

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE NINE-MONTH PERIOD ENDED 31 DECEMBER 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of comprehensive income

	←----- Group ----->			←----- Group ----->		
	Third Quarter Ended 31 December		Increase/ (Decrease) (%)	Nine Months Ended 31 December		Increase/ (Decrease) (%)
	2018 (S\$'000)	2017 (S\$'000)		2018 (S\$'000)	2017 (S\$'000)	
Revenue	17,524	18,710	(6.3)	50,795	51,663	(1.7)
Cost of sales	(2,741)	(2,792)	(1.8)	(7,872)	(7,693)	2.3
Gross profit	14,783	15,918	(7.1)	42,923	43,970	(2.4)
Other income	144	335	(57.0)	431	650	(33.7)
Other gains/(losses) – net	(7)	3	(333.3)	9	10	(10.0)
Selling and distribution expenses	(12,265)	(12,034)	1.9	(36,575)	(35,541)	2.9
Administrative expenses	(830)	(843)	(1.5)	(2,598)	(2,563)	1.4
Other operating expenses	(365)	(390)	(6.4)	(958)	(967)	(0.9)
Profit from operations	1,460	2,989	(51.2)	3,232	5,559	(41.9)
Share of profit of associated companies	(10)	117	(108.5)	172	418	(58.9)
Profit before income tax	1,450	3,106	(53.3)	3,404	5,977	(43.0)
Income tax expenses	(235)	(613)	(61.7)	(598)	(1,140)	(47.5)
Total comprehensive income for the period attributable to equity holders of the company	1,215	2,493	(51.3)	2,806	4,837	(42.0)

Note:

- (1) "N.M." denotes not meaningful.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

1(a)(ii) Notes to the income statements

The Group's profit before income tax is arrived at after (crediting) / charging the following:

	<----- Group ----->			<----- Group ----->		
	Third Quarter Ended		Increase / (Decrease) (%)	Nine Months Ended		Increase / (Decrease) (%)
	31 December 2018 (S\$'000)	2017 (S\$'000)		31 December 2018 (S\$'000)	2017 (S\$'000)	
Interest income	(35)	(22)	59.1	(94)	(79)	19.0
Royalty and franchise income	(60)	(284)	(78.9)	(182)	(411)	(55.7)
Membership card sales	-	-	N.M. ⁽¹⁾	-	(22)	N.M. ⁽¹⁾
Insurance claims	(24)	(2)	1100.0	(35)	(7)	400.0
Government grants ⁽²⁾	(2)	(21)	(90.5)	(77)	(109)	(29.4)
Other income ⁽³⁾	(23)	(7)	228.6	(43)	(22)	95.5
Depreciation of plant and equipment	1,004	1,084	(7.4)	3,102	3,250	(4.6)
Amortisation of intangible assets	15	18	(16.7)	49	51	(3.9)
Impairment of intangible assets	-	66	N.M. ⁽¹⁾	-	66	N.M. ⁽¹⁾
Plant and equipment written off	74	36	105.6	92	61	50.8
Loss on disposal of plant and equipment	1	-	N.M. ⁽¹⁾	1	-	N.M. ⁽¹⁾
Currency translation gain - net	6	(2)	N.M. ⁽¹⁾	(10)	(10)	N.M. ⁽¹⁾

Notes:

- (1) "N.M." denotes not meaningful.
- (2) Government grants refer mainly to the Temporary Employment Credit Scheme and Special Employment Credit Scheme.
- (3) Other income refers mainly to sale of scrap materials and marketing subsidy.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statement of financial position

	<----- Group ----->		<----- Company----->	
	As at 31.12.2018 (S\$'000)	As at 31.03.2018 (S\$'000)	As at 31.12.2018 (S\$'000)	As at 31.03.2018 (S\$'000)
ASSETS				
Current assets				
Cash and bank balances	21,887	21,887	2,652	2,510
Trade receivables	1,204	1,005	-	-
Other receivables	30	18	-	-
Inventories	688	656	-	-
Amounts owing from subsidiary corporations	-	-	1,622	3,871
Other current assets	2,174	2,059	21	47
	25,983	25,625	4,295	6,428
Non-current assets				
Plant and equipment	9,300	9,277	13	24
Investments in subsidiary corporations	-	-	5,727	5,727
Investments in associated companies	2,463	2,365	191	48
Loan to an associated company	248	248	248	248
Other Investments at amortised cost	754	-	-	-
Financial assets, held-to-maturity	-	1,005	-	-
Intangible assets	220	135	-	-
Club membership	322	322	322	322
Long-term security deposits	4,005	4,285	13	-
	17,312	17,637	6,514	6,369
Total Assets	43,295	43,262	10,809	12,797
LIABILITIES				
Current liabilities				
Trade payables	1,560	1,408	-	-
Other payables and accruals	7,334	5,860	446	664
Current income tax liabilities	676	1,531	-	7
	9,570	8,799	446	671
Non-current liabilities				
Deferred income tax liabilities	430	430	4	4
	430	430	4	4
Total Liabilities	10,000	9,229	450	675
Net Assets	33,295	34,033	10,359	12,122
EQUITY				
Share capital	9,522	9,522	9,522	9,522
Treasury shares	(371)	(424)	(371)	(424)
Capital reserves	80	24	80	24
Retained earnings	24,064	24,911	1,128	3,000
Total Equity	33,295	34,033	10,359	12,122

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 December 2018		As at 31 March 2018	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Amount repayable after one year

As at 31 December 2018		As at 31 March 2018	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Details of any collateral

Nil

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of cash flows

	<----- Group ----->		<----- Group ----->	
	Third Quarter Ended 31 December		Nine Months Ended 31 December	
	2018	2017	2018	2017
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Cash flows from operating activities				
Net profit	1,215	2,493	2,806	4,837
Adjustments for:				
Income tax expenses	235	613	598	1,140
Depreciation of plant and equipment	1,004	1,084	3,102	3,250
Amortisation of intangible assets	15	18	49	51
Impairment of intangible assets	-	66	-	66
Plant and equipment written off	74	36	92	61
Share of loss/(profit) of associated companies	10	(117)	(172)	(418)
Loss on disposal of plant and equipment	1	-	1	-
Interest income from bank deposits	(35)	(22)	(94)	(79)
Amortisation of government grants	(2)	(2)	(7)	(7)
Employee performance shares expenses	-	-	339	241
	2,517	4,169	6,714	9,142
Changes in working capital:				
Inventories	(45)	(70)	(32)	(51)
Trade and other receivables	(192)	(756)	(207)	(1,079)
Other current assets	144	364	(115)	324
Long-term security deposits	(122)	114	280	(794)
Trade and other payables	853	(43)	1,633	756
Cash generated from operations	3,155	3,778	8,273	8,298
Interest income received	31	15	90	72
Income tax paid	(727)	(648)	(1,453)	(1,291)
Net cash provided by operating activities	2,459	3,145	6,910	7,079
Cash flows from investing activities:				
Additions to plant and equipment	(1,007)	(668)	(3,224)	(3,039)
Additions to intangible assets	-	(36)	(134)	(98)
Additions to associated company	-	-	(143)	-
Proceeds from disposal of plant and equipment	6	-	6	-
Redemption of other investments at amortised cost	-	-	251	-
Dividends received from associated company	-	-	217	-
Net cash used in investing activities	(1,001)	(704)	(3,027)	(3,137)

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

	<----- Group ----->		<----- Group ----->	
	Third Quarter Ended 31 December		Nine Months Ended 31 December	
	2018	2017	2018	2017
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Cash flows from financing activities:				
Increase in short-term bank deposits pledged	(67)	(1)	(384)	(17)
Purchase of treasury shares	(33)	(75)	(230)	(75)
Dividend paid to equity holders of the Company	(1,390)	(1,387)	(3,653)	(3,557)
Net cash used in financing activities	(1,490)	(1,463)	(4,267)	(3,649)
Net (decrease)/increase in cash and bank balances	(32)	978	(384)	293
Beginning of financial period	19,427	17,454	19,779	18,139
End of financial period ⁽¹⁾	19,395	18,432	19,395	18,432

Note:

- (1) This excludes bank deposits of S\$2.5 million as at 31 December 2018 (S\$2.1 million as at 31 December 2017) pledged as security for bank facilities granted by financial institution(s) to the Group.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity

Group	Share capital	Treasury shares	Capital reserves	Retained earnings	Total
	(\$\$'000)	(\$\$'000)	(\$\$'000)	(\$\$'000)	(\$\$'000)
Balance as at 1 April 2018	9,522	(424)	24	24,911	34,033
Performance shares issued	-	283	56	-	339
Dividend paid	-	-	-	(2,263)	(2,263)
Purchase of treasury shares	-	(197)	-	-	(197)
Total comprehensive income for the period	-	-	-	1,591	1,591
Balance as at 30 September 2018	9,522	(338)	80	24,239	33,503
Dividend paid	-	-	-	(1,390)	(1,390)
Purchase of treasury shares	-	(33)	-	-	(33)
Total comprehensive income for the period	-	-	-	1,215	1,215
Balance as at 31 December 2018	9,522	(371)	80	24,064	33,295
Balance as at 1 April 2017	9,522	(559)	(8)	22,693	31,648
Performance shares issued	-	210	32	-	242
Dividend paid	-	-	-	(2,170)	(2,170)
Total comprehensive income for the period	-	-	-	2,344	2,344
Balance as at 30 September 2017	9,522	(349)	24	22,867	33,064
Dividend paid	-	-	-	(1,387)	(1,387)
Purchase of treasury shares	-	(75)	-	-	(75)
Total comprehensive income for the period	-	-	-	2,493	2,493
Balance as at 31 December 2017	9,522	(424)	24	23,973	33,095

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

Company	Share capital	Treasury shares	Capital reserves	Retained earnings	Total
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Balance as at 1 April 2018	9,522	(424)	24	3,000	12,122
Performance shares issued	-	283	56	-	339
Dividend paid	-	-	-	(2,263)	(2,263)
Purchase of treasury shares	-	(197)	-	-	(197)
Total comprehensive income for the period	-	-	-	1,758	1,758
Balance as at 30 September 2018	9,522	(338)	80	2,495	11,759
Dividend paid	-	-	-	(1,390)	(1,390)
Purchase of treasury shares	-	(33)	-	-	(33)
Total comprehensive income for the period	-	-	-	23	23
Balance as at 31 December 2018	9,522	(371)	80	1,128	10,359
Balance as at 1 April 2017	9,522	(559)	(8)	3,990	12,945
Performance shares issued	-	210	32	-	242
Dividend paid	-	-	-	(2,170)	(2,170)
Total comprehensive income for the period	-	-	-	2,541	2,541
Balance as at 30 September 2017	9,522	(349)	24	4,361	13,558
Dividend paid	-	-	-	(1,387)	(1,387)
Purchase of treasury shares	-	(75)	-	-	(75)
Total comprehensive income for the period	-	-	-	24	24
Balance as at 31 December 2017	9,522	(424)	24	2,998	12,120

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

(i) Between 31 March 2018 and 30 June 2018

As at 31 March 2018, the Company held 1,048,100 treasury shares and the total number of ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares) was 173,387,900 Shares. On 17 May 2018, 700,000 treasury shares ("**PSP Shares**") were transferred to certain employees of the Group pursuant to the Japan Foods Performance Share Scheme. After such transfer and as at 30 June 2018, the Company held 348,100 treasury shares and the total number of issued Shares (excluding treasury shares) was 174,087,900 Shares.

(ii) Between 30 June 2018 and 30 September 2018

In the months of August and September 2018, the Company had on 11 occasions purchased an aggregate of 395,800 Shares by way of market acquisitions (the "**Share Buy-backs**"). After these Share Buy-backs and as at 30 September 2018, the Company held 743,900 treasury shares and the total number of issued Shares (excluding treasury shares) was 173,692,100 Shares.

(iii) Between 30 September 2018 and 31 December 2018

In December 2018, the Company had on 2 occasions purchased an aggregate of 76,700 Shares by way of market acquisitions. After these Share Buy-backs and as at 31 December 2018, the Company held 820,600 treasury shares and the total number of issued Shares (excluding treasury shares) was 173,615,400 Shares.

Save for the above, there were no other changes in the Company's share capital between 30 September 2018 and 31 December 2018.

As at 31 December 2018 and as at 31 December 2017, the Company did not have any outstanding options or convertibles.

As at 31 December 2018, the Company did not have any subsidiary holdings and held 820,600 treasury shares which represented approximately 0.5% of the total issued Shares (excluding treasury shares and subsidiary holdings) comprising 173,615,400 shares. As at 31 December 2017, the Company did not have any subsidiary holdings and held 1,048,100 treasury shares which represented approximately 0.6% of the total issued Shares (excluding treasury shares and subsidiary holdings) comprising 173,387,900 shares.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 December 2018	As at 31 March 2018
Total number of issued Shares	174,436,000	174,436,000
Less: Treasury shares	(820,600)	(1,048,100)
Total number of issued Shares, excluding treasury shares	173,615,400	173,387,900

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	Third Quarter ended 31 December 2018	Nine months ended 31 December 2018
Treasury shares:		
Balance at beginning of financial period	743,900	1,048,100
Transferred on award of PSP Shares	-	(700,000)
Purchase of treasury shares	76,700	472,500
Balance at end of financial period	820,600	820,600

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company did not have any subsidiary holdings.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

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

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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

Save as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and methods of computation in its unaudited consolidated financial statements for the nine (9) months ended 31 December 2018 compared to its most recently audited annual financial statements for the financial year ended 31 March 2018.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Accounting Standards Council (Singapore) has introduced a new financial reporting framework, Singapore Financial Reporting Standards (International) (“**SFRS(I)**”), that is identical to the International Financial Reporting Standards issued by the International Accounting Standards Board, for the financial year beginning on or after 1 January 2018.

The Group has adopted SFRS(I) on 1 April 2018 and as a result, the Group’s financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I).

The adoption of SFRS(I) does not result in any material changes to the Group’s accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements for the financial year ended 31 March 2018 except for the “Financial assets, held to maturity”, amounting to S\$1,005,000, which have been reclassified to “Other investments at amortised cost” on adoption of SFRS(I)(9) on 1 April 2018.

The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely payments of principal and interest. There was no difference between the previous carrying amount and the revised carrying amount of these financial assets as at 1 April 2018.

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

Earnings per share (“EPS”)

	<----- Group -----> Third Quarter Ended 31 December		<----- Group -----> Nine Months Ended 31 December	
	2018	2017	2018	2017
Earnings attributable to equity holders of the Company (S\$'000)	1,215	2,493	2,806	4,837
Weighted average number of Shares used in computation of basic EPS	173,686,190	173,484,246	173,799,499	173,398,949
Basic EPS attributable to equity holders of the Company (cents) ⁽¹⁾	0.70	1.44	1.61	2.79
Fully diluted EPS attributable to equity holders of the Company (cents) ⁽³⁾	0.70	1.44	1.61	2.79

Notes:

- (1) Basic EPS is computed by dividing the Group’s earnings attributable to the equity holders of the Company in each financial period by the weighted average number of Shares outstanding during the respective financial periods.
- (2) Fully diluted EPS are the same as the basic EPS for the financial periods presented in the table above as the Company did not have any outstanding instruments convertible into rights to subscribe for, and options in respect of its Shares during these financial periods.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

Net asset value (“NAV”)

	<----- Group ----->		<----- Company ----->	
	As at		As at	
	30 December 2018	31 March 2018	31 December 2018	31 March 2018
NAV per Share (cents)	19.18	19.63	5.97	7.00
Number of Shares used in computation of NAV per Share	173,615,400	173,387,900	173,615,400	173,387,900

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

As at 31 December 2018, the Group had a total of 54 restaurants in operation comprising 17 “Ajisen Ramen” restaurants, 2 “Kagurazaka Saryo” restaurants, 11 “Menya Musashi” restaurants, 7 “Shitamachi Tendon Akimitsu” restaurants, 5 “Osaka Ohsho” restaurants, 2 “Menzo Butao” restaurants, 2 “Konjiki Hototogisu” restaurants and 8 restaurants operating under various other brands, namely, “Curry Is Drink”, “Kazokutei”, “Fruit Paradise”, “Japanese Gourmet Town”, “New ManLee Bak Kut Teh”, “Yonehachi”, “Ginza Kushi-Katsu” and “Dutch Baby Cafe”.

In comparison, as at 31 December 2017, the Group had a total of 48 restaurants in operation comprising 18 “Ajisen Ramen” restaurants, 3 “Fruit Paradise” restaurants, 10 “Menya Musashi” restaurants, 5 “Osaka Ohsho” restaurants, 2 “New ManLee Bak Kut Teh” restaurants, 4 “Shitamachi Tendon Akimitsu” restaurants and 6 restaurants operating under various other brands, namely, “Kazokutei”, “Menzo Butao”, “Japanese Gourmet Town”, “Yonehachi”, “Ginza Kushi-Katsu” and “Dutch Baby Cafe” brands. As at 31 December 2017, the Group had 1 “Ajisen Ramen” outlet located in Marina Bay Sands Shoppes Premium Food Precinct.

Review of financial performance of the Group for 3Q2019 compared to 3Q2018

Revenue

The Group’s revenue decreased by S\$1.2 million or 6.3% from S\$18.7 million in the third quarter from 1 October 2017 to 31 December 2017 (“**3Q2018**”) to S\$17.5 million in the third quarter from 1 October 2018 to 31 December 2018 (“**3Q2019**”). The decrease in the Group’s revenue was a result of the following:

- (i) a net decrease in revenue of S\$1.3 million from restaurants operating under the “Ajisen Ramen” brand

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

The Group's revenue from restaurants operating under the "Ajisen Ramen" brand decreased from S\$7.0 million in 3Q2018 to S\$5.7 million in 3Q2019, mainly attributable (i) the conversion of an "Ajisen Ramen" brand restaurant to a "Menya Musashi" brand restaurant at Takashimaya in November 2017, (ii) closure of an outlet at Marina Bay Sands Shoppes Premium Food Precinct in February 2018, (iii) temporary closure of a restaurant at Nex due to re-sizing of floor space, (iv) closure of a restaurant at White Sands in October 2018 and (iv) lower net sales generated from some other existing restaurants.

- (ii) *a net decrease in revenue of S\$0.4 million from the restaurants operating under the "Menya Musashi" brand*

The Group's revenue from restaurants operating under the "Menya Musashi" brand decreased from S\$4.6 million in 3Q2018 to S\$4.2 million in 3Q2019, mainly attributable to the lower net sales generated from existing restaurants. Such decrease was partially offset by revenue contribution arising from the conversion of a "Ajisen Ramen" brand restaurant to a "Menya Musashi" brand restaurant at Takashimaya in November 2017 and the opening of a new restaurant at Chinatown Point in September 2018.

- (iii) *a net decrease in revenue of S\$0.1 million from the restaurants operating under "Osaka Ohsho" brand*

The Group's revenue from restaurants operating under the "Osaka Ohsho" brand decreased from S\$1.9 million in 3Q2018 to S\$1.8 million in 3Q2019, mainly attributable to the closure of a restaurant at Eastpoint Mall in November 2017.

- (iv) *a net increase in revenue of S\$0.9 million from the restaurants operating under other brands*

The Group recorded an increase in revenue of S\$1.3 million in 3Q2019, contributed by new restaurants operating under the "Shitamachi Tendon Akimitsu", "Curry is Drink", "Menzo Butao", "Kagurazaka Saryo" and "Konjiki Hototogisu" brands.

The increase in revenue was partially offset by a decrease in revenue from restaurants operating under other brands, namely the "New ManLee Bak Kut Teh", "Kazokutei", "Dutch Baby Cafe" and "Fruit Paradise" brands which in aggregate recorded a decrease in revenue of S\$0.4 million in 3Q2019 as compared to 3Q2018 mainly due to closure of certain restaurants and lower same store sales.

- (v) *impact of JFH Reward amounting to S\$0.3 million*

The number of members under the Group's loyalty programme known as JFH Reward crossed 100,000 in December 2018. In 3Q2019, the reward points known as \$J earned by members under JFH Reward amounted to S\$0.3 million. In accordance with the relevant accounting standard, such amount was deducted from the corresponding revenue recognised in 3Q2019.

Gross profit

The Group's gross profit decreased by S\$1.1 million or 7.1% from S\$15.9 million in 3Q2018 to S\$14.8 million in 3Q2019, generally in line with the decrease in the Group's revenue.

The Group's overall gross profit margin decreased marginally from 85.1% in 3Q2018 to 84.4% in 3Q2019. This was due to the impact of JFH Reward which was partially offset by the Group's continuing efforts in cost control of raw materials.

Other income

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

The Group's other income decreased by S\$0.2 million or 57.0%, from S\$0.3 million in 3Q2018 to S\$0.1 million in 3Q2019 mainly due to lower royalty income from its associated company in China.

Selling and distribution expenses

The Group's selling and distribution expenses increased by S\$0.2 million or 1.9% from S\$12.0 million in 3Q2018 to S\$12.3 million in 3Q2019 due to higher employee compensation, utilities and other expenses in line with the increased number of restaurants operated in 3Q2019. These increases in cost were partially offset by lower depreciation and advertising expenses.

Administrative expenses

The Group's administrative expenses remained the same at approximately S\$0.8 million in 3Q2019 as compared to 3Q2018.

Other operating expenses

The Group's other operating expenses remained the same at approximately S\$0.4 million in 3Q2019 as compared to 3Q2018.

Share of profit of associated companies

The Group's share of profit of associated companies was negative in 3Q2019 due to (i) losses in 3Q2019 from the associated company in China operating restaurants under the "Menya Musashi" brand arising from high initial set-up costs of two new restaurants in December 2018 and the closure of a restaurant in November 2018, and (ii) lower profits in 3Q2019 from the associated company in Hong Kong due to a decrease in revenue arising from competition and the temporary closure of an outlet for renovation.

Income tax expenses

The Group's income tax expenses, after taking into account the overprovision of income tax in prior years, decreased by S\$0.4 million or 61.7% from S\$0.6 million in 3Q2018 to S\$0.2 million in 3Q2019, in line with the decrease in the Group's profit before income tax.

Net profit

As a result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company decreased by S\$1.3 million or 51.3% from S\$2.5 million in 3Q2018 to S\$1.2 million in 3Q2019.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

Review of financial performance of the Group for 9M2019 compared to 9M2018

Revenue

The Group's revenue decreased by S\$0.9 million or 1.7% from S\$51.7 million in the nine (9) months ended 31 December 2017 ("**9M2018**") to S\$50.8 million in the nine (9) months ended 31 December 2018 ("**9M2019**"). The increase in the Group's revenue was a result of the following:

- (i) *a net decrease in revenue of S\$3.1 million from restaurants operating under the "Ajisen Ramen"*

The Group's revenue from restaurants operating under the "Ajisen Ramen" brand decreased from S\$20.8 million in 9M2018 to S\$17.7 million in 9M2019, mainly attributable to: (i) the conversion of an "Ajisen Ramen" brand restaurant to a "Menya Musashi" brand restaurant at Takashimaya in November 2017, (ii) closure of an outlet at Marina Bay Sands Shoppes Premium Food Precinct in February 2018, (iii) temporary closure of a restaurant at Nex in September 2018 for a re-sizing of floor space, (iv) closure of a restaurant at White Sands in October 2018 and (v) lower net sales generated from some existing restaurants.

- (ii) *a net decrease in revenue of S\$0.1 million from the restaurants operating under "Menya Musashi" brand*

The Group's revenue from restaurants operating under the "Menya Musashi" brand decreased from S\$11.8 million in 9M2018 to S\$11.7 million in 9M2019, mainly attributable to lower net sales generated from existing restaurants which was partially offset by revenue contribution arising from (i) the opening of new restaurants at North Point and Chinatown Point in September 2017 and September 2018 respectively and (ii) the conversion of an "Ajisen Ramen" brand restaurant to a "Menya Musashi" brand restaurant at Takashimaya in November 2017.

- (iii) *a net decrease in revenue of S\$0.7 million from the restaurants operating under "Osaka Ohsho" brand*

The Group's revenue from restaurants operating under the "Osaka Ohsho" brand decreased from S\$6.1 million in 9M2018 to S\$5.4 million in 9M2019, mainly attributable to the closure of a restaurant at Eastpoint Mall in November 2017 as well as lower net sales generated from some existing restaurants.

- (iv) *a net increase in revenue of S\$3.7 million from the restaurants operating under other brands*

The Group recorded an increase in revenue of S\$5.5 million in 9M2019, contributed by new restaurants under the "Shitamachi Tendon Akimitsu", "Curry is Drink", "Menzo Butao", "Kagurazaka Saryo" and "Konjiki Hototogisu" brands.

This increase in revenue was however partially offset by a decrease in revenue from restaurants operating under other brands, namely the "New ManLee Bak Kut Teh", "Kazokutei", "Dutch Baby Cafe", "Hanamidori", "Boteyju" and "Fruit Paradise" brands which in aggregate recorded a decrease in revenue of S\$1.8 million in 9M2019 as compared to 9M2018 mainly due to closure of certain restaurants and lower same store sales.

- (v) *impact of JFH Reward amounting to S\$0.7 million*

The number of members under the Group's loyalty programme known as JFH Reward crossed 100,000 in December 2018. In 9M2019, the reward points known as \$J earned by members under JFH Reward amounted to S\$0.7 million. In accordance with the relevant accounting standard, such amount was deducted from the corresponding revenue recognised in 9M2019.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

Gross profit

The Group's gross profit decreased by S\$1.1 million or 2.4% from S\$44.0million in 9M2018 to S\$42.9 million in 9M2019, generally in line with the decrease in the Group's revenue.

The Group's overall gross profit margin decreased marginally from 85.1% in 9M2018 to 84.5% in 9M2019. This was due to the impact of JFH Reward and partially offset by the Group's continuing efforts in cost control of raw materials.

Other income

The Group's other income decreased by S\$0.2 million or 33.7%, from S\$0.6 million in 9M2018 to S\$0.4 million in 9M2019 mainly due to lower royalty income from its associated company in China.

Selling and distribution expenses

The Group's selling and distribution expenses increased by S\$1.1 million or 2.9% from S\$35.5 million in 9M2018 to S\$36.6 million in 9M2019 due to higher manpower cost, rental and utilities in line with the increased number of restaurants operated in 9M2019.

Administrative expenses

The Group's administrative expenses remained the same at approximately at S\$2.6 million in 9M2019 as compared to 9M2018.

Other operating expenses

The Group's other operating expenses remained the same at approximately S\$1.0 million in 9M2019 as compared to 9M2018.

Share of profit of associated companies

The Group's share of profit of its associated companies decreased by S\$0.2 million or 58.9% from S\$0.4 million in 9M2018 to S\$0.2 million in 9M2019 due to (i) losses in 9M2019 from the associated company in China operating restaurants under the "Menya Musashi" brand arising from high initial set-up costs of two new restaurants in December 2018 and the closure of a restaurant in November 2018, and (ii) lower profits in 9M2019 from the associated company in Hong Kong due to a decrease in revenue arising from competition and the temporary closure of an outlet for renovation.

Income tax expenses

The Group's income tax expenses decreased by S\$0.5 million or 47.5% from S\$1.1 million in 9M2018 to S\$0.6 million in 9M2019, in line with the decrease in the Group's profit before income tax.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

Net profit

As a result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company decreased by S\$2.0 million or 42.0% from S\$4.8 million in 9M2018 to S\$2.8 million in 9M2019.

Review of financial position of the Group as at 31 December 2018

Current assets

The Group's total current assets increased by S\$0.4 million, from S\$25.6 million as at 31 March 2018 to S\$26.0 million as at 31 December 2018. This was mainly due to an increase of S\$0.2 million in trade and other receivables and an increase of S\$0.2 million in rental deposit.

Non-current assets

The Group's total non-current assets decreased by S\$0.3 million, from S\$17.6 million as at 31 March 2018 to S\$17.3 million as at 31 December 2018 due to a decrease in long-term rental deposit of S\$0.3 million and redemption of other investments at amortised cost of S\$0.2 million. These were partially offset by (i) an increase in the net book value of intangible assets due to the acquisition of franchise rights of new brands of S\$0.1 million, and (ii) a net increase in investment in associated company of S\$0.1 million arising from the investment in an associated company in Indonesia, share of profits from associated companies in Hong Kong and China, less dividends received.

Current liabilities

The Group's total current liabilities increased by S\$0.8 million, from S\$8.8 million as at 31 March 2018 to S\$9.6 million as at 31 December 2018, mainly due to (i) higher trade payables of S\$0.2 million and (ii) higher other payables and accruals of S\$1.5 million comprising the renovation costs of new restaurants and accruals of operating expenses. These were partially offset by a decrease in current tax provision of S\$0.9 million due to payment of tax and lower income tax provision for 9M2019, in line with the decrease in the Group's profit before income tax for 9M2019.

Non-current liabilities

The Group's total non-current liabilities remained unchanged at S\$0.4 million as at 31 December 2018.

Shareholders' equity

The Group's shareholders' equity decreased by S\$0.7 million, from S\$34.0 million as at 31 March 2018 to S\$33.3 million as at 31 December 2018. The decrease was mainly due to (i) distribution of final dividend for the financial year ended 31 March 2018 and interim dividend for the half year ended 30 September 2018 amounting to S\$3.6 million in aggregate, and (ii) Share Buy-backs of S\$0.2 million. These decreases were partially offset by an increase in equity due to (i) the net profit recorded by the Group in 9M2019 of S\$2.8 million and the transfer of treasury shares to the Group's employees pursuant to the Japan Foods Performance Share Plan amounting to S\$0.3 million.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

Review of statement of cash flow for 3Q2019

The Group's net cash generated from operating activities in 3Q2019 was S\$2.5 million. This was mainly due to operating profit before working capital changes of S\$2.5 million, working capital inflow of S\$0.6 million and payment of income tax of S\$0.7 million.

The Group's net cash used in investing activities in 3Q2019 was S\$1.0 million mainly due to renovation cost and purchase of equipment for the Group's new restaurants.

The Group's net cash used in financing activities in 3Q2019 was S\$1.5 million mainly due to dividend payment of S\$1.4 million and an increase in pledged short-term bank deposits and Share Buy-backs of S\$0.1 million in aggregate.

Review of statement of cash flow for 9M2019

The Group's net cash generated from operating activities in 9M2019 was S\$6.9 million. This was mainly due to operating profit before working capital changes of S\$6.7 million, working capital inflow of S\$1.6 million and offset by payment of income tax of S\$1.4 million.

The Group's net cash used in investing activities in 9M2019 was S\$3.0 million mainly due to (i) renovation cost and purchase of equipment for the Group's new restaurants of S\$3.2 million, (ii) acquisition of franchise rights of new brands of approximately S\$0.1 million, (iii) investment in an associated company in Indonesia of approximately S\$0.2 million, such outflows partially offset by inflows from the redemption of financial assets held-to-maturity of approximately S\$0.3 million and dividends received from associated companies in Hong Kong and China of S\$0.2 million.

The Group's net cash used in financing activities in 9M2019 was S\$4.3 million mainly due to dividend payment of S\$3.7 million, an increased in pledged short-term bank deposits of S\$0.4 million and Share Buy-backs of S\$0.2 million in aggregate.

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

There has not been any forecast or prospect statement in relation to the Group's results previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The operating environment in the local food and beverage industry is expected to remain challenging in the next 12 months due to intense competition, tight labour supply, rising business costs and uncertain economic outlook.

The Group will continue to focus its efforts in controlling raw material costs, improving operational efficiency via streamlining of work processes and technology and practising good restaurant portfolio management taking into account market demand and individual restaurant's profitability. The Group believes that it is imperative to continuously innovate and introduce new food concepts and brands in the food and beverage industry.

In January 2019, the Group secured a new franchise brand, "Afuri Ramen" which is known for its yuzu-flavoured broth, from Kanagawa Prefecture in Japan. In addition, the Group has planned a new extension

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

for its "Ajisen Ramen" brand. To be named "Kara-Men by Ajisen", the new extension forms part of the Group's plans to rejuvenate its twenty-year old flagship "Ajisen Ramen" brand. The "Kara-Men by Ajisen" brand will feature a spicy broth. Barring unforeseen circumstances and subject to commercial considerations, the Group intends to open the first restaurants under these two brands in the next 12 months.

On 29 January 2019, the Company and Minor Food Group (Singapore) Pte. Ltd. ("**MS**") established a joint venture to conduct the business of franchising and operating existing restaurant brands owned by the Company and MS in Japan, Thailand and the People's Republic of China. The Group believes this will be the platform to expand its presence in the region.

As at 31 December 2018, the Group's associated companies operated 7 restaurants in Hong Kong and 11 restaurants in China under the "Menya Musashi" brand.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No

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

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

There is no dividend declared or recommended in this quarter.

13. Interested person transactions

The Company did not obtain any general mandate from its shareholders in respect of any interested person transaction.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

14. Negative confirmation pursuant to Rule 705(5)

We, Takahashi Kenichi and Eugene Wong Hin Sun, being directors of the Company (“**Directors**”), hereby confirm on behalf of the board of Directors that, to the best of the Directors’ knowledge, nothing has come to the attention of the board of Directors which may render the unaudited consolidated financial statements of the Group for the nine (9) months ended 31 December 2018 to be false or misleading in any material aspect.

On behalf of the board of Directors

Takahashi Kenichi
Executive Chairman and CEO

Eugene Wong Hin Sun
Non-Executive Vice Chairman

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

The Company confirms that it has already procured signed undertakings from all of its Directors and relevant executive officers in the format as set out in Appendix 7H of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”) in accordance with Rule 720(1) of the Catalyst Rules.

BY ORDER OF THE BOARD

TAKAHASHI KENICHI
Executive Chairman and CEO

30 January 2019

*This announcement has been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (the “**Sponsor**”) for compliance with the Catalyst Rules. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*