

NEWS RELEASE

NATURAL COOL'S NET PROFIT INCREASES 19.25% TO \$3.30 MILLION

Year-end Dec (S\$'mln)	FY2005	FY2004	Change YoY
Revenue	54.21	39.51	+37.18%
Gross profit	12.32	9.15	+34.73%
Profit from operations	4.58	3.85	+18.94%
Profit before tax	4.13	3.55	+16.33%
Profit after tax	3.30	2.77	+19.14%
Earnings per share (cents)	4.99	4.18	+19.38%

**Earnings per share is based on Pre-invitation weighted average number of shares of 66,160,000 for both FY2004 and FY2005.*

Key Highlights for FY2005:

- ✓ Growth in revenue contributed by increase in revenue from Commercial business segment
- ✓ Improvement in all business segments lifted gross profit
- ✓ Operating expenses increased due to expansion of business
- ✓ Net asset value per pre-invitation share of 14.76 cents

SINGAPORE, May 10, 2006 – Natural Cool Holdings Limited (“Natural Cool” or the “Group”) (恩系控股有限公司), an integrated air-conditioning and switchgear specialist, today reported a strong set of results for the financial year ended December 31, 2005 (“FY2005”).

Revenue increased by 37.18% to S\$54.21 million, while net profit grew to S\$3.30 million. These marginally surpassed the estimated revenue of S\$52.38 million and net profit of S\$3.29 million, outlined in its listing Prospectus.

Said Mr Chen Choon Khee (曾俊旗), Chief Executive Director of Natural Cool, “The improved financial performance shows that the integration of our two business divisions – air-conditioning and switchgear manufacturing, is beginning to yield good results. The integrated operations not only allow us to tap on the combined network, strength and resources, but also provide us with opportunities to garner bigger projects. Thus, enabling us to compete more effectively.

We will continue to build on our strength in the Commercial business segment for both our air-conditioning and switchgear divisions. We intend to expand our operations in the PRC and set up a new switchgear manufacturing facility in India. We believe that our investments will bring the Group to a new level of growth.”

Earnings Review for FY2005

- ❖ For FY2005, Natural Cool registered a 37.18% growth in revenue to S\$54.21 million, attributable to the increase in revenue from its Commercial business segment, in particular, its switchgear division, and the maiden contribution from its operations in the PRC. Greater acceptance of the Group’s switchgear products enabled the division to garner more upgrading projects from town councils last year.
- ❖ Overall improvement in all business segments lifted gross profit by 34.73% or S\$3.18 million to S\$12.33 million in FY2005.
- ❖ Operating expenses increased by 45.10% from S\$5.41 million in FY2004 to S\$7.85 million in FY2005. This was mainly due to higher operating costs and the increase in marketing and promotional activities last year. In addition, the commencement of the Group’s PRC operations as well as the increase in human resource recruitment

and higher depreciation expense due to newly acquired machineries, contributed to the higher operating expenses.

- ❖ Net profit after tax increased by 19.14% to S\$3.30 million from S\$2.77 million.

About Natural Cool Holdings Limited

Established in 1989, Natural Cool provides installation, maintenance, repair and replacement services for air-conditioning systems to the residential, both public and private; and commercial sectors, which include factories, offices, condominiums, schools and hospitals, in Singapore. In addition, the Group sells air-conditioning components and tools used for the installation and servicing of air-conditioning business.

The Group also manufactures and sells switchgears through mechanical and electrical (“M&E”) contractors to public and private property developments. Started in 2003, the Group’s switchgear division designs and manufactures switchgear products customised to meet specific requirements of its customers.

Prime Partners Corporate Finance Pte. Ltd. is the Manager and Westcomb Securities Pte Ltd is the Underwriter and Placement Agent for Natural Cool’s initial public offer.

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