

# JAPAN FOODS HOLDING LTD

## JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)  
(Company Registration No. 200722314M)

### UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE NINE-MONTH PERIOD ENDED 31 DECEMBER 2015

#### 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 -----> Third Quarter Ended 31 December			<----- Group -----> Nine Months Ended 31 December		
	2015 (S\$'000)	2014 (S\$'000)	Increase/ (Decrease) (%)	2015 (S\$'000)	2014 (S\$'000)	Increase/ (Decrease) (%)
<b>Revenue</b>	<b>15,389</b>	<b>16,636</b>	<b>(7.5)</b>	<b>47,101</b>	<b>47,835</b>	<b>(1.5)</b>
Cost of sales	(2,378)	(2,509)	(5.2)	(7,472)	(8,000)	(6.6)
<b>Gross profit</b>	<b>13,011</b>	<b>14,127</b>	<b>(7.9)</b>	<b>39,629</b>	<b>39,835</b>	<b>(0.5)</b>
Other income	164	131	25.2	694	538	29.0
Other gain	13	12	8.3	-	39	(100.0)
Selling and distribution expenses	(11,131)	(11,453)	(2.8)	(33,370)	(33,410)	(0.1)
Administrative expenses	(799)	(857)	(6.8)	(2,350)	(2,405)	(2.3)
Other operating expenses	(288)	(230)	25.2	(1,043)	(956)	9.1
<b>Profit from operation</b>	<b>970</b>	<b>1,730</b>	<b>(43.9)</b>	<b>3,560</b>	<b>3,641</b>	<b>(2.2)</b>
Share of results of associated companies	117	49	138.8	391	265	47.5
<b>Profit before income tax</b>	<b>1,087</b>	<b>1,779</b>	<b>(38.9)</b>	<b>3,951</b>	<b>3,906</b>	<b>1.2</b>
Income tax expenses	(175)	(300)	(41.7)	(641)	(626)	2.4
<b>Total comprehensive income for the period attributable to equity holders of the company</b>	<b>912</b>	<b>1,479</b>	<b>(38.3)</b>	<b>3,310</b>	<b>3,280</b>	<b>0.9</b>

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

The profit before income tax of the Company and its subsidiaries (the "Group") is arrived at after charging / (crediting) the following:

	<----- Group ----->			<----- Group ----->		
	Third Quarter Ended 31 December		Increase / (Decrease) (%)	Nine Months Ended 31 December		Increase / (Decrease) (%)
	2015 (S\$'000)	2014 (S\$'000)		2015 (S\$'000)	2014 (S\$'000)	
Interest income	(18)	(11)	63.6	(65)	(47)	38.3
Royalty and franchise income	(76)	(88)	(13.6)	(366)	(362)	1.1
Membership card sales	(15)	(16)	(6.3)	(35)	(44)	(20.5)
Insurance claims	(1)	(3)	(66.7)	(6)	(5)	20.0
Other income <sup>(1)</sup>	(54)	(13)	315.4	(222)	(80)	177.5
Depreciation of plant and equipment	1,243	1,243	0.0	3,876	3,548	9.2
Amortisation of intangible assets	15	14	7.1	43	46	(6.5)
Plant and equipment written off	23	11	109.1	127	186	(31.7)
Loss on disposal of plant and equipment	-	-	-	8	1	700.0
Inventories written off	-	-	-	1	1	0.0
Currency translation (gain)/loss - net	(13)	(12)	8.3	14	(39)	(135.9)

**Note:**

- (1) Other income refers mainly to the grant by the Singapore government under the Enhanced Special Employment Credit Scheme, sales of scrap materials, marketing subsidy and amortisation of government grants received.

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### 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

#### Consolidated statement of financial position

	<----- Group ----->		<----- Company----->	
	As at 31.12.2015 (S\$'000)	As at 31.03.2015 (S\$'000)	As at 31.12.2015 (S\$'000)	As at 31.03.2015 (S\$'000)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	16,327	15,913	1,521	1,085
Trade receivables	1,033	590	-	-
Other receivables	19	1	-	-
Inventories	602	636	-	-
Amounts owing by subsidiary companies	-	-	2,729	7,062
Other current assets	2,778	1,942	10	40
	<b>20,759</b>	<b>19,082</b>	<b>4,260</b>	<b>8,187</b>
<b>Non-current assets</b>				
Property, plant and equipment	11,396	13,204	24	-
Investment in subsidiaries	-	-	5,727	5,278
Investment in associates	1,263	872	48	48
Loan to an associated company	248	248	248	248
Financial assets, held-to-maturity	504	505	-	-
Intangible assets	233	193	-	-
Club membership	322	259	322	259
Long term security deposits	3,768	3,836	-	-
	<b>17,734</b>	<b>19,117</b>	<b>6,369</b>	<b>5,833</b>
<b>Total Assets</b>	<b>38,493</b>	<b>38,199</b>	<b>10,629</b>	<b>14,020</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	1,384	1,604	-	-
Other payables and accruals	5,005	4,834	417	504
Amounts owing to subsidiary companies	-	-	-	-
Current income tax liabilities	662	326	-	4
	<b>7,051</b>	<b>6,764</b>	<b>417</b>	<b>508</b>
<b>Non-current liabilities</b>				
Deferred income tax liabilities	860	860	-	-
	<b>860</b>	<b>860</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>7,911</b>	<b>7,624</b>	<b>417</b>	<b>508</b>
<b>Net Assets</b>	<b>30,582</b>	<b>30,575</b>	<b>10,212</b>	<b>13,512</b>
<b>EQUITY</b>				
Share capital	9,522	9,307	9,522	9,307
Retained earnings	21,060	21,268	690	4,205
<b>Total Equity</b>	<b>30,582</b>	<b>30,575</b>	<b>10,212</b>	<b>13,512</b>

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### 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 2015		As at 31 March 2015	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

#### Amount repayable after one year

As at 31 December 2015		As at 31 March 2015	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

#### Details of any collateral

Nil



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- 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	
	2015	2014	2015	2014
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
<b>Cash flows from operating activities</b>				
<b>Net profit</b>	<b>912</b>	<b>1,479</b>	<b>3,310</b>	<b>3,280</b>
Adjustments for:				
Income tax expenses	175	300	641	626
Depreciation of plant and equipment	1,243	1,243	3,876	3,548
Amortisation of intangible assets	15	14	43	46
Plant and equipment written off	23	11	127	186
Disposal of plant and equipment	-	-	8	1
Inventories written off	-	-	1	1
Share of results of an associated company	(117)	(49)	(391)	(265)
Interest income	(18)	(11)	(65)	(47)
Foreign currency translation reserve	-	-	-	-
Amortisation of government grants	(16)	-	(98)	-
Employee Performance Shares expenses	-	-	215	348
	<b>2,217</b>	<b>2,987</b>	<b>7,667</b>	<b>7,724</b>
<b>Changes in working capital:</b>				
Inventories	16	(34)	34	43
Trade and other receivables	(328)	(400)	(455)	(280)
Other current assets and security deposits <sup>(1)</sup>	(606)	(30)	(768)	(195)
Trade and other payables	(377)	(335)	49	(107)
<b>Cash generated from operations</b>	<b>922</b>	<b>2,188</b>	<b>6,527</b>	<b>7,185</b>
Interest income received	13	11	59	47
Income tax paid	(153)	(523)	(305)	(1,221)
<b>Net cash provided by operating activities</b>	<b>782</b>	<b>1,676</b>	<b>6,281</b>	<b>6,011</b>
<b>Cash flows from investing activities:</b>				
Purchase of club membership	(63)	-	(63)	-
Additions to plant and equipment	(851)	(1,065)	(2,203)	(6,008)
Additions to intangible assets	-	-	(83)	(63)
Proceeds from disposal of plant and equipment	-	-	-	31
<b>Net cash used in investing activities</b>	<b>(914)</b>	<b>(1,065)</b>	<b>(2,349)</b>	<b>(6,040)</b>

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	<----- Group ----->		<----- Group ----->	
	Third Quarter ended 31 December		Nine Months Ended 31 December	
	2015	2014	2015	2014
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
<b>Cash flows from financing activities:</b>				
Increase (Decrease) in short-term bank deposits pledged	(1)	600	(64)	510
Dividend paid	(1,308)	(1,271)	(3,518)	(3,880)
<b>Net cash used in financing activities</b>	<b>(1,309)</b>	<b>(671)</b>	<b>(3,582)</b>	<b>(3,370)</b>
Net increase in cash and cash equivalents	(1,441)	(60)	350	(3,399)
Cash and cash equivalents at beginning of financial period	15,981	13,429	14,190	16,768
<b>Cash and cash equivalents at end of financial period <sup>(2)</sup></b>	<b>14,540</b>	<b>13,369</b>	<b>14,540</b>	<b>13,369</b>

### Notes:

- (1) This change in working capital relating to other current assets and security deposits takes into account the security deposits (both short term and long term) amounting to approximately S\$5.5 million as at 31 December 2015 (S\$5.5 million as at 31 December 2014) placed with lessors in respect of the Group's leases which are recoverable upon expiry of the lease tenure.
- (2) This excludes bank deposits of S\$1.8 million as at 31 December 2015 (S\$1.7 million as at 31 December 2014) pledged as security for bank facilities granted by financial institution(s) to the Group.

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- 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 (S\$'000)	Foreign currency translation reserve (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
<b>Balance as at 1 April 2015</b>	<b>9,307</b>	<b>-</b>	<b>21,268</b>	<b>30,575</b>
Award of performance shares	215	-	-	215
Dividend paid	-	-	(2,210)	(2,210)
Total comprehensive income for the period	-	-	2,398	2,398
<b>Balance as at 30 September 2015</b>	<b>9,522</b>	<b>-</b>	<b>21,456</b>	<b>30,978</b>
Dividend paid	-	-	(1,308)	(1,308)
Total comprehensive income for the period	-	-	912	912
<b>Balance as at 31 December 2015</b>	<b>9,522</b>	<b>-</b>	<b>21,060</b>	<b>30,582</b>
<b>Balance as at 1 April 2014</b>	<b>8,959</b>	<b>-</b>	<b>20,412</b>	<b>29,371</b>
Award of performance shares	348	-	-	348
Dividend paid	-	-	(2,610)	(2,610)
Total comprehensive income for the period	-	-	1,801	1,801
<b>Balance as at 30 September 2014</b>	<b>9,307</b>	<b>-</b>	<b>19,603</b>	<b>28,910</b>
Dividend paid	-	-	(1,271)	(1,271)
Total comprehensive income for the period	-	-	1,479	1,479
<b>Balance as at 31 December 2014</b>	<b>9,307</b>	<b>-</b>	<b>19,811</b>	<b>29,118</b>

### Company

	Share capital (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
<b>Balance as at 1 April 2015</b>	<b>9,307</b>	<b>4,205</b>	<b>13,512</b>
Award of performance shares	215	-	215
Dividend paid	-	(2,210)	(2,210)
Profit for the period	-	27	27
<b>Balance as at 30 September 2015</b>	<b>9,522</b>	<b>2,022</b>	<b>11,544</b>
Dividend paid	-	(1,308)	(1,308)
Loss for the period	-	(24)	(24)
<b>Balance as at 31 December 2015</b>	<b>9,522</b>	<b>690</b>	<b>10,212</b>
<b>Balance as at 1 April 2014</b>	<b>8,959</b>	<b>3,534</b>	<b>12,493</b>
Award of performance shares	348	-	348
Dividend paid	-	(2,610)	(2,610)
Profit for the period	-	1,528	1,528
<b>Balance as at 30 September 2014</b>	<b>9,307</b>	<b>2,452</b>	<b>11,759</b>
Dividend paid	-	(1,271)	(1,271)
Loss for the period	-	(274)	(274)
<b>Balance as at 31 December 2014</b>	<b>9,307</b>	<b>907</b>	<b>10,214</b>



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- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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.**

At an extraordinary general meeting held on 21 July 2015, the Company's shareholders approved a share buy-back mandate which authorises the Company's directors to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**"). Since the approval of the share buy-back mandate on 21 July 2015 to the date hereof, the Company has not bought or acquired any Shares.

On 6 August 2015, the Company issued and allotted 430,000 new Shares ("**PSP Shares**") under the Japan Foods Performance Share Scheme to certain employees of the Group. Following the issuance of the PSP Shares, the total issued share capital of the Company increased from 174,006,000 Shares as at 31 March 2015 to 174,436,000 Shares as at 31 December 2015.

As at 31 December 2015 and as at 31 March 2015, the Company did not have any outstanding options or convertibles.

- 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 2015	As at 31 March 2015
Total number of issued Shares (excluding treasury shares)	174,436,000	174,006,000

The Company did not have any treasury shares as at 31 December 2015 and as at 31 March 2015.

- 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.**

Not applicable as the Company did not have any treasury shares as at 31 December 2015 and as at 31 March 2015.

- 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.



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

Saved 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 2015 compared to its most recently audited annual financial statements for the financial year ended 31 March 2015.

**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 Group has adopted all the new and revised Financial Reporting Standards ("FRS") that are effective on or after beginning on or after 1 April 2015 and are relevant to its operations. The adoption of the above amended FRS did not result in any substantive changes to the Group's accounting policies or any significant impact on the Group's financial statements for the nine (9) months ended 31 December 2015.

**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	
	2015	2014	2015	2014
Earnings attributable to equity holders of the Company (S\$'000)	912	1,479	3,310	3,280
Weighted average number of Shares used in computation of basic EPS	174,436,000	174,006,000	174,237,418	173,844,254
Basic EPS attributable to equity holders of the Company (cents) <sup>(1)</sup>	0.52	0.85	1.90	1.89
Fully diluted EPS attributable to equity holders of the Company (cents) <sup>(3)</sup>	0.52	0.85	1.90	1.89

**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 period.
- (3) 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.

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**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 31 December 2015	As at 31 March 2015	As at 31 December 2015	As at 31 March 2015
NAV per Share (cents)	17.53	17.57	5.85	7.76
Number of Shares used in computing NAV per Share	174,436,000	174,006,000	174,436,000	174,006,000

**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 2015, the Group had a total of 43 restaurants in operation comprising 15 "Ajisen Ramen" restaurants, 4 "Fruit Paradise" restaurants, 7 "Menya Musashi" restaurants, 3 "Kazokutei" restaurants, 6 "Osaka Ohsho" restaurants, 2 "Keika Ramen" restaurants and 6 restaurants operating under various other brands (namely "Botejyu", "Hanamidori", "New ManLee Bak Kut Teh", "Menzo Butao", "Japanese Gourmet Town" and "Yonehachi" brands). As at 31 December 2015, the Group also had 1 "Ajisen Ramen" outlet located in Marina Bay Sands Shoppes Premium Food Precinct.

In comparison, as at 31 December 2014, the Group had a total of 44 restaurants in operation comprising 17 "Ajisen Ramen" restaurants, 5 "Fruit Paradise" restaurants, 9 "Menya Musashi" restaurants, 2 "Kazokutei" restaurants, 7 "Osaka Ohsho" restaurants and 4 restaurants operating under various other brands (namely "Botejyu", "Menzo Butao", "Japanese Gourmet Town", and "Yonehachi" brands). As at 31 December 2014, the Group had 1 "Ajisen Ramen" outlet located in Marina Bay Sands Shoppes Premium Food Precinct.



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### Review of income statements of the Group for 3Q2016 compared to 3Q2015

#### Revenue

The Group's revenue decreased by S\$1.2 million or 7.5% from S\$16.6 million in the third quarter from 1 October 2014 to 31 December 2014 ("**3Q2015**") to S\$15.4 million in the third quarter from 1 October 2015 to 31 December 2015 ("**3Q2016**"). The decrease in the Group's revenue was a result of the following:

- (i) *a net decrease in revenue of S\$1.2 million from restaurants operating under the "Ajisen Ramen" brand*

The Group's revenue from restaurants operating under the "Ajisen Ramen" brand decreased from S\$7.5 million in 3Q2015 to S\$6.3 million in 3Q2016, mainly attributable to (i) the closure of two (2) restaurants at Compass Point and Tiong Bahru Plaza in September 2015 and December 2015 respectively due to mall renovation works; (ii) closure of one (1) restaurant at Jurong Point Shopping Centre in November 2014 due to the expiry of the lease; (iii) conversion of a restaurant at Clementi Mall from "Ajisen Ramen" brand to "New ManLee Bak Kut Teh" brand in December 2015 and; (iv) lower net sales generated from the 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\$3.2 million in 3Q2015 to S\$2.8 million in 3Q2016, mainly attributable to the closure of two (2) restaurants at Thomson Plaza and ION Orchard in November 2014 and August 2015 respectively. The decrease due to the closure was partially offset by a net increase in sales from the existing restaurants.

- (iii) *a net decrease in revenue of S\$0.3 million from the restaurants operating under "Osaka Ohsho" brand*

The Group's revenue from restaurants operating under the "Osaka Ohsho" brand decreased from S\$2.3 million in 3Q2015 to S\$2.0 million in 3Q2016, mainly attributable to the conversion of a restaurant at Bukit Panjang Plaza to "Ajisen Ramen" brand in December 2015 and a net decrease in sales from the existing restaurants.

- (iv) *a net increase in revenue of S\$0.7 million from the restaurants operating under other brands*

The Group's restaurant's operating under other brands, namely "Hanamidori", "Keika Ramen", "Kazokutei", "New ManLee Bak Kut Teh", "Yonehachi", "Japanese Gourmet Town", "Fruit Paradise", "Menzo Butao" and "Boteyju" recorded an increase in revenue from S\$3.5 million in 3Q2015 to S\$4.2 million in 3Q2016. This was mainly due to new restaurants operating under the "Hanamidori", "Keika Ramen", "Kazokutei" and "New ManLee Bak Kut Teh" brands which together accounted for an increase of S\$1.0 million in aggregate.

The increase in revenue attributable to the new restaurants was however partially offset by a decrease in revenue of S\$0.3 million due to the closure of "Fruit Paradise" restaurant at Raffles City in August 2015.

- (v) *a marginal decrease of S\$23,000 from sales of food ingredients*



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The Group's revenue from sales of foods ingredients decreased due to lower demand from its sub-franchisees.

### Gross profit

The Group's gross profit decreased by S\$1.1 million or 7.9% from S\$14.1 million in 3Q2015 to S\$13.0 million in 3Q2016, generally in line with the decrease in the Group's revenue.

### Selling and distribution expenses

The Group's selling and distribution expenses decreased by S\$0.3 million or 2.8% from S\$11.4 million in 3Q2015 to S\$11.1 million in 3Q2016 due to lower labour costs, rental, utilities and other costs in line with lower sales achieved in 3Q2016 and as a result of the Group's cost control measures.

### Administrative expenses

The Group's administrative expenses decreased by S\$0.1 million or 6.8% from S\$0.9 million in 3Q2015 to S\$0.8 million in 3Q2016. The decrease in administrative expenses was mainly due to lower provision for staff bonuses, CEO incentive payment and employees' performance share payment.

### Other operating expenses

The Group's other operating expenses increased by S\$0.1 million or 25.2% from S\$0.2 million in 3Q2015 to S\$0.3 million in 3Q2016 mainly due to the increase in royalty fees as a result of more franchised brands.

### Share of results of associated companies

The Group's share of results of its associated companies increased by S\$68,000 or 138.8% from S\$49,000 in 3Q2015 to S\$117,000 in 3Q2016.

### Income tax expenses

The Group's income tax expenses decreased by S\$0.1 million or 41.7% from S\$0.3 million in 3Q2015 to S\$0.2 million in 3Q2016, 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\$0.6 million or 38.3% from S\$1.5 million in 3Q2015 to S\$0.9 million in 3Q2016.

## Review of income statements of the Group for 9M2016 compared to 9M2015

### Revenue

The Group's revenue decreased by S\$0.7 million or 1.5% from S\$47.8 million in the nine (9) months ended 31 December 2014 ("9M2015") to S\$47.1 million in the nine (9) months ended 31 December 2015 ("9M2016"). The decrease in the Group's revenue was a result of the following:

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- (i) *a net decrease in revenue of S\$1.7 million from restaurants operating under the “Ajisen Ramen” brand*

The Group's revenue from restaurants operating under the “Ajisen Ramen” brand decreased from S\$21.6 million in 9M2015 to S\$19.9 million in 9M2016, mainly attributable to (i) the closure of two (2) restaurants at Compass Point and Tiong Bahru Plaza in September 2015 and December 2015 respectively due to mall renovation works; (ii) the closure of two (2) restaurants at Parkway Parade and Jurong Point Shopping Centre in April 2014 and November 2014 respectively due to the expiry of their leases; (iii) conversion of a restaurant at Clementi Mall from “Ajisen Ramen” brand to “New ManLee Bak Kut Teh” brand in December 2015; and (iv) lower net sales generated from the existing restaurants.

- (ii) *a net decrease in revenue of S\$0.5 million from the restaurants operating under “Menya Musashi” brand*

The Group's revenue from restaurants operating under the “Menya Musashi” brand decreased from S\$9.6 million in 9M2015 to S\$9.1 million in 9M2016, mainly attributable to the closure of two (2) restaurants at Thomson Plaza and ION Orchard in November 2014 and August 2015 respectively. The decrease due to the closure was partially offset by a net increase in sales from the existing restaurants.

- (iii) *a net increase in revenue of S\$0.3 million from the restaurants operating under “Osaka Ohsho” brand*

The Group's revenue from restaurants operating under the “Osaka Ohsho” brand increased from S\$6.0 million in 9M2015 to S\$6.3 million in 9M2016, mainly attributable to the revenue contributed by the new restaurants at Bugis Junction and AMK Hub which commenced operations in May 2014 and September 2014 respectively. This increase however was partially offset by the conversion of a restaurant at Bukit Panjang Plaza to “Ajisen Ramen” brand in December 2015.

- (iv) *a net increase in revenue of S\$1.3 million from the restaurants operating under other brands*

The Group's restaurants operating under other brands, namely “Hanamidori”, “Keika Ramen”, “Kazokutei”, “New ManLee Bak Kut Teh”, “Japanese Gourmet Town”, “Yonehachi”, “Fruit Paradise”, “Menzo Butao” and “Boteyju” recorded an increase in revenue from S\$10.4 million in 9M2015 to S\$11.7 million in 9M2016. This was mainly due to new restaurants operating under the “Hanamidori”, “Keika Ramen”, “Kazokutei” and “New ManLee Bak Kut Teh” brands as well as an increase in revenue from existing restaurants operating under the “Japanese Gourmet Town” and “Boteyju” brands which together accounted for an increase of S\$2.7 million in aggregate.

The increase in revenue attributable to the new restaurants was however partially offset by a decrease in revenue of S\$1.4 million due to (i) lower sales recorded by restaurants operating under the “Fruit Paradise” and “Menzo Butao” brands; (ii) the closure of “Udon King” restaurant at AMK Hub in September 2014; and (iii) the closure of “Fruit Paradise” restaurant at Raffles City in August 2015.

- (v) *a marginal decrease of S\$67,000 from sales of food ingredients*

The Group's revenue from sales of foods ingredients decreased due to lower demand from its sub-franchisees.



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### **Gross profit**

The Group's gross profit decreased by S\$0.2 million or 0.5% from S\$39.8 million in 9M2015 to S\$39.6 million in 9M2016, generally in line with the decrease in the Group's revenue.

### **Selling and distribution expenses**

The Group's selling and distribution expenses remained at S\$33.4 million in 9M2016, comparable to that in 9M2015.

### **Administrative expenses**

The Group's administrative expenses remained at S\$2.4 million in 9M2016, comparable to that in 9M2015.

### **Other operating expenses**

The Group's other operating expenses increased by S\$0.1 million or 9.1% from S\$0.9 million in 9M2015 to S\$1.0 million in 9M2016 mainly due to increase in royalty fees as a result of more franchised brands.

### **Share of results of associated companies**

The Group's share of results of its associated companies increased by S\$0.1 million or 47.5% from S\$0.3 million in 9M2015 to S\$0.4 million in 9M2016.

### **Net profit**

As a result of the reasons mentioned above, the Group achieved net profit attributable to equity holders of the Company of S\$3.3 million in 9M2016, comparable to that achieved in 9M2015.

## **Review of financial position of the Group as at 31 December 2015**

### **Current assets**

The Group's total current assets increased by S\$1.7 million, from S\$19.1 million as at 31 March 2015 to S\$20.8 million as at 31 December 2015.

This was mainly a result of an increase in (i) cash and cash equivalent of S\$0.4 million; (ii) rental deposit and prepayment of S\$0.8 million in aggregate; and (iii) trade receivables of S\$0.5 million in aggregate.

### **Non-current assets**

The Group's total non-current assets decreased by S\$1.4 million, from S\$19.1 million as at 31 March 2015 to S\$17.7 million as at 31 December 2015 due to a decrease in the net book value of plant and equipment of S\$1.8 million, partially offset by an increase in investment in associated companies of S\$0.4 million.



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### Current liabilities

The Group's total current liabilities increased by S\$0.3 million, from S\$6.8 million as at 31 March 2015 to S\$7.1 million as at 31 December 2015 due to higher current tax provision of S\$0.3 million.

### Non-current liabilities

The Group's total non-current liabilities remained unchanged at S\$0.9 million as at 31 December 2015.

### Shareholders' equity

The Group's shareholders' equity remained unchanged at S\$30.6 million as at 31 December 2015.

### Review of cash flow statement

The Group's net cash generated from operating activities in 9M2016 was S\$6.3 million. This was mainly due to operating profit before working capital changes of S\$7.7 million, partially offset by working capital outflows of S\$1.1 million and payment of income tax of S\$0.3 million.

The Group's net cash used in investing activities in 9M2016 was S\$2.3 million mainly due to renovation cost and purchase of equipment for the Group's new restaurants and purchase of intangible assets.

The Group's net cash used in financing activities in 9M2016 was S\$3.6 million mainly due to dividend payment of S\$3.5 million and fixed deposit pledged with banks for issuance of banker's guarantees in lieu of rental deposit of S\$0.1 million.

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 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's first non-Japanese concept "New ManLee Bak Kut Teh" launched on 4 December 2015 has received very encouraging response. Subject to *inter alia* market conditions, availability of locations and other business considerations, the Group intends to look out for opportunities to open more stores under this concept.

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As at 31 December 2015, the Group's associated companies operate 10 restaurants in Hong Kong and 5 restaurants in the People's Republic of China ("PRC") under the "Menya Musashi" brand. Barring unforeseen circumstances, the Group expects these associated companies to continue to expand the "Menya Musashi" restaurants network in Hong Kong and the PRC when opportunity arises.

The Group will continue its efforts to seek opportunities to expand its presence in the ASEAN region by way of joint ventures, acquisitions and/or sub-franchising of its brands.

### 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) Date payable

N.A

#### (d) Books closure date

N.A

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

Not applicable.



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### 13. Interested person transactions

The Company had, at its last annual general meeting on 21 July 2015, obtained the approval of its shareholders for the renewal of the general mandate in respect of purchases of soup base and such other ingredients necessary for the "Ajisen Ramen" business by the Group from Shigemitsu Industry Co., Ltd (the "**IPT Mandate**"). The IPT Mandate is subject to annual renewal and will continue in force until the Company's next annual general meeting.

Name of Interested person	Aggregate value of all interested person transactions (including transactions of less than S\$100,000 each) <b>during 9M2016</b> (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 <b>during 9M2016</b> under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (S\$'000)
Royalty fees paid to Shigemitsu Industry Co., Ltd. <sup>(1)</sup>	319 <sup>(2)</sup>	-
Purchases of food ingredients from Shigemitsu Industry Co., Ltd. <sup>(1)</sup>	16 <sup>(3)</sup>	575 <sup>(4)</sup>

#### 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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").
- (2) The royalty, franchise and licence fees paid to Shigemitsu Industry in 9M2016 comprise: (i) fees paid for the use of the "Ajisen Ramen" brand amounting to S\$272,000 (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 relating to the "Keika Ramen" brand amounting to S\$33,000; and (iii) the right to use the technique for the production of noodles amounting to S\$14,000.
- (3) This amount relates to the Group's purchases of soup base for the "Keika Ramen" business from Keika Ramen 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 of less than S\$100,000 each) from Shigemitsu Industry pursuant to the IPT Mandate.



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### 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 2015 to be false or misleading in any material aspect.

On behalf of the board of Directors

Takahashi Kenichi  
Director

Eugene Wong Hin Sun  
Director

### 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 hereby 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 Catalist Rules in accordance with Rule 720(1) of the Catalist Rules, such format as revised by the SGX-ST on 21 January 2016. These revised undertakings replace and supersede the undertakings previously signed by the Directors and executive officers as announced by the Company on 6 November 2015.

## BY ORDER OF THE BOARD

TAKAHASHI KENICHI  
Executive Chairman and CEO

12 February 2016

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*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**") for compliance with the Catalist 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.*