

JAPAN FOODS HOLDING LTD.

(Company Registration No.: 200722314M)
420 North Bridge Road
#02-01 North Bridge Centre
Singapore 188727
Tel: (65) 6333 9781 Fax: (65) 6333 9782

Japan Foods leverages on new brands to achieve 10.8% net profit growth in 1H2017

- Declares interim dividend of 0.75 Singapore cents per ordinary share, representing a dividend payout ratio of 49.2% on the net profit attributable to equity holders of the Company in 1H2017.

Financial Highlights (S\$' million)	Second quarter ended 30 September		Change (%)	Six (6) months ended 30 September		Change (%)
	2016	2015		2016	2015	
	Revenue	16.6		15.9	4.7	
Gross profit	14.2	13.4	5.8	28.4	26.6	6.7
Profit before income tax	1.6	1.6	1.0	3.2	2.9	11.8
Net profit	1.4	1.3	0.4	2.7	2.4	10.8
Basic earnings per share ("EPS") (Singapore cents) ¹	0.78	0.77	1.3	1.53	1.38	10.9
	As at 31 March 2016			As at 30 September 2016		
Net asset value ("NAV") per share (Singapore cents) ²	17.74			18.07		

¹ EPS was computed based on the weighted average number of shares of 174,394,043 shares and 174,267,739 shares in 2Q2017 and 2Q2016 respectively; and 174,166,273 shares and 174,137,585 shares in 1H2017 and 1H2016 respectively.

² NAV was computed based on 174,426,000 shares as at 30 September 2016 and 173,936,000 shares as at 31 March 2016 respectively.

SINGAPORE, 2 November 2016 – Japan Foods Holding Ltd. ("Japan Foods" or the "Company" and together with its subsidiaries, the "Group"), a leading Singapore-based Japanese restaurant chain, achieved a 10.8% growth in net profit to S\$2.7 million on the back of a 5.5% increase in revenue from S\$31.7 million for the six months ended 30 September 2015 ("1H2016") to S\$33.5 million for the six months ended 30 September 2016 ("1H2017"). Year-on-year, the total number of restaurants and outlet in operation rose from 45 as at 30 September 2015 to 51 as at 30 September 2016.

On a quarterly basis, the Group maintained its net profit at about S\$1.4 million while its revenue increased slightly by 4.7% to S\$16.6 million for the second quarter ended 30 September 2016 ("2Q2017").

The improved performance was driven mainly by contribution from a higher number of restaurants, encouraging performance from new brands including “New ManLee Bak Kut Teh”, “Dutch Baby Cafe” and “Ginza Kushi-Katsu”, and higher gross profit margin, which rose from 84.3% in the second quarter ended 30 September 2015 (“**2Q2016**”) to 85.1% in 2Q2017 due to the Group’s constant cost management efforts such as bulk purchasing to enjoy better discounts, controlling raw material costs, using materials efficiently and its product pricing strategy.

Corresponding to the increase in the number of restaurants, selling and distribution as well as administrative expenses in 2Q2017 grew by 7.3% and 5.7% to S\$11.8 million and S\$0.9 million respectively while other operating expenses fell by 18.6% to S\$0.3 million in 2Q2017.

NAV per share as at 30 September 2016 was 18.07 Singapore cents as compared to 17.74 Singapore cents as at 31 March 2016. The Group’s cash position also strengthened with cash and cash equivalents rising from S\$16.9 million as at 31 March 2016 to S\$19.0 million as at 30 September 2016 with no borrowings.

Mr Takahashi Kenichi, Executive Chairman and CEO of Japan Foods, said: *“Although our net profit in 2Q2017 was comparable to that in 2Q2016, I am satisfied with our overall performance for the half year ended 30 September 2016. Consumer sentiment has turned bearish because of recession fears and this has made it very tough on the F&B businesses. However, I believe we are offering good quality food at reasonable price points and this has enabled us to continue attracting diners to our restaurants.”*

In line with its healthy performance, the Group has declared a tax-exempt, one-tier interim cash dividend of 0.75 Singapore cents per ordinary share to be paid on 29 November 2016. This represents a dividend payout ratio of 49.2% on the net profit attributable to equity holders of the Company in 1H2017.

2Q2017 Business Review

Singapore Network

Restaurant Brands	As at 30 September 2016	As at 30 September 2015
Ajisen Ramen	16	16
Botejyu	1	1
Dutch Baby Cafe	1	-
Fruit Paradise	4	4
Ginza Kushi Katsu	1	-
Hanamidori	1	1
Japanese Gourmet Town	1	1
Kazokutei	3	3
Keika Ramen	3	1
Menya Musashi	8	8
Menzo Butao	1	1
New ManLee Bak Kut Teh	3	-
Osaka Ohsho ⁽¹⁾	6	7
Yonehachi	1	1
TOTAL RESTAURANTS	50	44
Food Court Outlet	As at 30 September 2016	As at 30 September 2015
Ajisen Ramen	1	1
TOTAL RESTAURANTS AND FOOD COURT OUTLET	51	45

The Group's flagship brand and main revenue generator "Ajisen Ramen" as well as its "Keika Ramen" brand recorded a decrease in revenue from S\$6.9 million in 2Q2016 to S\$6.5 million in 2Q2017 as a result of the closure of two restaurants located at Compass Point and Tiong Bahru Plaza in September 2015 and December 2015 respectively due to mall renovation works. Part of the revenue decline was also because of lower net sales generated by some existing restaurants as well as the conversion of an "Ajisen Ramen" brand restaurant at Clementi Mall to "New ManLee Bak Kut Teh" brand in December 2015.

The fall in sales was partially offset by revenue contribution from an "Ajisen Ramen" brand restaurant at Bukit Panjang Plaza following its conversion from "Osaka Ohsho" brand in October 2015, revenue contribution from the opening of two "Keika Ramen" brand restaurants at White Sands and Tiong Bahru Plaza in November 2015 and April 2016 respectively, and the opening of a new "Ajisen Ramen" brand restaurant at Compass One in September 2016.

⁽¹⁾ Includes 1 "Gyoza Bo" brand restaurant and 1 "Kotsujiru Nabe" brand restaurant, which are both brand extensions of the "Osaka Ohsho" brand.

The Group's other brands generated an increase in revenue of S\$1.2 million in 2Q2017 compared to 2Q2016. This was driven by restaurants operating under the "New ManLee Bak Kut Teh", "Dutch Baby Cafe" and "Ginza Kushi-Katsu" brands, which recorded a combined year-on-year increase in sales of S\$1.5 million in aggregate, mainly due to revenue contribution from new stores. This increase was partially offset by a S\$0.3 million decrease in revenue contribution from restaurants operating under the "Hanamidori", "Menzo Butao", "Kazokutei", "Fruit Paradise" and "Botejyu" brands over the same period.

Overseas Network

Restaurant Brands	As at 30 September 2016	As at 30 September 2015
Ajisen Ramen (operated by sub-franchisees)		
• Malaysia	4	6
• Vietnam	2	3
Menya Musashi (interests <i>via</i> associated companies)		
• Hong Kong	8	10
• China	5	5
TOTAL RESTAURANTS	19	24

The Group's overseas network reduced from 24 restaurants as at 30 September 2015 to 19 restaurants as at 30 September 2016 because of the cessation of three "Ajisen Ramen" brand restaurants in Malaysia and Vietnam. In Hong Kong, the Group's associated companies closed two "Menya Musashi" brand restaurants over the period due to the expiration of leases.

Business Outlook

The coming 12 months is expected to remain challenging for the local F&B scene due to intense competition, tight labour supply, rising business costs and uncertain economic outlook. The Group will remain vigilant about controlling raw material costs, improving operational efficiency via streamlining of work processes and technology as well as practising good restaurant portfolio management while taking into account market demand and individual restaurant's profitability.

Mr Takahashi said: *"The next 12 months will not be easy for all businesses but we remain confident of our ability to respond quickly to market conditions through our product pricing and cost control strategies. We will also be actively seeking out opportunities to increase sales despite the poor economic outlook. Our 'New Manlee Bak Kut Teh' brand has been doing well and we now have three*

restaurants under this brand since we first launched it in December 2015. Subject to the availability of good locations and other opportunities, we hope to increase the number of restaurants operating under this brand in Singapore.”

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

###

About Japan Foods Holding Ltd.

Established in Singapore in 1997 and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited in February 2009, Japan Foods is one of the leading Japanese restaurant chains in Singapore. As at 30 September 2016, the Group operates 50 restaurants in Singapore under various brands, such as “Ajisen Ramen”, “Osaka Ohsho” and “Menya Musashi”, and 1 outlet located in a food court.

Over the years, Japan Foods has successfully expanded its restaurant network of the “Ajisen Ramen” brand and has also created its own “Dutch Baby Cafe”, “Fruit Paradise”, “Ginza Kushi Katsu” and “Japanese Gourmet Town” brands. The Group is focused on innovation and aims to continuously refresh the dining experience of its customers. In December 2015, Japan Foods launched its first non-Japanese concept called “New ManLee Bak Kut Teh” offering both Malaysia-style and Singapore-style pork rib soup in Singapore.

The Group has expanded beyond Singapore. As at 30 September 2016, there are 4 restaurants in Malaysia and 2 restaurants in Vietnam operated by the Group’s sub-franchisees under the “Ajisen Ramen” brand. The Group also has interests in 8 restaurants in Hong Kong and 5 restaurants in China operated by its associated companies under the “Menya Musashi” brand.

For its efforts to maintain a high level of good corporate governance, Japan Foods was named the “Most Transparent Company (Overall Winner for Catalist)” at the SIAS Investors’ Choice Awards 2016.

###

Issued on behalf of Japan Foods by August Consulting Pte Ltd

Tel: (65) 6733 8873 Fax: (65) 6733 9913

Wrisney TAN – wrisneytan@august.com.sg

Serene Chia – serenechia@august.com.sg

This news release has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "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 news release. This news release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this news release. 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.