

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 -----> Fourth Quarter Ended 31 March			Increase/ (Decrease) (%)	<----- Group -----> Financial Year Ended 31 March		
	2019 (\$S'000)	2018 (\$S'000)			2019 (\$S'000)	2018 (\$S'000)	Increase/ (Decrease) (%)
Revenue	17,284	16,182	6.8	68,079	67,845	0.3	
Cost of sales	(2,683)	(2,460)	9.1	(10,555)	(10,153)	4.0	
Gross profit	14,601	13,722	6.4	57,524	57,692	(0.3)	
Interest income	26	22	18.2	120	101	(18.8)	
Other income	206	299	(31.1)	543	870	(37.6)	
Other (gains)/losses - net	(1)	(21)	(95.2)	8	(11)	N.M. ⁽¹⁾	
Selling and distribution expenses	(12,775)	(11,720)	9.0	(49,350)	(47,261)	4.4	
Administrative expenses	(868)	(865)	0.3	(3,466)	(3,428)	1.1	
Other operating expenses	(429)	(472)	(9.1)	(1,387)	(1,439)	(3.6)	
Profit from operation	760	965	(21.2)	3,992	6,524	(38.8)	
Share of (loss)/profit of associated companies	(40)	56	N.M. ⁽¹⁾	132	474	(72.2)	
Profit before income tax	720	1,021	(29.5)	4,124	6,998	(41.1)	
Income tax expenses	(191)	(83)	130.1	(789)	(1,223)	(35.5)	
Total comprehensive income for the period attributable to equity holders of the company	529	938	(43.6)	3,335	5,775	(42.3)	

Note:

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

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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 (crediting) / charging the following:

	←----- Group ----->			←----- Group ----->		
	Fourth Quarter Ended 31 March		Increase / (Decrease) (%)	Financial Year Ended 31 March		Increase / (Decrease) (%)
	2019 (S\$'000)	2018 (S\$'000)		2019 (S\$'000)	2018 (S\$'000)	
Interest income	(26)	(22)	18.2	(120)	(101)	18.8
Royalty and franchise income	(54)	(150)	(64.0)	(236)	(561)	(57.9)
Membership card sales	-	(1)	N.M. ⁽⁴⁾	-	(23)	N.M. ⁽⁴⁾
Insurance claims	(12)	(5)	140.0	(47)	(12)	291.7
Amortisation of government grants	(2)	(3)	(33.3)	(9)	(10)	(10.0)
Government grants ⁽¹⁾	(132)	(124)	6.5	(202)	(226)	(10.6)
Other income ⁽²⁾	(6)	(16)	(62.5)	(49)	(38)	28.9
Depreciation of plant and equipment	1,014	1,049	(3.3)	4,116	4,299	(4.3)
Amortisation of intangible assets	13	14	(7.1)	62	65	(4.6)
Impairment of plant and equipment ⁽³⁾	110	-	N.M. ⁽⁴⁾	110	-	N.M. ⁽⁴⁾
Impairment of intangible assets ⁽³⁾	-	-	N.M. ⁽⁴⁾	-	66	N.M. ⁽⁴⁾
Plant and equipment written off	12	99	(87.9)	104	160	(86.0)
Loss on disposal of plant and equipment	-	1	N.M. ⁽⁴⁾	1	1	Nil
Inventories written off	-	4	N.M. ⁽⁴⁾	4	4	N.M. ⁽⁴⁾
Currency translation loss/(gain) - net	1	21	(95.2)	(9)	11	N.M. ⁽⁴⁾

Notes:

- (1) Government grants refer mainly to the Wage Credit Scheme, Temporary Employment Credit Scheme and Special Employment Credit Scheme.
- (2) Other income refers mainly to the sales of scrap materials and marketing subsidy.
- (3) One-time impairment charge due to store closures.
- (4) “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

Statement of financial position

	<----- Group ----->		<----- Company----->	
	As at 31.03.2019 (S\$'000)	As at 31.03.2018 (S\$'000)	As at 31.03.2019 (S\$'000)	As at 31.03.2018 (S\$'000)
ASSETS				
Current assets				
Cash and bank balances	22,051	21,887	2,643	2,510
Trade receivables	995	1,005	-	-
Other receivables	15	18	4	-
Inventories	682	656	-	-
Amounts owing by subsidiary corporations	-	-	4,089	3,871
Other current assets	3,068	2,059	48	47
	26,811	25,625	6,784	6,428
Non-current assets				
Plant and equipment	9,309	9,277	10	24
Investments in subsidiary corporations	-	-	5,727	5,727
Investments in associated companies	2,423	2,365	191	48
Investment in joint venture	100	-	100	-
Loan to an associated company	248	248	248	248
Other investments at amortised cost	754	-	-	-
Financial assets, held to maturity	-	1,005	-	-
Intangible assets	388	135	-	-
Club membership	322	322	322	322
Long-term security deposits	3,391	4,285	13	-
	16,935	17,637	6,611	6,369
Total Assets	43,746	43,262	13,395	12,797
LIABILITIES				
Current liabilities				
Trade payables	1,367	1,408	-	-
Other payables and accruals	7,226	5,860	516	664
Current income tax liabilities	1,014	1,531	9	7
	9,607	8,799	525	671
Non-current liabilities				
Deferred income tax liabilities	320	430	2	4
	320	430	2	4
Total Liabilities	9,927	9,229	527	675
Net Assets	33,819	34,033	12,868	12,122
EQUITY				
Share capital	9,522	9,522	9,522	9,522
Treasury shares	(376)	(424)	(376)	(424)
Capital reserves	80	24	80	24
Retained earnings	24,593	24,911	3,642	3,000
Total Equity	33,819	34,033	12,868	12,122

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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 March 2019		As at 31 March 2018	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Amount repayable after one year

As at 31 March 2019		As at 31 March 2018	
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 ----->	
	Fourth Quarter ended 31 March		Financial Year Ended 31 March	
	2019	2018	2019	2018
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Cash flows from operating activities:				
Net profit	529	938	3,335	5,775
Adjustments for:				
Income tax expenses	191	83	789	1,223
Depreciation of plant and equipment	1,014	1,049	4,116	4,299
Amortisation of intangible assets	13	14	62	65
Impairment of plant and equipment	110	-	110	-
Impairment of intangible assets	-	-	-	66
Plant and equipment written off	12	99	104	160
Loss on disposal of plant and equipment	-	1	1	1
Share of loss/(profit) of associated companies	40	(56)	(132)	(474)
Interest income	(26)	(22)	(120)	(101)
Amortisation of government grants	(2)	(3)	(9)	(10)
Employee Performance Shares expenses	-	-	339	242
	1,881	2,103	8,595	11,246
Changes in working capital:				
Inventories	6	(9)	(26)	(60)
Trade and other receivables	219	766	12	(314)
Other current assets	(894)	(137)	(1,009)	187
Long-term security deposits	614	11	894	(783)
Trade and other payables	(299)	(515)	1,334	241
Cash generated from operations	1,527	2,219	9,800	10,517
Interest income received	31	30	121	102
Income tax paid/(refund)	37	(61)	(1,416)	(1,352)
Net cash provided by operating activities	1,595	2,188	8,505	9,267
Cash flows from investing activities:				
Additions to plant and equipment	(1,145)	(840)	(4,369)	(3,879)
Additions to intangible assets	(181)	-	(315)	(98)
Additions to associated companies	-	-	(143)	-
Additions to joint venture	(100)	-	(100)	-
Proceeds from disposal of plant and equipment	-	2	6	2
Redemption of other investments at amortised cost	-	-	251	-
Dividends received from associated company	-	-	217	-
Net cash used in investing activities	(1,426)	(838)	(4,453)	(3,975)

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	<----- Group ----->		<----- Group ----->	
	Fourth Quarter ended 31 March		Financial Year Ended 31 March	
	2019	2018	2019	2018
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Cash flows from financing activities:				
Increase in short-term bank deposits pledged	(48)	(3)	(432)	(20)
Purchase of treasury shares	(5)	-	(235)	(75)
Dividend paid	-	-	(3,653)	(3,557)
Net cash used in financing activities	(53)	(3)	(4,320)	(3,652)
Net increase/(decrease) in cash and cash equivalents	116	1,347	(268)	1,640
Cash and cash equivalents at beginning of financial period/year	19,395	18,432	19,779	18,139
End of financial period/year ⁽¹⁾	19,511	19,779	19,511	19,779

Note:

- (1) This excludes bank deposits of \$2.5 million as at 31 March 2019 (\$2.1 million as at 31 March 2018) 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)	Treasury shares (S\$'000)	Capital reserves (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2018	9,522	(424)	24	24,911	34,033
Performance shares issued	-	283	56	-	339
Dividend paid	-	-	-	(3,653)	(3,653)
Purchase of treasury shares	-	(230)	-	-	(230)
Total comprehensive income for the period	-	-	-	2,806	2,806
Balance as at 31 December 2018	9,522	(371)	80	24,064	33,295
Purchase of treasury shares	-	(5)	-	-	(5)
Total comprehensive income for the period	-	-	-	529	529
Balance as at 31 March 2019	9,522	(376)	80	24,593	33,819
Balance as at 1 April 2017	9,522	(559)	(8)	22,693	31,648
Performance shares issued	-	210	32	-	242
Purchase of treasury shares	-	(75)	-	-	(75)
Dividend paid	-	-	-	(3,557)	(3,557)
Total comprehensive income for the period	-	-	-	4,837	4,837
Balance as at 31 December 2017	9,522	(424)	24	23,973	33,095
Total comprehensive income for the period	-	-	-	938	938
Balance as at 31 March 2018	9,522	(424)	24	24,911	34,033

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Company	Share capital (S\$'000)	Treasury shares (S\$'000)	Capital reserves (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2018	9,522	(424)	24	3,000	12,122
Performance shares issued	-	283	56	-	339
Dividend paid	-	-	-	(3,653)	(3,653)
Purchase of treasury shares	-	(230)	-	-	(230)
Total comprehensive income for the period	-	-	-	1,781	1,781
Balance as at 31 December 2018	9,522	(371)	80	1,128	10,359
Purchase of treasury shares	-	(5)	-	-	(5)
Total comprehensive income for the period	-	-	-	2,514	2,514
Balance as at 31 March 2019	9,522	(376)	80	3,642	12,868
Balance as at 1 April 2017	9,522	(559)	(8)	3,990	12,945
Performance shares issued	-	210	32	-	242
Purchase of treasury shares	-	(75)	-	-	(75)
Dividend paid	-	-	-	(3,557)	(3,557)
Total comprehensive income for the period	-	-	-	2,565	2,565
Balance as at 31 December 2017	9,522	(424)	24	2,998	12,120
Total comprehensive income for the period	-	-	-	2	2
Balance as at 31 March 2018	9,522	(424)	24	3,000	12,122

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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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

(i) Between 1 April 2018 and 30 June 2018

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

(ii) Between 1 July 2018 and 30 September 2018

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

(iii) Between 1 October 2018 and 31 December 2018

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

(iv) Between 1 January 2019 and 31 March 2019

On 7 February 2019, the Company had purchased 12,500 Shares by way of market acquisitions. After these Share Buy-backs and as at 31 March 2019, the Company held 833,100 treasury shares and the total number of issued Shares (excluding treasury shares) was 173,602,900 Shares.

Save for the above, there were no other changes in the Company's share capital between 31 December 2018 and 31 March 2019.

As at 31 March 2019 and as at 31 March 2018, the Company did not have any outstanding options or convertibles.

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As at 31 March 2019, the Company did not have any subsidiary holdings and held 833,100 treasury shares which represented approximately 0.5% of the 173,602,900 total issued Shares (excluding treasury shares and subsidiary holdings). As at 31 March 2018, the Company did not have any subsidiary holdings and held 1,048,100 treasury shares which represented approximately 0.6% of the 173,387,900 total issued Shares (excluding treasury shares and subsidiary holdings).

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 March 2019	As at 31 March 2018
Total number of issued Shares	174,436,000	174,436,000
Less: Treasury shares	(833,100)	(1,048,100)
Total number of issued Shares, excluding treasury shares	<u>173,602,900</u>	<u>173,387,900</u>

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.

	Financial year ended 31 March 2019	Financial year ended 31 March 2018
Treasury shares:		
Balance at beginning of financial year	1,048,100	1,392,500
Purchase of treasury shares	485,000	175,600
Transferred on award of PSP Shares	(700,000)	(520,000)
Balance at end of financial year	<u>833,100</u>	<u>1,048,100</u>

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

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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 financial year ended 31 March 2019 (“**FY2019**”) compared to its most recently audited consolidated financial statements for the financial year ended 31 March 2018 (“**FY2018**”).

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

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

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

The adoption of SFRS(I) which includes SFRS(I)15 does not result in any material changes to the Group's accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements for the financial year ended 31 March 2018 except for the “Financial assets, held to maturity”, amounting to S\$1,005,000, have been reclassified to “Other investments at amortised cost” on adoption of SFRS(I)9 at 1 April 2018.

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

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

Earnings per share (“EPS”)

	<----- Group -----> Fourth Quarter Ended 31 March		<----- Group -----> Financial Year Ended 31 March	
	2019	2018	2019	2018
Earnings attributable to equity holders of the Company (S\$'000)	529	938	3,335	5,775
Weighted average number of Shares used in computation of basic EPS	173,604,150	173,387,900	173,750,246	173,511,662
Basic EPS attributable to equity holders of the Company (cents) ⁽¹⁾	0.30	0.54	1.92	3.33
Fully diluted EPS attributable to equity holders of the Company (cents) ⁽²⁾	0.30	0.54	1.92	3.33

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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 -----→		←----- Company -----→	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
NAV per Share (cents)	19.48	19.63	7.41	7.00
Number of Shares used in computing NAV per Share	173,602,900	173,387,900	173,602,900	173,387,900

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

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

As at 31 March 2019, the Group had a total of 55 restaurants in operation comprising 17 "Ajisen Ramen" restaurants, 7 "Shitamachi Tendon Akimitsu" restaurants, 2 "Fruit Paradise" restaurants, 11 "Menya Musashi" restaurants, 5 "Osaka Ohsho" restaurants, 2 "Kagurazaka Saryo" restaurants, 2 "Menzo Butao" restaurants, 3 "Konjiki Hototogisu" restaurants and 6 restaurants operating under various other brands, namely, "Curry Is Drink", "Kazokutei", "Kara-men", "New ManLee Bak Kut Teh", "Japanese Gourmet Town" and "Yonehachi" brands. As at 31 March 2019, the Group had 116,000 number of members under JFH Rewards.

As at 31 March 2018, the Group had a total of 50 restaurants in operation comprising 18 "Ajisen Ramen" restaurants, 6 "Akimitsu" restaurants, 2 "Fruit Paradise" restaurants, 10 "Menya Musashi" restaurants, 5 "Osaka Ohsho" restaurants, 2 "New ManLee Bak Kut Teh" restaurants and 7 restaurants operating under various other brands, namely, "Curry Is Drink", "Dutch Baby Cafe", "Kazokutei", "Ginza Kushi-Katsu", "Menzo Butao", "Japanese Gourmet Town" and "Yonehachi" brands. As at 31 March 2018, the Group had approximately 26,000 number of members under JFH Rewards.

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Review of financial performance of the Group for 4Q2019 compared to 4Q2018

Revenue

The Group's revenue increased by S\$1.1 million or 6.8%, from S\$16.2 million in the fourth quarter from 1 January 2018 to 31 March 2018 ("4Q2018") to S\$17.3 million in the fourth quarter from 1 January 2019 to 31 March 2019 ("4Q2019"). The increase in the Group's revenue was a result of the following:

(i) *net increase in revenue of S\$1.5 million from the restaurants operating under other brands*

The Group's restaurants recorded an increase in revenue of S\$2.1 million in 4Q2019 by new restaurants operating under the "Konjiki Hototogisu", "Shitamachi Tendon Akimitsu", "Menzo Butao", "Kagurazaka Saryo" and "Curry is Drink" brands. This increase in revenue was however partially offset by a decrease in revenue from restaurants operating under other brands, namely the "New ManLee Bak Kut Teh", "Kazokutei", "Fruit Paradise", "Ginza Katshu Kushi" and "Dutch Baby Cafe" brands which, in aggregate, recorded a decrease in revenue of S\$0.6 million in 4Q2019 due to the closure of certain restaurants and lower same store sales.

(ii) *net decrease in revenue of S\$0.3 million from the restaurants operating under the "Ajisen Ramen" brands*

The Group's revenue from restaurants operating under the "Ajisen Ramen" brand decreased from S\$6.0 million in 4Q2018 to S\$5.6 million in 4Q2019, mainly attributable to the closure of an outlet at Marina Bay Sands Shoppes Premium Food Precinct in February 2018, the closure of a restaurant at White Sands in October 2018 and lower revenue from certain existing restaurants.

(iii) *impact of JFH Rewards*

The reward points known as \$J earned by members (net of expired points of approximately S\$0.1 million) under JFH Rewards amounted to S\$0.2 million in 4Q2019 compared to S\$0.1 million in 4Q2018. In accordance with the relevant accounting standard, such amount was deducted from the corresponding revenue recognised during the respective financial periods.

Gross profit

The Group's gross profit increased by S\$0.9 million or 6.4% from S\$13.7 million in 4Q2018 to S\$14.6 million in 4Q2019, generally in line with the increase in the Group's revenue.

Other income

The Group's other income decreased by S\$89,000 or 27.7% from S\$321,000 in 4Q2018 to S\$232,000 in 4Q2019 mainly due to lower lower royalty income from its associated company in China.

Other gains

The Group's other gains decreased by S\$20,000 or 95.2% from S\$21,000 in 4Q2018 to S\$1,000 in 4Q2019 mainly due to lower exchange gain in 4Q2019.

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Selling and distribution expenses

The Group's selling and distribution expenses increased by S\$1.0 million or 9.0% from S\$11.7 million in 4Q2018 to S\$12.7 million in 4Q2019 due to higher manpower, rental, utilities and online delivery expenses in line with the expanded restaurant network and higher revenue achieved in 4Q2019.

Administrative expenses

The Group's administrative expenses remained the same at approximately S\$0.9 million in 4Q2019 as compared to 4Q2018.

Other operating expenses

The Group's other operating expenses decreased by S\$43,000 or 9.1% from S\$472,000 in 4Q2018 to S\$429,000 in 4Q2019 mainly due to lower fixed assets written off and lower withholding tax expenses which were partially offset by an impairment of plant and equipment in relation to a store closure during 4Q2019 amounting to S\$110,000.

Share of profit of associated companies

The Group's share of profit of associated companies was a loss of S\$40,000 in 4Q2019 due to losses from the associated companies in Hong Kong and China operating restaurants under the "Menya Musashi" brand arising from keen competition and weak economic conditions. The associated company in Indonesia also recorded initial start-up loss in 4Q2019.

Income tax expenses

The Group's income tax expenses increased by S\$0.1 million or 130.1% from S\$0.1 million in 4Q2018 to S\$0.2 million in 4Q2019 due to reversal of deferred tax liabilities of S\$0.4 million in 4Q2018.

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\$0.4 million or 43.6% from S\$0.9 million in 4Q2018 to S\$0.5 million in 4Q2019.

Review of financial performance of the Group for FY2019 compared to FY2018

Revenue

The Group's revenue increased by S\$0.2 million or 0.3% from S\$67.9 million in FY2018 to S\$68.1 million in FY2019. The increase in the Group's revenue was a result of the following:

- (i) *net increase in revenue of S\$5.4 million from the restaurants operating under other brands*

The Group's restaurants recorded an increase in revenue of S\$7.5 million in FY2019 mainly contributed by new restaurants operating under the "Konjiki Hototogisu", "Shitamachi Tendon

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Akimitsu”, “Menzo Butao”, “Kagurazaka Saryo” and “Curry is Drink” brands. This increase in revenue was however partially offset by a decrease in revenue from restaurants operating under other brands, namely the “New ManLee Bak Kut Teh”, “Kazokutei”, “Fruit Paradise”, “Ginza Katshu Kushi” and “Dutch Baby Cafe” brands which, in aggregate, recorded a decrease in revenue of S\$2.1 million in FY2019 due to the closure of certain restaurants and lower same store sales.

- (ii) *net decrease in revenue of S\$3.5 million from the restaurants operating under the “Ajisen Ramen” brand*

The Group’s revenue from restaurants operating under the “Ajisen Ramen” brand decreased from S\$26.8 million in FY2018 to S\$23.3 million in FY2019, mainly attributable to (i) the conversion of an “Ajisen Ramen” brand restaurant to a “Menya Musashi” brand restaurant at Takashimaya in November 2017, (ii) closure of an outlet at Marina Bay Sands Shoppes Premium Food Precinct in February 2018, (iii) temporary closure of a restaurant at Nex in September 2018 due to re-sizing of floor space, (iv) closure of a restaurant at White Sands in October 2018 and (v) lower net sales generated from some existing restaurants.

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

The Group’s revenue from restaurants operating under the “Menya Musashi” brand decreased from S\$15.8 million in FY2018 to S\$15.4 million in FY2019, mainly attributable to lower net sales generated from existing restaurants which was partially offset by revenue contribution arising from (i) the opening of new restaurants at North Point and Chinatown Point in September 2017 and September 2018 respectively and (ii) the conversion of an “Ajisen Ramen” brand restaurant to a “Menya Musashi” brand restaurant at Takashimaya in November 2017.

- (iv) *a net decrease in revenue of S\$0.5 million from the restaurants operating under “Osaka Ohsho” brand*

The Group’s revenue from restaurants operating under the “Osaka Ohsho” brand decreased from S\$7.9 million in FY2018 to S\$7.4 million in FY2019, mainly attributable to the closure of a restaurant at Eastpoint Mall in November 2017 as well as lower net sales generated from some existing restaurants.

- (iv) *impact of JFH Rewards*

The reward points known as \$J earned by members (net of expired points of approximately S\$0.1 million) under JFH Rewards amounted to S\$0.9 million in FY2019 compared to S\$0.1 million in FY2018. In accordance with the relevant accounting standard, such amount was deducted from the corresponding revenue recognised during the respective financial years.

Gross profit

The Group’s gross profit decreased marginally by S\$0.2 million or 0.3% from S\$57.7 million in FY2018 to S\$57.5 million in FY2019.

The Group’s overall gross profit margin decreased marginally from 85.0% in FY2018 to 84.5% in FY2019 due to the impact of the JFH Rewards which was partially offset by the Group’s continuing efforts in cost control of raw materials.

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Other income

The Group's other income decreased by S\$0.3 million or 31.7% from S\$1.0 million in FY2018 to S\$0.7 million in FY2019 mainly due to lower royalty income from its associated company in China.

Other (gains)/losses

The Group incurred other losses of S\$8,000 in FY2019 as compared to a gain of S\$11,000 in FY2019 mainly due to currency translation loss in FY2019.

Selling and distribution expenses

The Group's selling and distribution expenses increased by S\$2.1 million or 4.4% from S\$47.3 million in FY2018 to S\$49.4 million in FY2019 due to higher manpower cost, rental, utilities and online delivery charges in line with the Group's expanded restaurant network.

Administrative expenses

The Group's administrative expenses remained the same at approximately S\$3.4 million in FY2019 as compared to FY2018.

Other operating expenses

The Group's other operating expenses remained the same at approximately S\$1.4 million in FY2019 as compared to FY2018.

Share of profit of associated companies

The Group's share of profit of its associated companies decreased by S\$0.3 million or 72.2% from S\$0.5 million in FY2018 to S\$0.1 million in FY2019 mainly due to (i) lower profit from the associated company in China operating restaurants under the "Menya Musashi" brand due to lower revenue arising from keen competition and weak economic conditions, high initial set-up costs of 3 new restaurants in December 2018 and January 2019 as well as the closure of a restaurant in November 2018, (ii) lower profits from the associated company in Hong Kong due to lower revenue arising from keen competition, and (iii) share of initial start-up loss of the associated company in Indonesia.

Income tax expenses

The Group's income tax expenses decreased by S\$0.4 million or 35.5% from S\$1.2 million in FY2018 to S\$0.8 million in FY2019, in line with the lower profit recorded in FY2019.

Net profit

As a result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company decreased by S\$2.5 million or 42.3% from S\$5.8 million in FY2018 to S\$3.3 million in FY2019.

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Review of financial position of the Group as at 31 March 2019

Current assets

The Group's total current assets increased by S\$1.2 million, from S\$25.6 million as at 31 March 2018 to S\$26.8 million as at 31 March 2019.

This was mainly due to an increase in rental deposit and prepayments of S\$0.2 million and S\$1.0 million respectively.

Non-current assets

The Group's total non-current assets decreased by S\$0.7 million, from S\$17.6 million as at 31 March 2018 to S\$16.9 million as at 31 March 2019.

This was due to a decrease in long-term rental deposit of S\$0.9 million which was partially offset by an increase in investment in associated companies and joint venture of S\$0.2 million.

Current liabilities

The Group's total current liabilities increased by S\$0.8 million, from S\$8.8 million as at 31 March 2018 to S\$9.6 million as at 31 March 2019 due to an increase in other payables and accruals of S\$1.3 million as a result of expanded restaurant network and accrued renovation costs of newly opened restaurants. These were partially offset by a decrease in current income tax provision of S\$0.5 million.

Non-current liabilities

The Group's total non-current liabilities reduced by S\$0.1 million from S\$0.4 million as at 31 March 2018 to S\$0.3 million as at 31 March 2019 due to reversal of deferred tax liability.

Shareholders' equity

The Group's shareholders' equity decreased by S\$0.2 million from S\$34.0 million as at 31 March 2018 to S\$33.8 million as at 31 March 2019. The decrease was mainly due to the share-buy-back of S\$0.2 million and distribution of dividend S\$3.6 million, partially offset by the net profit achieved by the Group in FY2019 of S\$3.3 million and the transfer of treasury shares to the Group's employees pursuant to the Japan Foods Performance Share Plan (as announced on 17 May 2018) amounting to S\$0.3 million.

Review of statement of cash flow for 4Q2019

The Group's net cash generated from operating activities in 4Q2019 was S\$1.6 million. This was mainly due to operating profit before working capital changes of S\$1.9 million and working capital outflow of S\$0.3 million.

The Group's net cash used in investing activities in 4Q2019 was S\$1.4 million arising from (i) renovation cost and purchase of equipment for the Group's restaurants of S\$1.1 million; (ii) acquisition of franchise rights of S\$0.2 million and (iii) investment in joint venture company of S\$0.1 million.

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The Group's net cash used in financing activities in 4Q2019 was S\$53,000 arising from the increase in short-term bank deposit pledged of S\$48,000 and purchases of treasury shares of S\$5,000.

Review of statement of cash flow for FY2019

The Group's net cash generated from operating activities in FY2019 was S\$8.5 million. This was mainly due to operating profit before working capital changes of S\$8.6 million and working capital inflow of S\$1.2 million and interest received of S\$0.1 million. These were partially offset by payment of income tax of S\$1.4 million.

The Group's net cash used in investing activities in FY2019 was S\$4.5 million mainly due to (i) renovation cost and purchase of equipment for the Group's new restaurants of S\$4.4 million, (ii) acquisition of franchise rights of new brands of approximately S\$0.3 million, (iii) investment in an associated company in Indonesia and a joint venture company of approximately S\$0.3 million in aggregate, such outflows were partially offset by inflows from the redemption of other investment held at amortised cost of approximately S\$0.3 million and dividends received from associated companies in Hong Kong and China of S\$0.2 million in aggregate.

The Group's net cash used in financing activities in FY2019 was S\$4.3 million mainly due to dividend payment of S\$3.7 million, decrease in short-term bank deposit pledged of S\$0.4 million and purchase of treasury shares of S\$0.2 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 in relation to the Group's results previously disclosed to shareholders.

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

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

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

On 29 January 2019, the Company and Minor Food Group (Singapore) Pte. Ltd. ("**MS**") established a joint venture to conduct the business of franchising and operating existing restaurant brands owned by the Company and MS in Japan, Thailand and the People's Republic of China. The Company and MS is actively planning and making preparation to set up restaurant operation in Japan.

As at 31 March 2019, the Group's associated companies operated 7 restaurants in Hong Kong, 12 restaurants in China and 1 restaurant in Indonesia under the "Menya Musashi" brand.

SFRS(I)16 relating to leases will replace FRS 17 effective for the Group's financial year beginning 1 April 2019. The Group expects that the adoption of the new standard will result in increase in total

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assets and total liabilities and EBITDA. There is no assurance that the adoption of the new standard will not negatively impact the Group's profitability for the financial year ending 31 March 2020.

11. Dividend

(a) Current Financial Period Reported On

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

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

An interim dividend of 0.80 cents (tax exempt (one-tier)) per Share was paid on 6 December 2018.

(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	Final
Dividend type	Cash
Dividend amount per share (in cents)	1.30 cents per ordinary share
Tax rate	Tax exempt (one-tier)

An interim dividend of 0.8 cents (tax exempt (one-tier)) per Share was paid on 8 December 2017.

(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 proposed final dividend ("Final Dividend") of 1.10 cents per Share will be tax exempt (one-tier).

(d) Date payable

The Final Dividend, if approved by the shareholders of the Company at the forthcoming annual general meeting of the Company, will be paid on 16 August 2019.

(e) Books closure date

Registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 31 July 2019 will be registered before entitlements to the Final Dividend are determined and the Register of Members and the Transfer Books of the Company will be closed on 1 August 2019 for purposes of determining shareholders' entitlement to the Final Dividend.

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12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

13. Interested person transactions

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

14. Negative confirmation pursuant to Rule 705(5)

Not required for announcement of full-year results.

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

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Group	Restaurant Sales (S\$'000)	Franchised Operations (S\$'000)	Total (S\$'000)
FY2019			
Revenue	68,028	51	68,079
Segment results	3,689	183	3,872
Share of profits of associated companies			132
Finance income (net)			120
Profit before income tax			4,124
Income tax expense			(789)
Profit after tax			3,335
Total assets	42,817	929	43,746
Total liabilities	9,543	384	9,927
Capital expenditure	4,369	-	4,369
Depreciation and amortisation	4,116	62	4,178
Impairment of plant and equipment	110	-	110
Plant and equipment written off	104	-	104
Loss on disposal of plant and equipment	1	-	1

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Group	Restaurant Sales (S\$'000)	Franchised Operations (S\$'000)	Total (S\$'000)
FY2018			
Revenue	67,771	74	67,845
Segment results	6,063	360	6,423
Share of profits of associated companies			474
Finance income (net)			101
Profit before income tax			6,998
Income tax expense			(1,223)
Profit after tax			5,775
Total assets	42,200	1,062	43,262
Total liabilities	8,550	679	9,229
Capital expenditure	3,879	-	3,879
Depreciation and amortisation	4,299	65	4,364
Impairment of intangible assets	66	-	66
Plant and equipment written off	160	-	160
Loss on disposal of plant and equipment	1	-	1

Geographical segments

Group	Revenue		Assets		Capital Expenditure	
	----- As at 31 March -----					
	FY2019 S\$'000	FY2018 S\$'000	2019 S\$'000	2018 S\$'000	FY2019 S\$'000	FY2018 S\$'000
Singapore	68,079	67,845	43,746	43,262	4,369	3,879

All the Group's operations in FY2019 and FY2018 are located in Singapore.

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

By business segment

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

In FY2019 and FY2018, the revenue contribution from restaurant operations and from franchised operations had remained relatively stable at approximately 99.9% and 0.1% respectively.

Please refer to Paragraph 8 of this announcement for a detailed commentary of the Group's financial performance in FY2019 as compared to FY2018.

By geographical segment

All the Group's operations in FY2019 and FY2018 are located in Singapore.

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18. A breakdown of sales.

Group	FY2019 (S\$'000)	FY2018 (S\$'000)	% increase/ (decrease)
Sales reported for :			
First half ended 30 September	33,271	32,953	1.0
Second half ended 31 March	34,808	34,892	(0.2)
Total	68,079	67,845	0.3

Group

Net profit for the year reported for :

First half ended 30 September	1,591	2,344	(32.1)
Second half ended 31 March	1,744	3,431	(49.2)
Total	3,335	5,775	(42.3)

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (FY2019) (S\$)	Previous Full Year (FY2018) (S\$)
Total annual ordinary dividend		
Interim (Tax exempt 1-tier)	1,389,537	1,395,488
Final (Tax exempt 1-tier)	1,909,632	2,254,043
Total	3,299,169	3,649,531

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20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive or substantial shareholder of the issuer pursuant to rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name of relative	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chan Chau Mui	50	Deemed associate of Kenichi Takahashi, the Executive Chairman and Chief Executive Officer of the Company	<p>Ms Chan was appointed as Chief Operating Officer on 28 April 2015 (previously Head (Operations) of the Company since 2008). She is in charge of the overall daily operation of the Group and is responsible for the successful execution of business strategies.</p> <p>Ms Chan is also a director of the following subsidiaries of the Company:</p> <ul style="list-style-type: none"> (i) Bachmann Enterprises Pte Ltd since 1999; (ii) Bachmann Japanese Restaurant Pte Ltd since 1999, and (iii) Japan Foods Enterprises Pte. Ltd. (formerly known as Ajisen Japanese Restaurant Pte. Ltd.) since 2005. (iv) Japan Foods Bridge Pte.Ltd (formerly known as Katsuman Pte Ltd) since 2017. 	Ms Chan was previously Head (Operations) and was appointed as Chief Operating Officer with effect from 28 April 2015. Please also refer to the Company's announcement dated 28 April 2015 for further details
Chan Cheong Keong	51	Brother of Chan Chau Mui, the Chief Operating Officer of the Company and deemed associate of Kenichi Takahashi, the Executive Chairman and Chief Executive Officer of the Company	<p>Mr Chan has been the Central Kitchen Manager at the Company's subsidiary, Bachmann Japanese Restaurant Pte. Ltd. since 2008. He is responsible for the operation of the Group's central kitchen facility.</p> <p>Mr Chan was also previously a director of Bachmann Japanese Restaurant Sdn. Bhd. which had been placed into voluntary liquidation in September 2014.</p>	Nil

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BY ORDER OF THE BOARD

TAKAHASHI KENICHI
Executive Chairman and CEO

14 May 2019

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") in accordance with Rule 226(2)(b) of the Catalist Rules. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.