Income/(Expense) for the year</b>	<b>6,864</b>	<b>(774)</b>
<b>Attributable to:</b>		
Owners of the Company	6,765	(523)
Non-controlling interest	99	(251)
<b>Total Comprehensive Income/(Expense) for the year</b>	<b>6,864</b>	<b>(774)</b>

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**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

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**1 (a) (ii) Other notes:**

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

	<b>Group Continuing Operations Year Ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Interest income</b>	(84)	(52)
<b>Amortisation of intangible assets</b>	365	228
<b>Impairment loss for trade receivables</b>	173	649
<b>Bad Debt written off</b>	135	193
<b>Depreciation for property, plant and equipment</b>	2,420	2,553
<b>Depreciation for investment properties</b>	319	433
<b>Disposal gain on discontinued operations</b>	-	(1,072)
<b>Impairment loss for property, plant and equipment</b>	-	103
<b>(Gain)/Loss on foreign exchange</b>	(142)	214
<b>(Gain)/Loss on disposal of property, plant and equipment</b>	(7,563)	41
<b>Loss/(Gain) on disposal of investment property</b>	43	(552)
<b>Plant and equipment written off</b>	38	275

## Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010

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

### STATEMENTS OF FINANCIAL POSITION

	Group			Company	
	As at 31 December 2010	As at 31 December 2009 <i>Restated</i>	As at 31 December 2008 <i>Restated</i>	As at 31 December 2010	As at 31 December 2009
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	17,602	48,355	17,038	-	-
Intangible assets	3,694	3,920	1,172	-	-
Investment properties	-	12,694	14,424	-	-
Subsidiaries	-	-	-	15,007	11,227
Deferred tax asset	2,128	-	-	-	-
	<u>23,424</u>	<u>64,969</u>	<u>32,634</u>	<u>15,007</u>	<u>11,227</u>
<b>Current assets</b>					
Inventories	15,519	18,630	18,865	-	-
Trade and other receivables	41,663	38,054	43,027	1,414	15,827
Cash and cash equivalents	25,952	7,987	4,840	4,518	160
	<u>83,134</u>	<u>64,671</u>	<u>66,732</u>	<u>5,932</u>	<u>15,987</u>
Non-current asset held for sale	11,214	-	30,891	-	-
	<u>94,348</u>	<u>64,671</u>	<u>97,623</u>	<u>5,932</u>	<u>15,987</u>
<b>Less:</b>					
<b>Current liabilities</b>					
Trade and other payables	53,639	47,327	57,132	1,213	1,739
Provisions	-	-	150	-	-
Financial liabilities	13,936	29,946	28,579	125	-
Current tax payable	3,224	1,015	974	-	4
	<u>70,799</u>	<u>78,288</u>	<u>86,835</u>	<u>1,338</u>	<u>1,743</u>
<b>Net current assets</b>	<u>23,549</u>	<u>(13,617)</u>	<u>10,788</u>	<u>4,594</u>	<u>14,244</u>
<b>Less:</b>					
<b>Non-current liabilities</b>					
Financial liabilities	5,594	18,247	13,165	-	4,200
Deferred tax liabilities	753	972	1,146	-	-
	<u>6,347</u>	<u>19,219</u>	<u>14,311</u>	<u>-</u>	<u>4,200</u>
<b>Net assets</b>	<u>40,626</u>	<u>32,133</u>	<u>29,111</u>	<u>19,601</u>	<u>21,271</u>
Share capital	25,631	23,950	19,849	25,631	23,950
Reserves	(2,287)	(2,288)	(2,155)	1,123	1,175
Accumulated profits/ (loss)	16,689	9,977	10,520	(7,153)	(3,854)
Shareholders' equity	40,033	31,639	28,214	19,601	21,271
Non-controlling interest	593	494	897	-	-
<b>Total equity</b>	<u>40,626</u>	<u>32,133</u>	<u>29,111</u>	<u>19,601</u>	<u>21,271</u>

**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

**1 (b) (ii) Aggregate amount of group's borrowing and debt securities.**

	As at 31 December 2010	Group As at 31 December 2009 <i>Restated</i>	As at 31 December 2008 <i>Restated</i>
	S\$'000	S\$'000	S\$'000
<i>Amount repayable in one year or less, or on demand</i>			
<b>Unsecured</b>			
Bank overdrafts	-	2	1,896
Bridging loan	724	4,640	-
Short-term loans	2,779	594	150
	3,503	5,236	2,046
<b>Secured</b>			
Bank overdrafts	152	111	1,752
Short term loans	496	1,635	1,154
Current portion of bank loans	8,730	21,732	22,523
Finance lease payables	1,055	1,232	1,104
	10,433	24,710	26,533
	13,936	29,946	28,579
<b>Amount repayable after one year</b>			
<b>Unsecured</b>			
Bridging loan	1,700	-	-
<b>Secured</b>			
Bank loans	2,877	16,186	10,607
Finance lease payables	1,017	2,061	2,558
	3,894	18,247	13,165
	19,530	48,193	41,744

**Details of any collateral**

The bank loans are secured on:-

- (i) property, plant and equipment, investment properties, workshop machineries and non-current asset held for sale with net book values as at 31 December 2010 of S\$5,647,716, S\$3,825,917, S\$251,853, and S\$11,214,279 (FY2009: S\$39,739,747, S\$12,694,159, S\$300,230, and S\$Nil) respectively;
- (ii) fixed deposit pledged amounted to S\$445,848 (FY2009: S\$1,850,514);
- (iii) fixed and floating charge on inventories amounted to S\$302,581 (FY2009 : S\$265,404); and
- (iv) Corporate guarantee by Natural Cool Holdings Limited.

The finance lease payables are secured by motor vehicles, computers, equipments and machines under the lease.

## Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010

Certain of the Group's long-term loans include callable on demand clauses and therefore the Group did not have the unconditional rights to defer settlements. Accordingly, the Group reclassified certain long-term loans amounted to \$22.88 million and \$1.56 million as at 31 December 2009 and 2008, respectively as current liabilities. This is notwithstanding the agreed instalment schedule which allows these loans to be repaid over a period of more than one year as the bank agreements include clauses which give the banks the ability to recall the loans on demand at their sole discretion. However, provided the Group does not breach the events of default included in the agreements, the Group does not expect the banks to exercise these rights. The expected repayment analysis of these bank loans is as set out as below:-

	<b>Group</b>	
	<b>As at 31 December 2009</b>	<b>As at 31 December 2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<i>Expected Amount repayable in one year or less, or on demand</i>		
<b>Unsecured</b>		
Bank overdrafts	2	1,896
Bridging loan	1,440	-
Short-term loans	594	150
	<b>2,036</b>	<b>2,046</b>
<b>Secured</b>		
Bank overdrafts	111	1,752
Short term loans	1,635	1,154
Current portion of bank loans	2,053	20,965
Finance lease payables	1,232	1,104
	<b>5,031</b>	<b>24,975</b>
	<b>7,067</b>	<b>27,021</b>
<b>Expected amount repayable after one year</b>		
<b>Unsecured</b>		
Bridging loan	3,200	-
<b>Secured</b>		
Bank loans	35,865	12,165
Finance lease payables	2,061	2,558
	<b>37,926</b>	<b>14,723</b>
	<b>48,193</b>	<b>41,744</b>

## Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010

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

### CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Group</b>	
	<b>Full year ended 31 Dec</b>	
	<b>2010</b>	<b>2009</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit/(Loss) for the year	6,833	(797)
<u>Adjustments for:</u>		
Amortisation of intangible assets	365	230
Bad debt written off	135	252
Depreciation of property, plant and equipment	2,420	2,817
Depreciation of investment properties	319	433
(Gain)/Loss on disposal of property, plant and equipment	(7,563)	162
Loss/(Gain) on disposal of investment property	43	(552)
Gain on disposal of investment in subsidiaries	-	(1,072)
Impairment loss on plant and equipment	-	103
Plant and equipment written off	38	435
Intangible assets written off	-	20
Professional fees for listing purposes	649	307
Tax expenses	1,092	1,033
Interest expenses	2,596	3,208
Interest income	(84)	(52)
	<u>6,843</u>	<u>6,527</u>
<u>Changes in working capital:</u>		
Inventories	3,111	(354)
Trade and other receivables	3,193	5,904
Trade and other payables	(6,684)	(1,508)
	<u>6,463</u>	<u>10,569</u>
Cash flows from operations	6,463	10,569
Income taxes paid	(1,230)	(968)
<b>Cash flows from operating activities</b>	<u>5,233</u>	<u>9,601</u>

**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

	<b>Group</b>	
	<b>Full year ended 31 Dec</b>	
	<b>2010</b>	<b>2009</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	-	401
Disposal of subsidiaries, net of cash	-	(24)
Interest received	84	52
Proceeds from disposal of property, plant and equipment	50,879	655
Proceeds from disposal of investment property	1,140	1,850
Purchase of computer software	(4)	(278)
Purchase of industrial operating right	(134)	(110)
Purchase of property, plant and equipment	(2,105)	(11,755)
Receipt of profit guarantee	600	1,100
<b>Cash flows from investing activities</b>	<b>50,451</b>	<b>(8,109)</b>
<b>Financing activities</b>		
Fixed deposit pledged to bank	1,405	(336)
Security deposit paid	(6,483)	-
Interest paid	(2,596)	(3,232)
Proceeds from exercise of warrants of the Company	1,629	212
Expenses for issue of warrant	-	(44)
Payment of listing expenses	(1,367)	(557)
Short-term loan from a third party	-	(88)
Proceed from other borrowing	5,353	13,446
Repayment of bank borrowings	(32,833)	(3,095)
Repayment of finance lease liabilities	(1,383)	(1,552)
<b>Cash flows from financing activities</b>	<b>(36,275)</b>	<b>4,754</b>
<b>Net increase in cash and cash equivalents</b>	<b>19,409</b>	<b>6,246</b>
<b>Effect on changes in foreign exchange rate</b>	<b>(78)</b>	<b>99</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>6,023</b>	<b>(322)</b>
<b>Cash and cash equivalents at end of year</b>	<b>25,354</b>	<b>6,023</b>
Cash and cash equivalents on balance sheet	25,952	7,987
Fixed deposit pledged to bank	(446)	(1,851)
Bank overdrafts	(152)	(113)
<b>Cash and cash equivalents in the statement of cashflows</b>	<b>25,354</b>	<b>6,023</b>

**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

**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**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital	Capital reserve	Foreign currency translation reserves	Warrants reserve	Accumulated profits	Total attributable to equity holders of the Company	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>								
At 1 January 2009	19,849	(3,378)	(105)	1,328	10,520	28,214	897	29,111
<b>Total comprehensive income for the year</b>								
-Profit or loss	-	-	-	-	(543)	(543)	(253)	(796)
<b>Other comprehensive income</b>								
-Foreign currency translation differences	-	-	20	-	-	20	2	22
Total comprehensive income for the year	-	-	20	-	(543)	(523)	(251)	(774)
<b>Transactions with owners, recorded directly in equity</b>								
Warrants issue expenses	-	-	-	(44)	-	(44)	-	(44)
Exercise of warrants	321	-	-	(109)	-	212	-	212
Issue of shares for acquisition of subsidiary	3,780	-	-	-	-	3,780	-	3,780
Total transactions with owners	4,101	-	-	(153)	-	3,948	-	3,948
Disposal of subsidiary	-	-	-	-	-	-	(152)	(152)
At 31 December 2009	23,950	(3,378)	(85)	1,175	9,977	31,639	494	32,133

**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	Share capital	Capital reserve	Foreign currency translation reserves	Warrants reserve	Accumulated profits	Total attributable to equity holders of the Company	Non- controlli ng interest	Total equity
<b>The Group</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
At 1 January 2010	23,950	(3,378)	(85)	1,175	9,977	31,639	494	32,133
<b>Total comprehensive income for the year</b>								
-Profit	-	-	-	-	6,712	6,712	121	6,833
<b>Other comprehensive income</b>								
-Foreign currency translation differences	-	-	53	-	-	53	(22)	31
Total comprehensive income for the year	-	-	53	-	6,712	6,765	99	6,864
<b>Transactions with owners, recorded directly in equity</b>								
Exercise of warrants	1,681	-	-	(52)	-	1,629	-	1,629
Total transactions with owners	1,681	-	-	(52)	-	1,629	-	1,629
At 31 December 2010	25,631	(3,378)	(32)	1,123	16,689	40,033	593	40,626

**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

**STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	Share capital	Warrants reserve	Accumulated profits/(losses)	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Company</b>				
At 1 January 2009	19,849	1,328	358	21,535
<b>Total comprehensive income for the year</b>				
-Loss	-	-	(4,212)	(4,212)
<b>Transactions with owners, recorded directly in equity</b>				
Warrant issue expenses	-	(44)	-	(44)
Exercise of warrants	321	(109)	-	212
Issue of shares for acquisition of subsidiary	3,780	-	-	3,780
	4,101	(153)	-	3,948
At 31 December 2009	23,950	1,175	(3,854)	21,271
<b>Total comprehensive income for the year</b>				
-Loss	-	-	(3,299)	(3,299)
<b>Transactions with owners, recorded directly in equity</b>				
Exercise of warrants	1,681	(52)	-	1,629
At 31 December 2010	25,631	1,123	(7,153)	19,601

## Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010

1. (d) (ii) Details of any changes in the company's share capital arising from right 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 outstanding convertibles as at the end of the current financial period reported on and as the end of the corresponding period of the immediately preceding financial year.

On 2 July 2008, the Company issued 31,728,024 warrants at S\$0.06 per warrant on the basis of three warrants for every ten existing ordinary shares held. Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at the exercise price of S\$0.10 per share on or before 1 July 2011. During the year, a total of 1,293,840 warrants were exercised.

On 23 December 2009, the Company issued 20,000,000 warrants at nil consideration in connection with a 2-years loan amounting to S\$4,000,000 (the "Loan") from Frankland Investments Ltd ("FIL"), a company incorporated in the British Virgin Islands. FIL has the option to set off against the outstanding Loan amount owed by the Group upon exercise of each warrant held. Subject to a maximum payment of S\$200,000, the Group is required to pay FIL at S\$0.01 per warrant for any outstanding warrants not exercised by FIL upon expiry of the exercise period. FIL has the option to transfer the warrants to third parties. During the period, FIL exercised 7,500,000 warrants to offset the outstanding Loan of S\$1,500,000. As the Loan from FIL was fully repaid as at 31 December 2010, gross proceed of S\$0.20 per warrant will be raised if the remaining 12,500,000 warrants that was issued to FIL were exercised.

All new ordinary shares will rank pari passu in all respects with the then existing ordinary shares, save for any dividends, rights, allotment or other distributions, the record date for which is on or before the relevant exercise date of warrants.

Warrants	Group and Company	
	2010 No. of warrants	2009 No. of warrants
At 1 January	43,854,323	25,977,494
Issue of new warrants	-	20,000,000
Exercise of warrants	(8,793,840)	(2,123,171)
At 31 December	35,060,483	43,854,323

The Company did not hold any treasury shares as at 31 December 2010 and 31 December 2009

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**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

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**(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.**

	<b>Group and Company</b>	
	<b>2010</b>	<b>2009</b>
<b>Fully paid ordinary shares, with no par value</b>	<b>No. of shares</b>	<b>No. of shares</b>
At 1 January	134,633,781	111,510,610
Issue of new shares		
-exercise of warrants	8,793,840	2,123,171
-acquisition of subsidiary	-	21,000,000
At 31 December	143,427,621	134,633,781

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

Not applicable.

- 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.

- 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 2009.

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**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

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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 or revised Financial Reporting Standard (FRS) and the interpretation of FRS that become effective for the entities with financial period commencing 1 January 2010. Presently, the Group does not expect the adoption of the new or revised FRS and the interpretation of FRS to have any material impact on the financial statement.

6. **Earning 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.**

	<b>Group</b>	
	<b>Full year ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<hr/>	<hr/>
Net Profit/(Loss) attributable to shareholders (S\$'000)	6,712	(543)
	<hr/>	<hr/>
Weighted average number of ordinary share in issue (No. of shares)-basic	139,234,343	113,500,641
Earnings/(Loss) per share (cents) - basic	4.82	(0.48)
Weighted average number of ordinary share in issue (No. of shares)-diluted	144,830,877	117,497,397
Earnings/(Loss) per share (cents) - diluted	4.63	(0.46)
<b>Continuing operations</b>		
Net Profit attributable to shareholders (S\$'000)	6,712	1,305
Earnings per share (cents) - basic	4.82	1.15
Earnings per share (cents) - diluted	4.63	1.11
<b>Discontinued operations</b>		
Net Loss attributable to shareholders (S\$'000)	NA	(1,848)
Earnings/(Loss) per share (cents) - basic	NA	(1.63)
Earnings/(Loss) per share (cents) - diluted	NA	(1.57)

**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 December 2010</b>	<b>As at 31 December 2009</b>	<b>As at 31 December 2010</b>	<b>As at 31 December 2009</b>
Net assets attributable to shareholders (S\$'000)	<u>40,626</u>	<u>32,133</u>	<u>19,601</u>	<u>21,271</u>
Net asset value per share as at respective year (cents)	<u>28.33</u>	<u>23.87</u>	<u>13.67</u>	<u>15.80</u>

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.**

**REVIEW OF RESULT OF OPERATIONS**

The Group's revenue rose by approximately 10.25%, from S\$123.71 million in FY2009 to S\$136.39 million in FY2010. Below is the segmental breakdown of the Group's revenue.

<b>Continuing Operations: - Business segment</b>	<b>2010</b>	<b>2009</b>	<b>Increase / (Decrease)</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Aircon</b>	78,811	68,345	10,466	15.31
<b>Switchgear</b>	55,083	53,266	1,817	3.41
<b>Others</b>	2,499	2,102	397	18.89
	<u>136,393</u>	<u>123,713</u>	<u>12,680</u>	<u>10.25</u>
<b>Discontinued operations:- Building Materials</b>	NA	7,224		
	<u>136,393</u>	<u>130,937</u>		

Revenue from our Aircon division increased by approximately S\$10.47 million, or 15.31% in FY2010. During the year, our Aircon division benefitted from the improved economic outlook locally, translating to an increase in revenue generated from our retail customers. Our commercial installation segment has also contributed to an increase of approximately S\$8 million in revenue during the year. The increase was mainly due to the progressive completion of major air-conditioner installation projects. In addition, our success in securing a term contract for M&E maintenance services and A&A works at Airline House, Hangars and Passenger Terminal Buildings 1, 2 & 3 at Changi Airport also contributed to the increase in revenue for the Aircon division. The increase in revenue was partially offset by the reduction in revenue as a result of the completion of air-conditioning installation project at certain hostel in Nanyang

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**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

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Technological University (“NTU”) to cater to the participants of the Youth Olympic Games which was held in August 2010.

Revenue from our Switchgear division increased by approximately S\$1.82 million, or 3.41% in FY2010 as compared to FY2009. The marginal increase in revenue was attributed to the expansion in Malaysia market. Revenue from the trading of electrical components also contributed to the increase in revenue for Switchgear division in FY2010.

Revenue from Others segment comprises rental income generated from our properties located at Benoi Crescent as well as our corporate property on 29 Tai Seng Avenue.

Geographically, our operations in Singapore continued to benefit from the growth of the local construction industry and remained as our major revenue contributor, which accounted for 96.81% (FY2009: 98.84%) of the Group’s total revenue in FY2010. Sales contributed from our Malaysia operation has increased marginally which accounted for 2.29% (FY2009: 0.36%) of the total Group’s revenue in FY2010.

The gross profit decreased by S\$9,000, or 0.03%, from S\$29.45 million in FY2009 to S\$29.44 million in FY2010. Our gross profit margin in FY2010 reduced from 23.81% to 21.59%, as a result of lower margin from our trading segment as well as the commencement of rental payable to Mapletree Logistics Trust subsequent to the completion of the sales and leaseback of 29 Tai Seng Ave in August 2010.

Other income increased by approximately S\$8.37 million in FY2010, from S\$2.06 million in FY2009 to S\$10.43 million in FY2010 primarily due to a one-off disposal gain of approximately S\$7.47 million as a result of the sale and leaseback of Natural Cool Lifestyle Hub at 29 Tai Seng. Excluding this one-off disposal gain in FY2010, the other income in FY2010 is still higher than that of FY2009 by approximately S\$900,000. The increase was attributed to the increase in rental income from our property at 29 Tai Seng Avenue.

Our distribution costs, administrative expenses and other expenses collectively increased from S\$26.38 million in FY2009 to S\$29.35 million in FY2010, mainly due to the following reasons:

- 1) Increase in legal and professional expenses, travelling and incidental expenses relating to the proposed listing of our Switchgear division on the Growth Enterprise Market of Hong Kong Stock Exchange;
- 2) Increase in staff costs due to the profit incentive to the top management in accordance to their respective service agreement and an increase in average salary for employees. The increase in employer CPF contribution rate by 0.5% with effect from 1 September 2010 has also contributed to the increase.

The increase was partially off-set by the decrease in impairment for receivables and fixed assets write-off.

Finance costs decreased by approximately S\$0.45 million or 14.89% in FY2010. This was due to the decrease in interest rate on bills payable. The repayment of term loan from Frankland Investments Ltd, loan obtained under the SPRING Singapore’s Local Enterprise Finance Scheme (“SPRING loan”) and property loan for 29 Tai Seng Avenue resulted the decrease of finance cost.

Arising from the above, the operating segments of the Group reported a higher profit of approximately S\$7.93 million in FY2010 as opposed to a profit of approximately S\$2.08 million in FY2009.

Income tax expenses for FY2010 and FY2009 were approximately S\$1.09 million and S\$1.03 million respectively. The effective tax rate for FY2010 is lower than the statutory tax rate of 17.00% due to the one-off disposal gain of Natural Cool Lifestyle Hub that is a capital receipt. This is partly off-set by losses from the holding company that was not transferable under the group relief scheme and professional fee incurred for the proposed listing of our switchgear division that are non-deductible for corporate tax purpose.

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**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

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- (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 CASH FLOW**

Cash flow from operating activities was an inflow of approximately S\$5.23 million for FY2010 although the group reported operating profit after tax of approximately S\$4.71 million. This was mainly due to reduction in utilisation of bills payable as compared to FY2009 for its purchases.

Net cash inflow from investing activities of approximately S\$50.45 million for FY2010 was primarily due to the proceeds from the sale and leaseback of 29 Tai Seng Avenue and disposal of two properties located at Northlink.

Cash flow from financing activities was an outflow of approximately S\$34.27 million for FY2010, mainly attributable to repayment of SPRING loan and three properties term loans upon disposal of these properties. The term loan from Frankland Investments Ltd was also fully repaid during the year.

**REVIEW OF BALANCE SHEET**

Property, plant and equipment decreased by approximately S\$30.75 million, from S\$48.35 million in FY2009 to S\$17.60 million in FY2010. The decrease was mainly due to sale and leaseback of a property at 29 Tai Seng Avenue.

Following the disposal of the two units at Northlink and reclassification of Benoi property to asset held for sale, investment properties decreased by approximately S\$12.69 million from FY2009 to S\$Nil in FY2010.

Current assets increased by approximately S\$29.68 million, or 45.89% in FY2010 as compared to FY2009. This increase was mainly attributable an increase in cash and cash equivalent of approximately S\$17.97 million contributed by the sales proceed from the sale and leaseback of 29 Tai Seng Avenue. The increase in receivables of approximately S\$ 3.61 million was in line with the increase in revenue. Additionally, our investment property located at Benoi Crescent was reclassified as non-current asset held for sale as at year-end in view of the impending disposal before end of 2011. The disposal is subject to approval by JTC subsequent to the expiry of prohibition period in August 2011. The Group is not aware of any adverse condition that would adversely impact the completion.

Trade and other payables increased by approximately S\$6.31 million, or 13.34% in FY2010 as compared to FY2009. The increase was mainly due to deferred revenue arising from difference between sale proceed from the sale and leaseback of 29 Tai Seng Avenue against its market value. This deferred revenue will be amortised over the leaseback period of the property. This increase was partly offset by the decrease of bills payable by approximately S\$9.09 million resulting from the utilization of the sale proceed derived from the sales and leaseback of 29 Tai Seng Avenue for the settlement of trade payables.

As at 31 December 2010, the Group's total borrowings amounted to S\$19.53 million (FY2009: S\$48.19 million) with S\$13.94 million repayable within one year and S\$5.59 million repayable after one year. The decrease in borrowings was mainly due to repayment of 3 property loans and term loan from Frankland Investments Ltd as well as the SPRING loan using the proceeds from disposal of our Tai Seng corporate property. In addition, the Group has repaid the property loans used to finance 2 of our investment properties at Northlink upon their disposal.

Arising from the above, working capital increased by approximately S\$37.17 million in FY2010 as compared to FY2009 as a result of the sale proceed from the sales and leaseback of 29 Tai Seng property.

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**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

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

Not applicable.

- 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.**

With the rising demand of local market and improvement in global economy, the Board is cautiously optimistic about our business outlook in FY2011. The Group will continue to rationalize our business operations and sharpen our ability to anticipate market changes to stay competitive.

- 11. Dividend**

- (a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

The Directors are pleased to recommend a final dividend of Singapore currency 2.00 cents per share tax exempt in respect of the financial year ended 31 December 2010 pending approval by shareholders at the next Annual General Meeting to be announced.

Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend amount per Share (in Singapore cents)	2.00
Tax Rate	Tax exempt (one tier)

- (b) Corresponding Period of the Immediately Preceding Financial Year**

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

No.

- (c) Date payable**

The date payable will be announced at a later date.

- (d) Books closure date**

The book closure date will be announced at a later date.

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

Not applicable

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

Not applicable.

## Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010

### 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 the business or geographical segments ( of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.**

**(a) Operating segment**

<b>2010</b>	<b>Aircon S\$'000</b>	<b>Switchgear S\$'000</b>	<b>Building materials S\$'000</b>	<b>Investment S\$'000</b>	<b>Total S\$'000</b>
<b>Revenue and expenses</b>					
External revenue	78,811	55,083	-	2,499	136,393
Inter-segment revenue	146	290	-	3,743	4,179
Total revenue of reportable segments	78,957	55,373	-	6,242	140,572
Interest income	192	141	-	6	339
Interest expense	(576)	(759)	-	(1,477)	(2,812)
Depreciation and amortisation	(693)	(1,306)	-	(1,152)	(3,151)
Reportable segment profit before income tax	2,107	2,603	-	8,414	13,124
Other material non-cash items:					
-Impairment of receivables	173	-	-	-	173
-Property, plant and equipment written-off	-*	1	-	37	38
Reportable segment assets	34,317	44,222	-	35,054	113,593
Capital expenditure	221	1,103	-	1,103	2,427
Reportable segment liabilities	22,480	25,125	-	29,166	76,771
<b>2009</b>					
<b>Revenue and expenses</b>					
External revenue	68,345	53,266	7,224	2,102	130,937
Inter-segment revenue	464	238	138	1,799	2,639
Total revenue of reportable segments	68,809	53,504	7,362	3,901	133,576
Interest income	41	118	-*	36	195
Interest expense	(828)	(641)	(234)	(1,668)	(3,371)
Depreciation and amortisation	(622)	(966)	(266)	(1,589)	(3,443)
Reportable segment profit/(loss) before income tax and impairment	2,338	4,363	(2,655)	1,134	5,180
Assets impairment due to downsizing of foreign subsidiaries	(525)	-	-	-	(525)
Reportable segment profit / (loss) before income tax	1,813	4,363	(2,655)	1,134	4,655
Other material non-cash items:					
-Impairment of receivables	479	170	1,896	-	2,545
-Impairment on property, plant and equipment and intangible assets	-	-	-	103	103
-property, plant and equipment written-off	112	-	160	163	435
-intangibles written-off	1	19	-	-	20

**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

<b>2009</b>	<b>Aircon</b>	<b>Switchgear</b>	<b>Building materials</b>	<b>Investment</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Reportable segment assets	43,758	43,643	-	50,168	137,569
Capital expenditure	1,011	4,066	47	498	5,622
Reportable segment liabilities	33,449	30,370	-	50,735	114,554

\*Amount less than S\$1,000.

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

	<b>2010</b>	<b>2009</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Revenues</b>		
Total revenue for reportable segments	140,572	133,576
Other revenue	-	-
Elimination of inter-segment revenue	(4,179)	(2,639)
Elimination of discontinued operations	-	(7,224)
Consolidated revenue	136,393	123,713
<b>Profit or loss</b>		
Total profit or loss for reportable segments	11,241	4,655
Other profit or loss	(3,316)	(4,208)
	7,925	447
Elimination of inter-segment profits	-	(211)
Elimination of discontinued operations	-	1,848
Consolidated profit before income tax	7,925	2,084
<b>Assets</b>		
Total assets for reportable segments	113,593	137,569
Other assets	5,933	27,214
Elimination of inter-segment assets	(1,754)	(35,143)
Consolidated total assets	117,772	129,640
<b>Liabilities</b>		
Total liabilities for reportable segments	76,771	114,554
Other liabilities	1,337	5,942
Elimination of inter-segment liabilities	(962)	(22,989)
Consolidated total liabilities	77,146	97,507

**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

<b>Other Material Items 2010</b>	<b>Reportable segment totals S\$'000</b>	<b>Adjustments S\$'000</b>	<b>Consolidated totals S\$'000</b>
Interest revenue	(339)	255	(84)
Interest expenses	2,812	(216)	2,596
Capital expenditure	2,427	-	2,427
Depreciation and amortisation	3,151	(47)	3,104
Impairment of receivable	173	-	173
<b>Other Material Items 2009</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Interest income	(195)	143	(52)
Interest expenses	3,371	(163)	3,208
Capital expenditure	5,622	-	5,622
Depreciation and amortisation	3,443	37	3,480
Impairment for property, plant and equipment and intangible assets	103	-	103
Impairment of receivable	2,545	(210)	2,335
Plant and equipment written-off	435	-	435
Intangibles written-off	20	-	20

**(b) Geographical information**

<b>Revenue</b>	<b>2010</b>		<b>2009</b>	
	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>%</b>
Singapore	131,237	96.22	129,416	98.84
China	7	0.01	504	0.38
India	221	0.16	68	0.05
Indonesia	364	0.27	336	0.26
Sri Lanka	172	0.13	-	-
Malaysia	3,935	2.88	475	0.36
Others*	457	0.33	138	0.11
	136,393	100.00	130,937	100.00
Discontinued operation	-		(7,224)	
Total	136,393		123,713	
<b>Segmental Non-current assets</b>				
Singapore	14,056	66.00	57,880	89.09
Malaysia	6,689	31.41	6,383	9.82
India	551	2.59	706	1.09
Total	21,296	100.00	64,969	100.00

\* Others include Hong Kong, Thailand, Vietnam and etc.

**Major Customer**

Revenue from one customer of Group's Aircon segment represents approximately S\$10.24 million (FY2009: S\$15.98 million) of the Group's total revenue.

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**Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2010**

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**15. In the review of performance, the factors leading to any material changes in the contribution to turnover and earnings by the business or geographical segments.**

Please refer to the section on “Review of results of Operations” in paragraph 8 of this announcement for details.

**16. A breakdown of sales.**

	<b>Group</b>		
	<b>2010</b>	<b>2009</b>	<b>% increase/</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>(decrease)</b>
(a) Sales reported for first half year	67,292	62,865	7.04
(b) Operating profit/(loss) after tax before deducting minority interests reported for first half year	125	(2,409)	105.19
(c) Sales reported for second half year	69,101	68,072	1.51
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	6,708	1,613	315.87

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

Not applicable.

**18. Interested person transaction**

**During the year, there were following significant related party transactions carried out in the normal course of business (excluding transaction less than S\$100,000) on term agreed between the parties.**

Not applicable.

**19. Usage of proceeds in respect of the Warrants Issue**

In 2008, the Company had raised approximately S\$1.6 million after deducting the Warrants Issue expenses from its Warrant Issue exercise. The Warrants Issue proceeds of approximately S\$1.5 million were earmarked for the expansion of the air-conditioner and switchgear business in Singapore, the People’s Republic of China, India, Cambodia and/or Malaysia and the balance of approximately S\$120,000 for working capital purposes.

As at 31 December 2010, approximately S\$950,000 of such proceeds earmarked for the expansion of the air-conditioner and switchgear business in Singapore, the People’s Republic of China, India, Cambodia and/or Malaysia were utilised, and there is a balance of approximately S\$550,000 from the proceed unutilised. Pending deployment of the proceeds, the Company has utilised this sum as working capital.

**BY ORDER OF THE BOARD**  
**Steven Chen Choon Khee**  
Executive Chairman

Singapore  
28 February 2011