

NEWS RELEASE

NATURAL COOL'S FY2008 REVENUE INCREASES TO S\$123.1 MILLION

- ***Gross margin up 3.04 percentage points to 22.02%***
- ***Ongoing recruitment process to support healthy order book of S\$70 million as at 31 January 2009***

Singapore, February 26, 2009 – Natural Cool Holdings Limited (“Natural Cool” or the “Group”) (恩系控股有限公司), a leading provider of integrated climate management, switchgear and interior fit-out solutions, today reported a profit after tax of S\$2.3 million for the full year ended December 31, 2008 (“FY2008”) on the back of a Group revenue of S\$123.1 million.

CEO of Natural Cool Holdings, Mr Steven Chen Choon Khee (曾俊旗), said: “We achieved a growth in our topline for FY2008, notwithstanding the uncertain economic conditions.

“Our three core operations in Singapore, our major revenue contributor, continued to ride on the positive outlook of the local construction industry. With a prudent cost management strategy and a healthy order book of S\$70 million, we remain optimistic for a smooth year ahead.”

Financial Performance

Riding on the positive outlook of the local construction industry, the Group's Singapore operations remained as a major revenue generator in FY2008. In all, Singapore operations contributed to 98.40% of total Group Revenue in FY2008.

Segmentally, revenue from the Group's Aircon business segment decreased marginally by 0.97% or S\$654,000 during the period under review. This was due to a slow down of the Group's PRC and Cambodia business operations, which was offset by a healthy growth of 6.59% from the Group's Singapore Aircon business operation. The Aircon business segment made up about 54.0% of the Group's turnover.

Revenue from the Group's Switchgear business segment climbed by 9.94% or approximately S\$3.67 million in FY2008 as a result of more condominium and commercial building projects in progress. The Switchgear business constituted 32.9% of Group revenue.

Contribution from the Group's Building Materials segment, through its newly acquired subsidiary, Lifa Engineering Pte Ltd, led to a 52.89% or approximately S\$5.28 million jump in revenue for this division. The increase in revenue for this segment was partially offset by a slow down of the Group's steel business operations. The Building Materials segment represented 12.40% of Group revenue.

As a result of the overall improvement in revenue, gross profit registered a 25.06% or S\$5.44 million increase in FY2008 from S\$21.67 million in FY2007. Group gross profit margin also increased by 3.04 percentage points to 22.02% in FY2008.

Outlook

In view of a S\$20.5 billion Resilience Package rolled out by the Singapore government as well as positive local construction demand of S\$17 billion to S\$19 billion in 2009, the Group believes that it is well-positioned for FY2009.

Overall, barring any unforeseen circumstances, the Directors of the Company expect the Group's business to be fairly resilient and stable.

About Natural Cool Holdings Limited

Established in 1989 and listed on Catalist (formerly known as SESDAQ) in May 2006, Natural Cool provides installation, maintenance, repair and replacement services for air-conditioning systems to the residential segment, both public and private; and commercial sectors, which 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.

The Group has extended its geographical reach into the region since 2005 and now has a presence in China, India, Cambodia and Vietnam. Its subsidiary, VNS Manufacturing (S) Pte Ltd, the Group's switchgear division that specialises in the design, manufacture and sale of switchgear products, was awarded an exclusive distributorship by Indian-based, Larsen & Toubro Limited ("L & T") for the exclusive

marketing of L & T's electrical standard products in Singapore. Founded in 1938, L & T is India's largest engineering and construction conglomerate with interests in electrical, electronics and information technology.

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