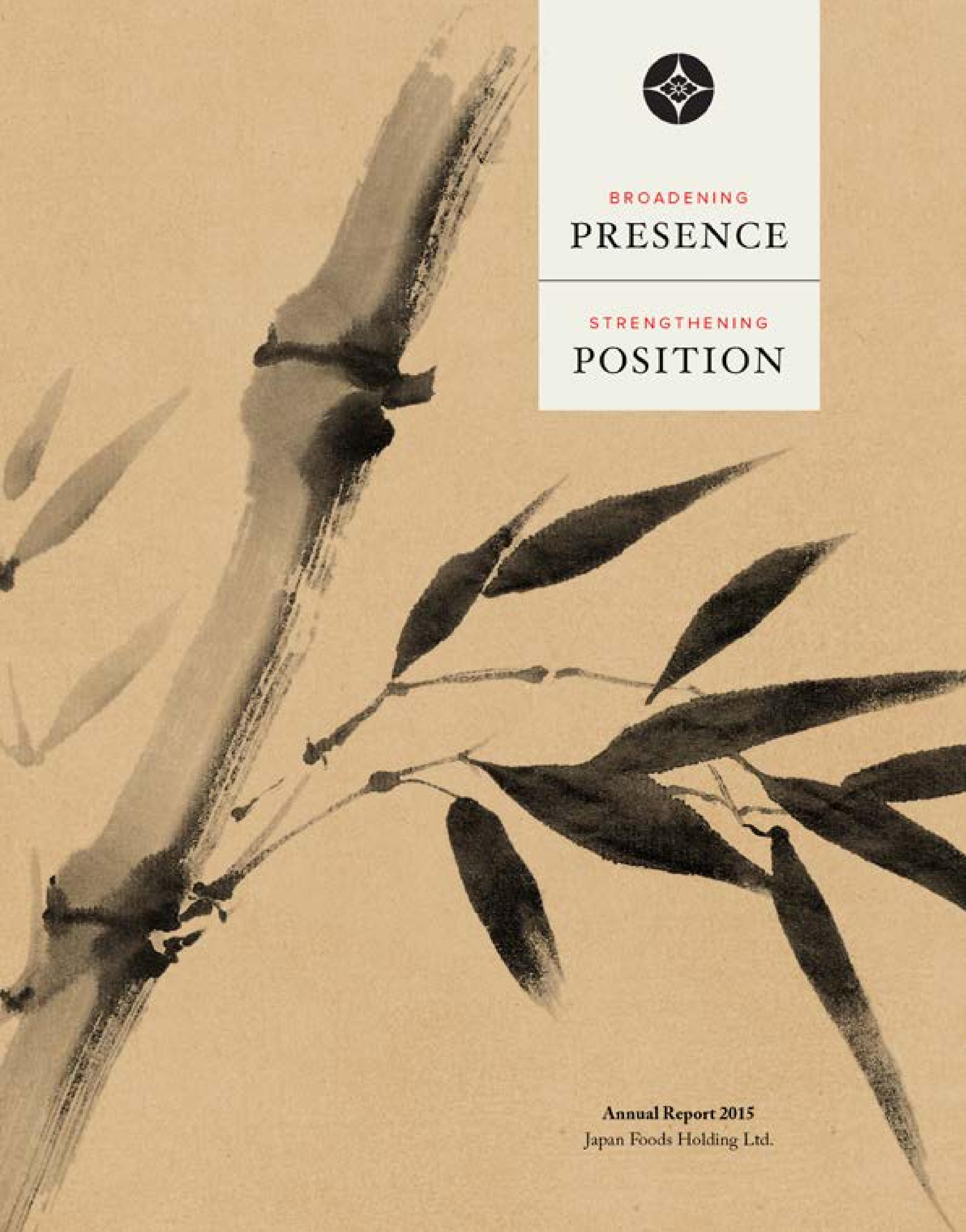

BROADENING
PRESENCE

STRENGTHENING
POSITION

Annual Report 2015
Japan Foods Holding Ltd.

Japan Foods Holding Ltd.

Established in 1997, Japan Foods Holding Ltd. ("Japan Foods") or together with its subsidiaries, (the "Group"), is one of the leading food and beverage ("F&B") groups in Singapore specialising in quality and authentic Japanese cuisine.

In Singapore, the Group operates a chain of more than 40 restaurants serving authentic Japanese fare under various franchise as well as self-developed brands.

The Group's franchise restaurant brands include its flagship "Ajisen Ramen" brand as well as the "Kazokutei", "Menya Musashi" and "Osaka Ohsho" brands.

Besides franchise brands, the Group has also developed its own brands, namely "Fruit Paradise", "Ajisen Gourmet Town", "Tokyo Walker" and "Japanese Gourmet Town".

The Group's network has expanded the "Ajisen Ramen" brand to Malaysia and Vietnam where there are six (6) stores and three (3) "Ajisen Ramen" stores respectively which are being operated by sub-franchisees. The Group also has interests in ten (10) "Menya Musashi" stores in Hong Kong and five (5) "Menya Musashi" stores in China which are being operated through associated companies.

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Keika Ramen

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OUR FOUR-PRONGED STRATEGY

1

Development of new concepts

Launch new franchised and self-developed brands

2

Overseas expansion

Via strategic joint ventures and franchising/ sub-franchising model

3

Cost and quality control

Via central kitchen, bulk purchase and economies of scale

4

Network expansion and consolidation

Grow network prudently and close/convert underperfoming outlets

Note:

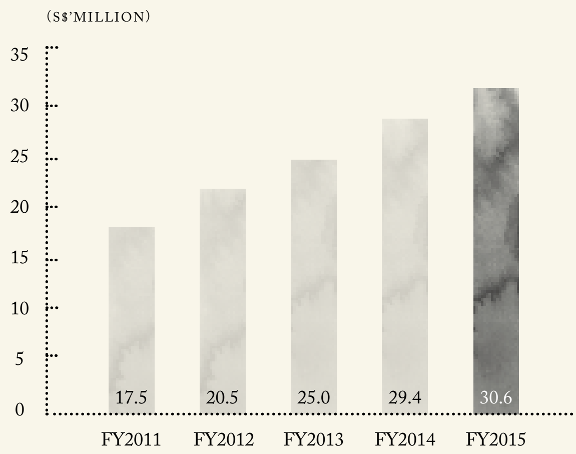
[1] As at 31 March 2015

OUR FOCUS ON SHAREHOLDERS' VALUE

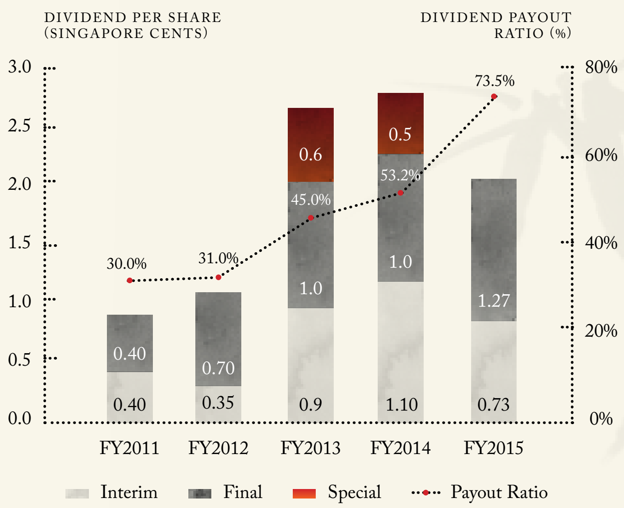
We are focused on growing long-term shareholders' value and we have been consistently rewarding shareholders with cash dividends since FY2009.

Our total dividend payment in respect of FY2015 will be 2.00 Singapore cents per share, comprising the interim dividend of 0.73 Singapore cents per share already paid on 28 November 2014 and the proposed final dividend of 1.27 Singapore cents per share. This represented a total dividend payout of S$3.5 million, or 73.5% of our Group's net profit in FY2015, which is higher than our dividend policy to distribute not less than 40.0% of our consolidated net profits attributable to shareholders annually.

SHAREHOLDERS' EQUITY



FIVE-YEAR DIVIDEND HISTORY



Our Brands

Franchise Brands from Japan

AJISEN RAMEN

The word "Ajisen" means a thousand tastes in Japanese. The flagship brand of Japan Foods, "Ajisen Ramen" originated from Kumamoto, Japan, in 1968. Known for its rich and aromatic soup base which is derived from hours of boiling pork bones, "Ajisen Ramen" offers a wide selection of ramen to cater to discerning customers. With over 600 shops worldwide, it is an internationally recognised brand with presence in countries such as Japan, China, Hong Kong, and the United States.

BOTEJYU

Originating from Osaka, Japan, "Botejyu" has a history that dates back to 1946 when it fired up its first okonomiyaki (Japanese pan-fried batter cake filled with various fresh ingredients). The brand name is derived from the rhythmic cooking sound of okonomiyaki. "Bote" occurs when an okonomiyaki is being flipped over by a spatula, while "jyu" represents the sizzling sound of an okonomiyaki on a teppan grill.

BOTEJYU SAN

A spin-off of the "Botejyu" brand, "Botejyu San" provides a comfortable teppan-dining experience serving okonomiyaki, teppan-yaki and other grilled items.

MENZO BUTAO

Established in 1936, "Menzo Butao" specialises in Hakata Tonkatsu Ramen and offers more than 20 varieties of the dish. There are three different and delicious soups to choose from – Butao (White), Kuroo (Black) and Akao (Red). The Butao soup base consists of pork broth made from boiling pork bones and sinews for over 14 hours to extract all the natural flavour of the bones. This soup base is flown straight to Singapore before it is mixed with more pork bones and simmered for hours to obtain the right consistency and flavour. The Kuroo broth is an emulsion of fried shallots and vegetable oil and the Akao broth is slightly spicy as it contains chili oil but gets its red colour from the Gochujang (Korean Miso) and Doubanjiang (Chinese Miso).

MENYA MUSASHI

Known for its signature white, red, and black ramen, this samurai-themed restaurant continues to receive positive reviews from media and customers.

OSAKA OHSHO

Established in 1969, "Osaka Ohsho" draws in healthy crowds with its casual ambience and irresistible "gyoza" (Japanese style dumplings). Cabbage, ginger, and garlic are mixed with well-seasoned minced pork and encased in a special gyoza wrapper and grilled to perfection. Apart from Singapore this deliciously crispy gyoza is also available in Japan, Hong Kong, Thailand, Korea and the Philippines.

HANAMIDORI

"Hanamidori" features an all-chicken menu and mizutaki – a specialty chicken broth hotpot made famous in the region of Hakata in Japan. This hotpot comes with signature dipping sauces for the chicken meat which is done in different ways and ends with porridge that is cooked in the flavourful broth.

KAZOKUTEI

"Kazokutei" is one of Osaka's most well-known udon brands. Established in 1947, "Kazokutei" takes pride in serving delicious and high quality handmade udon specially cooked to bring out the natural taste of the noodles. To ensure consistency in taste, both the udon and dashi (soup stock) are imported directly from Japan.

YONEHACHI

Established in 1976, Yonehachi has many shops across Japan. Using top quality rice from northern Japan such as Iwate and Akita, Yonehachi serves okawa (glutinous rice mixed with different ingredients) made the traditional way.

KEIKA RAMEN

"Keika Ramen" is a ramen chain that first debuted in Tokyo in 1955. It serves Kumamoto-style tonkotsu ramen. "Keika Ramen" uses straight and chewy noodles which go well with its robust pork-bone broth. Its signature ramen dishes include Taro Ramen, which is topped with tender and flavourful pork belly that has been marinated in a special sauce and the 5-Spice Pork Ramen which features a slice of deep fried crispy pork shoulder.

Our Brands

Self-Developed Brands

JAPANESE GOURMET TOWN

We adopted a mixed concept approach for the "Japanese Gourmet Town" brand which commenced operations at Vivocity in October 2008. Through this concept, customers are able to mix and match our various F&B offerings to cater to their dining preferences. "Japanese Gourmet Town" diners offer the convenience of savouring different varieties of Japanese fare in one restaurant.

TOKYO WALKER

A Japanese "food street" dining concept, "Tokyo Walker" boasts a wide selection of Japanese noodle specialty shops at a single location, currently located within "Tokyo Walker". The brand include "Hanamidori" , "Ajisen Ramen", "Osaka Ohsho", "Kazokutei" and the Group's self-developed brand "Fruit Paradise".

FRUIT PARADISE

"Fruit Paradise" offers fruit tarts made with lightly sweetened cream and topped with fresh fruit. To ensure that our customers get to enjoy the fruit's natural goodness, our fruit tarts are made using fresh fruits which are carefully selected by our Japanese patissiers daily.

Our Network

As at 31 March 2015

Singapore

AJISEN RAMEN

- Ang Mo Kio Hub
- Bedok Point
- Bugis Junction
- Causeway Point Shopping Centre
- Changi City Point Mall
- Clementi Mall
- Compass Point Shopping Centre
- IMM Building
- Junction 8 Shopping Centre
- Lot 1 Shoppers' Mall
- Marina Bay Sands Shoppes Premium Food Precinct (Food Court Outlet)
- NEX Shopping Mall
- Plaza Singapura
- Sembawang Shopping Centre
- Square 2
- Takashimaya Shopping Centre
- Tampines Mall
- Tiong Bahru Plaza

BOTEJYU SAN

- Star Vista

FRUIT PARADISE

- Ang Mo Kio Hub
- Bedok Mall
- Raffles City Shopping Centre
- VivoCity
- Plaza Singapura

JAPANESE GOURMET TOWN

- VivoCity

KAZOKUTEI

- Bugis Junction
- Junction 8

KEIKA RAMEN

- Hougang Mall

MENYA MUSASHI

- Bedok Mall
- Bugis Junction
- ION Orchard
- Raffles City Shopping Centre
- Star Vista
- Thomson Plaza
- VivoCity
- Westgate
- Tampiness Mall

MENZO BUTAO

- Marina Square Shopping Mall

OSAKA OHSHO

- Ang Mo Kio Hub
- Bugis Junction
- Bukit Panjang Plaza
- East Point Mall
- Plaza Singapura
- Raffles City Shopping Centre
- Westgate

YONECHACHI

- Takashimaya Shopping Centre

Malaysia

AJISEN RAMEN [1]

- Sutera Mall, Johor
- KSL City Mall, Johor
- City Square, Johor
- Little Red Cube, Johor
- Boulevard Commercial Centre Miri, Sarawak
- Boulevard Shopping Mall, Kuching, Sarawak

Vietnam

AJISEN RAMEN[1]

- Nguyen Dinh Chiew Street, Da Kao, District 1, Ho Chi Minh City
- Union Square, Ho Chi Minh City
- Kumho Link, Ho Chi Minh City

Hong Kong

MENYA MUSASHI[2]

- Kwun Tong, Kowloon
- Tsim Sha Tsui, Kowloon
- Tuen Mun, Hong Kong
- Hung Hom, Hong Kong
- Shatin, Hong Kong
- Causeway Bay, Hong Kong
- Wanchai, Hong Kong
- Tsing Yi, Hong Kong
- Mong Kok, Hong Kong
- Tseung Kwan O, Hong Kong

China

MENYA MUSASHI[2]

- IAPM Mall, Shanghai
- Jin Guanghua Plaza, Shenzhen
- Raffles City, Shanghai
- IFC, Shanghai
- Beijing Financial Street, Beijing

Notes:

[1] Operated by sub-franchisees

[2] Interests in restaurants through associated companies

Chairman's Message

DEAR SHAREHOLDERS

It is an exciting time to be a restauranteur. Not only are there an increasing number of unique dining concepts in the marketplace but customers today are more well-travelled, more affluent and more gastronomically adventurous and willing to try new foods.

These trends are not confined only to Singapore but we are also seeing it around Southeast Asia where there is a growing middle class with an increasing habit of dining out. Our home market of Singapore has given Japan Foods undeniable success and we will continue to invest in it and expand our network to capitalise on the local pastime for eating. But as we seek for long term sustainable returns and value for the Group and for our shareholders, we find ourselves beginning to look more and more beyond our shores to the regional markets. An ongoing area of concern during the year is the tight labour market in Singapore. The difficulty in hiring good workers continues to be a problem in the service industry. I am thankful that Japan Foods had taken early steps to mitigate this issue with our iPad self-ordering system, which we piloted in 2013. We also increased the capacity of our central kitchen, which reduced the manpower required at the individual stores.

Even so, during the most difficult period of manpower crunch, the senior management of Japan Foods had to roll up our sleeves during weekends to help with service at our outlets. Nonetheless, we were more than happy to pitch in as we believed that working alongside our staff motivated them and it also enabled us to study customer consumption patterns which gave us better insights to some of the issues that our staff may face at the store level.

For the financial year ended 31 March 2015 ("**FY2015**"), we expanded our Singapore network to 46 outlets from 44 in the previous financial year ("**FY2014**"). Overseas, our network grew from 15 to 24 restaurants over the same period, driven mainly by the expansion of our "Menya Musashi" brand in Hong Kong and China by our associated companies.

In the year ahead, we hope to see both our local and overseas network continue to expand with the addition of new brands and opening of more restaurants.

PERFORMANCE REVIEW

In FY2015, the Group achieved revenues of S$62.7 million, comparable to the revenues of S$62.8 million recorded in FY2014. Gross profit rose 2.1% to S$52.3 million in tandem with the increase in gross profit margin, which increased 1.8 percentage points to 83.4%. We are extremely proud of this as we believe it is one of the highest gross profit margins enjoyed by a restaurant operator in Singapore.

Chairman's Message

The first half of FY2015 ("**1H2015**") was particularly challenging for the Group because of intense competition in Singapore's F&B scene, which was further compounded by the manpower shortage that resulted from the government-imposed reduction in foreign labour quota. However, strong recovery in the second half ("**2H2015**") enabled the Group to increase its net profit by 61.1% from S$1.8 million in 1H2015 to S$2.9 million in 2H2015. The overall result was a 35.2% decline in net profit from S$7.3 million in FY2014 to S$4.7 million in FY2015.

In terms of a breakdown in topline contribution by brands, although revenue from the Group's "Ajisen Ramen" restaurants was slightly down by S$2.7 million to S$27.5 million in FY2015, the brand continued to be the Group's main revenue generator contributing 43.9% of total revenue in FY2015. The decline was due mainly to restaurant closures at several malls upon the expiry of the leases.

Revenue from restaurants operating under the Group's other brands such as "Menya Musashi", "Osaka Ohsho", "Fruit Paradise" and "Menzo Butao" continued to gain traction, increasing by an aggregate of S$2.6 million in FY2015.

Selling and distribution expenses, which represented 70.9% of the Group's revenue in FY2015, rose 12.1% to S$44.4 million mainly attributable to a S$1.0 million hike in employees' salaries due to an increase in headcount for both part-time and full-time employees and higher base salaries as well as a one-off incentive payment of S$0.4 million to retain existing staff. Such monetary incentives were necessary with the tight labour supply. In addition, the Group also incurred higher rental costs because of rental revisions for restaurants located at existing malls and additional rental costs for new store openings.

As at 31 March 2015, the Group's cash position remained healthy with cash and cash equivalents of S$15.9 million with no borrowings.

Based on 174,006,000 shares in issue as at 31 March 2015 and 173,466,000 shares in issue as at 31 March 2014, the Group's net asset value per share was 17.57 Singapore cents and 16.93 Singapore cents respectively, representing a 3.8% year-on-year increase.

PROPOSED DIVIDEND

Subject to the proposed dividend being approved by shareholders at the forthcoming Annual General Meeting in July 2015, the Board of Directors is pleased to propose a final dividend of 1.27 Singapore cents per share which, including the interim dividend of 0.73 Singapore cents per share already paid on 28 November 2014, will bring the total dividend for FY2015 to 2.00 Singapore cents per share.

This represents a total dividend pay-out of S$3.5 million or 73.5% of net profit in FY2015, which is higher than our dividend policy to distribute not less than 40.0% of the Group's audited consolidated net profits attributable to shareholders annually. The Group is in a healthy cash position, we are optimistic about the future and we want our shareholders to share in our growth and that is why we feel comfortable distributing such a high portion of our earnings in FY2015 as dividends.

OUTLOOK

We expect the operating environment in the local F&B industry to continue to be challenging due to stiff competition, tight labour supply and rising labour and rental costs.

To counter against the intense competition, we will review our pricing strategy, product offerings and services to meet current and future customers' needs, including menu innovation and value offerings.

Since the start of this year, we have launched two new franchise brands in Singapore and although it is still early days, both restaurants have received very encouraging reviews from local customers.

In February 2015, we launched "Keika Ramen" with the opening of the first restaurant at Hougang Mall. "Keika Ramen" is an established ramen brand in Japan, which first debuted in Tokyo in 1955. It is known for its straight and chewy noodles that come with different cuts of pork that is infused with Keika Ramen's signature marinades and cooked in different styles.

The latest franchise brand to join our portfolio is "Hanamidori", with the opening of the first store in Plaza Singapura in May 2015. The restaurant features an all-chicken menu and its biggest highlight is mizutaki – a hearty chicken broth hotpot made famous in the region of Hakata in Japan.

Both these brands are well received in Japan and we hope they will gain in popularity with our customers in the coming months. We will continue to explore and court other brands that have the potential for growth in Singapore and that will also be accepted by other regional markets.

The Group expects our associated companies to continue to expand the "Menya Musashi" restaurant network in Hong Kong and China. At the same time, we are also actively seeking opportunities to expand our presence in the ASEAN region.

ACKNOWLEDGEMENT

In closing, I would like to thank my fellow directors for their advice and contribution during the year. I would also like to extend my appreciation to all the hardworking employees of Japan Foods for their dedication and commitment in creating an enjoyable experience for all our customers.

On behalf of the Board I would also like to thank our business partners who have grown with us over the years and to our shareholders for your continued support and investment in us.

Takahashi Kenichi
Executive Chairman and CEO

Financial Highlights

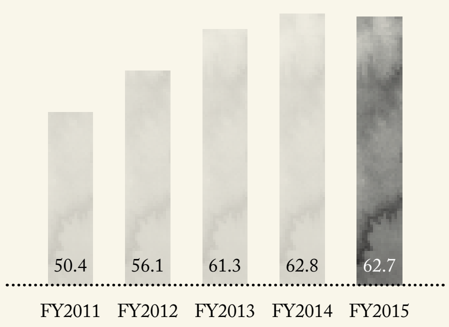
S$' million	FY2011	FY2012	FY2013	FY2014	**FY2015**
Financial Results					
Revenue	50.4	56.1	61.3	62.8	**62.7**
Gross profit	39.1	43.9	49.1	51.2	**52.3**
Profit before tax	3.1	4.5	7.9	8.8	**5.1**
Net profit	2.5	3.7	6.4	7.3	**4.7**
Cash Flow Statement					
Net cash provided by operating activities	6.7	8.4	12.5	11.7	**8.3**
Net cash used in investing activities	(7.2)	(2.9)	(4.7)	(6.3)	**(7.5)**
Net cash (used in) / provided by financing activities	(0.3)	(2.1)	(2.3)	(3.4)	**(3.4)**
Cash and cash equivalents at end of financial year[1]	5.9	9.3	14.8	16.8	**14.2**
Balance Sheet					
Current assets	11.4	15.5	21.6	23.1	**19.1**
Non-current assets	14.0	12.8	12.4	15.4	**19.1**
Total assets	25.4	28.3	34.0	38.5	**38.2**
Current liabilities	6.8	7.3	8.3	8.3	**6.8**
Non-current liabilities	1.1	0.5	0.7	0.9	**0.9**
Total liabilities	7.9	7.8	9.0	9.2	**7.6**
Share capital	8.8	8.8	8.8	8.9	**9.3**
Reserves	8.7	11.7	16.2	20.4	**21.3**
Total shareholders' equity	17.5	20.5	25.0	29.3	**30.6**
Financial Ratios					
Gross profit margin (%)	77.5	78.3	80.1	81.6	**83.4**
Earnings per share (Singapore cents)	2.24	3.22	3.70	4.21	**2.73**
Net asset value per share (Singapore cents)	15.14	17.73	14.46	16.93	**17.57**
Return on assets (%)	9.8	13.1	18.9	19.0	**12.4**
Return on equity (%)	14.2	18.2	25.6	24.9	**15.5**
Net debt to equity ratio	Net Cash	Net Cash	Net Cash	Net Cash	**Net Cash**

Notes:

[1] This excludes bank deposits pledged as security for bank facilities granted by financial institution(s) to the Group.

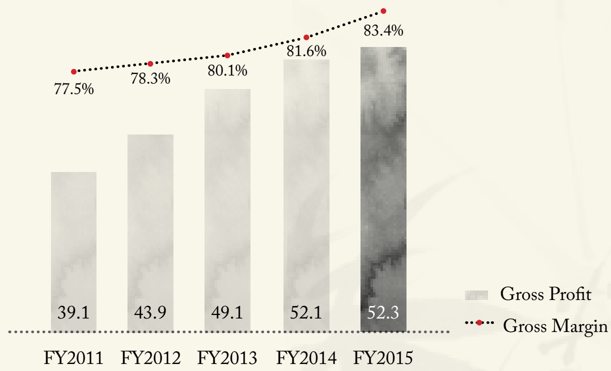
REVENUE

(S$'MILLION)



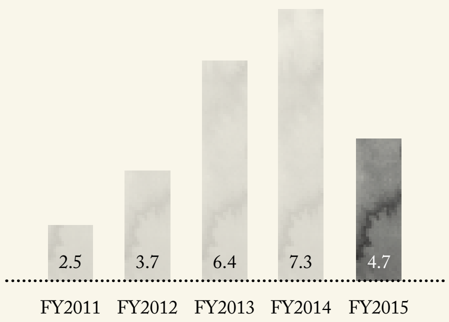
GROSS PROFIT & GROSS MARGIN

(S$'MILLION/%)



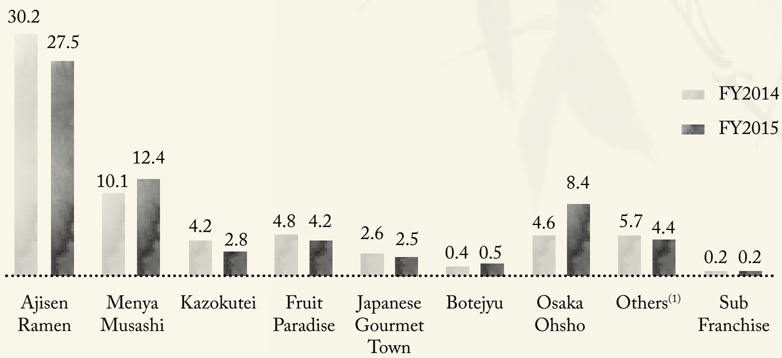
NET PROFIT

(S$'MILLION)



REVENUE MIX BY BRANDS

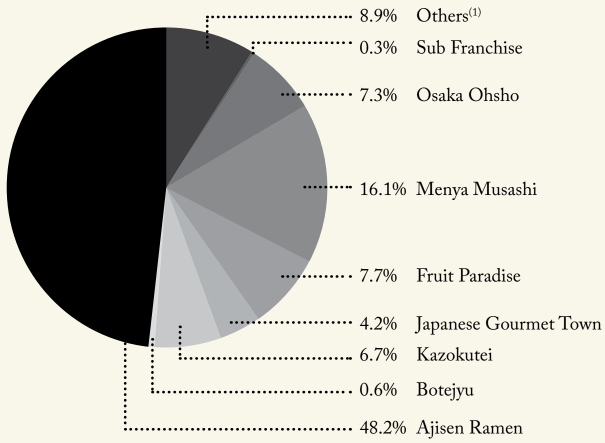
(S$'MILLION)



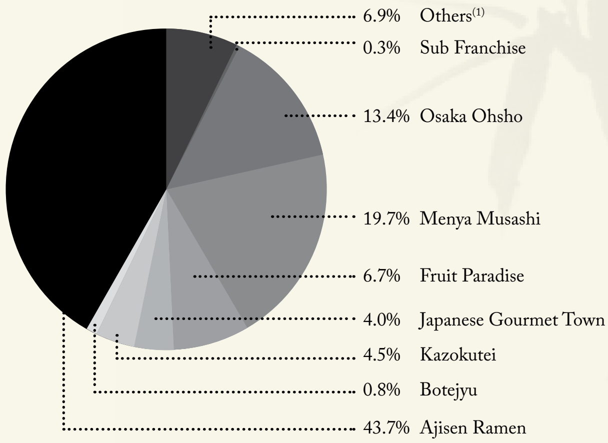
[1] In respect of FY2015, "others" include revenue contribution of S$0.2 million by our first Keika Ramen restaurant, which opened in February 2015

REVENUE BREAKDOWN

FY2014



FY2015



[1] In respect of FY 2015, "others" include revenue contribution of S$0.2 million by our first Keika Ramen restaurant, which opened in February 2015

Operating and Financial Results

REVIEW OF THE FINANCIAL PERFORMANCE FOR FY2015

The Group's revenue decreased marginally by S$0.1 million or 0.1%, from S$62.8 million in FY2014 to S$62.7 million in FY2015, as a result of the following:

(i) A net decrease in revenue of S$2.7 million from the restaurants operating under its flagship "Ajisen Ramen" brand from S$30.2 million in FY2014 to S$27.5 million in FY2015. The decline was mainly due to the temporary closures of restaurants at Lot One Shoppers Mall and Bugis Junction in July 2014 and Tampines Mall in October 2014 for renovation; and, the closure of the restaurants at Hougang Mall in May 2013, Changi Airport Terminal 3 in February 2014, Parkway Parade in April 2014 and Jurong Point in November 2014 upon the expiry of their leases. These decreases were partially offset by an increase in revenue generated by a new outlet at Bedok Point which commenced operations in April 2014.

(ii) An increase in revenue of S$2.6 million from restaurants operating under the other brands. In FY2015, the Group's restaurants operating under other brands namely "Menya Musashi", "Osaka Ohsho", "Yonehachi", "Botejyu" and "Keika Ramen", recorded a revenue increase of S$6.4 million in aggregate as compared to FY2014. This increase was however partially offset by a decrease in revenue of S$3.8 million in aggregate due to the temporary closure of the restaurants operating under "Japanese Gourmet Town" at VivoCity in August 2014 for renovation; the closure of the "Botejyu Yatai" outlets in the food courts at Junction 8 in October 2013 and Bugis Junction in February 2014; and, the closure of the "Kazokutei" restaurant at Plaza Singapura in May 2014, which was re-opened as "Fruit Paradise" restaurant in September 2014, and the conversion of the "Udon King" restaurant at AMK Hub into a "Gyoza Bo" restaurant in September 2014.

As at 31 March 2015, the Group had a total of 45 restaurants and 1 food court outlet in operation. Table 1 shows a snapshot of the Group's network in Singapore and Table 2 shows the regional restaurant network as at 31 March 2015 as compared to the 31 March 2014.

Operating and Financial Results

Table 1: Singapore Network of Restaurants and Outlets

Self-Operated Restaurants	Updates	No. of Restaurants As at 31 Mar 2014	No. of Restaurants As at 31 Mar 2015
Ajisen Ramen	• Closed Parkway Parade restaurant in April 2014 • Closed Jurong Point restaurant in November 2014 • Opened Bedok Point restaurant in April 2014	18	17
Botejyu San	• Unchanged	1	1
Fruit Paradise	• Closed Tampines Mall restaurant in July 2014 • Opened Plaza Singapura restaurant in September 2014 (converted from "Kazokutei")	5	5
Japanese Gourmet Town	• Unchanged	1	1
Kazokutei	• Closed Plaza Singapura Restaurant in May 2014 (converted to "Fruit Paradise")	3	2
Keika Ramen	• Opened Hougang Mall restaurant in February 2015	0	1
Menya Musashi	• Opened Tampines Mall restaurant in July 2014	8	9
Menzo Butao	• Unchanged	1	1
Osaka Ohsho	• Opened Bugis Junction restaurant in May 2014 • Opened Ang Mo Kio Hub restaurant in September 2014 (converted from "Udon King") • Opened East Point Mall restaurant in December 2014	4	7
Udon King	• Closed Ang Mo Kio Hub restaurant in September 2014 (converted to "Gyoza Bo")	1	0
Yonehachi	• Unchanged	1	1
Food Court Outlets	**Updates**	**No. of Outlets As at 31 Mar 2014**	**No. of Outlets As at 31 Mar 2015**
Ajisen Ramen	• Unchanged	1	1
Total		**44**	**46**

Table 2: Regional Network

Restaurants	Updates	No. of Outlets As at 31 Mar 2014	No. of Outlets As at 31 Mar 2015
Ajisen Ramen [(1)]	• Closed 1 restaurant in Indonesia	1 in Indonesia	-
	• Opened 2 restaurants in Malaysia – 1 each in Johor and Sarawak	4 in Malaysia	6 in Malaysia
	• Opened 1 restaurant in Ho Chi Minh City, Vietnam	2 in Vietnam	3 in Vietnam
Menya Musashi [(2)]	• Opened 3 restaurants in various locations in Hong Kong	7 in Hong Kong	10 in Hong Kong
	• Opened 4 restaurants in China – 2 in Shanghai, 1 in Shenzhen and 1 in Beijing	1 in China	5 in China
Total		**15**	**24**

[(1)] operated by sub-franchisees

[(2)] interests in restaurants through associated companies

Operating and Financial Results

GROSS PROFIT & GROSS PROFIT MARGIN

In FY2015, the Group's gross profit rose 2.1% to S$52.3 million in tandem with the increase in gross profit margin, which rose 1.8 percentage points from 81.6% in FY2014 to 83.4% in FY2015. This was mainly due to better control of raw material costs arising from efficient use of raw materials and cost savings from self-produced noodles, bulk purchase discount, price revision of menu items and the appreciation of the Singapore dollar against the Japanese yen.

EXPENSES

The Group's expenses rose in FY2015 in tandem with higher manpower costs and rising rental rates as a result of its expanded restaurant network and central kitchen capacity. Table 3 outlines the Group's expenses for FY2015 as compared to FY2014.

Table 3: Expenses

Type of expense	Amount incurred in FY2014 (S$'million)	Amount incurred in FY2015 (S$'million)	Increase/ (Decrease) (S$'million)	Increase/ (Decrease) (%)	Reasons for increase/decrease
Selling and distribution expenses	39.6	44.4	4.8	12.1	• Headcount increase in both full time and part-time employees, higher base salary and one-off incentive payment to retain existing staff • Increase in rental expense due to rental revision and the opening of new restaurants • Increase in depreciation expense • Increase in utilities expense
Administrative expenses	2.9	3.2	0.30	10.6	• Higher manpower costs due to additional headcount to support the expanded restaurant network • Expenses associated with the issuance of PSP Shares in FY2015
Other operating expenses	1.3	1.2	(0.1)	(10.0)	• Decrease in the amount of write off of plant and equipment
Income tax expenses	1.5	0.4	(1.1)	(73.3)	• Effective income tax rate was lower than the headline tax rate mainly due to incentives of enhanced deduction under the Productivity and Innovation Credit Scheme

SHARE OF RESULTS OF ASSOCIATED COMPANIES, NET OF TAX

The Group's share of results of associated companies increased by S$0.4 million or 206.7% from S$0.2 million in FY2014 to S$0.6 million in FY2015 due to an increase in the number of restaurants operated by its associated companies in FY2015.

NET PROFIT & NET PROFIT MARGIN

As a result of the reasons mentioned in the preceding sections of this operating and financial review, the Group's net profit attributable to equity holders of the Company decreased by S$2.6 million or 35.2%, from S$7.3 million in FY2014 to S$4.7 million in FY2015.

REVIEW OF FINANCIAL POSITION OF THE GROUP AS AT 31 MARCH 2015

Current assets

The Group's total current assets decreased by S$4.0 million, from S$23.1 million as at 31 March 2014 to S$19.1 million as at 31 March 2015 due to a decrease in cash and cash equivalents of S$3.1 million; a decrease of trade receivables of S$0.1 million; settlement of loan from an associated company of S$0.2 million; and a decrease of current portion of rental deposit of S$0.6 million.

Non-current assets

The Group's total non-current assets increased by S$3.7 million, from S$15.4 million as at 31 March 2014 to S$19.1 million as at 31 March 2015, due to an increase in the long term security deposits placed with lessors in respect of the Group's lease (which are due after 1 year and recoverable upon expiry of the lease tenure) of S$0.5 million; an increase in the net book value of plant and equipment of S$2.4 million mainly from additional plant and equipment acquired for new restaurants and the iPad E-menu system during FY2015; the extension of a S$0.2 million loan to an associated company; and an investment in associated companies of S$0.6 million.

Current liabilities

The Group's total current liabilities decreased by S$1.5 million, from S$8.3 million as at 31 March 2014 to S$6.8 million as at 31 March 2015 mainly due to lower tax provision of S$1.1 million; and lower other payables and accrual of S$0.4 million in FY2015.

Non-current liabilities

The Group's total non-current liabilities comprising deferred income tax liabilities remained at S$0.9 million as at 31 March 2015.

Shareholders' equity

The Group's shareholders' equity increased by S$1.2 million, from S$29.4 million as at 31 March 2014 to S$30.6 million as at 31 March 2015 mainly due to the net profit achieved by the Group of S$4.7 million in FY2015 and the issuance of new shares under the Performance Share Plan of S$0.4 million, partially offset by the payment of dividends of S$3.9 million.

REVIEW OF CASH FLOW STATEMENT FOR FY2015

The Group's net cash provided by operating activities in FY2015 was S$8.3 million. This was mainly due to operating profit before working capital changes of S$10.0 million partially offset by working capital outflows of S$0.2 million and payment of income tax of S$1.5 million.

The Group's net cash used in investing activities in FY2015 was S$7.5 million mainly due to the renovation costs and purchase of equipment for the Group's new and existing restaurants of S$7.4 million in aggregate and purchase of franchise right of S$0.1 million. The Group's net cash used in financing activities in FY2015 was S$3.4 million mainly due to dividend payment of S$3.9 million which was offset by a reduction in bank deposits pledged of S$0.5 million.

As at 31 March 2015, the Group's cash position remained healthy with cash and cash equivalents of S$15.9 million with no borrowings.

Board of Directors

TAKAHASHI KENICHI

EXECUTIVE CHAIRMAN AND CEO

Takahashi Kenichi is our founder, Executive Chairman and CEO of the Group and has been the Executive Chairman since 2008. He is instrumental in the establishment, development and expansion of our Group's business and is responsible for our Group's entire operations, strategic planning, major decision making, as well as developing the business and vision of our Group.

Mr Takahashi has more than 15 years of experience in the F&B industry in Singapore. Prior to founding our Group in 1997, Mr Takahashi was a professional engineer in the research and development division of Pioneer Asia Singapore from April 1978 to March 1997. He was involved in the establishment of the research and development and quality control department of Pioneer Asia Singapore. In March 1997, he left his engineering profession and set up the business.

Mr Takahashi graduated from Sophia University with a Certificate of Mechanical and Engineering.

WONG HIN SUN, EUGENE

NON-EXECUTIVE DIRECTOR

Wong Hin Sun, Eugene was appointed as Non-executive Director of the Group on 24 November 2008. He founded Sirius Venture Capital Pte Ltd, a venture capital investment company, in September 2002 and is currently it's managing director. He is also the Non-executive Chairman of CrimsonLogic Pte Ltd.

Mr Wong currently serves as a Non-executive Director of Ajisen (China) Holdings Limited, a company listed on the Hong Kong Stock Exchange. Mr Wong currently also serves on the board of four (4) other companies listed on the Catalist of the SGX-ST as a non-executive director of Neo Group Limited; Singapore Kitchen Equipment Limited and Jason Marine Group Limited; and as an independent director on the board of TMC Education Corporation Limited. He is a non-executive director of Cargo Community Network Pte Ltd, a subsidiary of SIA Cargo. He also serves on the board of Agri-Food & Veterinary Authority of Singapore and International Enterprise Singapore ("IE Singapore").

Mr Wong graduated from the National University of Singapore with a Bachelor of Business Administration (First Class Honours) in 1992 and obtained a Master of Business Administration from the Imperial College of Science, Technology and Medicine, University of London in 1998. He also completed the Owner President Management Program from Harvard Business School in 2011. He qualified as a chartered financial analyst (CFA) in 2001 and a Chartered Director (CDIR) in 2014. He is is a Fellow of the Australian Institute of Company Directors (FAICD) and a Fellow of the HK Institute of Company Directors (FHKIOD) and a member of the Singapore Institute of Directors.

SHIGEMITSU KATSUAKI

NON-EXECUTIVE DIRECTOR

Shigemitsu Katsuaki has been a Non-executive Director of the Group since 24 November 2008. He is a shareholder and director of Shigemitsu Industry Co., Ltd. ("Shigemitsu Industry"), our main franchisor. He has over 25 years of experience in the F&B industry.

Mr Shigemitsu joined Shigemitsu Industry in 1990 and commenced work as a branch manager in a restaurant under the "Ajisen Ramen" brand in Japan upon his graduation. Following several senior management positions in Shigemitsu Industry, he was appointed as its vice-chairman in 1995. In 1997, he was appointed as its president and CEO. Mr Shigemitsu is also a non-executive director of Ajisen (China) Holdings Limited which is listed on the Hong Kong Stock Exchange.

Mr Shigemitsu graduated from the Kumamoto Institute of Technology (now known as SOJO University) with a degree in structural engineering in 1991.

TAN LYE HUAT

LEAD INDEPENDENT DIRECTOR

Tan Lye Huat was appointed as the Lead Independent Director of the Group on 1 September 2011.

Mr Tan had previously been actively engaged in corporate governance advocacy, consultancy and training under HIM Governance Private Limited, including being the regional adviser of Governance for Owners LLP as well as volunteering at a number of other governance-related associations.

Besides senior professional and management experience, Mr Tan sits on the boards of other Singapore-listed companies, namely, SP Corporation Limited, Neo Group Limited, Dynamic Colours Limited and Nera Telecommunications Ltd., as well as certain not-for-profit organisations.

Mr Tan is a member of the Institute of Singapore Chartered Accountants (ISCA), a Fellow of the Association of Chartered Certified Accountants (FCCA), member of the Australian Institute of Company Directors (AICD) as well as a Chartered Director (C. Dir.) of the Institute of Directors (IOD, UK). He was a Fellow of the Chartered Institute of Management Accountants (CIMA), member of the International Corporate Governance Network (ICGN) and the International Policy Governance Association (IPGA).

LEE SOK KOON, CONSTANCE

INDEPENDENT DIRECTOR

Lee Sok Koon, Constance has been an Independent Director of the Group since 1 September 2011.

Mdm Lee was an Executive Director of Lum Chang Holdings Limited and LCD Global investments Ltd (formly known as L.C. Development Ltd) from June 2001 and May 2006 respectively until 31 December 2010, where she was responsible for the financial and corporate affairs of the two groups, both of which are listed on the Main Board of the SGX-ST. Mdm Lee currently holds the position of Director (Operations) in the Development Office of the National University of Singapore. She is also a director on the board of Singapore Arts School Ltd and Temasek Education Foundation CLG Limited and she chairs the board of NUS American Foundation Inc.

Mdm Lee holds a Bachelor of Accountancy (Second Class Honours) from the then University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants. She is also a member of the Singapore Institute of Directors.

Key Management

CHAN CHAU MUI

CHIEF OPERATING OFFICER

Chan Chau Mui is our Chief Operating Officer. She is in charge of the overall daily operation of our Group and is responsible for the successful execution of our business strategies. Ms Chan joined our Group as an executive director of Bachmann Enterprise Pte Ltd and Bachmann Japanese Restaurant Pte Ltd, which are the Company's subsidiaries, in April 1999. Since then, Ms Chan has been responsible for our Group's restaurant operations and has contributed significantly to the expansion of our Group over the years. Ms Chan was appointed as our Chief Operating Officer in April 2015. She is deemed an associate of Mr Takahashi Kenichi, our Executive Chairman and Chief Executive Officer.

KENNETH LIEW KIAN ER

CHIEF FINANCIAL OFFICER

Kenneth Liew Kian Er is our Chief Financial Officer. He is primarily responsible for overseeing all financial, accounting and corporate secretarial matters of our Group. Mr Liew has more than 25 years of experience in accounting, audit and finance. Prior to joining our Group as Financial Controller in July 2008, Mr Liew was with Abterra Ltd, a company listed on the Main Board of the SGX-ST, serving as its financial controller from March 2007 to July 2008 and as finance manager from January 2007 to March 2007. Mr Liew was an associate at Bensyl Consultancy Services Pte Ltd from May 2004 to December 2006. He was with Sunstar Logistic Singapore Pte Ltd serving as its accounting manager from July 1997 to March 2002 and as deputy general manager from April 2002 to April 2004.

Mr Liew is a member of the Institute of Singapore Chartered Accountants and a fellow of the Chartered Association of Certified Accountants (UK).

FONG SIEW GEEN

HEAD OF OPERATIONS

Fong Siew Geen is our Head of Operations. She is primarily responsible for the operation of our Group's restaurants and for overseeing all operational aspects from quality assurance to menu layout. Ms Fong joined our Group as a service crew in October 2003 and was promoted to Floor Manager in April 2008. She rose through the ranks to become our Senior Operations Manager in May 2009 and was appointed our Head of Operations in April 2015.

CHAN FUANG CHIANG

CHIEF CHEF

Mr Chan Fuang Chiang is our Chief Chef. He is primarily responsible for ensuring high food quality standards in all our restaurants and for creating new menu items to meet the changing demands of our customers. Mr Chan has more than 20 years of experience as a chef. Prior to joining our Group in 2001, he was a chef in Restaurant Parkway, 锦龙中华料理 and Restaurant Sia Si Wan from 1991 to 2001.

ICHIRO OTSUKA

CENTRAL KITCHEN OPERATIONS MANAGER

Ichiro Otsuka is our Central Kitchen Operations Manager. He is primarily responsible for the day-today operations of our central kitchen facility. Mr Ichiro joined our Group in November 2011 and was then in charge of spearheading the expansion of our central kitchen. Under his leadership, our Group successfully established a noodle production facility at our central kitchen in April 2012. Mr Ichiro has more than 15 years of experience in managing central kitchens through his various work engagements in Japan.

Corporate Structure

Note:

(1) Currently undergoing voluntary liquidation as announced on 30 September 2014

Corporate Information

BOARD OF DIRECTORS

Takahashi Kenichi
Executive Chairman and CEO

Shigemitsu Katsuaki
Non-executive Director

Wong Hin Sun, Eugene
Non-executive Director

Tan Lye Huat
Lead Independent Director

Lee Sok Koon, Constance
Independent Director

AUDIT COMMITTEE

Tan Lye Huat
Chairperson

Lee Sok Koon, Constance

Wong Hin Sun, Eugene

NOMINATING COMMITTEE

Lee Sok Koon, Constance
Chairperson

Tan Lye Huat

Wong Hin Sun, Eugene

REMUNERATION COMMITTEE

Lee Sok Koon, Constance
Chairperson

Tan Lye Huat

Wong Hin Sun, Eugene

COMPANY SECRETARY

Esther Au Siew Peng
ACIS

REGISTERED OFFICE

420 North Bridge Road
#02-01 North Bridge Centre
Singapore 188 727
Tel: (65) 6333 9781
Fax: (65) 6333 9782
Email: corporate@jfh.com.sg

SHARE REGISTRAR

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089 758

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Director-in-charge:
Lee Look Ling
Appointed since financial year ended
31 March 2012

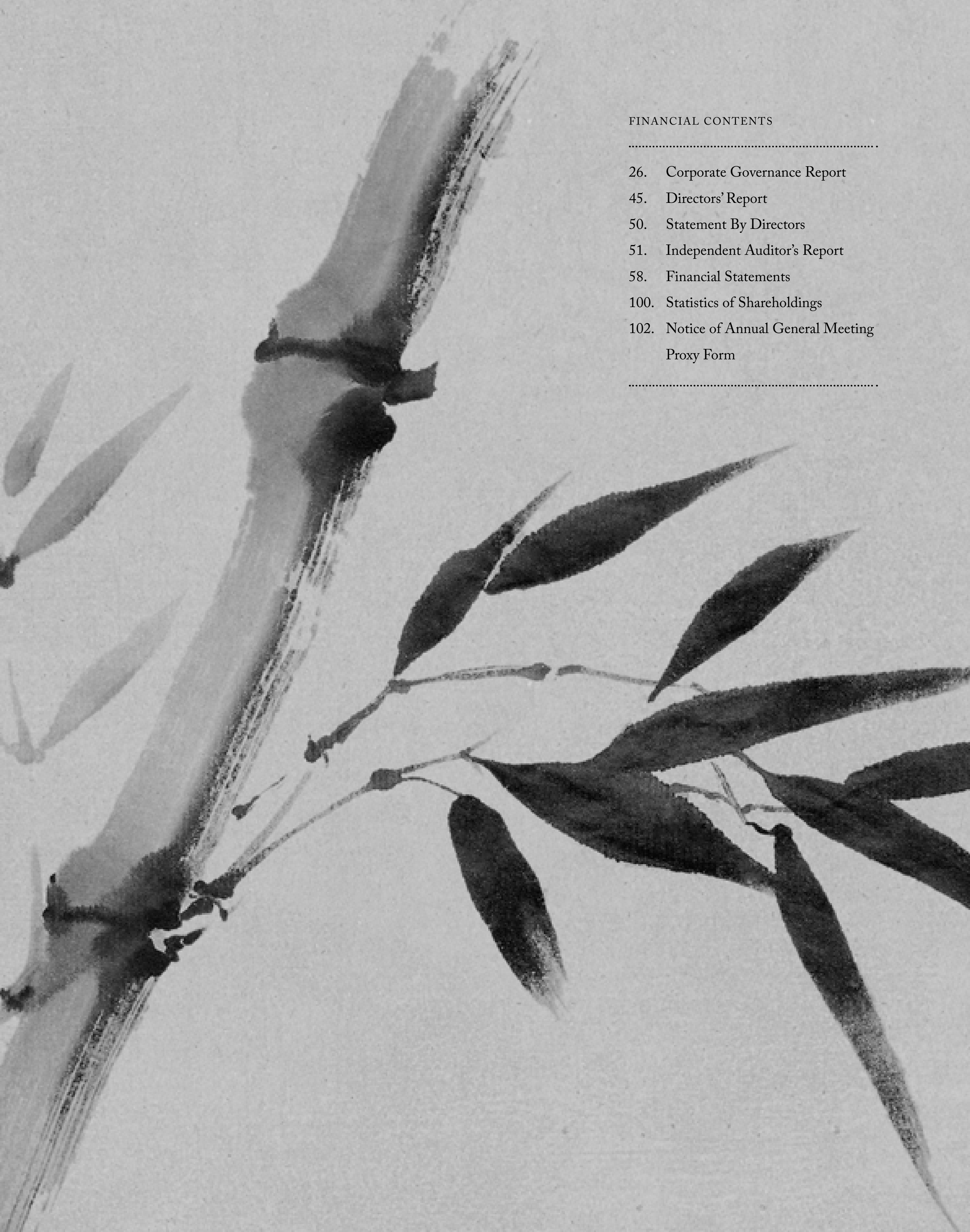
PRINCIPAL BANKER

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 049 513

INVESTOR RELATIONS

August Consulting Pte. Ltd.
101 Thomson Road
#30-02 United Square
Singapore 307591

FINANCIAL CONTENTS



Corporate Governance Report

INTRODUCTION

The board of directors ("**Board**") and the management of Japan Foods Holding Ltd. (the "**Company**") are committed to achieving a high standard of corporate governance within the Company and its subsidiaries (the "**Group**"). Underlying this commitment is the belief that good corporate governance will help to enhance corporate performance and protect the interests of the Company's shareholders ("**Shareholders**").

This report describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code 2012**") issued on 2 May 2012.

The Board is pleased to confirm that for the financial year ended 31 March 2015 ("**FY2015**"), the Company has generally adhered to the framework as outlined in the Code 2012 and deviations from any guideline of the Code 2012 are explained in this report.

BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS
Principle 1: Effective Board to Lead and Control the Company

Guideline 1.1 & Guideline 1.2
Roles of Board and Objective Decision Making

The Board aims to preserve and enhance long-term Shareholders' value. To this end, each director of the Company ("**Director**") endeavours to objectively take decisions in the interests of the Company. Apart from its statutory duties and responsibilities, the Board also:

(a) decides on matters in relation to the Group's activities which are of significant nature, including decisions on strategic directions and guidelines and approvals of annual budget, major funding investment and divestment proposals;

(b) oversees risk management and internal control processes, financial reporting and compliance, including the release of financial results and announcements of material transactions;

(c) approves the nominations to the Board and appointments to the various Board committees;

(d) approves the framework of remuneration for the Board and key executives as recommended by the RC (as defined hereinafter);

(e) provides oversight in the proper conduct of the Group's business and assumes responsibility for corporate governance; and

(f) consider sustainability issues as part of the strategic formulation.

Guideline 1.3
Delegation of Authority to Board Committees

To facilitate effective management, the Board has delegated certain functions to the Board committees, namely, the Audit Committee ("**AC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**"), to ensure that there are appropriate checks and balances. These Board committees operate within clearly defined terms of reference which are reviewed from time to time. As at 31 March 2015, the AC, the RC and the NC each comprised entirely of non-executive Directors.

Guideline 1.4
Meetings of Board and Board Committees

The articles of association of the Company ("**Articles**") provide for the Directors to participate in Board meetings by teleconference or videoconference means.

The number of Board and Board committees' meetings held in FY2015 and the attendance of each Director is set out below:

	Board		AC		NC		RC	
Name of Director	**No. of meetings held during tenure on Board**	**No. of meetings attended**	**No. of meetings held during tenure on Board**	**No. of meetings attended**	**No. of meetings held during tenure on Board**	**No. of meetings attended**	**No. of meetings held during tenure on Board**	**No. of meetings attended**
Takahashi Kenichi	4	4	NA	NA	NA	NA	NA	NA
Shigemitsu Katsuaki	4	4	NA	NA	NA	NA	NA	NA
Wong Hin Sun, Eugene	4	4	4	4	1	1	1	1
Lee Sok Koon, Constance	4	4	4	4	1	1	1	1
Tan Lye Huat	4	4	4	4	1	1	1	1

NA: Not applicable

Guideline 1.5
Internal Guidelines on Matters Requiring Board Approval

The Group has in place financial authorisation and approval limits for, amongst others, operating and capital budgets, procurement of goods and services, bank borrowings and operation of the Group's various bank accounts and the approval of the Board are required for these matters.

Guideline 1.6
Continuous Training and Development of Directors

During FY2015, the management has kept the Directors up-to-date on pertinent developments in the business of the Group during Board and/or Board committee meetings to facilitate the discharge of their duties. Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the participation in third party-run programmes to enhance their knowledge to better serve the Company.

The Board also ensures that incoming new Directors (if any) are given guidance and orientation (including on site visits, if necessary) to get familiarised with the Group's business and corporate governance practices upon their appointment to facilitate the effective discharge of their duties.

Guideline 1.7
Appointment of Directors

Each of the Directors, upon their appointment to the Board, has furnished a letter stating that they are aware and have been informed of their duties and obligations as Directors. A formal letter will be sent to newly appointed Directors upon their appointment explaining, among other matters, their roles, duties and responsibilities as members of the Board.

There were no new Director appointments during FY2015.

Corporate Governance Report

BOARD COMPOSITION AND BALANCE
Principle 2: Strong and Independent Element on the Board

Guideline 2.1
Composition and Independent Element of the Board

The Board currently has five members, comprising two independent Directors, two non-executive Directors and one executive Director. As at the date of this report, the Board comprises the following members:

Mr Takahashi Kenichi	Executive Chairman and Chief Executive Officer
Mr Shigemitsu Katsuaki	Non-executive Director
Mr Wong Hin Sun, Eugene	Non-executive Director
Mr Tan Lye Huat	Lead Independent Director
Mdm Lee Sok Koon, Constance	Independent Director

Guideline 2.2
Composition of Independent Director of the Board

While the Chairman (as defined hereinafter) and CEO (as defined hereinafter) is the same person, the Board is of the view that based on the Group's current size and operations, it is not necessary to have independent directors make up at least half of the Board at present. Nevertheless, the Board is reviewing the composition of Independent Directors on the Board with a view that Independent Directors will make up at least half of the Board by 31 July 2018.

Guideline 2.3 & 2.4
Independence of Directors

As set out under the Code 2012, an independent director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The NC deliberates annually to determine the independence of a Director bearing in mind the salient factors set out under this guideline in the Code 2012 as well as all other relevant circumstances and facts.

To facilitate the NC in its review of the independent status of the Directors, each Director will complete a checklist to confirm his/her independence. The checklist is based on the guidelines provided in the Code 2012 and will also indicate whether a Director considers himself/herself as an independent Director despite not having any of the relationships identified in the Code 2012. The NC also reviews the checklist completed by each Director to determine whether a Director is independent. As a result of the assessment, the NC is satisfied that there is no relationship which would deem Mr Tan Lye Huat and Mdm Lee Sok Koon, Constance to be not independent.

During FY2015, none of the Directors have served beyond nine years from the respective date of their first appointment.

Guideline 2.5
Composition and Size of the Board

The Board is of the opinion that its current size and composition is appropriate for decision making, taking into account the scope and nature of the operations of the Group. With two out of five members of the Board being independent, the Company maintains a satisfactory independent element on the Board. The NC is of the opinion that the current Board composition represents a well balanced mix of expertise and experience comprising accounting, finance, business experience as well as industry knowledge to provide core competencies necessary to meet the requirements of the Company and the Group and which facilitates effective decision making.

Guideline 2.6
Competency of the Board

During FY2015, the Directors have completed a Board of Directors Competency Matrix form by providing additional information in their areas of specialisation and expertise. The NC, having reviewed the responses, was satisfied that members of the Board possess the relevant core competencies in areas of accounting and finance, business and management experience, and strategic planning. In particular, the non-executive Directors, who are mostly professionals in their selected fields, are able to take a broader view of the Group's activities, contribute their valuable experience and provide independent judgement during the Board's deliberation on Group's matters.

Guideline 2.7 & Guideline 2.8
Non-Executive Directors

The Board has four non-executive Directors (including the independent Directors) who endeavour to constructively challenge and help develop proposals on strategy and to review the performance of management in meeting goals and objectives. During the year, the non-executive Directors communicated among themselves without the presence of management as and when the occasions warrant. The Company also co-ordinates informal sessions for non-executive Directors to meet on a need-basis without the presence of the management.

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3: Clear Division of Responsibilities and Balance of Power and Authority

Guideline 3.1
Common Role of Chairman and CEO

Mr Takahashi Kenichi is both the chairman of the Board ("**Chairman**") and the chief executive officer ("**CEO**") of the Company. The Board is of the view that it is not necessary to separate the role of the Chairman and the CEO after taking into consideration the size, scope and the nature of the operations of the Group. Mr Takahashi Kenichi is the founder of the Group and has played an instrumental role in developing the business since its establishment. He has considerable industry experience and business network and has also provided the Group with strong leadership and vision. The Board is of the view that it is in the interest of the Group to adopt a single leadership structure.

Guideline 3.2
Roles and Responsibilities of Chairman

The Chairman, who is also the CEO, seeks to, amongst others, lead the Board to ensure its effectiveness, ensure that the Directors receive accurate, timely and clear information, ensure effective communication with Shareholders, encourage constructive relations between the Board and the management, promote a culture of openness and debate at the Board, as well as facilitate the effective contribution of non-executive Directors.

Guideline 3.3 & Guideline 3.4
Lead Independent Director

The NC, RC and AC are all chaired by independent Directors. Mr Tan Lye Huat is the AC Chairman and also the Lead Independent Director of the Company. The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision-making by the Directors is independent and based on collective decision-making without the Chairman and CEO being able to exercise considerable concentration of power or influence.

The independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors where necessary, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

BOARD MEMBERSHIP ***Principle 4: Formal and Transparent Process for the Appointment of Directors to the Board***

Guideline 4.1
Membership of the NC

The NC comprises the following members, the majority of whom, including the chairperson of the committee, are independent non-executive Directors:

Mdm Lee Sok Koon, Constance, Chairperson	Independent and non-Executive
Mr Tan Lye Huat	Independent and non-Executive
Mr Wong Hin Sun, Eugene	Non-Independent and non-Executive

During FY2015, the NC held one scheduled meeting, which all members attended.

The principal functions of the NC include:

(a) recommending to the Board new Board appointments;

(b) making recommendations on re-nomination of Directors, having regard to the Director's contribution and performance;

(c) evaluating the independence of each of the Directors annually; and

(d) evaluating the effectiveness of the Board as a whole and the contribution of each individual Director towards the effectiveness of the Board.

Guideline 4.2 & Guideline 4.3
Roles and Responsibilities of the NC

Board renewal must be an on-going process to ensure good governance and to maintain relevance to the changing needs of the Group. No Director stays in office for more than three years without being re-elected by Shareholders. The Articles provide that at least one-third of the Directors, except the CEO, shall retire from office by rotation at every annual general meeting of the Company ("**AGM**") and Directors appointed during the course of the year will be subject to re-election at the next AGM following his appointment. At the forthcoming AGM, Mr Wong Hin Sun, Eugene and Mr Shigemitsu Katsuaki are due for re-election pursuant to Article 98 of the Articles. The NC has recommended and the Board has agreed for Mr Wong and Mr Katsuaki to retire and seek re-election at the forthcoming AGM.

Mr Wong has been assisting the Chairman in, among other matters, investor relations of the Group. In recognition of Mr Wong's support, both the NC and the Board have recommended that Mr Wong be appointed as a non-executive Vice Chairman of the Board. If the shareholders approve Mr Wong's re-election as a Director at the forthcoming AGM, Mr Wong having consented, will assume the role of non-executive Vice Chairman effective from the date of the AGM.

The NC deliberates annually to determine the independence of a Director bearing in mind the salient factors set out in the Code 2012 as well as all other relevant circumstances and facts. No member of the NC participated in the deliberation in respect of his/her own status as an independent Director.

Guideline 4.4
Commitment of Directors Sitting on Multiple Boards

In assisting the NC to determine whether the Directors who have multiple board representations are able to adequately carry out their duties and commitments towards the Company, the Directors have adopted a form of internal guidelines for Directors serving on multiple boards. The NC, after reviewing the completed forms that were returned by all Directors together with the respective list of directorships held by each Director as well as their attendance, is satisfied that all the Directors who sit on multiple boards are able to devote adequate time and attention to the affairs of the Company and to fulfil their duties as Directors. The NC has recommended and the Board has agreed that the maximum number of listed company board representations which a Director may hold should not be more than six listed companies for Directors who do not hold any full time employment and not more than three listed companies for Directors who hold full time employment.

Guideline 4.5
Appointment of Alternate Directors

Currently, the Company does not have any alternate director on the Board.

Guideline 4.6
Process for Selecting and Appointment of New Directors

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new Directors through the business network of the Board members or engage independent professional advisers to assist in the search for suitable candidates. The NC will generally identify suitable candidates skilled in core competencies such as accounting or finance, business or management expertise, or industry knowledge. If the NC decides that the candidate is suitable, the NC then recommends its choice to the Board. Meetings with such candidates may be arranged to facilitate open discussion. Upon appointment, arrangements will be made for the new Director to attend various briefings with the management team.

Guideline 4.7
Information on Directors

Key information on the Directors, including their academic and professional qualifications and their shareholdings in the Company, are found on pages 20 to 21 and 45 of this annual report.

BOARD PERFORMANCE
Principle 5: Assessment of the Effectiveness of the Board

Guideline 5.1
Board Performance

The Board has in place a formal annual process to assess its effectiveness as a whole as well as its ability to discharge its responsibilities in providing stewardship, corporate governance and overseeing of management's performance.

To facilitate the evaluation and assessment of the effectiveness of the Board committees and Executive Chairman and CEO, the Directors completed a Committees Evaluation Questionnaire and an Executive Chairman and CEO Evaluation. The responses were collated by the Company Secretary and presented to the NC for review and discussion before submitting to the Board for reviewing and determining the areas for improvement. The evaluation of the Executive Chairman and CEO included areas such as his vision and leadership, financial management, board relations, governance and risk management and relations with stakeholders.

Guideline 5.2
Board Evaluation

The Directors participated in the evaluation by providing feedback to the NC in the form of a Board Evaluation Questionnaire. The responses were collated by the Company Secretary and presented to the NC for review and discussion before submitting to the Board for reviewing and determining the areas for improvement. In assessing the effectiveness of the Board as a whole, the NC takes into consideration a number of factors such as the size and composition of the Board, the Board's access to information, participation in Board proceedings and the communications and guidance given by the Board to the management.

Guideline 5.3
Evaluation of Individual Director

An individual self-assessment is performed annually by each Director in the form of an Evaluation of Individual Director by Self-Assessment and the responses of the self-assessment were discussed with the NC. Among the factors considered in the individual self-assessment are the Directors' knowledge or experience as directors, experience of being in board committees, knowledge of and contacts in the countries where the Company primarily operates, sector knowledge of the Company's main activities, functional experience and training.

The criteria for evaluation of the performance of individual Directors include the level of participation, attendance at Board and Board committee meetings and the individual Director's functional expertise.

ACCESS TO INFORMATION
Principle 6: Board Members Should Be Provided with Complete, Adequate and Timely Information

Guideline 6.1 & Guideline 6.2
Board's Access to Information

On a timely basis before each meeting, the Directors are provided with information by management pertaining to relevant matters to be brought before the Board for its decision as well as ongoing reports, explanations and updates relating to the operational and financial performance of the Group.

Guideline 6.3
Board's Access to the Company Secretary

Board members have separate and independent access to the Company's senior management and the Company Secretary. The Company Secretary attends all meetings of the Board and Board committees and is responsible for ensuring, amongst other things, that Board procedures are followed and that all applicable rules and regulations are complied with.

Guideline 6.4
Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole. The present Company Secretary has been in office for seven years.

Guideline 6.5
Board's Access to Independent Professional Advice

Where necessary and to enable the Directors to discharge their duties, the Directors, whether as a group or individually, may seek independent professional advice at the Company's expense and after consultation with the Chairman.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
Principle 7: Formal and Transparent Procedure for Developing Policy on Executives' Remuneration and Fixing the Remuneration Packages of Individual Directors

Guideline 7.1
Membership of the RC

The RC comprises the following members, the majority of whom, including the chairperson of the committee, are independent non-executive Directors:

Mdm Lee Sok Koon, Constance Chairperson	Independent and non-Executive
Mr Tan Lye Huat	Independent and non-Executive
Mr Wong Hin Sun, Eugene	Non-Independent and non-Executive

During the year, the RC held one scheduled meeting, which all members attended.

Guideline 7.2
Functions of the RC and Remuneration Framework

The principal functions of the RC include:

(a) reviewing and recommending to the Board the structure of the compensation policies and recruitment strategies of the Group so as to align compensation with Shareholders' interests;

(b) reviewing and recommending to the Board the framework of remuneration for the executive Directors and key executives of the Group and to determine appropriate adjustments;

(c) reviewing and recommending to the Board for endorsement guidelines for directors' fees of non-executive Directors;

(d) reviewing and approving succession plans for key positions; and

(e) administering and approving long-term incentive schemes which are approved by Shareholders.

No Director will be involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC's review covers all aspects of remuneration, including salaries, fees, allowances, bonuses, share-based incentives and awards, and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board.

Guideline 7.3
RC's Access to Advice on Remuneration Matters

The RC from time to time may seek expert advice on the remuneration of all Directors and key management personnel. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2015.

Guideline 7.4

The RC reviews the fairness and reasonableness of the service agreements of the Executive Directors and key management personnel to ensure that there is no overly onerous or generous termination clause.

LEVEL AND MIX OF REMUNERATION
Principle 8: Level of Remuneration of Directors to be Appropriate and Not Excessive

Guideline 8.1
Remuneration of Executive Directors and Key Management Personnel

The Company adopts an overall remuneration policy for employees, comprising a fixed component in the form of a base salary, and a variable component in the form of a bonus that is linked to the performance of the Group, the individual, the industry and the economy. In reviewing its remuneration policy, the Company generally takes into account compensation and employment conditions within the industry and in comparable companies.

Guideline 8.2
Long-term Incentive Scheme

The Company has adopted the Japan Foods Performance Share Plan ("PSP"), further details of which are set out herein. As the CEO is also the controlling Shareholder of the Company, he and his associates are not eligible to participate in the PSP.

Guideline 8.3
Remuneration of Non-Executive Directors

The non-executive Directors receive directors' fees in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board committees. The Directors' fees are recommended by the Board and are subject to the approval of Shareholders at the AGM.

Guideline 8.4
Contractual Provision to Reclaim Incentive Components of Remuneration

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION
Principle 9: Clear Disclosure of Remuneration Policy, Level and Mix of Remuneration, and Procedure for Setting Remuneration

Guideline 9.1, Guideline 9.2 & Guideline 9.3
Remuneration of Directors and Top Key Management Personnel

The breakdown of the annual remuneration (including all forms of remuneration from the Company and any of its subsidiaries) of each of the Directors for FY2015 is set out below:

Name of Director	Total remuneration in FY2015 (S$'000)	Director's fees (%)	Salary (%)	Incentive bonus and other benefits (%)	Total (%)
Takahashi Kenichi	564	–	46	54	100
Tan Lye Huat	35	100	–	–	100
Wong Hin Sun, Eugene	28	100	–	–	100
Lee Sok Koon, Constance	33	100	–	–	100
Shigemitsu Katsuaki	18	100	–	–	100

Corporate Governance Report

The Company had, on 19 December 2008, entered into a service agreement with Mr Takahashi Kenichi, in relation to his appointment as the Chairman and CEO. The service agreement took effect from the date of the Company's admission to Catalist, being 23 February 2009, for an initial period of three years, and has been renewed on a yearly basis thereafter.

For FY2015, the remuneration band (including any bonus, allowance and other incentives) of the top five key management personnel (who are not Directors or CEO) is set out below:

Name of key Management Personnel	Remuneration bands	Salary[2] (%)	Bonus and other benefits (%)	PSP (%)	Total (%)
Chan Chau Mui	Band A[1]	78.5	21.5	Nil	100
Chan Fuang Chiang	Band A[1]	47.0	18.0	35.0	100
Fong Siew Geen	Band A[1]	44.5	19.1	36.4	100
Kenneth Liew Kian Er	Band B[1]	42.3	12.0	45.7	100
Otsuka Ichiro	Band A[1]	47.0	17.5	35.5	100

Note :

(1) Band A : Remuneration from S$0 – S$250,000
Band B : Remuneration from S$250,001 – S$500,000

(2) Salary is inclusive of CPF contribution.

Total remuneration (including CPF, Bonus and benefit-in-kind) paid to the top five management personnel for FY2015 is approximately S$1,020,000.

Guideline 9.4
Employee Related to Directors/CEO
Ms Chan Chau Mui is a deemed associate of Mr Takahashi Kenichi, the Chairman and CEO of the Company. Ms Chan's annual remuneration for FY2015 was between S$100,000 and S$150,000.

Guideline 9.5
Performance Share Plan ("PSP")
The Company has adopted the PSP which was approved at an Extraordinary General Meeting held on 24 July 2013. The PSP is administered by the RC currently comprising Mdm Lee Sok Koon, Constance, Mr Tan Lye Huat and Mr Wong Hin Sun, Eugene.

The PSP provides an opportunity for employees of the Group who have contributed to the growth and performance of the Group (including non-executive Directors and Independent Directors) and who satisfy the eligibility criteria as set out under the rules of the PSP, to participate in the equity of the Company. Controlling shareholders of the Company and their associates shall not be eligible to participate in the PSP. Non-executive Directors are allowed to participate in the PSP to give recognition to their services and contributions and to align their interests with that of the Group. In order to minimise any possible conflicts of interest, the non-executive Directors will be primarily remunerated for their services by way of directors' fees. The Board does not envisage that the aggregate number of Shares comprised in awards set aside for the non-executive Directors collectively will exceed 1% of total issued share capital of the Company from time to time.

The aggregate number of ordinary shares in the issued share capital of the Company ("**Shares**") over which the RC may grant on any date, when added to the number of Shares issued and issuable in respect of all Shares granted under the PSP and any other share schemes to be implemented by the Company shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding that date.

The Company delivers Shares to participants upon vesting of the awards under the PSP by way of issuance of new Shares deemed to be fully paid upon their issuance and allotment or transfer of treasury shares pursuant to the share buyback.

Pursuant to the PSP, an aggregate of 540,000 fully paid-shares, constituting approximately 0.3% of the total number of issued shares of the Company as at 31 March 2015, were awarded and issued in FY2015. Since the commencement of the PSP, an aggregate of 780,000 fully-paid shares, constituting approximately 0.4% of issued shares of the Company as at 31 March 2015, have been granted and issued by the Company. Since the commencement of the PSP, none of the Directors has been awarded any shares under the PSP.

None of the participants under the PSP was granted 5% or more of the total number of Shares available under the PSP. Further, the Company does not have any parent company and accordingly, the participants of the PSP do not include any directors or employees of any parent company and its subsidiaries.

Guideline 9.6
Link between remuneration and performance

The RC reviews the remuneration of the Executive Director and key executives of the Group, and makes recommendation on an appropriate framework of remuneration. The RC's recommendation is submitted to the Board for endorsement. The RC has adopted a set of performance criteria which link a significant portion of the Executive Director's remuneration package to corporate and individual performance thus aligning his interest with those of Shareholders, and which also take into account effort and time spent and responsibilities of the non-Executive Directors.

ACCOUNTABILITY AND AUDIT
Principle 10: Presentation of a Balanced and Understandable Assessment of the Company's Performance, Position and Prospects

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the AC reviews all of the Group's financial statements and recommends them to the Board for approval. In addition, the AC ensures that the Group maintains a sound system of internal controls to safeguard Shareholders' interests and the Group's assets as well as to manage potential risks.

Guideline 10.1
Accountability for Accurate Information

In discharging its responsibility, the Board ensures that the Group's financial results provide a balanced and understandable assessment of the Group's performance, position and prospects and that the results are released on a timely basis. The Company's annual report, public announcements of financial results and disclosure of other relevant information of the Group are released on an interim and yearly basis. For FY2015, the Company had been announcing its financial statements on a half-yearly basis. In accordance with Rule 705 of the Catalist Rules, the Company will be announcing its financial statements on a quarterly basis commencing from the first quarter of FY2016 (that is, in respect of the financial period from 1 April 2015 to 30 June 2015).

In presenting the annual financial statements and quarterly results announcements, the CEO and the CFO issues a representation letter to the AC and the Board, confirming inter alia that the financial processes and controls, and the integrity of the Group's financial statements are in place, highlighting material financial risks and impacts and providing updates on significant financial issues of the Group.

In accordance with Rule 705(5) of the Catalist Rules, during FY2015, the Board issued negative assurance statement in its interim financial results announcements confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements to be false or misleading in any material aspect.

Guideline 10.2
Compliance with Legislative and Regulatory Requirements

During the year, the Board reviewed reports from the Management to ensure compliance with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements.

Guideline 10.3
Management Accounts

The Management updated the Board on the Group's business activities and financial performance by providing balanced and understandable management accounts of the Company's performance, position and prospects on a quarterly basis. Such reports compare the Group's actual performance against the approved budget and where appropriate, against forecast. They also highlight key business indicators and major issues that are relevant to the Group's performance.

RISK MANAGEMENT AND INTERNAL CONTROLS
Principle 11: Sound System of Risk management and Internal Controls

Guideline 11.1
Risk Management and Internal Controls

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard Shareholders' interests and the Group's assets. In keeping with the recommendations under the Second Edition of the Guidebook for AC in Singapore, the duties and responsibilities of the AC was expanded and the AC was renamed as the Audit and Risk Committee ("**ARC**") after the financial year under review of FY2015 and with effect from 28 May 2015. Accordingly, the terms of reference of the AC was also revised to include the expanded role and responsibilities effective from 28 May 2015. The ARC oversees and ensures that the risk management and internal controls has been appropriately implemented and monitored.

A summary of the Company's risk management and internal control systems is appended below.

Risk Management

The Board has approved a Group Risk Management Framework for the identification of key risks within the business which is aligned with the ISO 31000:2009 Risk management framework. A total of 16 risks have been identified and classified **under 4 categories, namely Strategic Risks, Operational Risks, Financial Risks and Compliance Risks. The risks are evaluated using a common measurement matrix based on the likelihood and consequences of each risk identified**. The resultant risk exposure rating determines the extent or risk exposure and the corresponding risk treatment required.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team. The CEO and senior management of the Company assume the responsibilities of the risk management function. They regularly assess and review the Group's business and operational environment in order to identify areas of significant financial, operation and compliance risks, as well as adopt appropriate measures to control and mitigate the risks that may affect the Group's achievement of its business objectives or assets. A self-assessment process, conducted regularly by the Management, was introduced to ensure that the Group's risk management controls are satisfactory.

Internal Controls
Controls have been implemented to enhance the Group's internal control function in areas such as finance, operations, compliance and information technology. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

Guideline 11.2
Adequacy and Effectiveness of Risk Management and Internal Control Systems

The risk management and internal control systems have been integrated throughout the Group and has become an essential part of its business planning and monitoring process. On an annual basis, Management reports to the Board on the Group's risk profile, evaluates results and counter-measures to mitigate or transfer identified potential risks so as to assure that the process is operating effectively as planned.

During the year, the AC also reviewed reports submitted by the internal auditors relating to the effectiveness of the Group's internal controls, including the adequacy of the Group's financial, operational, compliance and information technology controls and relevant communications by the external auditors as part of their statutory audit.

Guideline 11.3
Board's comment on Adequacy and Effectiveness of Internal Controls

Based on the framework of risk management controls and internal controls established and maintained in the Company, the work performed by the internal auditors, the statutory audit undertaken by the external auditors, and the written representation from the CEO and CFO providing assurance on the Group's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, the Board, is of the view that the Group has a sound system of risk management and internal controls.

The Board, with the concurrence of the AC, is satisfied that adequate and effective internal controls have been in place to address the risks relating to financial, operational, compliance and information technology controls for FY2015.

Guideline 11.4
Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

AUDIT COMMITTEE
Principle 12: Establishment of Audit Committee with Written Terms of Reference

Guideline 12.1
Membership of the AC

The AC comprises the following members, the majority of whom, including the Chairperson, are independent non-executive Directors:

Mr Tan Lye Huat, Chairperson	Independent and non-Executive
Mdm Lee Sok Koon, Constance	Independent and non-Executive
Mr Wong Hin Sun, Eugene	Non-Independent and non-Executive

During the year, the AC held four scheduled meetings, which all members attended.

Guideline 12.2
Expertise of Members of the AC

The Board is satisfied that the members of the AC, having the necessary accounting and/or related financial management expertise, are appropriately qualified to discharge their responsibilities.

Guideline 12.3 and Guideline 12.4
Roles and Responsibilities of the AC

The AC is guided by its Terms of Reference and meets periodically to undertake the following principal functions:

(a) reviewing the annual audit plan, scope and results of the audit undertaken by the External Auditors, including non-audit services performed by them to ensure that there is a balance between maintenance of their objectivity and cost effectiveness;

(b) reviewing the effectiveness and adequacy of the internal audit function, which is outsourced to a professional services firm;

(c) reviewing with the internal auditors the scope and procedures of the audit plans, the results and adequacy of the Group's material internal controls and with Management the adequacy of financial, operational and compliance risk management;

(d) reviewing the financial statements and other relevant announcements to Shareholders and the SGX-ST, prior to submission to the Board;

(e) assessing the independence and objectivity of the External Auditors and recommending to the Board the appointment/re-appointment/removal of External Auditors;

(f) reviewing the assistance given by the Company's officers to the External/Internal Auditors; and

(g) reviewing and recommending for the Board's approval the interested person transactions as specified under Chapter 9 of the Catalist Rules and/or the procedures set out in the general mandate approved by Shareholders.

The AC has explicit authority to investigate any matter within its Terms of Reference. It has full access to, and the co-operation of management. It also has direct and independent access to the Internal/External Auditors and full discretion to invite any Director or any member of the management to attend its meetings.

Guideline 12.5
External and Internal Auditors

During the year, the Company's internal and external auditors were invited to attend the AC meetings and make presentations as appropriate. They also met separately with the AC without the presence of Management.

Guideline 12.6
Independence of External Auditors

The AC reviewed the non-audit services provided by the Company's external auditors, Nexia TS Public Accounting Corporation, as part of the AC's assessment of independence of external auditors. In FY2015, the fees relating to provision of audit services payable to the external auditors amounted to S$63,000 while the fees relating to provision of non-audit services (mainly fees for consultancy on taxation and compliance with Personal Data Protection Act) payable to other departments of the external auditors, amounted to S$35,800. The AC is of the view that the non-audit services provided by the external auditors during FY2015 did not prejudice their objectivity and independence. The Company confirms that it has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Nexia TS Public Accounting Corporation as its external auditors.

Guideline 12.7
Whistle Blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has put in place a whistle blowing policy ("**Policy**"). The Policy stipulates the mechanism by which concerns about possible improprieties in matters of financial reporting or other matters may be raised by employees of the Group and a Whistle-Blowing Committee ("**WBC**") has been established for this purpose. In addition, a dedicated and secured e-mail address also allows whistle blowers to contact the WBC and members of the AC directly.

Assisted by the WBC, the AC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The AC reports to the Board on any issues/concerns received by it and the WBC, at the ensuing Board meeting. Should the AC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

The WBC consists of the CEO, the Chief Operating Officer and CFO of the Company. The WBC is empowered to:

(a) investigate all issues/concerns relating to the Group (except for issues/concerns that are directed specifically or affecting any member of the WBC, which shall be dealt with by the AC);
(b) make the necessary reports and recommendations to the AC or the Board for their review and further action, if deemed required by them; and

(c) access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.

The Group takes concerns with the integrity and honesty of its employees seriously. A copy of the Policy has been disseminated to all staff to encourage the report of any behaviour or action that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. The whistle blowers could also contact all members of the AC directly via email and in confidence and his/her identity is protected from reprisals within the limits of the law.

Guideline 12.8
AC to Keep Abreast of Changes to Accounting Standards

In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast by the management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

Guideline 12.9
Cooling-off Period for Partners or Directors of the Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

INTERNAL AUDIT
Principle 13: Independent Internal Audit Function

Guideline 13.1
Internal Auditors

The AC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Auditors ("**IA**").

The Company has outsourced its internal audit function to Yang Lee & Associates ("**YLA**"). The IA has unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC. The IA's primary line of reporting is to the Chairman of the AC. The IA carries out their functions under the direction of the AC, and reports their findings and make recommendations to the AC.

Guidelines 13.2, 13.3 & 13.4
Internal Audit Function

The Company's internal audit function is independent of the activities it audits. The IA, YLA, is staffed with professionals with relevant qualifications and experience such as the Certified Internal Auditor qualification with the Institute of Internal Auditors. Our engagement with YLA stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan which entails the review of the selected functions or business units of the Group is developed and agreed by the AC. The AC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

Guideline 13.5
Adequacy and effectiveness of the Internal Audit Function

The AC reviews annually the adequacy of the internal function to ensure that the internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The AC also reviews the IA's reports and remedial actions implemented by Management to address any internal control inadequacies identified.

The IA completed one review during FY2015 in accordance with the internal audit plan approved by the AC. The Board has adopted the recommendations of the IA set out in the IA's report.

SHAREHOLDER RIGHT AND RESPONSIBILITIES
Principle 14: Shareholders Rights
Principle 15: Regular, Effective and Fair Communication with Shareholders
Principle 16: Conduct of Shareholder Meeting

Guideline 14.1
Sufficient Information to Shareholders

The Company endeavours to maintain full and adequate disclosure, in a timely manner, of material events and matters concerning its business. All the necessary disclosures required by the Catalist Rules will be made in public announcements, press releases and annual reports to Shareholders.

Guideline 14.2
Opportunity for Shareholders to Participate and Vote at General Meetings

Shareholders are informed of Shareholders' meeting through notices published in the newspaper and the Company's announcements via SGXNET and the reports/circulars sent to all Shareholders. Shareholders are invited to attend the general meetings to put forth any question they may have on the motions to be debated and decided upon.

All Shareholders are entitled to vote in accordance with the established voting rules and procedures. They are all informed of the rules, including voting process governing the AGMs.

Guideline 14.3
Proxies for Nominee Companies

The Articles of the Company allows a Shareholder to appoint up to two proxies to attend and vote at general meetings. The Company also allows investors who hold Shares through nominees such as the Central Provident Fund and custodian banks, to attend AGMs as observers without being constrained by the two-proxy rule, subject to availability of seats.

Guideline 15.1 and Guideline 15.2
Communication with and Information to Shareholders

In line with the continuous disclosure obligations under the Catalist Rules, the Board has and will continue to inform Shareholders promptly of all pertinent information. Such information is disclosed to Shareholders on a timely basis through SGXNET. All disclosures submitted to the SGX-ST on SGXNET are also made available on the Company's corporate website (http://www.jfh.com.sg.)

Guideline 15.3 and Guideline 15.4
Dialogue with Shareholders and Soliciting Views of Shareholders

The AGM provides a principal forum for dialogue and interaction with Shareholders. At these meetings, Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views or input and address Shareholders' concerns at general meetings. In addition to the AGM, the Company also maintains regular dialogue with Shareholders and prospective investors through results briefings. Shareholders can submit their feedback and raise any question to the Company's investor relations contact as provided in the Company's website. To facilitate Shareholders' effective participation at general meetings, the Company holds its general meetings at venues which are convenient and accessible to Shareholders.

Guideline 15.5
Dividend Policy

Subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances, the Board intends to recommend and distribute not less than 40% of the Group's audited consolidated net profits attributable to Shareholders as dividends annually. The amount of dividends will depend on the Group's operating results, financial conditions such as cash position and retained earnings, other cash requirements including capital expenditure, restrictions on payment of dividends imposed on the Group by financing arrangements (if any) and other factors deemed relevant by the Directors. The foregoing statements are merely statements of Board's present intention and do not constitute legally binding obligations on the part of the Company in respect of payment of dividend and which will be subject to modification at the Directors' sole and absolute discretion.

Corporate Governance Report

Guideline 16.1
Shareholders' Participation

The Company supports active Shareholder participation at general meetings. Shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and goals. The Articles of the Company allows a Shareholder to appoint up to two proxies to attend and vote at general meetings. The Company also allows investors who hold Shares through nominees such as the Central Provident Fund and custodian banks, to attend AGMs as observers without being constrained by the two-proxy rule, subject to availability of seats. The Company has decided not to implement voting in absentia until security, integrity and other pertinent issues are satisfactorily resolved.

Guideline 16.2
Proceedings at General Meetings

The Board ensures that issues or matters requiring Shareholders' approval are tabled in the form of separate and distinct resolutions at the AGMs.

Guideline 16.3
Attendees at General Meetings

The Chairpersons of the Board and the Board Committees attend all AGMs to address issues raised by Shareholders. The Company's External Auditors are also present to address questions raised by Shareholders at AGMs.

Guideline 16.4
Minutes of General Meetings

The Company Secretary will prepare minutes of general meetings held which will be made available to Shareholders upon request.

Guideline 16.5
Voting by Poll

Effective 1 August 2015, the Company is required under the Catalist Rules to put all resolutions at general meetings to voting by poll. The Company will make the necessary amendments to its Articles in due course to allow for the mandatory voting by poll for all resolutions proposed at its general meetings held after 1 August 2015.

DEALING IN SECURITIES

The Company has adopted an internal code on dealings in securities to govern dealings in the Shares by the Directors and the key executives of the Group. The Directors, management and officers of the Group, who have access to price-sensitive, financial or confidential information are not allowed to deal in the Shares during the period commencing one month before the announcement of the Group's half yearly and yearly results (and with effect from the first quarter of FY2016, during the period commencing two weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's full year results) and ending on the date of announcement of such results, and when in possession of unpublished price-sensitive information. In addition, the officers of the Company are advised not to deal in the Shares for short term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are on an arm's length basis.

The Company has obtained a general mandate for recurring transactions with Shigemitsu Industry Co., Ltd. ("**Shareholders' Mandate**"), which will be put forth to Shareholders for renewal at the forthcoming AGM.

The aggregate value of all interested person transactions entered into during FY2015 (including transactions of less than S$100,000 each) is as follows:

Name of interested person	Aggregate value of all interested person transactions (including transactions of less than S$100,000 each) during FY2015 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules) (S$'000)	Aggregate value of all interested person transactions (including transactions of less than S$100,000 each) conducted during FY2015 under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (S$'000)
Shigemitsu Industry Co., Ltd.[(1)]		
Royalty, franchise and licence fees	478[(2)]	-
Purchases of food ingredients:	56[(3)]	836[(4)]

Notes:

(1) Shigemitsu Katsuaki, the Company's Non-executive Director, is the president, chief executive officer and major shareholder of Shigemitsu Industry. Accordingly, transactions between the Group and Shigemitsu Industry are interested person transactions within the ambit of Chapter 9 of the Catalist Rules.

(2) The royalty, franchise and licence fees paid to Shigemitsu Industry in FY2015 comprise: (i) fees paid for the use of the "Ajisen Ramen" brand amounting to S$392,000 (such fees relating to the "Ajisen Ramen" brand are deemed to have been specifically approved by Shareholders at the time of the Company's initial public offering in February 2009 and are not subject to Rule 905 and Rule 906 of the Catalist Rules to the extent that there is no variation or amendment to the terms of the relevant franchise agreement); (ii) fees paid for the use of the "Keika Ramen" brand amounting to S$69,000; and (iii) the right to use the technique for the production of noodles amounting to S$17,000.
On 1 September 2014, the Company entered into a franchise agreement with Ajisen Franchising (HK) Ltd (a subsidiary of Shigemitsu Industry) pursuant to which the Company was granted the exclusive rights to use the "Keika Ramen" trademark in Singapore for a period of five (5) years from the date of the agreement for a consideration of US$50,000 (equivalent to S$63,000).

(3) This amount relates to the Group's purchases of soup base for the "Keika Ramen" business from Keika Raumen Co., Ltd (a subsidiary of Shigemitsu Industry).

(4) This amount relates to the Group's purchases of soup base and such other ingredients necessary for the "Ajisen Ramen" business (including transactions less than S$100,000 each) from Shigemitsu Industry pursuant to the IPT Mandate.

Save as disclosed above, there are no material contracts or loans entered into by the Group involving the interests of any Director or controlling shareholder of the Company, either still subsisting at the end of FY2015 or if not subsisting, were entered into since 31 March 2015.

SPONSOR

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor, CIMB Bank Berhad, Singapore Branch, during FY2015.

Directors' Report

for the financial year ended 31 March 2015

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2015 and the balance sheet of the Company as at 31 March 2015.

DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Takahashi Kenichi
Shigemitsu Katsuaki
Tan Lye Huat
Wong Hin Sun, Eugene
Lee Sok Koon, Constance

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Japan Foods Performance Share Plan" on Pages 46 to 47 of this report.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of a director or nominee			**Holdings in which director is deemed to have an interest**		
	At 21 April 2015	**At 31 March 2015**	**At 1 April 2014**	**At 21 April 2015**	**At 31 March 2015**	**At 1 April 2014**
Company						
(No. of ordinary shares)						
Takahashi Kenichi	114,814,800	114,814,800	114,814,800	8,100,000	8,100,000	8,100,000
Shigemitsu Katsuaki	3,360,600	3,360,600	3,360,600	3,360,600	3,360,600	3,360,600
Wong Hin Sun, Eugene	-	-	-	7,165,800	7,165,800	7,165,800

By virtue of Section 7 of the Singapore Companies Act (Cap. 50) (the "Act"), Takahashi Kenichi is deemed to have an interest in the shares of all the Company's subsidiaries at the beginning and at the end of the financial year.

The director's interests in the ordinary shares of the Company as at 21 April 2015 were the same as those as at 31 March 2015.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a Company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

JAPAN FOODS PERFORMANCE SHARE PLAN ("JF PSP")

The JF PSP is administered by the Remuneration Committee whose members are the following as at the date of this report:

Lee Sok Koon, Constance	(Chairperson, Independent Director)
Tan Lye Huat	(Member, Lead Independent Director)
Wong Hin Sun, Eugene	(Member, Non-independent and Non-executive Director)

Members of the Remuneration Committee were not and shall not be involved in the Remuneration Committee's deliberations in respect of the performance shares granted to themselves (if any).

The award of fully paid ordinary shares of the Company, issued free of charge (the "Award") to eligible participants under the JF PSP would incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Group. The JF PSP allows the Company to recognise and reward past contributions and services and motivate the participants to continue to strive for the Group's long term goals. The JF PSP will further strengthen and enhance the Group's competitiveness in attracting and retaining employees with suitable talents.

The Awards granted under JF PSP may be time-based and/or performance-related, and such Awards entitle eligible participants to be allotted fully paid shares upon completion of certain time-based service condition and/or achieve their performance targets over set performance periods. This Awards given are determined at the discretion of the Remuneration Committee, who will take into account criteria such as participant's rank, job performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort required to achieve the performance target within the performance period. The Remuneration Committee also has the discretion to set specific performance-based criteria such as profitability, growth, asset efficiency, return on capital employed, and other financial indicators, penetration into new markets, increasing market share and market ranking, management skills and succession planning. In addition to the achievement of any pre-determined performance targets or service conditions, Awards may also be granted upon the Remuneration Committee's determination post-event that any eligible participants has performed well and/or made significant contribution to the Group.

Under the rules of the JF PSP, any full time employee, executive and non-executive director of the Company and its subsidiaries (including Independent Directors but excluding the Controlling Shareholders and their Associates as defined in the Company circular in relation to the JF PSP to shareholders dated 2 July 2013) who has attained the age of 18 years on the date of grant of the award and who has contributed or will contribute to the success of the Group shall be eligible to participate in the JF PSP.

There shall be no restriction on the eligibility of any participant to participate in any other share plans or share incentive schemes implemented by any of the other companies within the Group if approved by the Remuneration Committee. The granting of Awards will be made by the Remuneration Committee at any time during the period when JF PSP is in force.

Eligible participants are not required to pay for the grant of the Awards. However, all taxes (including income tax) arising from the grant and/or disposal under JF PSP shall be borne by the participant.

JAPAN FOODS PERFORMANCE SHARE PLAN ("JF PSP") (CONT'D)

The total number of new ordinary shares in the capital of the Company that may be issued or are issuable pursuant to the granting of the Awards, when added to aggregate number of shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued ordinary shares (excluding treasury shares) of the Company on the day immediately preceding the date on which the Award shall be granted.

During the financial year ended 31 March 2015, Award comprising 540,000 performance shares were granted to certain key management personnel on 2 June 2014. These Awards had been vested on the date of the grant.

No performance shares were awarded to directors of the Company during the financial year ended 31 March 2015.

No performance shares were outstanding as at 31 March 2015 (being the end of the financial year).

No performance shares were awarded to controlling shareholders of the Company or their Associates.

No participant was granted 5% or more of the total number of shares available under JF PSP.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Tan Lye Huat	(Chairperson, Lead Independent Director)
Lee Sok Koon	(Member, Independent Director)
Wong Hin Sun, Eugene	(Member, Non-independent and Non-executive Director)

The Audit Committee carried out its function in accordance with Section 201B(5) of the Singapore Companies Act. It undertakes to perform *inter alia* the following:

(i) reviews the audit plan of the Company's independent auditor and its report on the effectiveness of material internal controls, including financial, operational and compliance controls and risk management;

(ii) reviews the internal audit plans, the scope and results of internal audit procedures;

(iii) reviews the balance sheet of the Company, the consolidated financial statements of the Group for the financial year ended 31 March 2015 and other announcements to shareholders and the Singapore Exchange Securities Trading Limited before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;

(iv) conducts investigation into any matter within the Audit Committee's scope of responsibility and review any significant findings of investigations;

(v) assesses the independence and objectivity of the independent auditors;

(vi) recommends to the Board of Directors on the appointment or re-appointment of independent auditor;

(vii) reviews the assistance given by the Company's management to the independent auditor; and

(viii) reviews transactions falling within the scope of Chapter 9 of the Catalist Rules.

The Audit Committee has conducted an annual review of the non-audit services provided by the independent auditor. During the financial year ended 31 March 2015, the fees charged by the independent auditor for the provision of non-audit services amounted to $35,800 (2014: $19,000). The Audit Committee is of the opinion that such fees charged by the independent auditor for non-audit services would not prejudice the independence of the independent auditor. Accordingly, the Audit Committee has recommended to the Board that Nexia TS Public Accounting Corporation, be nominated for re-appointment as the independent auditor of the Company at the forthcoming Annual General Meeting.

Directors' Report

for the financial year ended 31 March 2015

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

....

Takahashi Kenichi
Director

....

Wong Hin Sun, Eugene
Director

23 June 2015

Statement by Directors

for the financial year ended 31 March 2015

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 53 to 99 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

....
Takahashi Kenichi
Director

....
Wong Hin Sun, Eugene
Director

23 June 2015

Independent Auditor's Report

to the Members of Japan Food Holding Ltd.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Japan Foods Holding Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 53 to 99, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

to the Members of Japan Food Holding Ltd.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Lee Look Ling
Appointed since financial year ended 31 March 2012

Singapore

23 June 2015

Consolidated Statement of Comprehensive Income

for the financial year ended 31 March 2015

	Note	2015 $'000	2014 $'000
Revenue	4	62,682	62,758
Cost of sales		(10,396)	(11,553)
Gross profit		52,286	51,205
Other income	5	1,040	1,166
Other gains - net	6	37	60
Expenses			
- Selling and distribution		(44,417)	(39,638)
- Administrative		(3,154)	(2,852)
- Other operating		(1,210)	(1,345)
Share of profits of associated companies	17	546	178
Profit before income tax		5,128	8,774
Income tax expense	9(a)	(392)	(1,470)
Net profit		4,736	7,304
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Reclassification		-	(13)
Other comprehensive income, net of tax		-	(13)
Total comprehensive income		4,736	7,291
Profit attributable to:			
Equity holders of the Company		4,736	7,304
Total comprehensive income attributable to:			
Equity holders of the Company		4,736	7,291
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
- Basic and diluted earnings per share	10	2.73	4.21

The accompanying notes form an integral part of the financial statements

Balance Sheets

as at 31 March 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Current assets					
Cash and cash equivalents	11	15,913	19,000	1,085	2,853
Trade and other receivables	12	591	729	7,062	4,414
Inventories	13	636	646	-	-
Other current assets	14	1,942	2,492	40	44
Loan to an associated company	15	-	248	-	248
		19,082	23,115	8,187	7,559
Non-current assets					
Investments in subsidiaries	16	-	-	5,278	5,278
Investments in associated companies	17	872	326	48	48
Loan to an associated company	15	248	-	248	-
Held-to-maturity financial assets	18	505	505	-	-
Property, plant and equipment	19	13,204	10,828	-	-
Intangible assets	20	193	189	-	-
Club membership	21	259	259	259	259
Long-term security deposits	22	3,836	3,308	-	-
		19,117	15,415	5,833	5,585
Total assets		38,199	38,530	14,020	13,144
LIABILITIES					
Current liabilities					
Trade and other payables	23	6,438	6,883	504	646
Current income tax liabilities	9(b)	326	1,416	4	5
		6,764	8,299	508	651
Non-current liabilities					
Deferred income tax liabilities	24	860	860	-	-
		860	860	-	-
Total liabilities		7,624	9,159	508	651
NET ASSETS		30,575	29,371	13,512	12,493
EQUITY					
Share capital	25	9,307	8,959	9,307	8,959
Currency translation reserve	26	-	-	-	-
Retained profits	27	21,268	20,412	4,205	3,534
TOTAL EQUITY		30,575	29,371	13,512	12,493

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity

for the financial year ended 31 March 2015

	Note	Share capital $'000	Currency translation reserve $'000	Retained profits $'000	Total equity $'000
<u>Group</u>					
2015					
Beginning of financial year		8,959	-	20,412	29,371
Performance shares issued	25	348	-	-	348
Dividends paid	28	-	-	(3,880)	(3,880)
Total comprehensive income for the year		-	-	4,736	4,736
End of financial year		9,307	-	21,268	30,575
2014					
Beginning of financial year		8,791	13	16,227	25,031
Performance shares issued	25	190	-	-	190
Share issue expenses	25	(22)	-	-	(22)
Dividends paid	28	-	-	(3,119)	(3,119)
Total comprehensive income for the year		-	(13)	7,304	7,291
End of financial year		8,959	-	20,412	29,371

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

for the financial year ended 31 March 2015

	Group	
	2015	2014
	$'000	$'000
Cash flows from operating activities		
Net profit	4,736	7,304
Adjustments for:		
- Income tax expense	392	1,470
- Depreciation of property, plant and equipment	4,887	4,184
- Amortisation of intangible assets	59	58
- Property, plant and equipment written-off	188	268
- Loss/(gain) on disposal of property, plant and equipment	1	(2)
- Unrealised currency translation gains	-	(13)
- Employee performance shares expense	348	190
- Share of profit of associated companies	(546)	(178)
- Inventories written-off	-*	9
- Interest income	(63)	(37)
	10,002	13,253
Change in working capital:		
- Inventories	10	207
- Trade and other receivables	138	101
- Other current assets	550	694
- Long-term security deposits	(528)	(1,288)
- Trade and other payables	(445)	(193)
Cash generated from operations	9,727	12,774
Income tax paid	(1,482)	(1,085)
Interest received	63	37
Net cash provided by operating activities	8,308	11,726
Cash flows from investing activities		
- Additions to intangible assets	(63)	(38)
- Additions to property, plant and equipment	(7,456)	(5,770)
- Acquisition of associated companies	-	(32)
- Proceeds from disposal of property, plant and equipment	4	30
- Purchases of financial assets, held-to-maturity	-	(505)
Net cash used in investing activities	(7,515)	(6,315)
Cash flows from financing activities		
- Shares issue expense	-	(22)
- Decrease/(increase) in short-term bank deposits pledged	509	(322)
- Repayment of borrowings	-	-
- Repayment of finance lease liabilities	-	-
- Interest paid	-	-
- Dividends paid to equity holders to the Company	(3,880)	(3,119)
Net cash used in financing activities	(3,371)	(3,463)

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

for the financial year ended 31 March 2015

	Group	
	2015	2014
	$'000	$'000
Net (decrease)/increase in cash and cash equivalents	(2,578)	1,948
Cash and cash equivalents		
Beginning of financial year	16,768	14,820
Effects of currency translation on cash and cash equivalents	-*	-*
End of financial year (Note 11)	14,190	16,768

** The effects of inventories written-off and currency translation on cash and cash equivalents is less than $1,000.*

The accompanying notes form an integral part of the financial statements

Notes to Financial Statements

for the financial year ended 31 March 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

Japan Foods Holding Ltd. (the "Company") is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in the Republic of Singapore. The Japan Foods Holding Ltd. (the "Company") is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in the Republic of Singapore. The address of its registered office is 420 North Bridge Road, #02-01, North Bridge Centre, Singapore 188727.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

On 1 April 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 112 Disclosures of Interests in Other Entities

The Group has adopted the above new FRS on 1 April 2014. The amendment is applicable for annual periods beginning on or after 1 April 2014. It sets out the required disclosures for entities reporting under the new FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) *Separate Financial Statements* and FRS 28 (revised 2011) *Investments in Associates and Joint Ventures*.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 April 2014. The Group has incorporated the additional required disclosures into the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Restaurant sales

Restaurant sales represent the invoiced value of food and beverages, net of discounts and goods and services tax.

(b) Sales of food ingredients

Sales of food ingredients represent the invoiced value of raw materials and sundry consumables, net of discounts and goods and services tax.

(c) Franchise income

Initial franchise income is recognised upon the grant of rights, completion of the designated phases of the franchise set-up and transfer of know-how to the franchisee in accordance with the terms stated in the franchise agreement. Recurring franchise income is recognised on a pre-determined amount in accordance with terms as stated in the franchise agreements.

(d) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(e) Membership card sales

Revenue from the sale of membership cards is recognised when the members obtain the right to have access to the membership.

(f) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Government grants (Cont'd)

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Group accounting (Cont'd)

(a) Subsidiaries (Cont'd)

(ii) Acquisitions (Cont'd)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous held equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiaries and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Group accounting (Cont'd)

(b) Associated companies (Cont'd)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit and loss.

Please refer to the paragraph "Investment in subsidiaries and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, plant and equipment (Cont'd)

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Furniture and fittings	5 years
Kitchen equipment	5 years
Renovation	3 - 5 years
Motor vehicles	5 years
Computer and office equipment	3 - 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains - net".

2.6 Intangible assets

Trademarks

Trademarks acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful life are amortised to profit or loss using the straight-line method over 6 years. Intangible assets with indefinite useful life are reviewed annually to determine whether the useful life assessments continue to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2.7 Club membership

Club membership is stated at cost less impairment loss, if any.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

Intangible assets
Club membership
Property, plant and equipment
Investments in subsidiaries and associated companies

Intangible assets, club membership, property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Intangible assets with indefinite useful life are tested for impairment annually and whenever there is indication that the intangible assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and held-to-maturity. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (Cont'd)

(a) Classification (Cont'd)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 12) and "Cash and cash equivalents" (Note 11) on the balance sheet.

(ii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (Cont'd)

(e) Impairment (Cont'd)

Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for banking facilities of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary's banking facilities, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

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2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 *Fair value estimation of financial assets and liabilities*

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 *Leases*

When the Group is the lessee:

The Group leases restaurant premises and kitchen facilities under operating leases from non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.16 *Inventories*

Inventories comprising raw materials and sundry consumables are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method and includes all costs of purchase in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses. The amount of any write-down of inventories to net realisable value and losses of inventories shall be recognised as an expense in the period the write-down or loss occurs.

2.17 *Income taxes*

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Income taxes (Cont'd)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions for other liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for further operating losses.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to balance sheet date.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Employee compensation (Cont'd)

(c) Profit sharing and bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(d) Performance share

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby certain prescribed performance targets are met and/or upon expiry of prescribe vesting periods.

The fair value of the employee services rendered is determined by reference to the fair value of the share awarded or granted. The amount is determined by reference to the fair value of the performance shares on the grant date.

The fair value is recognised in profit or loss over the remaining vesting period of the performance shares scheme, with the corresponding increase in equity. The value of charge is adjusted in profit or loss over the remaining vesting period to reflect expected and actual levels of shares vesting, with the adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

However, in the consolidated financial statements, currency translation differences arising from other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Currency translation (Cont'd)

(b) Transactions and balances (Cont'd)

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of changes in value.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimated impairment of non-financial assets

Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is indication that the intangible assets may be impaired. Intangible assets with definite useful lives, club membership, property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating units ("CGU") have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

The carrying amounts of investments in subsidiaries and associated companies, property, plant and equipment, intangible assets and club membership are disclosed in Notes 16, 17, 19, 20 and 21 respectively.

4 REVENUE

	Group	
	2015 **$'000**	**2014** **$'000**
Restaurant sales	62,509	62,553
Sales of food ingredients	173	205
	62,682	62,758

5 **OTHER INCOME**

	Group	
	2015	**2014**
	$'000	**$'000**
Royalty income	242	301
Franchise income	213	301
Interest income from bank deposits	63	37
Membership card sales	56	68
Government grants:		
- Enhanced Special Employment Credit	125	108
- Productivity and Innovation Credit bonus	-	15
- Wages Credit Scheme	281	125
Marketing subsidies	-	143
Other	60	68
	1,040	1,166

The Enhanced Special Employment Credit ("SEC") was introduced as a 2011 Budget Initiative to support employers as well as to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers.

Productivity and Innovation Credit ("PIC") scheme was introduced in the Singapore Budget 2013 to help businesses defray rising operating costs such as wages and rentals and encourages businesses to undertake improvements in productivity and innovation.

Wages Credit Scheme ("WCS") was introduced in the Singapore Budget 2013 to help businesses which may face rising wage costs in a tight labour market.

6 **OTHER GAINS - NET**

	Group	
	2015	**2014**
	$'000	**$'000**
Currency translation gains - net	38	58
(Loss)/gain on disposal of property, plant and equipment	(1)	2
	37	60

7 EXPENSES BY NATURE

	Group	
	2015 $'000	2014 $'000
Purchases of inventories	10,386	11,332
Amortisation of intangible assets (Note 20)	59	58
Depreciation of property, plant and equipment (Note 19)	4,887	4,184
Consumables	832	851
Credit card commission	530	475
Fees on audit services paid/payable to:		
- Auditor of the Company	65	62
- Other auditor	-	2
Fees on non-audit services paid/payable to:		
- Auditor of the Company	36	19
Employee compensation (Note 8)	17,536	15,492
Property, plant and equipment written-off	188	268
Rental expense on operating leases	18,037	15,918
Repair and maintenance	898	579
Royalty fees	962	1,011
Sub-contractors	66	452
Utilities	2,659	2,521
Other	2,026	1,948
Changes in inventories	10	216
Total cost of sales, selling and distribution, administrative and other operating expenses	59,177	55,388

8 EMPLOYEE COMPENSATION

	Group	
	2015 $'000	2014 $'000
Wages and salaries	14,691	13,325
Directors' fees	118	108
Employer's contribution to Central Provident Fund	1,071	784
Employee performance shares	348	190
Other short-term benefits	1,308	1,085
	17,536	15,492

9 INCOME TAXES

(a) Income tax expense

	Group	
	2015	2014
	$'000	$'000
Tax expense attributable to profit is made up of:		
- Profit from current financial year:		
Current income tax	326	1,396
Deferred income tax (Note 24)	-	207
	326	1,603
- Under/(over) provision in prior financial years:		
Current income tax	66	(133)
	392	1,470

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	Group	
	2015	2014
	$'000	$'000
Profit before income tax	5,128	8,774
Share of profits of associated companies, net of tax	(546)	(178)
Profit before tax and share of profits of associated companies	4,582	8,596
Tax calculated at a tax rate of 17% (2014: 17%)	779	1,461
Effects of:		
Tax incentives	(674)	(343)
- Expenses not deductible for tax purposes	359	535
- Income not subject to tax	(3)	-
- Statutory tax exemption	(67)	(50)
- Other	(68)	-
Tax charge	326	1,603

(b) Movement in current income tax liabilities

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Beginning of financial year	1,416	1,238	5	6
Income tax paid	(1,482)	(1,085)	(5)	(6)
Income tax expense	326	1,396	4	5
Under/(over) provision in prior financial years	66	(133)	-	-
End of financial year	326	1,416	4	5

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10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary share outstanding during the financial year.

	Group	
	2015	**2014**
Net profit attributable to equity holders of the Company ($'000)	4,736	7,304
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	173,781	173,341
Basic and diluted earnings per share (cents per share)	2.73	4.21

There were no dilutive potential ordinary shares during the financial year.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	8,395	12,415	1,085	2,853
Short-term bank deposits	7,518	6,585	-	-
	15,913	19,000	1,085	2,853

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2015	**2014**
	$'000	**$'000**
Cash and bank balances (as above)	15,913	19,000
Less: Bank deposits pledged	(1,723)	(2,232)
Cash and cash equivalents per consolidated statement of cash flows	14,190	16,768

Short-term bank deposits amounting to $1,723,000 (2014: $2,232,000) have been pledged to a financial institution as security for performance guarantee.

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables				
- Subsidiaries	-	-	-	1,622
- Non-related parties	590	718	-	-
	590	718	-	1,622
Non-trade receivables				
- Subsidiary	-	-	7,062	2,792
- Non-related parties	1	11		-
	1	11	7,062	2,792
	591	729	7,062	4,414

The non-trade amounts due from subsidiary are unsecured, interest-free and are repayable on demand.

13 INVENTORIES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Raw materials and consumables	636	646	-	-

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $10,396,000 (2014: $11,557,000).

The Group recognised an expense of less than $1,000 (2014: $9,000) in respect to the write-off of inventories to net realisable value.

14 OTHER CURRENT ASSETS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deposits	1,500	2,017	-	5
Prepayments	442	475	40	39
	1,942	2,492	40	44

15 LOAN TO AN ASSOCIATED COMPANY

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Receivables due				
- Not later than one year	-	248	-	248
- Later than one year	248	-	248	-
	248	248	248	248

For the financial year ended 31 March 2015, the loan to an associated company is unsecured, interest-free. Management has indicated that their intention is not to recall for repayment within the next 12 months and the repayment term will be subject to annual review.

For the financial year ended 31 March 2014, the loan to an associated company is unsecured, interest-free and repayable in full within the next 12 months.

The fair value of the loan to associated company is computed based on cash discounted at market borrowing rates. The fair values are within the Level 2 of the fair values hierarchy. The fair values and the market borrowing rates used are as follows:

	Group		Company		Borrowing rate	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 %	2014 %
Loan to an associated company	223	-	223	-	5.4	5.4

16 INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 $'000	2014 $'000
Equity investments at cost		
Beginning of financial year	5,337	5,237
Additions	-	100
	5,337	5,337
Less: Allowance for impairment	(59)	(59)
End of financial year	5,278	5,278

On 26 August 2013, the Company subscribed an additional 100,000 new ordinary shares in the capital of its wholly-owned subsidiary, Bachmann Japanese Restaurant Pte Ltd, for a total cash consideration of $100,000.

16 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group had the following subsidiaries as at 31 March 2014 and 2015:

Name of subsidiaries	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent and the Group	
			2015	2014
			%	%
Bachmann Enterprises Pte Ltd [a]	Trading and management of franchisees and sub-franchisees	Singapore 19 July 1997	100	100
Bachmann Japanese Restaurant Pte Ltd [a]	Operating restaurants	Singapore 20 October 1997	100	100
Japan Foods Enterprises Pte. Ltd.[a]	Operating restaurants - Currently dormant	Singapore 6 May 2005	100	100
Bachmann Japanese Restaurant (M) Sdn. Bhd.[b]	Operating restaurants - Currently dormant	Malaysia 21 April 2008	100	100

[a] Audited by Nexia TS Public Accounting Corporation, Singapore.
[b] The subsidiary is in the process of liquidation.

17 INVESTMENTS IN ASSOCIATED COMPANIES

	Company	
	2015	2014
	$'000	$'000
Equity investments at cost		
Beginning of financial year	48	16
Acquisition of shares	-	32
End of financial year	48	48

	Group	
	2015	2014
	$'000	$'000
Interests in associated companies		
Beginning of financial year	326	116
Acquisition of shares	-	32
Share of results	546	178
End of financial year	872	326

17 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

On 21 May 2013, the Company entered into an acquisition and shareholders' agreement with Ajisen Investments (International) Limited ("Ajisen Investments"), an indirect wholly-owned subsidiary of Ajisen (China) Holdings Limited, and First Harmony Holdings Limited ("First Harmony"), pursuant to which the Company subscribed for 15,000 ordinary shares in First Harmony, representing 30% of the enlarged issued and paid-up share capital of First Harmony. The aggregate consideration for the subscription of the shares is $19,000.

On the same day, the Company entered into an acquisition and shareholder's agreement with Ajisen Investments (International) Limited ("Ajisen Investments"), an indirect wholly-owned subsidiary of Ajisen (China) Holdings Limited, and Highly Yield Limited ("Highly Yield"), pursuant to which the Company subscribed for 10,000 ordinary shares in Highly Yield, representing 20% of the enlarged issued and paid-up share capital of Highly Yield. The aggregate consideration for the subscription of the shares is $12,600.

The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Details of the associated companies are as follows:

Name of entity	Place of business/ country of incorporation	% of ownership interest	
		2015	2014
ACJF Holding Limited[(a)]	Hong Kong/ British Virgin Islands	25	25
First Harmony Holdings Limited[(a)]	Hong Kong/ British Virgin Islands	30	30
Highly Yield Limited[(a)]	Hong Kong/ British Virgin Islands	20	20

(a) The financial year end of the associated companies is 31 December and its Independent Auditor is Lo and Kwong C.P.A Company Limited, Hong Kong.

There are no contingent liabilities relating to the Group's interest in the associated companies.

17 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The directors are of the opinion that the associated companies are not individually material to the Group as at 31 March 2015. Aggregate of unaudited financial information about the Group's investments in associated companies that are not individually material is as follows:

	Total As at 31 March	
	2015	**2014**
	$'000	**$'000**
Summarised statement of comprehensive profit		
Revenue	16,751	10,218
Expenses		
Includes:		
- Cost of sales	3,392	2,451
- Amortisation and depreciation	893	433
Income tax expense	311	128
Total comprehensive profits	1,662	243
Summarised balance sheet		
Current assets	16,916	3,596
Includes:		
- Cash and cash equivalents	1,423	1,778
- Trade and other receivables	15,456	1,819
Non-current assets	5,428	4,154
Includes:		
- Property, plant and equipment	5,428	4,154
Current liabilities	(19,057)	(6,598)
Includes:		
- Trade and other payables	(19,004)	(6,542)
Non-current liabilities	(248)	(248)
Includes:		
- Loan from related corporation	(248)	(248)
Net asset	3,039	905

The Group has not recognised losses relating to an associated company, Highly Yield Limited, where its share of losses exceeds the Group's interest in this associated company. The Group's cumulative share of unrecognised losses with respect to that associated company was $90,000 (2014: $45,000), of which $45,000 (2014: $45,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

18 HELD-TO-MATURITY FINANCIAL ASSETS – NON-CURRENT

	Group	
	2015	**2014**
	$'000	**$'000**
Unlisted debt securities		
- Bond with fixed interest of 3.10% and maturity date of 14 February 2023 – Singapore	252	252
- Bond with fixed interest of 3.65% and maturity date of 23 August 2027 – Singapore	253	253
	505	505

The fair values of the bonds at the balance sheet date are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Unlisted debt securities		
- Bond with fixed interest of 3.10% and maturity date of 14 February 2023 – Singapore	253	251
- Bond with fixed interest of 3.65% and maturity date of 23 August 2027 – Singapore	259	251

The fair values are within Level 1 of the fair values hierarchy and are based on available market or common reference prices provided by the bank.

19 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings $'000	Kitchen equipment $'000	Renovation $'000	Motor vehicles $'000	Computer and office equipment $'000	Total $'000
Group						
2015						
Cost						
Beginning of financial year	1,739	7,869	16,066	258	1,512	27,444
Additions	23	1,483	4,332	114	1,504	7,456
Written-off	-	(125)	(1,932)	-	(22)	(2,079)
Disposals	(9)	(58)	-	-	(43)	(110)
End of financial year	1,753	9,169	18,466	372	2,951	32,711
Accumulated depreciation and impairment losses						
Beginning of financial year	998	5,246	9,345	155	872	16,616
Depreciation charge (Note 7)	146	1,091	2,944	47	659	4,887
Written-off	-	(117)	(1,752)	-	(22)	(1,891)
Disposals	(9)	(53)	-	-	(43)	(105)
End of financial year	1,135	6,167	10,537	202	1,466	19,507
Net book value						
End of financial year	618	3,002	7,929	170	1,485	13,204
Group						
2014						
Cost						
Beginning of financial year	1,704	6,943	13,471	337	917	23,372
Additions	81	1,077	3,956	4	652	5,770
Written-off	(46)	(123)	(1,361)	-	(33)	(1,563)
Disposals	-	(28)	-	(83)	(24)	(135)
End of financial year	1,739	7,869	16,066	258	1,512	27,444
Accumulated depreciation and impairment losses						
Beginning of financial year	879	4,351	7,860	170	574	13,834
Depreciation charge (Note 7)	149	1,029	2,607	46	353	4,184
Written-off	(30)	(110)	(1,122)	-	(33)	(1,295)
Disposals	-	(24)	-	(61)	(22)	(107)
End of financial year	998	5,246	9,345	155	872	16,616
Net book value						
End of financial year	741	2,623	6,721	103	640	10,828

Notes to Financial Statements

for the financial year ended 31 March 2015

19 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Write-off of property, plant and equipment

During the current financial year, the Group ceased the operations of certain restaurants. This has caused the Group to write-off the cost of furniture and fittings, kitchen equipment and renovation in these restaurants which was previously capitalised. In addition, the Group has also written-off the cost of some furniture and fittings, kitchen equipment and renovation which are deemed to be unusable by the management in the current financial year. The carrying amounts of the property, plant and equipment written-off are approximately $188,000 (2014: $268,000).

20 INTANGIBLE ASSETS

	Group	
	2015	**2014**
	$'000	**$'000**
Trademarks		
Cost		
Beginning of financial year	510	472
Additions	63	38
End of financial year	573	510
Accumulated amortisation and impairment loss	321	263
Beginning of financial year	59	58
Amortisation charge (Note 7)	380	321
End of financial year		
Net book value		
End of financial year	193	189

21 CLUB MEMBERSHIP

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Club membership, at cost	259	259

The fair values of the club membership at the balance sheet date are as follows:

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Club membership	331	331

The fair values are within Level 2 of the fair values hierarchy.

22 LONG-TERM SECURITY DEPOSITS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Refundable security deposits	3,836	3,308	-	-

These are mainly deposits placed with the landlords. Management is of the opinion that these deposits have been placed with counterparties who are creditworthy and accordingly, no allowance for impairment is required.

The fair values of the long-term security deposits are computed based on cash discounted at market borrowing rates. The fair values are within the Level 2 of the fair values hierarchy. The fair values and the market borrowing rates used are as follows:

	Group		Company		Borrowing rate	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	%	%
Long-term security deposits	3,439	2,987	-	-	5.4	5.4

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables				
- Non-related parties	1,604	1,647	-	-
Non-trade payables				
- Non-related parties	1,724	1,251	118	129
Accruals for operating expenses	3,057	3,902	386	517
Franchise deposits	53	83	-	-
	6,438	6,883	504	646

24 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2015	2014
	$'000	$'000
Deferred income tax liabilities		
- To be settled after one year	860	860

24 DEFERRED INCOME TAXES (CONT'D)

Movement in deferred income tax account is as follows:

	Group	
	2015 $'000	2014 $'000
Beginning of financial year	860	653
Tax charged to profit or loss (Note 9)	-	207
End of financial year	860	860

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Accelerated tax depreciation Group $'000
2015	
Beginning and end of financial year	860
2014	
Beginning of financial year	653
Charged to profit or loss (Note 9(a))	207
End of financial year	860

25 SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of ordinary shares '000	Amount $'000	Number of ordinary shares '000	Amount $'000
Beginning of financial year	173,466	8,959	115,404	8,791
Performance shares issued	540	348	240	190
Issuance of bonus shares	-	-	57,822	-
Share issue expenses	-	-	-	(22)
End of financial year	174,006	9,307	173,466	8,959

25 SHARE CAPITAL (CONT'D)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

On 2 June 2014, 540,000 performance shares were granted to certain key management personnel of the Group under Japan Foods Performance Share Plan ("JF PSP"). The share awards had been vested on the date of grant. The fair value of the performance shares was determined to be $348,000 based on the market price of the Company's share at the grant date.

On 6 August 2013, 240,000 performance shares were granted to certain key management personnel of the Group under JF PSP. The share awards had been vested on the date of grant. The fair value of the performance shares was determined to be $190,000 based on the market price of the Company's share at the grant date.

The newly issued JF PSP shares and bonus shares rank pari passu in all respects with the previously issued shares.

(a) Japan Foods Performance Share Plan ("JF PSP")

The JF PSP is administered by the Remuneration Committee whose members are:

Lee Sok Koon, Constance	(Chairperson, Independent Director)
Tan Lye Huat	(Member, Lead Independent Director)
Wong Hin Sun, Eugene	(Member, Non-independent and Non-executive Director)

Members of the Remuneration Committee were not and shall not be involved in the Remuneration Committee's deliberations in respect of the performance shares granted to them.

Under JF PSP, it is contemplated that the award of fully paid ordinary shares of the Company, their equivalent cash value, issued free of charge (the "Award") to eligible participants would incentivise the participants to excel in their performance and encourage greater dedication and loyalty to the Group. The Company is able to recognise and reward past contributions and services and motivate the participants to continue to strive for the Group's long term goals. The JF PSP will further strengthen and enhance the Company's competitiveness in attracting and retaining employees with suitable talents.

The Awards granted under JF PSP may be time-based and/or performance-related, and such Awards entitle eligible participants to be allotted fully paid shares upon completion of certain time-based service condition and/or achieve their performance targets over set performance periods. This Awards given are determined at the discretion of the Remuneration Committee, who will take into account criteria such as participant's rank, job performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort required to achieve the performance target within the performance period. The Remuneration Committee also set specific performance-based criteria such as profitability, growth, asset efficiency, return on capital employed, and other financial indicators, penetration into new markets, increasing market share and market ranking, management skills and succession planning. In addition to the achievement of any pre-determined performance targets or service conditions, Awards may also be granted upon the Remuneration Committee's post-event determination that any eligible participants has performed well and/or made significant contribution to the Group.

Under the rules of the JF PSP, any full time employee, executive and non-executive director of the Company and its subsidiaries (including Independent Directors but excluding controlling shareholders and their associates as defined in the circular to shareholders dated 2 June 2014 in relation to JP PSP) who has attained the age of 18 years on the date of grant of the award and who has contributed or will contribute to the success of the Group shall be eligible to participate in the JF PSP.

25 SHARE CAPITAL (CONT'D)

(a) Japan Foods Performance Share Plan ("JF PSP") (Cont'd)

There shall be no restriction on the eligibility of any participant to participate in any other share plans or share incentive schemes implemented by any of the other companies within the Group if approved by the Remuneration Committee. The granting of Awards will be made by the Remuneration Committee at any time during the period when JF PSP is in force.

Eligible participants are not required to pay for the grant of the Awards. All taxes (including income tax) arising from the grant and/or disposal under JF PSP shall be borne by the participant.

The total number of new shares that may be issued or are issuable pursuant to the granting of the Awards, when added to aggregate number of shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued ordinary shares (excluding Treasury Shares) of the Company on the day immediately preceding the date on which the Award shall be granted.

The details of the performance shares granted under the JF PSP as at 31 March 2015 are as follows:

	Beginning of financial year	Granted during financial year	Vested during financial year	End of financial year	Vesting price	Vesting period
2015						
2015 JF PSP	-	540,000	540,000	-	$0.645	2.6.2014*
2014						
2014 JF PSP	-	240,000	240,000	-	$0.79	6.8.2013*

* The share awards had been vested on the date of grant.

26 CURRENCY TRANSLATION RESERVE

	Group	
	2015	**2014**
	$'000	**$'000**
Beginning of financial year	-	13
Reclassification to profit or loss	-	(13)
End of financial year	-	-

The currency translation reserve is non-distributable.

27 RETAINED PROFITS

(a) Retained profits of the Group are distributable except for accumulated retained profits of associated companies amounting to $872,000 (2014: $326,000). Retained profits of the Company are distributable.

(b) Movement in retained profits for the Company is as follows:

	Company	
	2015	**2014**
	$'000	**$'000**
Beginning of financial year	3,534	2,987
Net profit	4,551	3,666
Dividend paid (Note 28)	(3,880)	(3,119)
End of financial year	4,205	3,534

28 DIVIDENDS

	Group	
	2015	**2014**
	$'000	**$'000**
Ordinary dividends paid		
Final exempt dividend paid in respect of the previous financial year of 1 cents (2014: 1.0 cents) per share	1,740	1,154
Special exempt dividend paid in respect of the previous financial year of 0.5 cents (2014: 0.6 cents) per share	870	693
Interim exempt dividend paid in respect of the current financial year of 0.73 cents (2014: 1.1 cents) per share	1,270	1,272
	3,880	3,119

At the forthcoming Annual General Meeting on 21 July 2015, a final exempt (one-tier) dividend of 1.27 cents per share amounting to a total $2,209,876 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2016.

29 CONTINGENT LIABILITIES

Company

The Company has issued corporate guarantees to banks for performance guarantee of a subsidiary. The fair values of the corporate guarantees have not been recognised in the financial statements of the Company as the amounts involved are not material to the Company.

30 OPERATING LEASE COMMITMENTS

The Group leases restaurant premises and kitchen facilities under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Not later than one year	14,819	14,343
Between one and five years	19,020	14,905
	33,839	29,248

31 RELATED PARTY TRANSACTIONS

(a) No transaction took place between the Group and related parties other than those disclosed elsewhere in the financial statements. Outstanding balances as at 31 March 2015 are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 23 respectively.

(b) Key management personnel compensation

	Group	
	2015	**2014**
	$'000	**$'000**
Wages and salaries	1,181	1,283
Directors' fees	114	108
Employer's contribution to Central Provident Fund	56	50
Employee performance shares	348	190
	1,699	1,631

Included in the above is total compensation to the directors amounting to $678,000 (2014: $831,000).

32 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

(a) Market risk

(i) Currency risk

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. The Group's exposure to currency risk is not significant as the Group operates mainly in Singapore. Certain of the Group's purchases are from Japan and Hong Kong, giving rise to exposures to the changes in foreign exchange rates primarily with respect to Japanese Yen ("JPY"), Hong Kong Dollar ("HKD") and United States Dollar ("USD"). The Group does not enter into any derivative contracts to hedge its foreign exchange risk.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	JPY $'000	HKD $'000	USD $'000	Total $'000
At 31 March 2015					
Financial assets					
Cash and cash equivalents	15,705	-	-	208	15,913
Trade and other receivables	591	-	-	-	591
Other financial assets	5,336	-	248	-	5,584
Receivables from subsidiaries	7,062	-	-	-	7,062
Held-to-maturity financial assets	505	-	-	-	505
	29,199	-	248	208	29,655
Financial liabilities					
Trade and other payables	(6,252)	(174)	(12)	-	(6,438)
Payables to subsidiaries	(7,062)	-	-	-	(7,062)
	(13,314)	(174)	(12)	-	(13,500)
Net financial assets/(liabilities)	15,885	(174)	236	208	16,155
Add: Net non-financial assets	13,548	-	872	-	14,420
Net assets/(liabilities)	29,433	(174)	1,108	208	30,575
Currency profile including non-financial assets/ (liabilities)	29,433	(174)	1,108	208	30,575
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currency	-	(174)	1,108	208	726

32 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group's currency exposure based on the information provided to key management is as follows (Cont'd):

	SGD $'000	JPY $'000	HKD $'000	USD $'000	Total $'000
At 31 March 2014					
Financial assets					
Cash and cash equivalents	19,000	-	-	-	19,000
Trade and other receivables	728	1	-	-	729
Other financial assets	5,300	25	248	-	5,573
Receivables from subsidiaries	5,986	-	-	-	5,986
Held-to-maturity financial assets	505	-	-	-	505
	31,519	26	248	-	31,793
Financial liabilities					
Trade and other payables	(6,625)	(246)	(12)	-	(6,883)
Payables to subsidiaries	(5,986)	-	-	-	(5,986)
	(12,611)	(246)	(12)	-	(12,869)
Net financial assets/(liabilities)	18,908	(220)	236	-	18,924
Add: Net non-financial assets	10,121	-	326	-	10,447
Net assets/(liabilities)	29,029	(220)	562	-	29,371
Currency profile including non-financial assets/ (liabilities)	29,029	(220)	562	-	29,371
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currency	-	(220)	562	-	342

32 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

Sensitivity analysis

If the JPY, HKD and USD change against the SGD by 6% (2014: 10%), 9% (2014: 5%) and 9% (2014: 1%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease) Profit after tax	
	2015	**2014**
	$'000	**$'000**
Group		
JPY against SGD		
- Strengthened	(9)	(18)
- Weakened	9	18
HKD against SGD		
- Strengthened	83	23
- Weakened	(83)	(23)
USD against SGD		
- Strengthened	16	-
- Weakened	(16)	-

The Company does not have significant exposure to currency risk as it operates only in Singapore.

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk is primarily from short-term deposits that will mature from 1 to 12 months. These short-term deposits are placed on as short-term basis according to the Group's cash flow requirements, and hence the Group does not hedge against interest rate fluctuations.

(b) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. The Group trades mainly in cash. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

32 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2015	**2014**
	$'000	**$'000**
Corporate guarantee provided to banks on subsidiary's performance guarantee	1,303	1,153

There are no significant concentrations of credit risk within the Group.

There are no financial assets that are past due and/or impaired as at each of the balance sheet dates.

(c) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial assets. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages its liquidity risk by ensuring the availability of adequate funds to meet its obligation.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Less than one year				
Trade and other payables	6,438	6,883	504	646
Financial guarantee contracts	-	-	1,303	1,153

Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(d) Capital risk

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

32 FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Capital risk (Cont'd)

Management monitors and maintains capital based on gearing ratio. The Group and Company are also required by the banks to maintain a gearing ratio of not exceeding 100% (2014: 100%). The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity attributable to equity holders of the Company plus net debt.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Net debt	(9,475)	(12,117)	(581)	(2,207)
Total equity	30,575	29,371	13,512	12,493
Total capital	21,100	17,254	12,931	10,286
Gearing ratio	NM*	NM*	NM*	NM*

* NM = Not meaningful

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2014 and 2015.

(e) Fair value measurement

The carrying amount of trade receivables and payables are assumed to approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 18 to the financial statements, except for the following:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables	22,088	25,302	8,147	7,520
Financial liabilities at amortised cost	6,438	6,883	504	646

33 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors ("BOD") that are used to make strategic decisions.

The BOD considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the two geographic areas: Singapore and Malaysia. The Singapore operation derives its revenue from operation of restaurants and operation of franchised. There is no operating activity in Malaysia since the financial year ended 31 March 2011.

The segment information provided to the BOD for the reportable segments are as follows:

	Singapore		
	Restaurant sales $'000	**Franchised operation $'000**	**Total reportable segments $'000**
Group			
2015			
Revenue			
Total segment revenue	62,509	205	62,714
Inter-segment revenue	-	(32)	(32)
External revenue	62,509	173	62,682
Segment results	4,221	298	4,519
Depreciation and amortisation	4,887	59	4,946
Property, plant and equipment written-off	188	-	188
Loss on disposal of property, plant and equipment	1	-	1
Inventories written-off	-*	-	-*
Share of profit of associated companies	546	-	546
Segment assets	29,184	992	30,176
Segment assets includes:			
Additions to property, plant and equipment	7,456	-	7,456
Additions to intangible assets	-	63	63
Acquisition of associated companies	-	-	-
Loan to an associated company	248	-	248
Segment liabilities	6,040	398	6,438

* *The effect of inventories written-off is less than $1,000.*

33 SEGMENT INFORMATION (CONT'D)

	Singapore		
	Restaurant sales $'000	**Franchised operation $'000**	**Total reportable segments $'000**
Group			
2014			
Revenue			
Total segment revenue	62,553	271	62,824
Inter-segment revenue	-	(66)	(66)
External revenue	62,553	205	62,758
Segment results	8,241	318	8,559
Depreciation and amortisation	4,184	58	4,242
Property, plant and equipment written-off	268	-	268
Gain on disposal of property, plant and equipment	(2)	-	(2)
Inventories written-off	9	-	9
Share of profit of associated companies	178	-	178
Segment assets	30,759	681	31,440
Segment assets includes:			
Additions to property, plant and equipment	5,770	-	5,770
Additions to intangible assets	-	38	38
Acquisition of associated companies	32	-	32
Loan to an associated company	248	-	248
Segment liabilities	6,538	345	6,883

The Group's principal business is in the operation of restaurants and its ancillary business is in the supply of food ingredients to its sub-franchisees and franchisee.

Sales between segments are carried out at the normal business terms and conditions. The revenue from external parties reported to the BOD is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The BOD assesses the performance of the operating segments based on a measure of segment results before interest (net), share of results of an associated company and income tax expenses. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group finance team, which manages the cash position of the Group.

33 SEGMENT INFORMATION (CONT'D)

(a) Reconciliations

(i) Segment profits

A reconciliation of reported segment results to profit before tax is provided as follows:

	Group	
	2015	2014
	$'000	$'000
Reported segments	4,519	8,559
Interest income	63	37
Share of profits of associated companies	546	178
Profit before income tax	5,128	8,774

(ii) Segment assets

The amounts provided to the BOD with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the BOD monitors the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than short-term bank deposits and held-to-maturity financial assets.

	Group	
	2015	2014
	$'000	$'000
Segment assets for reportable segments	30,176	31,440
Unallocated:		
Short-term bank deposits	7,518	6,585
Held-to-maturity financial assets	505	505
	38,199	38,530

(iii) Segment liabilities

The amounts provided to the BOD with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current income tax and deferred income tax liabilities.

	Group	
	2015	2014
	$'000	$'000
Segment liabilities for reportable segments	6,438	6,883
Unallocated:		
Current income tax liabilities	326	1,416
Deferred income tax liabilities	860	860
	7,624	9,159

33 SEGMENT INFORMATION (CONT'D)

(b) Revenue from major products and services

Revenues from external customers are derived mainly from operation of restaurants and supply of food ingredients to its sub-franchisees and franchisee.

Breakdown of the revenue is as follows:

	Group	
	2015 $'000	2014 $'000
Restaurant sales	62,509	62,553
Sales of food ingredients	173	205
	62,682	62,758

(c) Geographical segments

	Revenue		Assets As at 31 March	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Singapore	62,682	62,758	38,199	38,530

Currently, the business segments operate only in Singapore. The principal business in this area is the operation of restaurants and sales of food ingredients.

There are no customers contributing more than 10% to the revenue of the Group.

Notes to Financial Statements

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34 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2015 or later periods and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 July 2014
- FRS 19 Defined Benefit Plan: Employee Contributions

Effective for annual periods beginning on or after 1 January 2015
- Improvements to FRSs (January 2014)
  - Amendments to FRS 102 Share-based payment
  - FRS 103 Business Combinations
  - FRS 108 Business Segments
  - FRS 16 Property, Plant and Equipment
  - FRS 24 Related Party Disclosures
  - FRS 38 Intangible Assets

- Improvements to FRSs (February 2014)
  - FRS 103 Business Combinations
  - FRS 113 Fair Value Measurement
- Amendment to FRS 40 Investment Property

Effective for annual periods beginning on or after 1 January 2015
- Amendments to FRS 1: Disclosure Initiative
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 110, FRS 112 and FRS 28:Investment Entities: Applying the Consolidation Exception
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants

- Improvements to FRSs (November 2014)
- FRS 107 Financial Instruments: Disclosures
- FRS 19 Employee Benefits

Effective for annual periods beginning on or after 1 January 2017
- FRS 115 Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018
- FRS 109 Financial Instruments

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

35 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Japan Foods Holding Ltd. on 23 June 2015.

Statistics of Shareholdings

as at 17 June 2015

Issued and fully paid-up capital

Number of shares issued	:	174,006,000
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

Distribution of shareholdings as at 17 June 2015

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	3	0.68	77	0.00
100 - 1,000	43	9.68	32,998	0.02
1,001 - 10,000	237	53.38	1,240,345	0.71
10,001 - 1,000,000	150	33.78	10,888,400	6.26
1,000,001 and above	11	2.48	161,844,180	93.01
Total	444	100.00	174,006,000	100.00

Twenty largest shareholders as at 17 June 2015

No.	Name of shareholders	No. of shares	%
1	Kenichi Takahashi	114,814,800	65.98
2	Chan Chau Mui	8,100,000	4.66
3	HSBC (Singapore) Nominees Pte Ltd	7,933,000	4.56
4	DBS Nominees Pte Ltd	7,303,300	4.20
5	Sirius Venture Capital Pte Ltd	7,165,800	4.12
6	DBS Vickers Securities (S) Pte Ltd	4,460,100	2.56
7	DB Nominees (S) Pte Ltd	2,581,200	1.48
8	Shigemitsu Katsuaki	3,360,600	1.93
9	Shigemitsu Industry Co. Ltd.	3,360,600	1.93
10	CIMB Securities (Singapore) Pte Ltd	1,564,780	0.90
11	Chin May Yee Emily	1,200,000	0.69
12	Citibank Nominees Singapore Pte Ltd	942,000	0.54
13	Morgan Stanley Asia (S) Securities Pte Ltd	548,200	0.32
14	Tan Bin Cheng Guy	504,000	0.29
15	Teng Chai Hai	494,000	0.28
16	OCBC Securities Private Ltd	419,600	0.24
17	Tan Kay Toh or Yu Hea Ryeong	413,600	0.24
18	Christella Chuah Poh Choo	400,000	0.23
19	Raffles Nominees (Pte) Ltd	387,700	0.22
20	Bank of Singapore Nominees Pte Ltd	217,300	0.13
	Total	166,170,580	95.50

Statistics of Shareholdings

as at 17 June 2015

Percentage of Shareholding in Public's Hands

Based on the information available to the Company as at 17 June 2015, approximately 20.69% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the SGX-ST Listing Manual Section B : Rules of Catalist is complied with.

The Company has no treasury shares as at 17 June 2015.

Substantial shareholders

Name of Shareholder	No. of shares (Direct interest)	%	No. of shares (Deemed interest)	%
Takahashi Kenichi [1]	114,814,800	65.98%	8,100,000	4.66%

Note :

[1] Takahashi Kenichi is deemed interested in the 8,100,000 shares held by his deemed associate, Chan Chau Mui.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Japan Foods Holding Ltd. ("**Company**") will be held at The Possibility Room, Level 5, National Library Building, Singapore 188064 on Tuesday, 21 July 2015 at 9.30 a.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited financial statements of the Company for the financial year ended 31 March 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt one-tier dividend of 1.27 Singapore cents per ordinary share for the financial year ended 31 March 2015. **(Resolution 2)**

3. To approve the payment of S$114,000 as fees to the directors of the Company ("**Directors**") for the financial year ended 31 March 2015. (2014: S$112,000) **(Resolution 3)**

4. To re-elect the following Directors who are retiring pursuant to Article 98 of the Company's Articles of Association:

   (i) Mr Wong Hin Sun, Eugene *[See explanatory Note (a)]* **(Resolution 4)**

   (ii) Mr Shigemitsu Katsuaki **(Resolution 5)**

5. To re-appoint Nexia TS Public Accounting Corporation as the auditor of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares in the capital of the Company and/or Instruments (as defined hereinafter)** **(Resolution 7)**

   That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore ("**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Directors be and are hereby authorised and empowered to:

   (a) (1) allot and issue new ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (2) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution) and Instruments to be issued pursuant to this Ordinary Resolution shall not exceed 100% of the total issued Shares at the time of passing of this Ordinary Resolution (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 50% of the total issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the Company's total issued Shares (excluding treasury shares) at the time of the passing of this Ordinary Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(ii) new Shares arising from exercising of any share options or vesting of shares awards outstanding and/or subsisting at the time of the passing of this Ordinary Resolution provided that share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

[See explanatory Note (b)]

8. **Authority to grant awards and issue shares under the Japan Foods Performance Share Plan** **(Resolution 8)**

That approval be given to the directors to grant awards from time to time in accordance with the provisions of the Japan Foods Performance Share Plan ("**Share Plan**"), and under section 161 of the Act, to allot and issue from time to time such number of new shares in the capital of the Company as may be required to be issued under the vesting of awards under the Share Plan, provided that the aggregate number of new shares to be allotted and issued under the Share Plan and other share scheme(s) to be implemented by the Company (if any) shall not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See explanatory Note (c)]

9. **Renewal of the IPT Mandate** **(Resolution 9)**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, for the Company, its subsidiaries and associated companies (if any) ("**Group**") or any of them that are deemed an entity at risk as defined in Chapter 9 of the Catalist Rules, to enter into any of the transactions falling within the type of Mandated Transactions as defined and set out in the Company's appendix to the Annual Report 2015 ("**Appendix**"), with any party who falls within the classes of Interested Persons as defined and set out in the Appendix, provided that such Mandated Transactions are carried out in the ordinary course of business, on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, and is in accordance with the guidelines and review procedures for Mandated Transactions as set out in the Appendix ("**IPT Mandate**");

(b) such approval given in paragraph (a) above shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier; and

(c) the Audit Committee of the Company be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Ordinary Resolution.

[See explanatory Note (d)]

By Order of the Board

Esther Au
Company Secretary
Singapore

3 July 2015

Notice of Annual General Meeting

Explanatory Notes:

(a) Mr Wong Hin Sun, Eugene will, upon re-election as a Director, remain as a member of the Audit and Risk Committee*, the Nominating Committee and the Remuneration Committee of the Company, and will be considered not independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Wong has been assisting the Chairman in, among other matters, investor relations of the Group. In recognition of Mr Wong's support, both the Nominating Committee and the Board of Directors have recommended that Mr Wong be appointed non-executive Vice Chairman of the Board of Directors. Mr Wong having consented will assume the role of non-executive Vice Chairman upon his re-election at the AGM.

* The duties and responsibilities of the Audit Committee were expanded and the Audit Committee was renamed as the Audit and Risk Committee after the financial year under review of FY2015 and with effect from 28 May 2015.

(b) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors (from the date of this AGM of the Company until the date of the next AGM of the Company, or the date which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in general meeting, whichever is the earlier), to allot and issue Shares, make or grant instruments convertible into Shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the issued Shares (excluding treasury shares) at the time of passing of this Resolution, of which up to 50% may be issued other than on a pro-rata basis to existing shareholders of the Company.

(c) The proposed Resolution 8 in item 8 above, if passed, will empower the Directors (from the date of this AGM of the Company until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier) to offer and grant awards under the Share Plan (which was approved at the extraordinary general meeting of the Company held on 24 July 2013), and to allot and issue shares in the capital of the Company pursuant to the Share Plan provided that the aggregate number of shares to be issued under the Share Plan and other share scheme(s) to be implemented by the Company (if any) does not exceed 15% of the total number of issued Shares (excluding treasury shares).

(d) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Group (from the date of this AGM of the Company until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier) to enter into the Mandated Transactions as described in the Appendix and to do all acts necessary to give effect to the IPT Mandate. In accordance with the requirements of Chapter 9 of the Catalist Rules, Shigemitsu Industry Co., Ltd and Mr Shigemitsu Katsuaki will abstain and each of them has also undertaken that their respective associates will abstain, from voting on this Ordinary Resolution 9 in relation to the proposed renewal of the IPT Mandate.

The Audit Committee of the Company has reviewed the terms of the IPT Mandate and is satisfied that the guidelines and review procedures for the Mandated Transactions as set out in the Appendix have not changed since the IPT Mandate was renewed at the AGM of the Company held on 22 July 2014. The Audit Committee of the Company is also of the view that the guidelines and review procedures for the Mandated Transactions are adequate to ensure that the Mandated Transactions will be transacted on arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

If during the periodic reviews by the Audit Committee of the Company, it is of the view that the established guidelines and review procedures for the Mandated Transactions are no longer appropriate or adequate to ensure that the Mandated Transactions will be transacted on arm's length basis and on normal commercial terms and would not be prejudicial to the interests of the Company and its minority shareholders, the Company will seek a fresh mandate from its shareholders based on new guidelines and procedures.

Notice of Annual General Meeting

Notes:

1. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the registered office of the Company at 420 North Bridge Road, #02-01 North Bridge Centre, Singapore 188727 not less than forty-eight (48) hours before the time for holding the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

IMPORTANT
1. For investors who have used their CPF monies to buy shares in the capital of Japan Foods Holdings Ltd. this Annual Report 2015 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 3 July 2015.

JAPAN FOODS HOLDING LTD.
(Company Registration No. 200722314M)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this form)

I/We, ____ (Name)

of ____ (Address)

being a *member/members of JAPAN FOODS HOLDING LTD. ("**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf, at the AGM of the Company, to be held at The Possibility Room, Level 5, National Library Building, Singapore 188064 on Tuesday, 21 July 2015 at 9.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM of the Company as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM of the Company and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✔] within the box provided.)

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	Adoption of the Directors' Report and the audited financial statements for the financial year ended 31 March 2015, together with the Auditors' Report thereon.		
2.	Payment of proposed final tax-exempt one-tier dividend of 1.27 Singapore cents per ordinary share for the financial year ended 31 March 2015.		
3.	Approval of Directors' fees of S$114,000 for the financial year ended 31 March 2015. (2014: S$112,000)		
4.	Re-election of Mr Wong Hin Sun, Eugene as a Director.		
5.	Re-election of Mr Shigemitsu Katsuaki as a Director.		
6.	Re-appointment of Nexia TS Public Accounting Corporation as independent auditor of the Company.		
	Special Business		
7.	Authority to allot and issue shares in the capital of the Company and/or instruments pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore.		
8.	Authority to grant awards and to issue shares under the Japan Foods Performance Share Plan.		
9.	Renewal of the IPT Mandate.		

Dated this ________ day of__________, 2015

Total Number of Shares in:	**No. of Shares**
CDP Register	
Register of Members	

____
Signature of Shareholder(s)/
Common Seal of Corporate Shareholder

* *Delete where inapplicable*

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM of the Company. Any appointment of proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM of the Company.

Second fold along this line

Affix
Postage
Stamp

Japan Foods Holding Ltd.
420 North Bridge Road
#02-01 North Bridge Centre
Singapore 188727

First fold along this line

5. The instrument appointing a proxy or proxies must be deposited at the Company's place of business at 420 North Bridge Road, #02-01 North Bridge Centre, Singapore 188727, not less than 48 hours before the time appointed for the AGM of the Company.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter of power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM of the Company, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM of the Company, as certified by The Central Depository (Pte) Limited to the Company.

Annual Report 2015

JAPAN FOODS HOLDING LTD.
Incorporated in the Republic of Singapore
on 3 December 2007

(Company Registration No.: 200722314M)

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#02-01 North Bridge Centre
Singapore 188 727
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Fax: (65) 6333 9782