

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2017

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 ----->		
	Three months ended 30 June	2016	Increase /
	2017	(S\$'000)	(Decrease)
	(S\$'000)		(%)
Revenue	16,187	16,824	(3.8)
Cost of sales	(2,424)	(2,605)	(6.9)
Gross profit	13,763	14,219	(3.2)
Other income	143	249	(42.6)
Selling and distribution expenses	(11,651)	(11,676)	(0.2)
Administrative expenses	(837)	(840)	(0.4)
Other operating expenses	(295)	(418)	(29.4)
Profit from operation	1,123	1,534	(26.8)
Share of results of associated companies	152	54	181.5
Profit before income tax	1,275	1,588	(19.7)
Income tax expenses	(230)	(284)	(19.0)
Total comprehensive income, representing net profit for the period	1,045	1,304	(19.9)

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 profit before income tax of the Company and its subsidiary corporations (the “Group”) is arrived at after charging / (crediting) the following:

	<----- Group ----->		
	Three months ended 30 June	2016	Increase /
	2017		(Decrease)
	(\$'000)	(\$'000)	(%)
Interest income	(20)	(19)	5.3
Royalty and franchise income	(62)	(181)	(65.7)
Membership card sales	(6)	(9)	(33.3)
Insurance claims	(3)	(13)	(76.9)
Government grant ⁽¹⁾	(38)	(16)	137.5
Other income ⁽²⁾	(10)	(11)	(9.1)
Depreciation of property, plant and equipment	1,110	1,306	(15.0)
Amortisation of intangible assets	15	17	(11.8)
Property, plant and equipment written off	22	8	175.0
Currency exchange (gain)/loss	(4)	17	N.M. ⁽³⁾

Notes:

- (1) Government grant refers mainly to Temporary Employment Credit Scheme.
- (2) Other income refers mainly to the sales of scrap materials and marketing subsidy.
- (3) “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(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		As at	
	30.06.2017 (S\$'000)	31.03.2017 (S\$'000)	30.06.2017 (S\$'000)	31.03.2017 (S\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	22,122	20,227	2,575	2,052
Trade receivables	810	706	-	-
Other receivables	13	5	-	-
Inventories	591	595	-	-
Amounts owing from subsidiary corporations	-	-	4,848	5,063
Other current assets	2,088	2,246	21	44
	25,624	23,779	7,444	7,159
Non-current assets				
Property, plant and equipment	9,366	9,859	39	44
Investment in subsidiary corporations	-	-	5,727	5,727
Investment in associated companies	2,043	1,891	48	48
Loan to an associated company	248	248	248	248
Financial assets, held-to-maturity	1,006	1,006	-	-
Intangible assets	165	169	-	-
Club membership	322	322	322	322
Long-term security deposits	4,302	3,502	-	-
	17,452	16,997	6,384	6,389
Total Assets	43,076	40,776	13,828	13,548
LIABILITIES				
Current liabilities				
Trade payables	1,430	1,126	-	-
Other payables and accruals	6,386	5,911	620	603
Current income tax liabilities	1,466	1,231	-	-
	9,282	8,268	620	603
Non-current liability				
Deferred income tax liabilities	860	860	-	-
	860	860	-	-
Total Liabilities	10,142	9,128	620	603
Net assets	32,934	31,648	13,208	12,945
EQUITY				
Share capital	9,522	9,522	9,522	9,522
Treasury shares	(326)	(567)	(326)	(567)
Reserves	23,738	22,693	4,012	3,990
Total Equity	32,934	31,648	13,208	12,945

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 30 June 2017		As at 31 March 2017	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Amount repayable after one year

As at 30 June 2017		As at 31 March 2017	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Details of any collaterals

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 flow

	<----- Group ----->	
	Three months ended 30 June	
	2017	2016
	(S\$'000)	(S\$'000)
Cash flows from operating activities		
Net Profit	1,045	1,304
Adjustments for:		
Income tax expenses	230	284
Depreciation of plant and equipment	1,110	1,306
Amortisation of intangible assets	15	17
Plant and equipment written off	22	8
Employee performance share expense	241	-
Amortisation of government grants	(2)	(16)
Interest income from bank deposits	(20)	(19)
Share of results of associated companies	(152)	(54)
	2,489	2,830
Changes in working capital:		
Inventories	5	66
Trade and other receivables	(105)	79
Other current assets	158	(8)
Long-term security deposit	(799)	47
Trade and other payables	781	777
Cash generated from operations	2,529	3,791
Interest income received	13	15
Income tax credit/ (paid)	5	(5)
Net cash generated from operating activities	2,547	3,801
Cash flows from investing activities:		
Additions to property, plant and equipment	(640)	(1,377)
Additions to intangible assets	(13)	-
Net cash used in investing activities	(653)	(1,377)
Cash flows from financing activity:		
Decrease/(increase) in short-term bank deposits pledged	74	(250)
Net cash provided by/(used) in financing activity	74	(250)
Net increase in cash and cash equivalents	1,968	2,174
Cash and cash equivalents		
Beginning of financial period	18,139	15,066
End of financial period ⁽¹⁾	20,107	17,240

Note:

- (1) This excludes bank deposits of approximately S\$2.0 million as at 30 June 2017 (S\$2.0 million as at 30 June 2016) pledged as security for banking 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 (S\$'000)	Treasury shares (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2017	9,522	(567)	22,693	31,648
Total comprehensive income for the period	-	-	1,045	1,045
Performance shares issued	-	241	-	241
Balance as at 30 June 2017	9,522	(326)	23,738	32,934
Balance as at 1 April 2016	9,522	(194)	21,525	30,853
Total comprehensive income for the period	-	-	1,304	1,304
Balance as at 30 June 2016	9,522	(194)	22,829	32,157

Company	Share capital (S\$'000)	Treasury shares (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2017	9,522	(567)	3,990	12,945
Performance shares issued	-	241	-	241
Total comprehensive income for the period	-	-	22	22
Balance as at 30 June 2017	9,522	(326)	4,012	13,208
Balance as at 1 April 2016	9,522	(194)	3,416	12,744
Total comprehensive income for the period	-	-	21	21
Balance as at 30 June 2016	9,522	(194)	3,437	12,765

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.**

As at 31 March 2017, the Company held 1,392,500 treasury shares and the total number of ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares) was 173,043,500 Shares. On 12 June 2017, 520,000 treasury shares ("**PSP Shares**") were transferred to certain employees of the Group pursuant to the Japan Foods Performance Share Scheme. After such transfer, the Company held 872,500 treasury shares as at 30 June 2017 and the total number of issued Shares (excluding treasury shares) was 173,563,500 Shares.

As at 30 June 2017 and as at 30 June 2016, the Company did not have any outstanding options or convertibles.

As at 30 June 2017, the Company did not have any subsidiary holdings and held 872,500 treasury shares which represented approximately 0.5% of the total issued Shares (excluding treasury shares and subsidiary holdings) comprising 173,563,500 shares. As at 30 June 2016, the Company did not have any subsidiary holdings and held 500,000 treasury shares which represented approximately 0.3% of the total issued Shares (excluding treasury shares and subsidiary holdings) comprising 173,936,000 shares.

- 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 30 June 2017	As at 31 March 2017
Total number of issued Shares	174,436,000	174,436,000
Less: Treasury shares	(872,500)	(1,392,500)
Total number of issued Shares, excluding treasury shares	173,563,500	173,043,500

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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

	Three months ended 30 June 2017
Treasury shares:	
Balance at beginning of financial period	1,392,500
Transferred on award of PSP Shares	(520,000)
Balance at end of financial period	872,500

- 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 three months ended 30 June 2017 compared to its most recently audited consolidated financial statements for the financial year ended 31 March 2017.

- 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 Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2017 and are relevant to its operations. The adoption of these new/revised FRS and INT FRS 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 recently audited financial statements as at 31 March 2017.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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 -----→ Three months ended 30 June	
	2017	2016
Earnings attributable to equity holders of the Company (S\$'000)	1,045	1,304
Weighted average number of Shares used in computation of basic EPS	173,146,357	173,936,000
Basic EPS attributable to equity holders of the Company (cents) ⁽¹⁾	0.60	0.75
Fully diluted EPS attributable to equity holders of the Company (cents) ⁽²⁾	0.60	0.75

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.
- (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.

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 -----→ As at		←----- Company -----→ As at	
	30 June 2017	31 March 2017	30 June 2017	31 March 2017
NAV per Share (cents)	18.98	17.74	7.61	7.33
Number of Shares used in computation of NAV per Share	173,563,500	173,043,500	173,563,500	173,043,500

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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 30 June 2017, the Group had a total of 44 restaurants in operation, comprising 18 "Ajisen Ramen" restaurants, 1 "Keika Ramen" restaurant, 3 "Fruit Paradise" restaurants, 1 "Kazokutei" restaurant, 8 "Menya Musashi" restaurants, 6 "Osaka Ohsho", 2 "New ManLee Bak Kut Teh" restaurants and 5 restaurants operating under various other brands, namely, "Japanese Gourmet Town", "Menzo Butao", "Dutch Baby Cafe", "Ginza Kushi Katsu" and "Yonehachi". As at 30 June 2017, the Group also had 1 "Ajisen Ramen" outlet located in Marina Bay Sands Shoppes Premium Food Precinct.

As at 30 June 2016, the Group had a total of 49 restaurants in operation, comprising 15 "Ajisen Ramen" restaurants, 3 "Keika Ramen" restaurants, 4 "Fruit Paradise" restaurants, 3 "Kazokutei" restaurants, 8 "Menya Musashi" restaurants, 6 "Osaka Ohsho", 3 "New ManLee Bak Kut Teh" restaurants and 7 restaurants operating under various other brands, namely, "Botejyu", "Japanese Gourmet Town", "Menzo Butao", "Hanamidori", "Dutch Baby Cafe", "Ginza Kushi Katsu" and "Yonehachi". As at 30 June 2016, the Group also had 1 "Ajisen Ramen" outlet located in Marina Bay Sands Shoppes Premium Food Precinct.

Review of financial performance for 1Q2018 compared to 1Q2017

Revenue

The Group's revenue decreased by S\$0.6 million or 3.8%, from S\$16.8 million in the three months from 1 April 2016 to 30 June 2016 ("1Q2017"), to S\$16.2 million in the three months from 1 April 2017 to 30 June 2017 ("1Q2018"). The decrease in the Group's revenue was a result of the following:

- (i) net increase in revenue of approximately S\$0.6 million from the restaurants operating under the "Ajisen Ramen" and "Keika Ramen" brand*

The Group's revenue from restaurants operating under the "Ajisen Ramen" and "Keika Ramen" brand increased from S\$6.2 million in 1Q2017 to S\$6.8 million in 1Q2018, mainly attributable to: (i) the opening of two restaurants at Compass Point and Bedok Mall in September 2016 and March 2017 respectively; (ii) higher net sales generated from some existing restaurants. The increase was partially offset by the closure of a restaurant at Bedok Point in March 2017.

- (ii) net increase in revenue of S\$0.2 million from the restaurants operating under the "Menya Musashi" brand*

The Group's revenue from restaurants operating under the "Menya Musashi" brand increased from S\$3.4 million in 1Q2017 to S\$3.6 million in 1Q2018, mainly attributable to the conversion of a "New ManLee Bak Kut Teh" brand restaurant to a "Menya Musashi"

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

brand restaurant at Clementi Mall in April 2017. The increase was partially offset by conversion of a restaurant at Bedok Mall to “Ajisen Ramen” brand in March 2017.

(iii) net increase 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 increased from S\$2.0 million in 1Q2017 to S\$2.1 million in 1Q2018, mainly attributable to conversion of a “Kazokutei” brand restaurant at Junction 8 to “Osaka Ohsho” brand restaurant in January 2017. The increase was partially offset by the closure of restaurant at “Toyko Walker” in June 2017 and lower net sales generated from some existing restaurants.

(iv) net decrease in revenue of approximately S\$1.5 million from the restaurants operating under other brands

The Group’s restaurants operating under other brands, namely the “Botejyu”, “New ManLee Bak Kut Teh”, “Kazokutei” and “Hanamidori” brands recorded a decrease in revenue of S\$1.0 million in aggregate in 1Q2018 as compared to 1Q2017 mainly due to closure of some restaurants upon expiry of leases and brand conversion.

The remaining decrease in sales revenue of S\$0.5 million was mainly due to lower revenue recorded by restaurants operating under the “Dutch Baby Cafe”, “Ginza Kushi-Katsu” and “Fruit Paradise” brands.

Gross profit

The Group’s gross profit decreased by S\$0.5 million or 3.2%, from approximately S\$14.2 million in 1Q2017 to approximately S\$13.8 million in 1Q2018 in line with lower revenue achieved. However, the Group’s overall gross profit margin improved from 84.5% in 1Q2017 to 85.0% in 1Q2018 due to the Group’s continuing efforts in bulk purchase discounts, raw material costs control, material usage efficiency and product pricing strategy.

Other income

The Group’s other income decreased by S\$0.1 million or 42.6%, from S\$0.2 million in 1Q2017 to S\$0.1 million in 1Q2018 mainly due to lower franchise fee relating to the operation of restaurants under the “Menya Musashi” brand in China in accordance with term of franchise agreement.

Selling and distribution expenses

The Group’s selling and distribution expenses remained approximately the same at S\$11.7 million in 1Q2018 as compared to 1Q2017.

Administrative expenses

The Group’s administrative expenses remained approximately the same at S\$0.8 million in 1Q2018 as compared to 1Q2017.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

Other operating expenses

The Group's other operating expenses decreased by S\$123,000 or 29.4%, from S\$418,000 in 1Q2017 to S\$295,000 in 1Q2018 mainly due to lower franchise expenses relating to the operation of restaurants under the "Menya Musashi" brand in China in accordance with term of franchise agreement.

Share of results of associated companies

The Group's share of results of associated companies increased by S\$98,000 or 181.5% from approximately S\$54,000 in 1Q2017 to approximately S\$152,000 in 1Q2018 due to the improvement in performance of associated companies operating the "Menya Musashi" brand restaurants in Hong Kong and China.

Income tax expenses

The income tax expenses of the Group decreased by S\$54,000 or 19.0% from S\$284,000 in 1Q2017 to S\$230,000 in 1Q2018, in line with the lower profit recorded in 1Q2018.

Net profit

As the result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company decreased by approximately S\$0.3 million or 19.9% from S\$1.3 million in 1Q2017 to S\$1.0 million in 1Q2018.

Review of financial position as at 30 June 2017

Current assets

The Group's total current assets increased by S\$1.8 million, from approximately S\$23.8 million as at 31 March 2017 to S\$25.6 million as at 30 June 2017.

This was mainly a result of an increase in cash and cash equivalents of S\$1.9 million and trade receivables of S\$0.1 million, partially offset by a decrease in other assets of S\$0.2 million.

Non-current assets

The Group's total non-current assets increased by S\$0.5 million, from S\$17.0 million as at 31 March 2017 to S\$17.5 million as at 30 June 2017.

This was due to (i) an increase in long term security deposit of S\$0.8 million and (ii) increase in investment in associated companies of S\$0.2 million arising from the share of associated companies' profit and partially offset by a decrease in the net book value of plant and equipment of S\$0.5 million.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

Current liabilities

The Group's total current liabilities increased by S\$1.0 million, from S\$8.3 million as at 31 March 2017 to S\$9.3 million as at 30 June 2017 mainly due to higher trade payables and accruals of S\$0.8 million and higher tax liabilities of S\$0.2 million.

Non-current liabilities

The Group's total non-current liabilities remained unchanged at S\$0.9 million as at 30 June 2017.

Shareholders' equity

The Group's shareholders' equity increased by S\$1.3 million, from approximately S\$31.6 million as at 31 March 2017 to approximately S\$32.9 million as at 30 June 2017 arising from the net profit of approximately S\$1.0 million achieved by the Group in 1Q2018 and transfer of treasury shares of approximately S\$0.2 million for the award of performance share.

Review of cash flow management for 1Q2018

The Group's net cash generated from operating activities in 1Q2018 was approximately S\$2.5 million. This was mainly due to net profit of approximately S\$1.0 million, non-cash adjustments of approximately S\$1.4 million and net working capital inflow of S\$40,000.

The Group's net cash used in investing activities in 1Q2018 was S\$0.7 million mainly due to renovation cost and purchase of equipment for the Group's new restaurants.

The Group's net cash from financing activities in 1Q2018 was S\$0.1 million mainly due to a decrease in deposits pledged with banks for issuance of banker's guarantees in lieu of rental deposit.

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

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

restaurant portfolio management taking into account market demand and individual outlet's profitability.

The Group recently secured the franchise right of "Shitamachi Tendon Akimitsu" which is an established tendon and tempura brand from Asakusa, Tokyo, Japan. The "Shitamachi Tendon Akimitsu" restaurant opened at Plaza Singapura, Singapore on 13 July 2017 and the response from customers has been encouraging.

As at 30 June 2017, the Group's associated companies operate 8 restaurants in Hong Kong and 7 restaurants in the People's Republic of China under the "Menya Musashi" brand. In 1Q2018, the Group was able to recognise its share of profit from Highly Yield Ltd, its associated company operating restaurants under the "Menya Musashi" brand in China, as the franchise expenses have been fully amortised in FY2017.

The Group intends to 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. In addition, the Group will also explore opportunities in non-Japanese food and beverage.

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 in this quarter.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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

As Mr Shigemitsu Katsuaki did not seek re-election and ceased to be a director of the Company at the conclusion of the Company's last annual general meeting held on 24 July 2017 ("**2017 AGM**"), the transactions between the Group and Shigemitsu Industry Co., Ltd ("**Shigemitsu Industry**") no longer constitute interested person transactions within the ambit of Chapter 9 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). Accordingly, the previous general mandate in respect of certain recurring transactions between the Group and Shigemitsu Industry was not renewed at the 2017 AGM and had since lapsed.

The disclosure below relates to past transactions between the Group and Shigemitsu Industry during 1Q2018 (that is, prior to the date of the 2017 AGM).

Name of Interested person	Aggregate value of all interested person transactions (including transactions of less than S\$100,000 each) during 1Q2018 (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 1Q2018 under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (S\$'000)
Royalty fees paid to Shigemitsu Industry Co., Ltd. ⁽¹⁾	102 ⁽²⁾	-
Purchases of food ingredients from Shigemitsu Industry Co., Ltd. ⁽¹⁾	-	179 ⁽³⁾

Notes:

- (1) Prior to 24 July 2017 (being the date of the 2017 AGM), Mr Shigemitsu Katsuaki was the Company's Non-executive Director. Mr Shigemitsu Katsuaki is also the president, chief executive officer and major shareholder of Shigemitsu Industry. Accordingly, transactions between the Group and Shigemitsu Industry which took place prior to 24 July 2017 were 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 1Q2018 comprised: (i) fees paid for the use of the "Ajisen Ramen" brand amounting to S\$93,000 (such fees relating to the "Ajisen Ramen" brand were deemed to have been specifically approved by shareholders at the time of the Company's initial public offering in February 2009 and were not subject to Rule 905 and Rule 906 of the Catalist Rules to the extent that there was 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\$4,000; and (iii) the right to use the technique for the production of noodles amounting to S\$5,000.
- (3) 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 general mandate which was valid until 24 July 2017 (being the date of the 2017 AGM).

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

14. Confirmation by the board of directors pursuant to Rule 705(5) of the Catalist Rules

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 three months ended 30 June 2017 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 Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Takahashi Kenichi
Executive Chairman and CEO

1 August 2017

*This announcement has been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (“**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.*