NATURAL COOL®
HOLDINGS LIMITED

NEWS RELEASE

NATURAL COOL'S HY2008 REVENUE INCREASES TO S$56.3 MILLION

- ***Singapore operations to ride on the positive outlook from the local construction industry***

Singapore, August 4, 2008 – 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 profit after tax of S$2.0 million for the half year ended June 30, 2008 ("HY2008") on the back of a Group Revenue of S$56.3 million.

CEO of Natural Cool Holdings, Mr Steven Chen Choon Khee (曾俊旗), said: "Despite a slow down of our PRC Aircon business operations and steel business operations, we are pleased to have sustained growth in revenue for HY2008. Going forward, we will remain focused on our growth strategies for the domestic market and our regional expansion by leveraging on our wealth of experience, strong technical expertise, wide network of business contacts and sound management fundamentals to further expand our operations both locally and abroad. Our new corporate headquarters at Tai Seng Avenue, which will be ready for occupation in 4Q2008, will also serve to synergise our operations and propel us to greater heights going forward."

Financial Performance

Revenue from the Group's Aircon business segment registered a marginal decrease of 2.1% or approximately S$730,000 to S$33.6 million in HY2008 as a result of the slow down of the Group's PRC business operations. The marginal decrease in revenue from the PRC Aircon operations was offset by healthy growth of 8.0%

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experienced by the Singapore Aircon operations. The Aircon business segment made up about 59.7% of the Group's turnover.

Revenue from the Group's Switchgear business segment increased by approximately S$2.81 million or 17.3% in HY2008 due to more condominium and commercial building projects in progress. The Switchgear business constituted 33.8% of Group revenue.

As a result of the slow down in the Group's steel business operations, revenue from its Building Materials business segment decreased by approximately S$869,000 or 19.7% to S$3.5 million in HY2008. The decrease in revenue from this segment was partly offset by the contribution from J2 Pte Ltd which was consolidated with effect from July 1, 2007. The Building Materials segment made up 6.3% of total Group revenue.

Geographically, the Group's Singapore operations remained as a major revenue generator in HY2008 as it continued to ride on the positive outlook from the local construction industry. In all, Singapore operations contributed to 96.4% of total Group Revenue in HY2008.

The improvement in revenue resulted in a S$1.75 million or 15.5% increase in gross profit to S$12.97 million in HY2008. Group gross profit margin also increased by 2.7 percentage points to 23.1% in HY2008.

The Group's other operating income increased 49.6% to S$184,000 in HY2008 from S$123,000 in HY2007. The increase was mainly attributed to rental income earned by one of the Group's subsidiaries.

Group distribution costs, administrative expenses and other operating expenses collectively increased from S$8.12 million in HY2007 to S$9.83 million in HY2008.

This was due to the increase in:-

(i) transportation charges;
(ii) staff salaries and payroll from additional staff employed for the expansion of the Group's business and the incorporation of new subsidiaries;
(iii) depreciation;
(iv) professional fees; and
(v) rental expenses of office premises and warehouse.

Outlook

The Group expects to continue experiencing growth in sales volume and revenue. However, if the prices of the Group's raw materials such as copper and steel were to increase substantially in FY2008, it may be affected if it is unable to pass the price impact to its customers.

Overall, barring any unforeseen circumstances, the Directors of the Company expect the Group to be profitable for FY2008.

About Natural Cool Holdings Limited

Established in 1989 and listed on the Catalist (formerly known as SGX-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 specializes in the design, manufacture and sale of switchgear products, was recently 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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