

TAKA JEWELLERY HOLDINGS LIMITED

Company Registration No. 201526542C

Unaudited Interim Condensed Financial Statement

For the First Half Year ("1H2023") Financial Period Ended 31 December 2022

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TAKA JEWELLERY HOLDINGS LIMITED

Company Registration No. 201526542C

Unaudited Interim Condensed Financial Statement
For the First Half Year ("1H2023") Financial Period Ended 31 December 2022
A. Condensed interim consolidated statement of comprehensive income

	Group		Change
	Unaudited	Audited	
	1H2023	1H2022	
	6 months	6 months	
	ended	ended	
	31 Dec	31 Dec	
	2022	2021	
	S\$'000	S\$'000	%
Revenue	71,699	45,321	58
Cost of sales	(50,488)	(34,139)	48
Gross profit	<u>21,211</u>	<u>11,182</u>	90
Other operating income	131	859	(85)
Selling and distribution expenses	(11,162)	(7,212)	55
Administrative expenses	(3,337)	(2,430)	37
Other operating expenses	(119)	(14)	Nm
Reversal/ (allowance) of impairment loss on trade receivables	281	(128)	Nm
Share of profit/ (loss) of associates	1,040	(2)	Nm
Finance costs	(868)	(350)	148
Profit before tax	<u>7,177</u>	<u>1,905</u>	277
Income tax expense	(1,017)	(36)	Nm
Profit after tax	<u>6,160</u>	<u>1,869</u>	230
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	5	11	(55)
Total comprehensive income for the period	<u>6,165</u>	<u>1,880</u>	228
Profit after tax attributable to:			
Owners of the Company	6,277	1,883	233
Non-controlling interests	(117)	(14)	Nm
	<u>6,160</u>	<u>1,869</u>	230
Total comprehensive income for the period attributable to			
Owners of the Company	5,064	1,894	167
Non-controlling interests	1,101	(14)	Nm
	<u>6,165</u>	<u>1,880</u>	228
Earnings per share attribute to owners of the company (cents per share)			
Basic and Diluted	<u>0.91</u>	<u>0.34</u>	

Nm – not meaningful

Unaudited Financial Statement and Dividend Announcement
For the Six-Month Financial Period Ended 31 December 2022

B. Condensed interim consolidated statement of financial position

	Group		Company	
	31.12.2022	30.06.2022	31.12.2022	30.06.2022
<u>ASSETS</u>	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Investment in subsidiaries	–	–	82,076	82,076
Investment in associates	7,357	6,317	–	–
Right of use assets	9,569	7,456	–	–
Property, plant and equipment	10,736	8,668	–	–
Trademarks	176	246	–	–
Other receivables	597	495	–	–
Deferred tax assets	453	453	–	–
Goodwill	271	–	–	–
	29,159	23,635	82,076	82,076
Current assets				
Inventories	96,191	83,172	–	–
Trade and other receivables	55,135	52,696	13,374	12,971
Prepayments	196	99	5	2
Cash and bank balances	12,288	11,229	255	832
	163,810	147,196	13,634	13,805
Total assets	192,969	170,831	95,710	95,881
<u>LIABILITIES</u>				
Current liabilities				
Bank borrowings	26,974	21,053	–	–
Bullion Loans	3,890	–	–	–
Trade and other payables	23,011	21,334	62	18
Lease liabilities	3,862	2,986	–	–
Income tax payable	1,636	1,109	–	–
	59,373	46,482	62	18
NET CURRENT ASSETS	104,437	100,714	13,572	13,787
Non-current liabilities				
Bank borrowings	10,230	9,844	–	–
Lease liabilities	5,304	3,795	–	–
Deferred tax liabilities	–	–	–	–
Provision for reinstatement	139	170	–	–
	15,673	13,809	–	–
Total liabilities	75,046	60,291	62	18
NET ASSETS	117,923	110,540	95,648	95,863

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**Unaudited Financial Statement and Dividend Announcement
For the Six-Month Financial Period Ended 31 December 2022****B. Condensed interim consolidated statement of financial position (cont'd)**

	Group		Company	
	31.12.2022	30.06.2022	31.12.2022	30.06.2022
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Equity attributable to owners of the Company				
Share capital	96,719	96,719	96,719	96,719
Merger reserve	(64,502)	(64,502)	–	–
Treasury shares	(698)	(698)	(698)	(698)
Translation reserve	738	733	–	–
Retained earnings	84,532	78,255	(373)	(158)
Equity attributable to equity holders	116,789	110,507	95,648	95,863
Non-controlling interest	1,134	33	–	–
Total Equity	117,923	110,540	95,648	95,863

Unaudited Financial Statement and Dividend Announcement
For the Six-Month Financial Period Ended 31 December 2022

C. Condensed interim consolidated statement of cash flows

	Unaudited 1H2023 S\$'000	Unaudited 1H2022 S\$'000
Operating activities		
Profit before tax	7,177	1,905
Adjustments for:		
Depreciation of property, plant & equipment	447	473
Depreciation of right-of-use assets	2,248	2,170
Amortisation of trademark	70	70
Finance costs	868	348
Share of (profit)/ loss of associate	(1,040)	2
(Reversal)/ allowance of impairment loss on trade receivables	(281)	128
Fair value loss on bullion loans	120	—
Unrealised exchange loss/ (gain)	21	(42)
Bad debt written off	33	61
Gain on disposal of property, plant and equipment and right-of-use assets	(171)	(1)
Operating cash flows before movements in working capital	9,492	5,114
(Increase)/ decrease in trade and other receivables and prepayments	(2,462)	5,805
Increase in inventories	(12,803)	(1,201)
Increase/ (decrease) in trade and other payables	1,230	(4,410)
Cash generated (used in)/ from operations	(4,543)	5,308
Interest paid	(868)	(348)
Income tax paid, net	(490)	(177)
Net cash (used in)/ generated from operating activities	(5,901)	4,783
Investing activities		
Acquisition of subsidiary, net of cash acquired (see Note A)	714	—
Proceeds from disposal of property, plant and equipment and right-of-use assets	317	24
Purchase of property, plant and equipment	(2,126)	(37)
Net cash used in investing activities	(1,095)	(13)
Financing activities		
Proceeds from bank borrowings	12,000	3,000
Repayment of bank borrowings	(4,133)	(7,984)
New bullion loan	3,849	—
Decrease in bills payable	(1,460)	(655)
Repayment of finance lease obligations	(2,188)	(2,256)
New pledged fixed deposits with banks	(100)	—
Net cash generated from/ (used in) financing activities	7,968	(7,895)
Net increase/ (decrease) in cash and cash equivalents	972	(3,125)
Net effect of exchange rates changes on the cash balance held in foreign currencies	(9)	103
Cash and cash equivalents at beginning of the financial period	8,707	12,746
Cash and cash equivalents at end of the financial period	9,670	9,724

Note to statement of cash flows:

Cash and cash equivalents included in the consolidated statement of cash flows comprise of the following amounts:

Cash and bank balances	12,288	12,237
Fixed deposits pledged with banks	(2,618)	(2,513)
Cash and cash equivalents	9,670	9,724

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**Unaudited Financial Statement and Dividend Announcement
For the Six-Month Financial Period Ended 31 December 2022****Note A****Summary of The Effects of The Acquisition of Subsidiary**

	Fair value recognised on acquisition S\$'000
Property, plant and equipment	395
Right of use assets	239
Inventories	216
Cash and cash equivalents	2,474
Trade and other receivables	256
Total assets	3,580
Trade and other payables (CL)	(562)
Lease Liabilities (CL)	(198)
Lease Liabilities (NCL)	(113)
Total liabilities	(873)
Total identifiable net assets at fair value	2,707
Non-controlling interest (45% of net assets)	(1,218)
Goodwill arising from acquisition	271
Purchase consideration transferred	1,760
	Cash flow on acquisition S\$'000
Net cash acquired with the subsidiary	2,474
Cash paid	(1,760)
Net cash flow on acquisition	714

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For the Six-Month Ended 31 December 2022

D. Condensed interim consolidated statement of changes in equity

	Share Capital	Merger reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total Equity
Group (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 July 2022	96,719	(64,502)	(698)	733	78,255	33	110,540
Profit for the financial period	–	–	–	–	6,277	(117)	6,160
Other comprehensive income							
Foreign currency translation	–	–	–	5	–	–	5
Total comprehensive income	–	–	–	5	6,277	(117)	6,165
Non-controlling interest arising on a business combination	–	–	–	–	–	1,218	1,218
As at 31 December 2022	96,719	(64,502)	(698)	738	84,532	1,134	117,923

	Share Capital	Merger reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total Equity
Group (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 July 2021	96,719	(64,502)	(698)	719	72,375	35	104,648
Profit for the financial period	–	–	–	–	1,883	(14)	1,869
Other comprehensive income							
Foreign currency translation	–	–	–	11	–	–	11
Total comprehensive income	–	–	–	11	1,883	(14)	1,880
As at 31 December 2021	96,719	(64,502)	(698)	730	74,258	21	106,528

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Condensed Interim Financial Statements**For the Six-Month Ended 31 December 2022****D. Condensed interim consolidated statement of changes in equity (cont'd)**

Company (Unaudited)	Share Capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Balance as at 1 July 2022	96,719	(698)	(158)	95,863
Loss for the financial period	–	–	(215)	(215)
Total comprehensive income	–	–	(215)	(215)
Balance as at 31 December 2022	96,719	(698)	(373)	95,648

Company (Unaudited)	Share Capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Balance as at 1 July 2021	96,719	(698)	188	96,209
Loss for the financial period	–	–	(151)	(151)
Total comprehensive income	–	–	(151)	(151)
Balance as at 31 December 2021	96,719	(698)	37	96,058

E. Notes to the condensed interim consolidated financial statements

E1. Corporate Information

Taka Jewellery Holdings Limited (the “**Company**”) is incorporated in the Republic of Singapore. These condensed interim financial statements as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the “**Group**”). The principal activity of the Company is that of investment holding. The principal activities of the Company’s subsidiaries are those relating to wholesale and retail of jewellery, pawn broking and secured moneylending.

E2. Basis of preparation

E2.1 Statement of compliance

The condensed interim financial statements for 1H2023 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 the performance of the Group since the last annual financial statements for the year ended 30 June 2022. Other than the adoption of the amended standards as set out in Note E3, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements for the year ended 30 June 2022, which were in accordance with SFRS(I)s.

E2.2 Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except as otherwise described in the notes below. The condensed interim financial statements have been prepared on a going concern basis, since the directors have verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the reporting period.

E2.3 Functional and presentation currencies

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

E2.4 Uses of estimates and judgements

The preparation of the Group’s condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

E2.4.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

E2.4.1.1 Allowance for impairment of trade receivables

The Group uses a provision matrix to calculate ECLs for its trade receivables from exhibition jewellery sales. The provision matrix is based on the Group’s evaluation of collectability, analysis of historical observed default rates and aging analysis of trade receivables. The Group will calibrate the matrix to adjust for forward-looking factors specific to the debtors and economic factors that may affect the recoverability of the trade receivables. At each reporting date, the historical observed default rates are updated and changes in the forward-looking factors are analysed.

E2.4 Uses of estimates and judgements (cont'd)

E2.4.1 Key sources of estimation uncertainty (cont'd)

E2.4.1.1 Allowance for impairment of trade receivables (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

In assessing the ultimate realisation of the trade receivables, the Group also considers the current creditworthiness and past collection history of its customers. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional specific allowances may be required.

E2.4.1.2 Allowance for inventory obsolescence

The Group periodically assesses the allowance for inventory obsolescence. When the inventories are deemed not saleable, the difference between net realisable value and cost is recognised as an allowance against the inventory balance. The Group assesses the market and economic conditions prevailing at the reporting date, where the appropriate amount of allowance is determined by considering the age of inventories, market prices for gold, expected and current demand and rework costs. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note E9 to the financial statements.

E3. New and amended standards

The Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

E4. Seasonal operations

The group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

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Condensed Interim Financial Statements**For the Six-Month Ended 31 December 2022**

E5. Segmented revenue and results 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.

(Unaudited) S\$'000	1H2023					Total
	Wholesale & Exhibition	Retail	Financial services	Unallocated	Elimination	
Segment revenue :						
External sales	28,859	41,161	1,679	–	–	71,699
Intersegment sales	–	503	542	–	(1,045)	–
Total revenue	28,859	41,664	2,221	–	(1,045)	71,699
Results :						
Segment results	5,796	4,173	929	–		10,898
Unallocated expenses (net)	–	–	–	(3,893)		(3,893)
Finance costs	(1)	(173)	(283)	(411)		(868)
Share of profit from associate	–	–	–	1,040		1,040
Profit before tax	5,795	4,000	646	(3,264)		7,177
Income tax expense	–	–	–	(1,017)		(1,017)
Profit after tax	5,795	4,000	646	(4,281)		6,160
Segment assets & liabilities						
Segment assets	71,309	82,214	38,732	714		192,969
Segment liabilities	27,005	18,881	27,524	1,636		75,046
Other segmental information:						
Depreciation of property, plant & equipment	99	296	52	–		447
Capital expenditure	459	1,618	49	–		2,126
Investment in associate	–	7,357	–	–		7,357
Non-current assets	6,948	20,962	797	452		29,159

The customer profile of the Company is geographically diverse. Accordingly, further segmentation by geographical market is not meaningful.

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E5. Segmented revenue and results 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. (cont'd)

(Unaudited) S\$'000	1H2022					
	Wholesale & Exhibition	Retail	Financial services	Unallocated	Elimination	Total
Segment revenue :						
External sales	15,187	28,661	1,473	–	–	45,321
Intersegment sales	–	1,465	805	–	(2,270)	–
Total revenue	15,187	30,126	2,278	–	(2,270)	45,321
Results :						
Segment results	2,655	1,361	572	–	–	4,588
Unallocated expenses (net)	–	–	–	(2,331)	–	(2,331)
Finance costs	–	(75)	(99)	(176)	–	(350)
Share of loss from associates	–	(2)	–	–	–	(2)
Profit before tax	2,655	1,284	473	(2,507)	–	1,905
Income tax expense	–	–	–	(36)	–	(36)
Profit after tax	2,655	1,284	473	(2,543)	–	1,869
Segment assets & liabilities						
Segment assets	53,971	69,661	30,360	1,017	–	155,009
Segment liabilities	14,755	22,300	11,315	111	–	48,481
Other segmental information:						
Depreciation of property, plant & equipment	93	335	45	–	–	473
Capital expenditure	15	21	1	–	–	37
Investment in associates	–	6,253	–	–	–	6,253
Non-current assets	3,948	15,766	362	517	–	20,593

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**Condensed Interim Financial Statements
For the Six-Month Ended 31 December 2022****E6. Right of use assets**

Group	Retail & Office Premises S\$'000	Motor Vehicles S\$'000	Total S\$'000
Costs:			
At 1 Jul 2022	17,956	1,811	19,767
Acquisition of a subsidiary	239	-	239
Additions	1,611	-	1,611
Modification	2,650	-	2,650
Disposals	-	(283)	(283)
Translation differences	1	-	1
At 31 Dec 2022	22,457	1,528	23,985
Accumulated depreciation:			
At 1 Jul 2022	11,999	312	12,311
Charge for the period	2,158	90	2,248
Disposals	-	(143)	(143)
At 31 Dec 2022	14,157	259	14,416
Carrying value:			
At 31 Dec 2022	8,300	1,269	9,569
At 30 Jun 2022	5,957	1,499	7,456

E7. Property, plant and equipment

- (i) Gain on disposal of property, plant and equipment

During the financial period, the Group disposed property, plant and equipment with a carrying amount of \$5,000 (December 2021: \$36,000). Cash proceeds of \$153,000 (December 2021: \$24,000) were received on disposal of the property, plant and equipment.

- (ii) Purchase of property, plant and equipment

During the period, the Group acquired property, plant and equipment of \$2.1 million (December 2021: \$37,000).

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E8. Trademarks

	Group	
	31.12.2022	30.06.2022
	S\$'000	S\$'000
Cost		
At the beginning and end of period/ year	1,408	1,408
Accumulated amortisation		
At beginning of the period/ year	1,162	1,021
Charge for the period/ year	70	141
At end of the period/ year	1,232	1,162
Net carrying value		
At end of the period/ year	176	246

Trademarks relate to the “Taka Jewellery” trademarks. The remaining useful life of these trademarks is approximately 1 year (2022: 2 years).

The amortisation of trademarks is included in the “Other operating expense” line item in profit or loss.

E9. Inventories

	Group	
	31.12.2022	30.06.2022
	S\$'000	S\$'000
Balance sheet:		
Finished goods and goods for resale, at cost	63,424	48,991
Raw materials, at cost	32,769	34,183
Less: Allowance for obsolete inventories	(2)	(2)
Total inventories at lower of cost and net realisable value	96,191	83,172
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	50,488	42,713

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**Condensed Interim Financial Statements
For the Six-Month Ended 31 December 2022****E10. Trade and other receivables**

	Group		Company	
	31.12.2022 S\$'000	30.06.2022 S\$'000	31.12.2022 S\$'000	30.06.2022 S\$'000
Non-current				
Rental deposits	597	495	–	–
Current				
Trade receivables:				
Third parties	53,293	50,172	–	–
Other receivables:				
Third parties	269	1,525	–	1
Deposits	1,323	710	–	–
Advances to suppliers	250	289	–	–
Amount due from subsidiary	–	–	13,374	12,970
	1,842	2,524	13,374	12,971
Total current receivables	55,135	52,696	13,374	12,971
Total trade and other receivables	55,732	53,191	13,374	12,971
Add/(less):				
Advances to suppliers	(250)	(289)	–	–
Cash and cash equivalents	12,288	11,229	255	832
GST receivable	–	(650)	(1)	(1)
Total financial assets carried at amortised cost	67,770	63,481	13,628	13,802

Trade receivables are non-interest bearing and are generally on 30 to 180 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The amount due from subsidiary is unsecured, interest-free, repayable on demand and to be settled in cash.

Trade and other receivables denominated in foreign currencies at the end of the financial period/year are as follows:

	Group	
	31.12.2022 S\$'000	30.06.2022 S\$'000
United States Dollars	13,653	18,292
Hong Kong Dollars	1,334	472

Expected credit losses

Movement in allowance for expected credit losses of trade receivables based on lifetime ECL are as follows:

	31.12.2022 S\$'000	30.06.2022 S\$'000
Movement in allowance accounts:		
At beginning of year/ period	7,111	6,833
Charge/(reversal) for the period/ year	1	156
Write-back	(282)	(52)
Written off	(261)	–
Exchange differences	3	174
At end of period/ year	6,572	7,111

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Condensed Interim Financial Statements**For the Six-Month Ended 31 December 2022****E11. Loans and borrowings**

	Group	
	31.12.2022	30.06.2022
	S\$'000	S\$'000
Current		
Bills payable	1,879	3,439
Revolving loans	21,500	14,500
Floating rate term loans	1,134	675
Fixed rate term loans	2,461	2,439
	26,974	21,053
Non-current		
Floating rate term loans	5,847	4,225
Fixed rate term loans	4,383	5,619
	10,230	9,844
Total loans and borrowings	37,204	30,897

Bills payable, revolving loans, floating rate term loans and fixed rate term loans

Bills payable bears an interest rate from 2.11% to 4.60% (30 June 2022: 2.69%) per annum and are repayable within 120 days (2022: 120 days). Bills payable are denominated in United States Dollars.

Revolving loans bear interest at rates ranging from 2.7% to 5.58% (30 Jun 2022: 1.62% to 3.00%) per annum. The revolving loans are due for repayment within the next one month from the end of the reporting period.

Floating rate term loans bear interest at rates ranging from 2.27% to 5.92% (30 June 2022: 1.52% to 2.85%) per annum. The loans mature between 3 to 20 years (30 June 2022: 0.2 to 21 years) as at 31 December 2022. Floating rate term loans amounting to \$4,314,000 (30 June 2022: \$4,385,000) are secured by first mortgage over leasehold properties owned by the Group.

Fixed rate term loans bear interest at rate at 2.24 % to 3.75% (30 June 2022: 2.24% to 3.75%) per annum and are expected to be fully repaid by January 2026.

All bank borrowings are secured by corporate guarantee from the Company. An amount of \$13,220,000 (30 Jun 2022: \$14,500,000) is also secured by corporate guarantee from a subsidiary.

Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

	31.12.2022		30.06.2022	
	(Unaudited)		(Audited)	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	16,634	10,340	10,176	10,877
Amount repayable after one year	5,847	4,383	4,225	5,619
	22,481	14,723	14,401	16,496

Details of any collateral:

1. Bank borrowings of \$4.31 million (30 June 2022: \$4.38 million) are secured by first mortgage over leasehold property owned by a subsidiary of the Group.
2. Term loans of \$2.67 million (30 June 2022: \$0.5 million) are secured by a subsidiary's pledge of fixed deposits amounting to about \$2.21 million (30 June 2022: \$2.1 million).
3. Short term bank loans of \$13.22 million (30 June 2022: \$14.5 million) is secured by a subsidiary's cash account and a fixed and floating charge on all present and future assets of the subsidiary.

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E12. Bullion Loans

Bullion loans amounting to \$3.9 million as at 31 December 2022.

Gold loans are quarterly revolving short-term loan and are borrowed to reduce the impact of fluctuation in gold prices on gold inventories. The amounts represent borrowing from bank and the amounts payable are pegged to gold prices.

The fair value is a reasonable approximation of the carrying amount due to their short-term nature or that they are floating rate instruments that are frequently re-priced to market interest rates and gold prices.

E13. Trade and other payables

	Group		Company	
	31.12.2022 S\$'000	30.06.2022 S\$'000	31.12.2022 S\$'000	30.06.2022 S\$'000
Non-current				
Provision for reinstatement cost	139	170	–	–
Current				
Trade payables:				
Third parties	17,718	17,061	–	–
Associates	920	1,334	–	–
	18,638	18,395	–	–
Other payables:				
Third parties	1,021	60	11	9
Accrued expenses	3,216	2,774	51	9
Provision for reinstatement cost	136	105	–	–
Total current trade and other payables	23,011	21,334	62	18
Total trade and other payables	23,150	21,504	62	18
Add/(less):				
Loans and borrowings	37,204	30,897	–	–
Bullion Loans	3,890			
Lease liabilities	9,166	6,781	–	–
GST payable	(182)	(11)	–	–
Provision for reinstatement cost	(275)	(275)	–	–
Deferred income	(186)	–	–	–
Total financial liabilities at amortised cost	72,767	58,896	62	18

Trade payables are non-interest bearing and are normally settled on 210 days term.

Trade and other payables denominated in foreign currencies at the end of the financial period/year are as follows:

	Group	
	31.12.2022 S\$'000	30.06.2022 S\$'000
United States Dollars	17,538	18,089
Hong Kong Dollars	18	19

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	Group	
	1H2023	1H2022
	6 Months	6 Months
	Ended	Ended
	31 Dec	31 Dec
	2022	2021
	S\$'000	S\$'000
Government grants	22	714
Sundry income	109	100
Rent rebate	–	45
	131	859

E15. Finance costs

	Group	
	1H2023	1H2022
	6 months	6 months
	ended	ended
	31 Dec	31 Dec
	2022	2021
	S\$'000	S\$'000
Interest expense on:		
Bank loans	614	260
Bill payables	52	14
Bullion loans	26	–
Lease liabilities	176	76
	868	350

E16. Income tax expense**Major components of income expense**

The major components of income tax expense for the financial year/period ended are:

	Group	
	1H2023	1H2022
	6 months	6 months
	ended	ended
	31 Dec	31 Dec
	2022	2021
	S\$'000	S\$'000
Statement of comprehensive income:		
<i>Current income tax</i>		
Current period	(1,025)	(33)
Over/ (under) provision in previous period	8	(3)
	(1,017)	(36)

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Profit before income tax is arrived after (charging)/ crediting the following:

	Group	
	1H2023	1H2022
	6 months	6 months
	ended	ended
	31 Dec	31 Dec
	2022	2021
	S\$'000	S\$'000
Interest income from financial services	1,679	1,473
Reversal/ (allowance) of impairment loss on trade receivables	281	(128)
Bad debts written off	(33)	(61)
Net fair value loss on bullion loans designated as financial liabilities as fair value through profit and loss	(120)	–
Net foreign currency exchange (loss)/ gain	(187)	71
Interest expense on bank borrowings	(666)	(275)
Depreciation of right-of-use assets	(2,248)	(2,170)
Depreciation of property, plant and equipment	(447)	(473)
Amortisation of trademark	(70)	(70)

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E18. 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.

	Number of Shares	Share capital (S\$'000)
As at 30 June 2022	559,406,000	96,021
As at 31 December 2022	559,406,000	96,021

The Company did not have any subsidiary holding, outstanding options or convertibles as at 31 December 2022 and 31 December 2021.

	31.12.2022	30.06.2022
Number of issued shares held as treasury shares	6,100,000	6,100,000
Number of issued shares held as subsidiary holdings	–	–
Total number of issued shares excluding treasury shares and subsidiary holdings	559,406,000	559,406,000

Accordingly, 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 is 1.1% as at 31 December 2022 and 30 June 2022 respectively.

To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	31.12.2022	30.06.2022
Total number of issued shares excluding treasury shares	559,406,000	559,406,000

E19. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other information required by appendix 7C of Catalyst Rules.

F1. 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. There were no sales, transfers, cancellations and/or use of treasury shares during the financial period reported on.

F2. 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 sales, transfers, cancellations and/or use of subsidiary holdings during and as at the end of the current financial period reported on.

F3. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

F4. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)

Not applicable.

F4.1 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter) 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 Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

F5. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for 1H2023 as those of the most recent audited financial statements for the year ended and as at 30 June 2022.

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- F6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	Unaudited 1H2023 6 months ended 31 Dec 2022	Unaudited 1H2022 6 months ended 31 Dec 2021
Profit attributable to owners of the Company (S\$'000)	5,064	1,894
Number of ordinary shares for the purposes of basic earnings per share and diluted earnings per share ('000)	559,406	559,406
Basic and diluted earnings per share (Singapore cents) ¹	0.91	0.34

Note:

¹The basic and diluted earnings per share are the same as there were no potential dilutive ordinary shares existing during the financial year.

- F7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) Current financial period reported on; and (b) Immediately preceding financial year.**

	GROUP		COMPANY	
	31.12.2022 Unaudited	30.06.2022 Audited	31.12.2022 Unaudited	30.06.2022 Audited
Net asset value per ordinary share (Singapore cents)	21.08	19.76	17.10	17.14
Number of issued shares (excluding treasury shares) ('000)	559,406	559,406	559,406	559,406

The net asset value per ordinary share of the Group and the Company as at 31 December 2022 were calculated based on the total issued number of ordinary shares (excluding treasury shares) of 559,406,000 (30 June 2022: 559,406,000).

F8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

- (a) any significant factors that affected the turnover, costs, 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 period reported on

Review of the Income Statement of the Group

Revenue

	GROUP		Change %
	1H2023 (Unaudited) S\$'000	1H2022 (Audited) S\$'000	
Retail business	41,161	28,661	43.6
Financial Services	1,679	1,473	14.0
Wholesale and exhibition business	28,859	15,187	90.0
Total	71,699	45,321	58.2

The Group recorded an increase in revenue of \$26.4 million mainly due to resumption of the wholesale and exhibition activities and recovery of local retail and tourism activities in Singapore as a result of uplifting of COVID-19 control measures.

Revenue for the wholesale and exhibition business increased by \$13.7 million for 1H2023 or 90.0% higher than the corresponding period 1H2022.

Revenue for retail business increased by \$12.5 million or 43.6% from \$28.7 million in 1H2022 to \$41.2 million in 1H2023. Business activities were increased amidst Singapore's uplifting of COVID-19 control measures.

The new F&B business activity is included in the Retail business segment.

Revenue for the financial services business increased by 14% from \$1.4 million to \$1.7 million due to higher interest income earned from the pawn broking and moneylending business segment.

Gross profit and gross profit margin

Gross profit margin increased to 29.6% in 1H2023 as compared to 24.6% in 1H2022 due to increased activities from overseas exhibition and change in product sales mix.

Other operating income

Other operating income was \$0.1 million in 1H2023 as compared to \$0.9 million in 1H2022, a decrease of \$0.8 million. The decrease was attributable to the to the lower government grant received in 1H2023 as compared to 1H2022.

Selling and distribution expenses

Selling and distribution expenses increased by approximately \$4.0 million, or 54.8% to \$11.2 million in 1H2023 due to the higher variable manpower costs and depreciation of right of use assets which is in line with the higher revenue and business activities of the Group.

Administrative expenses

Administrative expenses increased from \$2.4 million, or 37.3% in 1H2022 to \$3.3 million in 1H2023 mainly due to the higher manpower and staff expenses incurred from the Group's expanded business activities

Review of the Income Statement of the Group (cont'd)

Share of profit of associate

The Group registered share of profit of associate of \$1.0 million in 1H2023 which relates to the financial performance of the Group's 50% investment in Globe Diamonds Singapore Pte Ltd. The profit was attributable to the gain of disposal of investment properties.

Finance costs

Finance costs increased by approximately \$0.5 million or 148% to \$0.9 million in 1H2023. This was mainly due to increased utilisation of bank credit facilities and coupled with increased borrowing costs.

Profit before tax

As a result, the Group registered a profit before tax of \$7.2 million for 1H2023 which represents a 276.7% increase from \$1.9 million profit in 1H2022.

Review of the Financial Position of the Group

Non-current assets

Non-current assets increased by approximately \$5.5 million or 23.4% from \$23.6 million as at 30 June 2022 to \$29.2 million as at 31 December 2022. This was mainly due to the increase in rights-of-use assets and property, plant and equipment arising from new store openings.

Current assets

Current assets increased by approximately \$16.6 million or 11.3% from \$147.2 million as at 30 June 2022 to \$163.8 million as at 31 December 2022, this was attributable to the increase in inventories of \$13.0 million in preparation for sales in the major exhibitions in 3Q2023, increase in trade and other receivables of \$2.4 million mainly from increase in receivables from financial services and increase in cash and cash equivalents of \$1.1 million.

Current liabilities

Current liabilities increased by approximately \$12.9 million or 27.7% from \$46.5 million as at 30 June 2022 to \$59.4 million as at 31 December 2022 due to the increase in short term bank borrowings of \$5.9 million, bullion loans of \$3.9 million, increase in trade and other payables of \$1.7 million, increase of lease liabilities of \$0.9 million and increase of income tax payable of \$0.5 million.

Non-current liabilities

Non-current liabilities increased by \$1.9 million or 13.8% from \$13.8 million as at 30 June 2022 to \$15.7 million as at 31 December 2022 due to the increase in bank borrowings of \$0.4 million and increase of lease liabilities of \$1.5 million.

Working capital

The Group had a positive working capital of approximately \$104.4 million as at 31 December 2022 as compared to approximately \$100.7 million as at 30 June 2022.

Review of the Cash Flow Statement of the Group

The Group's cash and cash equivalents position increased by approximately \$1.0 million as at 31 December 2022 as compared to 30 June 2022.

Net cash used in operating activities

In 1H2023, the group recorded a net cash used in operating activities of \$5.9 million which was a net result of operating cash flow before working capital changes of \$9.5 million, adjusted for working capital outflow of \$14.0 million. The net working capital outflow of \$14.0 million was mainly due to the following: (a) Increase in trade and other payables of \$1.2 million; (b) Increase in trade and other receivables and prepayment of \$2.4 million; and (c) Increase in inventories of \$12.8 million in preparation for sales in the major exhibitions in 3Q2023.

Net cash used in investing activities

Net cash used in investing activities amounted to \$1.1 million in 1H2023. Acquisition of new F&B subsidiary contributed \$0.7 million and new property, plant and equipment purchased net of disposal of \$1.8 million.

Net cash generated from financing activities

Net cash generated from financing activities amounted to \$8.0 million in 1H2023 mainly attributable to net bank borrowings of \$6.5 million, bullion loans of \$3.8 million, and payment of lease liabilities of \$2.2 million.

F9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Following the release of the Company's profit guidance announcement dated 31 January 2023, there is no variance between the latter guidance and the actual results presented in this announcement.

F10. 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 continued recovery of global jewellery trade was driven by a gradual improvement in economic activity post Covid-19 as well as the relaxation of travel restrictions in Singapore and other countries in 2022. Conditions in the luxury retail sector have also improved as compared to FY2022 in tandem with the increase in foreign tourist arrivals and resumption of international jewellery trade fairs.

Looking into 2023, global economic growth is forecasted to slow down from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.¹ The conflict in Ukraine could continue to pose a downside risk and has led to higher oil prices and overall inflation as well as disruption to international supply chains. This could translate to higher living cost globally which may in turn continue to impact luxury retail sector adversely in the near future.

Due to the foregoing, the Group would continue to adopt a prudent and cautious approach in managing its business operations while taking the opportunity to strengthen its capabilities in marketing and supply chain advancement in the jewellery trade industry.

Note:

1. 11 October 2022, International Monetary Fund - World Economic Outlook, October 2022: Countering the Cost-of-Living Crisis

F11. Dividend

If a decision regarding dividend has been made: -

F11.1 Whether an interim (final) ordinary dividend has been declared (recommended); and

F11.2.1 Amount per share (cents)

Not applicable.

F11.2.2 Previous corresponding period (cents)

Not applicable. No dividend has been declared or recommended for the previous corresponding period.

F11.3 Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

F11.4 The date the dividend is payable.

Not applicable.

F11.5 The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

F12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No interim dividend has been declared/recommended for the 1H2023 as the Company strives to conserve cash for working capital purposes.

F13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There were no other IPT of \$100,000 and above for the current financial year reported on. The Group does not have a general mandate from shareholders for IPTs.

F14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H under Rule 720(1))

The Company confirms that it has procured undertakings from all its directors and executive officers in the required format.

F15. Disclosures on Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A

The Company's wholly owned subsidiary, Equity Fintech Pte. Ltd. ("Equity Fintech") had, on 18 August 2022, entered into (i) a shareholders' agreement and (ii) a share subscription agreement (the "Subscription") to subscribe for 1,320,000 ("Shares") in Surrey Hills Holdings (Private Limited) ("Surrey Hills") for a cash consideration of S\$1,760,000. Following the completion of the Subscription, the issued and paid-up capital of Surrey Hills is S\$3,000,000 comprising 2,400,000 ordinary shares. Equity Fintech owns 55% equity interest in Surrey Hills with the remaining 45% being owned by the other individual shareholders.

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Confirmation pursuant to Rule 705(5) of the Catalist Listing Manual

On behalf of the Board of Directors of the Company, we the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the 6 months period ended 31 December 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Taka Jewellery Holdings Limited

Teo Boon Leng
Managing Director

Ang Kah Leong
Executive Director

14 February 2023