

# JAPAN FOODS HOLDING LTD

## JAPAN FOODS HOLDING LTD.

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

### UNAUDITED HALF-YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2014

#### 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 ----->		
	Six months ended 30 September		
	2014	2013	Increase /
	(S\$'000)	(S\$'000)	(Decrease)
			(%)
Revenue	31,199	30,955	0.8
Cost of sales	(5,491)	(5,953)	(7.8)
<b>Gross profit</b>	<b>25,708</b>	<b>25,002</b>	<b>2.8</b>
Other income	407	543	(25.0)
Other gains - net	27	26	3.8
Selling and distribution expenses	(21,957)	(18,892)	16.2
Administrative expenses	(1,548)	(1,528)	1.3
Other operating expenses	(726)	(703)	3.3
Finance expenses	-	-	-
<b>Profit from operations</b>	<b>1,911</b>	<b>4,448</b>	<b>(57.0)</b>
Share of profits of associated company, net of tax	216	108	100.0
<b>Profit before income tax</b>	<b>2,127</b>	<b>4,556</b>	<b>(53.3)</b>
Income tax expenses	(326)	(803)	(59.4)
<b>Total comprehensive income for the period attributable to equity holders of the company</b>	<b>1,801</b>	<b>3,753</b>	<b>(52.0)</b>

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

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

	<----- Group ----->		
	Six months ended 30 September	2013	Increase /
	2014	(S\$'000)	(Decrease)
	(S\$'000)		(%)
Interest income	(35)	(19)	84.2
Royalty and franchise income	(274)	(410)	(33.2)
Membership card sales	(28)	(35)	(20.0)
Insurance claims	(3)	(19)	(84.2)
Other income <sup>(1)</sup>	(67)	(60)	11.7
Depreciation of plant and equipment	2,305	2,008	14.8
Amortisation of intangible assets	32	28	14.3
Inventory written off	1	-	N.M. <sup>(2)</sup>
Plant and equipment written off	175	62	182.3
Loss on disposal of plant and equipment	1	3	(66.7)
Currency translation gains - net	(27)	(26)	3.8

#### Notes:

- (1) Other income refers mainly to the grant by the Singapore government under the Enhanced Special Employment Credit Scheme and sales of scrap materials.
- (2) "N.M." denotes not meaningful.

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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 30 September 2014 (S\$'000)	As at 31 March 2014 (S\$'000)	As at 30 September 2014 (S\$'000)	As at 31 March 2014 (S\$'000)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	15,750	19,000	1,335	2,853
Trade receivables	608	718	-	-
Other receivables	1	11	-	-
Inventories	569	646	-	-
Amounts owing by subsidiary companies	-	-	5,183	4,414
Loan to an associated company	248	248	248	248
Other current assets	2,656	2,492	48	44
	<b>19,832</b>	<b>23,115</b>	<b>6,814</b>	<b>7,559</b>
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	5,278	5,278
Investment in associated companies	542	326	48	48
Held-to-maturity financial assets	505	505	-	-
Property, plant and equipment	13,259	10,828	-	-
Intangible assets	220	189	-	-
Club membership	259	259	259	259
Long-term security deposits	3,308	3,308	-	-
	<b>18,093</b>	<b>15,415</b>	<b>5,585</b>	<b>5,585</b>
<b>Total Assets</b>	<b>37,925</b>	<b>38,530</b>	<b>12,399</b>	<b>13,144</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	1,459	1,647	-	-
Other payables and accruals	5,653	5,236	638	646
Amounts owing to a subsidiary company	-	-	-	-
Current income tax liabilities	1,043	1,416	2	5
	<b>8,155</b>	<b>8,299</b>	<b>640</b>	<b>651</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>9,015</b>	<b>9,159</b>	<b>11,759</b>	<b>651</b>
<b>Net Assets</b>	<b>28,910</b>	<b>29,371</b>	<b>11,759</b>	<b>12,493</b>
<b>Equity:</b>				
Share capital	9,307	8,959	9,307	8,959
Retained earnings	19,603	20,412	2,452	3,534
<b>Total Equity</b>	<b>28,910</b>	<b>29,371</b>	<b>11,759</b>	<b>12,493</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 30 September 2014		As at 31 March 2014	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

#### Amount repayable after one year

As at 30 September 2014		As at 31 March 2014	
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 ----->	
	Six months ended	
	30 September 2014 (S\$'000)	30 September 2013 (S\$'000)
<b>Cash flows from operating activities</b>		
<b>Net profit</b>	<b>1,801</b>	<b>3,753</b>
Adjustments for:		
Income tax expenses	326	803
Depreciation of plant and equipment	2,305	2,008
Amortisation of intangible assets	32	28
Plant and equipment written off	175	62
Share of profits of associated company	(216)	(108)
Loss on disposal of plant and equipment	1	3
Inventory written off	1	-
Interest income	(35)	(19)
Employee Performance Shares expenses	348	189
	<b>4,738</b>	<b>6,719</b>
<b>Change in working capital:</b>		
Inventories	76	259
Trade and other receivables	120	87
Other current assets and security deposits <sup>(1)</sup>	(164)	(220)
Trade and other payables	229	(511)
<b>Cash generated from operations</b>	<b>4,999</b>	<b>6,334</b>
Interest income received	35	19
Income tax paid	(699)	(729)
<b>Net cash provided by operating activities</b>	<b>4,335</b>	<b>5,624</b>
<b>Cash flows from investing activities:</b>		
Acquisition of associated companies	-	(32)
Additions to plant and equipment	(4,943)	(2,143)
Additions to intangible assets	(63)	-
Proceeds from disposal of plant and equipment	31	-
<b>Net cash used in investing activities</b>	<b>(4,975)</b>	<b>(2,175)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term bank deposits pledged	(89)	(103)
Dividend paid to equity holders of the Company	(2,610)	(1,846)
<b>Net cash used in financing activities</b>	<b>(2,699)</b>	<b>(1,949)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(3,339)</b>	<b>1,500</b>
<b>Cash and cash equivalents</b>		
Beginning of financial period	16,768	14,820
<b>End of financial period <sup>(2)</sup></b>	<b>13,429</b>	<b>16,320</b>

#### Notes:

- (1) This includes the security deposits (both short term and long term) of S\$5.6 million (1H2014: S\$4.9 million) 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\$2.3 million (1H2014: S\$2.0 million) pledged as security for bank facilities granted by financial institutions 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 2014</b>	<b>8,959</b>	-	<b>20,412</b>	<b>29,371</b>
Performance shares issued	348	-	-	348
Share issue expenses	-	-	-	-
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>19,603</b>	<b>28,910</b>
<b>Balance as at 1 April 2013</b>	<b>8,791</b>	<b>13</b>	<b>16,227</b>	<b>25,031</b>
Performance shares issued	189	-	-	189
Dividend paid	-	-	(1,846)	(1,846)
Total comprehensive income for the period	-	-	3,753	3,753
<b>Balance as at 30 September 2013</b>	<b>8,980</b>	<b>13</b>	<b>18,134</b>	<b>27,127</b>
<b>Company</b>	<b>Share capital (S\$'000)</b>		<b>Retained earnings (S\$'000)</b>	<b>Total (S\$'000)</b>
<b>Balance as at 1 April 2014</b>	<b>8,959</b>		<b>3,534</b>	<b>12,493</b>
Performance shares issued	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>
<b>Balance as at 1 April 2013</b>	<b>8,791</b>		<b>2,987</b>	<b>11,778</b>
Performance shares issued	189		-	189
Dividend paid	-		(1,846)	(1,846)
Profit for the period	-		1,530	1,530
<b>Balance as at 30 September 2013</b>	<b>8,980</b>		<b>2,671</b>	<b>11,651</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.**

On 2 June 2014, the Company issued and allotted 540,000 new ordinary shares in the capital of the Company ("PSP Shares") under the Japan Foods Performance Share Plan to certain employees of the Group. Following the issuance of these PSP Shares, the total issued share capital of the Company increased from 173,466,000 ordinary shares ("Shares") as at 31 March 2014 to 174,006,000 Shares as at 30 September 2014.

As at 30 September 2014 and 31 March 2014, 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 30 September 2014	As at 31 March 2014
Total number of issued shares (excluding treasury shares)	174,006,000	173,466,000

The Company did not have any treasury shares as at 30 September 2014 and 31 March 2014.

- 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 does not have any treasury shares.

- 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.**

Except for the new and revised Financial Reporting Standards ("FRS") that are effective for financial periods beginning on or after 1 April 2014, the Group had adopted the same accounting policies and methods of computation in its unaudited consolidated financial statements for the six months ended 30 September 2014 ("1H2015") compared to its most recently audited consolidated financial statements for the financial year ended 31 March 2014.

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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.**

In 1H2015, the Group adopted the new and revised FRS that are effective for financial periods beginning on or after 1 April 2014. The adoption of these new and revised 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 1H2015.

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 ----->	
	Six months ended 30 September	
	2014	2013
Earnings attributable to equity holders of the Company (S\$'000)	1,801	3,753
Weighted average number of ordinary shares used in computation of basic EPS <sup>(1)</sup>	173,823,049	173,216,165
Basic EPS attributable to equity holders of the Company (cents) <sup>(2)</sup>	1.04	2.17
Fully diluted EPS attributable to equity holders of the Company (cents) <sup>(3)</sup>	1.04	2.17

#### Notes:

- (1) For comparative purposes, the weighted average number of Shares used to compute the EPS for the six months ended 30 September 2013 ("1H2014") has been adjusted to take into account the issuance of the 57,822,000 new Shares on 6 December 2013 pursuant to a one-for-two bonus issue announced by the Company on 11 November 2013 (the "Bonus Issue"), and assuming that the Bonus Issue had been completed on 1 April 2013.
- (2) 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 1H2015 and 1H2014 as the Company did not have any outstanding instruments convertible into, rights to subscribe for, and/or options in respect of, the 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 30 September 2014	As at 31 March 2014	As at 30 September 2014	As at 31 March 2014
NAV per Share (cents)	16.61	16.93	6.76	7.20
Number of Shares used in computation of NAV per Share	174,006,000	173,466,000	174,006,000	173,466,000

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.**

### Review of income statements of the Group for 1H2015 compared to 1H2014

#### Revenue

The Group’s revenue increased by S\$0.2 million or 0.8%, from S\$31.0 million in 1H2014 to S\$31.2 million in 1H2015. The increase in the Group’s revenue was a result of the following:

- (i) *a net increase in revenue of S\$2.4 million from the restaurants operating under other brands*

The Group’s restaurants operating under other brands, namely “Menya Musashi”, “Osaka Ohsho”, “Yonehachi” and “Menzo Butao”, recorded an increase in revenue of S\$4.2 million in aggregate in 1H2015 as compared to 1H2014.

This increase in revenue was however partially offset by a decrease in revenue of S\$1.8 million in aggregate due to: (a) the temporary closure of the restaurants operating under “Japanese Gourmet Town” at VivoCity in the month of August 2014 for renovation; (b) the closure of the “Botejyu Yatai” outlets in the food courts at Junction 8 in October 2013 and at Bugis Junction in February 2014; and (c) the closure of “Kazokutei” restaurant at Plaza Singapura in May 2014 and the re-opening as “Fruit Paradise” restaurant in September 2014 and the conversion of the “Udon King” restaurant at AMK Hub into “Gyoza Bo” restaurant in September 2014.

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- (ii) *a net decrease in revenue of S\$2.2 million from the restaurants operating under the “Ajisen Ramen” brand*

The decrease in the Group’s revenue from the restaurants operating under the “Ajisen Ramen” brand from S\$16.3 million in 1H2014 to S\$14.1 million in 1H2015 was mainly attributable to: (a) the drop in net sales from existing restaurants due to reduced patronage as a result of intense competition which presents customers with alternative food choices; (b) the temporary closure of the restaurants at Lot One Shoppers Mall and at Bugis Junction in the month of July 2014 for renovation; and (c) the closure of the restaurants located at Hougang Mall in May 2013, at Changi Airport Terminal 3 in February 2014 and at Parkway Parade in April 2014 as the Group decided not to extend the leases upon their expiry.

As at 30 September 2014, the Group had a total of 44 restaurants in operation comprising 18 “Ajisen Ramen” restaurants, 5 “Fruit Paradise” restaurants, 2 “Kazokutei” restaurants, 9 “Menya Musashi” restaurants, 6 “Osaka Ohsho” restaurants and 4 restaurants operating under the “Botejyu”, “Japanese Gourmet Town”, “Menzo Butao” and “Yonehachi” brands. As at 30 September 2014, the Group also had 1 “Ajisen Ramen” outlet located at Premium Food Precinct in Marina Bay Sands Shoppes.

In comparison, as at 30 September 2013, the Group had a total of 39 restaurants in operation comprising 19 “Ajisen Ramen” restaurants, 4 “Fruit Paradise” restaurants, 3 “Kazokutei” restaurants, 6 “Menya Musashi” restaurants, 2 “Osaka Ohsho” restaurants and 5 restaurants operating under the “Botejyu”, “Japanese Gourmet Town”, “Udon King”, “Menzo Butao” and “Yonehachi” brands. As at 30 September 2013, the Group also had 3 other outlets located in various food courts.

### **Gross profit**

The Group’s gross profit increased by S\$0.7 million or 2.8%, from S\$25.0 million in 1H2014 to S\$25.7 million in 1H2015.

The Group’s gross profit margin increased by 1.6 percentage points from 80.8% in 1H2014 to 82.4% in 1H2015 mainly due to: (i) better control of raw material costs arising from efficiency in usage of materials and cost savings from self-produced noodles; (ii) bulk purchase discount; and (iii) appreciation of the Singapore dollar against Japanese Yen.

### **Selling and distribution expenses**

The Group’s selling and distribution expenses increased by S\$3.1 million or 16.2%, from S\$18.9 million in 1H2014 to S\$22.0 million in 1H2015. As a percentage of revenue, selling and distribution expenses represented 70.4% of the Group’s revenue in 1H2015 compared to 61.0% in 1H2014. The increase was mainly attributable to: (i) an increase in salaries of about S\$0.6 million due to headcount increase in both full-time and part-time employees as well as higher base salary, and a one-off incentive payment of S\$0.4 million to retain existing staff; (ii) an increase in rental expense of S\$1.4 million; (iii) an increase in depreciation expense of S\$0.3 million; (iv) an increase in marketing expense of S\$0.1 million; (v) an increase in utilities expense of S\$0.1 million; and (vi) a net increase in other expenses, in line with the higher number of restaurants in operation during 1H2015.

In 1H2015, the Group was adversely affected by labour shortage due to the reduced foreign worker quotas and an increasing number of F&B outlets in Singapore. The Group took proactive measures to cushion the labour shortage. Amongst such measures taken were: (i) the investment and implementation of the iPad E-Menu system; (ii) the temporary deployment of head office staff to augment the operational manpower at the Group’s restaurants and outlets; (iii) the payment of higher hourly wage rate to part-timers; (iv) the payment of retention

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bonus to eligible full-time employees in the month of June 2014; and (v) an increment in salary for eligible full-time employees. The acute labour shortage eventually eased off in the month of August 2014.

### **Other Income**

The Group's other income decreased by S\$0.1 million or 25.0% from S\$0.5 million in 1H2014 to S\$0.4 million in 1H2015 mainly due to lower planning and operating fee from the Group's associated company in respect of "Menya Musashi" brand in the People's Republic of China ("PRC").

### **Administrative expenses**

The Group's administrative expenses remained relatively unchanged at S\$1.5 million in 1H2015 compared to 1H2014.

### **Other operating expenses**

The Group's other operating expenses remained relatively unchanged at S\$0.7 million in 1H2015 compared to 1H2014.

### **Finance expenses**

The Group did not incur any finance expenses in 1H2015 and 1H2014 as there was no bank borrowing during these financial periods.

### **Share of results of associates, net of tax**

The Group's share of profits of associated company increased by S\$.01 million or 100.0% in 1H2015 compared to 1H2014 due to an increase in the number of restaurants operated by its associated companies in 1H2015.

### **Income tax expenses**

The Group's income tax expenses decreased by S\$0.5 million or 59.4%, from S\$0.8 million in 1H2014 to S\$0.3 million in 1H2015, in line with the decrease in the Group's profit before income tax.

### **Net profit**

The Group's net profit attributable to equity holders of the Company decreased by S\$1.9 million or 52.0% from S\$3.7 million in 1H2014 to S\$1.8 million in 1H2015, mainly due to the increase in its selling and distribution expenses in 1H2015.

## **Review of financial position of the Group as at 30 September 2014**

### **Current assets**

The Group's total current assets as at 30 September 2014 decreased by S\$3.3 million, from S\$23.1 million as at 31 March 2014 to S\$19.8 million as at 30 September 2014. This decrease was mainly as a result of a decrease in cash and cash equivalents of S\$3.3 million and a decrease in trade receivables and inventories of S\$0.2 million in aggregate. These increases were however partially offset by an increase in other current assets of S\$0.2 million.

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### **Non-current assets**

The Group's total non-current assets increased by S\$2.7 million, from S\$15.4 million as at 31 March 2014 to S\$18.1 million as at 30 September 2014. This increase was mainly due to an increase in the net book value of property, plant and equipment of S\$2.5 million mainly due to renovation and equipment costs of new and existing outlets (of which S\$1.2 million was attributable to the Group's investment in the iPad E-Menu system) and an increase in investment in associated companies of S\$0.2 million.

### **Current liabilities**

The Group's total current liabilities decreased by S\$0.1 million from S\$8.3 million as at 31 March 2014 to S\$8.2 million as at 30 September 2014. This marginal decrease was a result of a decrease in current income tax liabilities of S\$0.3 million partially offset by an increase in trade and other payables 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 September 2014 as compared to 31 March 2014.

### **Shareholders' equity**

The Group's shareholders' equity decreased by S\$0.5 million, from S\$29.4 million as at 31 March 2014 to S\$28.9 million as at 30 September 2014. This decrease was a result of the payment of dividends amounting to S\$2.6 million which was partially offset by an increase in equity due to the issuance of the PSP Shares in 1H2015 of S\$0.3 million and net profit achieved by the Group of S\$1.8 million in 1H2015.

### **Review of consolidated statement of cash flows for 1H2015**

The Group's net cash provided by operating activities in 1H2015 was S\$4.3 million. This was mainly due to operating profit (after adjustments for non-cash items and changes in working capital) of S\$5.0 million, partially offset by a tax payment of S\$0.7 million.

The Group's net cash used in investing activities in 1H2015 was S\$5.0 million due to renovation costs and the purchase of equipment for the Group's new and existing restaurants of S\$3.3 million, upgrade of information technology of S\$1.3 million, additional equipment and delivery truck for the Group's central kitchen of S\$0.3 million and the acquisition of a new franchise right relating to "Keika Ramen" brand of S\$0.1 million.

The Group's net cash used in financing activities in 1H2015 was S\$2.7 million mainly due to dividend payment of S\$2.6 million and fixed deposit pledged with banks for issuance of banker's guarantees in lieu of rental deposit of S\$0.1 million.

As a result, the Group's cash and cash equivalents (excluding bank deposits pledged for banking facilities) decreased by S\$3.3 million in 1H2015.

### **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 of the Company.

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**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 as a result of foreign labour controls and rising business costs.

To counter the intense competition, the Group will review its pricing strategy, product offerings and service to meet current and future customers' needs, including menu innovations and value offerings.

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. During 1H2015, the Group implemented the iPad E-Menu system in its restaurants and outlets. Barring unforeseen circumstances, the Group plans to increase its central kitchen capacity in the next 12 months with a view to improving operational efficiency and better deployment of manpower.

As at 30 September 2014, the Group's associated companies operate 9 restaurants in Hong Kong and 3 restaurants in the PRC under the "Menya Musashi" brand. Barring unforeseen circumstances and when there are suitable opportunities, the Group's associated companies will seek to open more "Menya Musashi" restaurants in Hong Kong and the PRC.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	0.73 cents per ordinary share
Tax rate	Tax exempt (one-tier)

The total amount of interim dividend payable in respect of 1H2015 is estimated to amount to approximately S\$1.3 million based on the 174,006,000 Shares currently outstanding as at the date of this announcement. This is comparable to the total amount of interim dividend paid in respect of 1H2014 of approximately S\$1.3 million.

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**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	1.10 cents per ordinary share
Tax rate	Tax exempt (one-tier)

The total amount of interim dividend paid in respect of 1H2014 was approximately S\$1.3 million and there were 115,644,000 Shares outstanding then in November 2013.

**(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)**

The interim dividend of 0.73 cents per Share in respect of 1H2015 (“Interim Dividend”) will be tax exempt (one-tier).

**(d) Date payable**

The payment date for the Interim Dividend is 28 November 2014.

**(e) Books closure date**

Registrable transfers received by the Company’s Share Registrar, B.A.C.S. Private Limited, at 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 18 November 2014 will be registered before entitlements to the Interim Dividend are determined and the Share Transfer Books and the Register of Members of the Company will be closed on 19 November 2014 for the purposes of determining Shareholders’ entitlement to the Interim Dividend.

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

Not applicable.

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

The Company, at its annual general meeting (“AGM”) on 22 July 2014, had obtained the approval of shareholders for the renewal of the general mandate to allow the Company and its subsidiaries or any of them to purchase soup base and such other ingredients necessary for the “Ajisen Ramen” business from Shigemitsu Industry Co., Ltd. (“Shigemitsu Industry”) (the “IPT Mandate”). The IPT Mandate is subject to annual renewal and will, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier.



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Name of Interested person	Aggregate value of all interested person transactions (including transactions of less than S\$100,000 each) during 1H2015 and excluding transactions conducted under the IPT Mandate (S\$'000)	Aggregate value of all interested person transactions (including transactions of less than S\$100,000 each) conducted during 1H2015 under the IPT Mandate (S\$'000)
<p><b><u>Shigemitsu Industry</u></b> <sup>(1)</sup></p> <p>Royalty, franchise and licence fees paid to Shigemitsu Industry</p> <p>Purchases of food ingredients from Shigemitsu Industry</p>	<p>250<sup>(2)</sup></p> <p>1<sup>(3)</sup></p>	<p>Nil</p> <p>423<sup>(4)</sup></p>

### 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 ("SGX-ST") Listing Manual Section B: Rules of Catalyst (the "Catalist Rules").
- (2) The royalty, franchise and licence fees paid to Shigemitsu Industry in 1H2015 comprise: (i) fees paid for the use of the "Ajisen Ramen" brand amounting to S\$179,000 (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 Catalyst Rules to the extent that there is no variation or amendment to the terms of the relevant franchise agreement); (ii) fees paid for the use of the "Keika Ramen" brand amounting to S\$63,000; and (iii) the right to use the technique for the production of noodles amounting to S\$8,000.  
  
On 1 September 2014, the Company entered into a franchise agreement with Ajisen Franchising (HK) Ltd (a subsidiary of Shigemitsu Industry) pursuant to which the Company was granted the exclusive rights to use the "Keika Ramen" trademark in Singapore for a period of five (5) years from the date of the agreement for a consideration of US\$50,000 (equivalent to S\$63,000).
- (3) This amount relates to the Group's purchases of soup base for the "Keika Ramen" business from Keika Raumen Co., Ltd (a subsidiary of Shigemitsu Industry).
- (4) This amount relates to the Group's purchases of soup base and such other ingredients necessary for the "Ajisen Ramen" business (including transactions less than S\$100,000 each) from Shigemitsu Industry in reliance on the IPT Mandate.

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### 14. Negative confirmation pursuant to Rule 705(5)

We, Takahashi Kenichi and Wong Hin Sun, Eugene, being Directors, hereby confirm on behalf of the Board that, to the best of the Directors' knowledge, nothing has come to the attention of the Board which may render the unaudited consolidated financial statements of the Group for 1H2015 to be false or misleading in any material aspect.

On behalf of the Board

Takahashi Kenichi  
Director

Wong Hin Sun, Eugene  
Director

### BY ORDER OF THE BOARD

TAKAHASHI KENICHI  
Executive Chairman and CEO  
5 November 2014

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*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. 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, Corporate Finance, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*