EXPANDING REACH

WIDENING PRESENCE

JAPAN FOODS HOLDING LTD. · ANNUAL REPORT 2019

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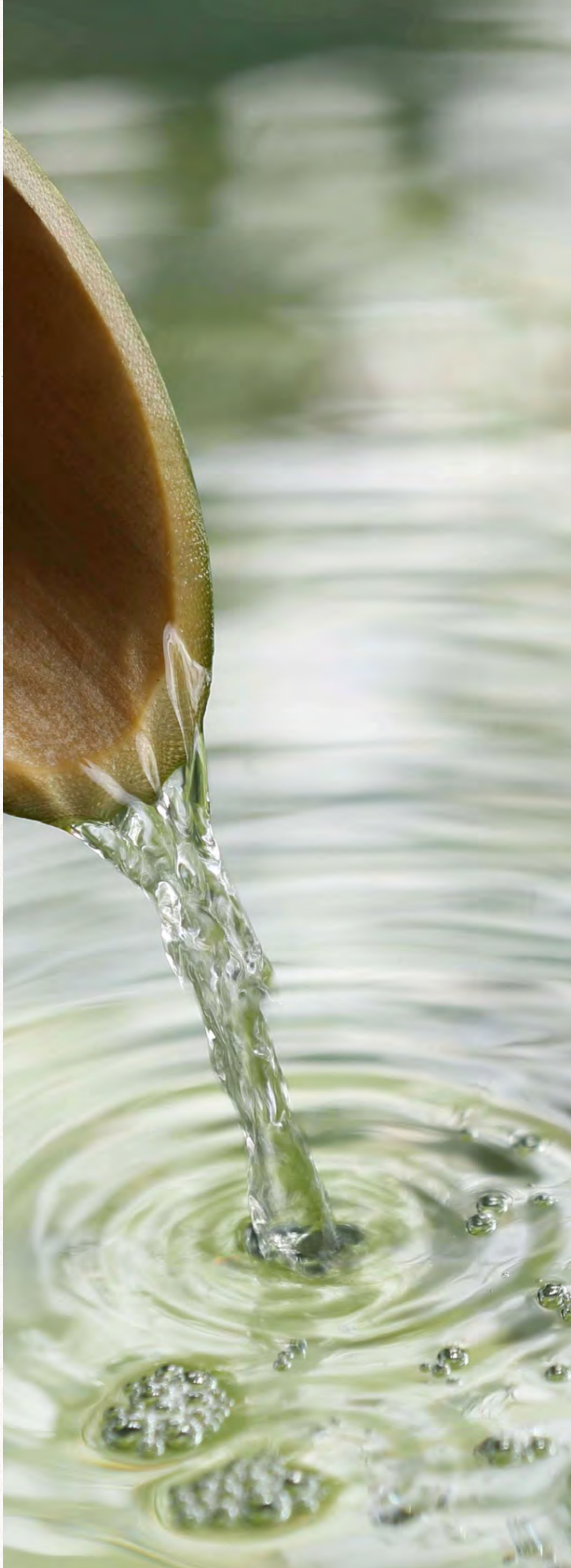
This annual report has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. 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.



CORPORATE PROFILE

Established in Singapore in 1997 and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited in February 2009, Japan Foods Holding Ltd ("Japan Foods") is one of the leading Japanese restaurant chains in Singapore. As at 31 March 2019, the Group operates 55 restaurants in Singapore under various brands, such as "Ajisen Ramen", "Osaka Ohsho" , "Menya Musashi" , "Akimitsu" and "Konjiki Hototogisu", which is a one Michelin Star ramen brand from Tokyo. Over the years, Japan Foods has successfully grown its restaurant portfolio to encompass both franchised and self-developed brands.

The Group has expanded beyond Singapore. At 31 March 2019, there was 1 restaurant in Malaysia operated by the Group's sub-franchisees under the "Ajisen Ramen" brand. The Group also has interests in 1 restaurant in Indonesia, 7 restaurants in Hong Kong and 12 restaurants in China operated by its associated companies under the "Menya Musashi" brand. To further expand its regional footprint, the Group formed a joint venture company with Minor Food Group (Singapore) Pte Ltd ("Minor Singapore") in December 2018 to launch its brands in Thailand. Through the joint venture company, the Group will also manage and operate Minor Singapore's Thai restaurants in Japan.

For its efforts in corporate governance, Japan Foods was named the "Most Transparent Company (Catalist)" at the 17th SIAS Investors' Choice Awards in 2016 and also awarded the "Transparency Award – SMEs" at the 18th SIAS Investors' Choice Awards 2017. In July 2018, the Group received the "Best Managed Board Award (Gold)" at the Singapore Corporate Awards 2018 and in September 2018, it was named Runner-Up in the "Most Transparent Company – Hotel / Restaurant" award category at the 19th SIAS Investors' Choice Awards 2018.

4 SELF-DEVELOPED BRANDS

1. Aji Tei
2. Curry Is Drink
3. Fruit Paradise
4. Japanese Gourmet Town

1 FRANCHISE BRAND FROM MALAYSIA

1. New Manlee Bak Kut Teh

10 FRANCHISED BRANDS FROM JAPAN

1. Ajisen Ramen
2. Shitamachi Tendon Akimitsu
3. Osaka Ohsho
4. Konjiki Hototogisu
5. Kazokutei
6. Menya Musashi
7. Menzo Butao
8. Yonehachi
9. Kagurazaka Saryo
10. Afuri Ramen*

* Launched in June 2019

AT A GLANCE

OUR NETWORK

(As At 31 March 2019)

55
Self-Operated Restaurants

1
Central Kitchen
at Kampong Ampat, Singapore

Joint venture with Minor Singapore to operate restaurants in Japan, Thailand and China

20
Restaurants in China, Hong Kong and Indonesia through Associated Companies

1
Sub-Franchised Restaurants in Malaysia

OUR STRATEGY

FOUR-PRONGED STRATEGY

DEVELOPMENT OF NEW CONCEPTS

Launch new franchised and self-developed brands

OVERSEAS EXPANSION

Via strategic investments such as acquisitions, joint ventures or through a franchise / sub-franchise model

COST & QUALITY CONTROL

Via central kitchen, bulk purchase and economies of scale

NETWORK EXPANSION & CONSOLIDATION

Grow network prudently and close / convert underperforming outlets

AT A GLANCE

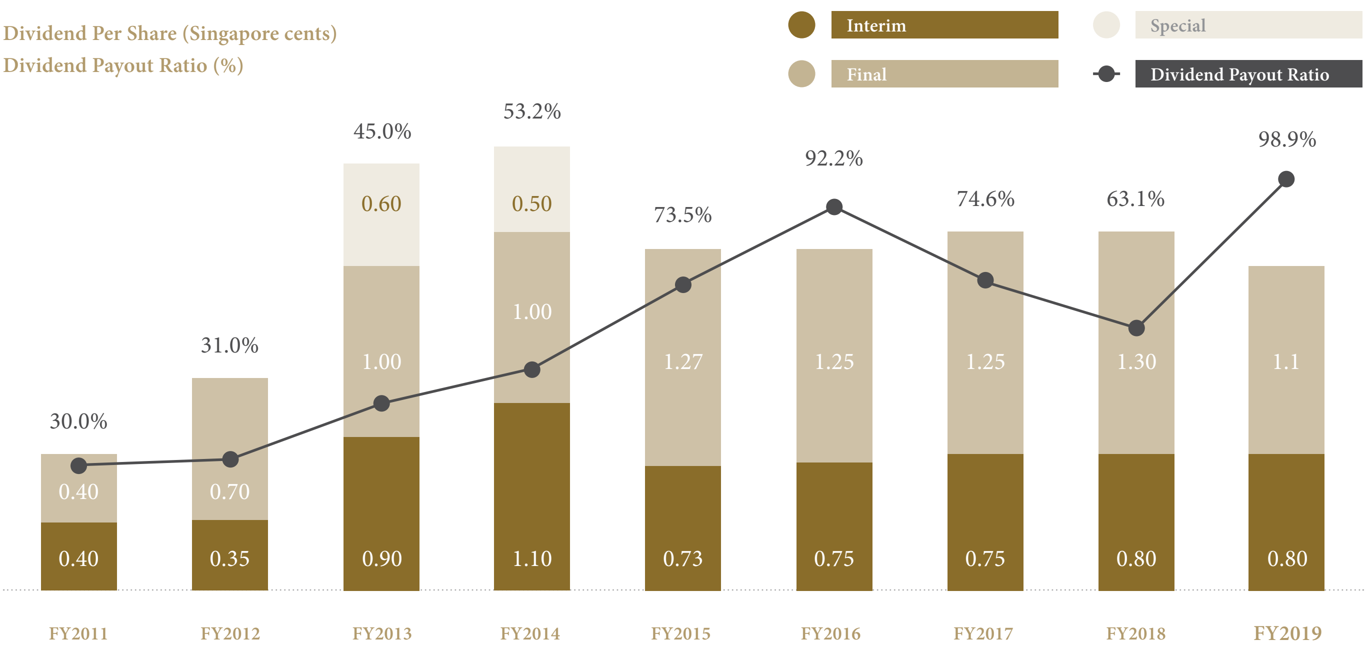
▶ OUR FOCUS ON SHAREHOLDERS' VALUE

We are focused on growing long-term shareholders' value and we have been consistently rewarding shareholders with cash dividends since FY2009.

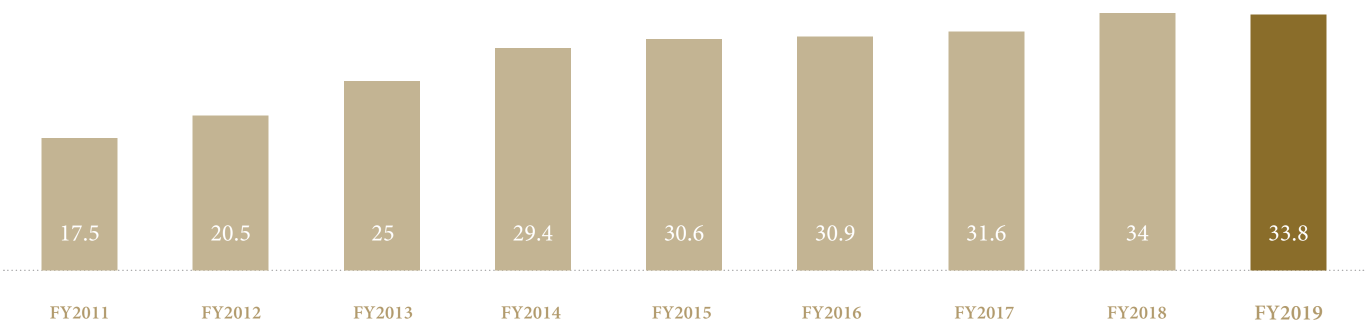
Our total dividend payment in respect of FY2019 will be 1.90 Singapore cents per share, comprising the interim dividend of 0.80 Singapore cents per share already paid in December 2018 and the proposed final dividend of 1.10 Singapore cents per share. This represented a total dividend payout of 98.9% of our Group's net profit in FY2019, which is higher than our dividend policy to distribute not less than 50%[1] of our consolidated net profits attributable to shareholders annually.

[1] Subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances.

Dividend History



Shareholders' Equity (S$' million)



OUR BRANDS

AJISEN RAMEN

"Ajisen Ramen" is the Group's flagship brand and was first introduced to the Singapore market in 1997. The word "Ajisen" means a thousand tastes in Japanese. "Ajisen Ramen" originated from Kumamoto, Japan, in 1968. Known for its rich and aromatic tonkatsu soup base which is derived from hours of boiling pork bones, Ajisen offers a wide selection of ramen to cater to discerning customers. With presence worldwide, it is an internationally recognised brand with presence in countries such as Japan, China, Hong Kong, and the United States.

To rejuvenate the "Ajisen Ramen" brand, Japan Foods has introduced two brand extensions:

"Den by Ajisen Ramen"
This brand extension offers wider menu options for both mains and side dishes and five soup bases to choose from.

"Kara-Men by Ajisen Ramen"
"Kara-Men" is a very hot ramen dish born in Miyazaki Prefecture Japan. With fluffy eggs wrapping up the spiciness of its hot soup, it is irresistible to the very last drop.

AFURI RAMEN

Established in Kanagawa, Japan over 10 years ago, "Afuri Ramen" is famed for its signature chicken and dashi based broth flavoured with a splash of citrusy yuzu, giving it a lighter, refreshing and more delicate taste. The menu also offers other ramen varieties such as vegan ramen, cold ramen and Tsukemen.

CURRY IS DRINK

"Curry is Drink" serves curry sauce in a cup and it offers five heat levels. Combo sets are served with panko-crusted deep fried pork, chicken or seafood, shredded cabbage, crispy fried onions and a variety of toppings including raisins and pickles.

FRUIT PARADISE

"Fruit Paradise" offers fruit tarts made with lightly sweetened cream and topped with fresh fruits. The tarts are made using only the freshest and most delicious fruits, which are carefully selected daily.

OUR BRANDS

▶ JAPANESE GOURMET TOWN

The Group adopted a mixed concept approach for the "Japanese Gourmet Town" brand which commenced operations in October 2008. Through this concept, customers are able to try several of our brands such as "Ajisen", "Osaka Ohsho" and "Curry is Drink", within one restaurant.

▶ KAGURAZAKA SARYO

"Kagurazaka Saryo" is a dessert house known for its range of premium Uji Matcha desserts and drinks. The famous Matcha Fondue is a bittersweet dip made with a mix of high-quality Uji Matcha and white chocolate, served together with strawberries, mochi and vanilla ice cream. Another crowd favourite is the Frozen Matcha Smores. Gooey marshmallows seared to perfection cloaking a vanilla or matcha ice cream, finishing off with cornflakes at the base.

▶ KAZOKUTEI

Udon fans would be familiar with "Kazokutei", one of Osaka's most well-known udon brands with over 200 outlets in Japan alone. Established in 1947, "Kazokutei" takes pride in serving delicious and high quality handmade udon specially cooked to bring out the natural taste of the noodles. To ensure consistency in taste, both the udon and dashi (soup stock) are imported directly from Japan.

▶ KONJIKI HOTOTOGISU

Established in Shinjuku in Tokyo, Japan in 2006, "Konjiki Hototogisu" was featured in Michelin Guide Tokyo's Bib Gourmand for four consecutive years between 2015 and 2018. In December 2018, the chef who founded the restaurant was awarded One-Michelin Star for his original store in Japan, which is famed for its full-bodied clam, chicken and pork base broth. It had also been named by Tokyo Walker Magazine as "#1 Ramen in Tokyo 2016, 2017" and "#1 Ramen in Japan 2016".

▶ MENYA MUSASHI

Named after the legendary samurai, Miyamoto Musashi, who was famed for his distinctive "double sword style", the award winning "Menya Musashi" has gained quite a cult following among ramen fans in Japan and abroad since making its debut in Tokyo in 1996. With "Originality" as its motto, "Menya Musashi" strives to deliver unprecedented achievements by turning the preparation of ramen into a fine and revolutionary art-form. Credited as the pioneer of a new ramen culture in Japan, "Menya Musashi" offers multiple concepts and tastes that can be adapted to suit the locality of the store but all with the same unique style that has become synonymous with the brand.

OUR BRANDS

▸ MENZO BUTAO

Established in 1936, "Menzo Butao" specialises in Hakata Tonkatsu Ramen and offers more than 20 varieties of the dish. There are three different and delicious soups to choose from – Butao (White), Kuroo (Black) and Akao (Red).The Butao soup base consists of pork broth made from boiling pork bones and sinews for over 14 hours to extract all the natural flavour of the bones. This soup base is flown straight to Singapore before it is mixed with more pork bones and simmered for hours to obtain the right consistency and flavour. The Kuroo broth is an emulsion of fried shallots and vegetable oil and the Akao broth is slightly spicy as it contains chilli oil but gets its red colour from the Gochujang (Korean Miso) and Doubanjiang (Chinese Miso).

▸ NEW MANLEE BAK KUT TEH

"New ManLee Bak Kut Teh" is the Group's first non-Japanese concept restaurant, franchised from a business that was established over 40 years ago in Kuala Lumpur, Malaysia. "New ManLee Bak Kut Teh" serves two versions of this dish – Singapore-style white peppery soup and Malaysia-style black herbal soup. Instead of the usual white rice and mee sua noodles, "New ManLee Bak Kut Teh" serves its soups with Japanese rice or Japanese udon noodles.

▸ OSAKA OHSHO

Established in 1969, "Osaka Ohsho" draws in healthy crowds with its casual ambience and irresistible "gyoza" (Japanese style dumplings). Cabbage, ginger, and garlic are mixed with well-seasoned minced pork and encased in a special gyoza wrapper and grilled to perfection. This deliciously crispy gyoza is available in outlets located in Japan, Hong Kong, Thailand, Korea and now in Singapore.

▸ SHITAMACHI TENDON AKIMITSU

Originally from Asakusa in Tokyo, Japan, "Shitamachi Tendon Akimitsu" specialised in traditional Tendon (or Tempura Donburi). It was started by Chef Akimitsu Tanihara, a 5th generation successor, whose family started and has been operating the Dote no Iseya tempura restaurant in Asakusa since 1889.

▸ YONEHACHI

Established in 1976, "Yonehachi" has more than 140 shops across Japan. Using top quality rice from northern Japan such as Iwate and Akita, "Yonehachi" serves okowa (glutinous rice mixed with different ingredients) made the traditional way.

OUR NETWORKS

01 SINGAPORE

AJISEN RAMEN / DEN / KARA-MEN
- AMK Hub
- Bedok Mall
- Bugis Junction
- Bukit Panjang Plaza
- Causeway Point
- Changi City Point
- Compass One
- Hougang Mall
- IMM
- Junction 8
- Lot One Shoppers' Mall
- NEX
- Plaza Singapura
- Sembawang Shopping Centre
- Square 2
- Tampines Mall
- Tiong Bahru Plaza
- III Somerset

CURRY IS DRINK
- Changi City Point

YONEHACHI
- Takashimaya Department Store

FRUIT PARADISE / KAGURAZAKA SARYO
- AMK Hub
- VivoCity
- Junction 8
- III Somerset

KONJIKI HOTOTOGISU
- Chijmes
- Great World City
- Paragon

JAPANESE GOURMET TOWN
- VivoCity

KAZOKUTEI
- Bugis Junction

NEW MANLEE BAK KUT TEH
- Bugis+

MENYA MUSASHI
- Bugis Junction
- Chinatown Point
- Northpoint City
- Raffles City
- Takashimaya Departmental Store
- Tampines Mall
- The Clementi Mall
- The Star Vista
- VivoCity
- Waterway Point
- Westgate

MENZO BUTAO
- Marina Square
- Changi City Point

OSAKA OHSHO
- Bugis Junction
- Junction 8
- Raffles City
- Waterway Point
- Westgate

SHITAMACHI TENDON AKIMITSU
- AMK Hub
- Changi City Point
- Northpoint City
- Plaza Singapura
- VivoCity
- Waterway Point
- Westgate

02 CHINA

MENYA MUSASHI[1]
- IAPM Mall, Shanghai
- L+Mall, Shanghai
- Raffles City, Shanghai
- IFC, Shanghai
- Beijing APM, Beijing
- China World Mall, Beijing
- Beijing Financial Street, Beijing
- Sino Oceanland, Hangzhou
- New Park, Guangzhou
- K11 Mall, Wuhan
- Tianhuan Plaza, Guangzhou
- Teemall, Guangzhou

03 HONG KONG

MENYA MUSASHI[1]
- APM, Kwung Tong, Kowloon
- East Point City, Tseung Kwan O, New Territories
- Maritime Square, Tsing Yi, New Territories
- Moko, Mong Kok, Kowloon
- Sun Hung Kai centre, Wanchai, Hong Kong
- Sunshine City, Ma On Shan, New Territories
- Tai Po Mega Mall, New Territories

04 INDONESIA

MENYA MUSASHI[1]
- Kota Kasablanka, Jakarta

05 MALAYSIA

AJISEN RAMEN[1]
- Vivacity Megamall, Kuching, Sarawak

Notes:
1 Interests through associated companies
2 Operated by sub-franchisees

CHAIRMAN'S MESSAGE

Dear Shareholders

The financial year ended 31 March 2019 ("**FY2019**") was an interesting one for Japan Foods. We achieved new milestones and breakthroughs that I am optimistic would deliver positive future growth for the Group.

▶ LOOKING ABROAD

In December 2018, we announced a 50-50 joint venture with Minor Food Group (Singapore) Pte. Ltd. ("**Minor Singapore**"), for the purpose of expanding the geographical reach of our respective brands. Together, we incorporated a joint venture company, Dining Collective Pte Ltd ("**Dining Collective**"), to conduct the business of franchising and operating existing restaurant brands owned by Japan Foods and Minor Singapore in Japan, Thailand and the People's Republic of China.

Japan Foods will oversee, develop and manage Dining Collective's Thai cuisine restaurant operations in Japan and provide technical support and expertise in the preparation of Japanese cuisine, while Minor Singapore will do likewise for Dining Collective's Japanese cuisine restaurant operations in Thailand and China and provide technical support and expertise in the preparation of Thai cuisine.

This partnership is a great leap forward in our overseas ambitions and fulfils a long-time vision of the Group to have a presence in the Japanese market. Having brought Japanese cuisine brands to Singapore for more than two decades, we have been longing to introduce some regional flavours to Japan in a cultural exchange of tastes. Minor Singapore has been a key player in Singapore's F&B scene since 2000 and their brands include "Thai Express", "Xin Wang Hong Kong Café", "Poulet", "Buffet Town" and "Kiseki Japanese Buffet Restaurant". In addition, the partnership opens the doors for Japan Foods to launch some of our brands in China and Thailand.

Dining Collective is currently actively making preparations to launch its restaurant operations in Japan. We will make the necessary announcements in due course.

▶ A STAR IS BORN

In June 2018, we secured and launched a new franchised ramen brand, "Konjiki Hototogisu", which was known for is clam-flavoured broth. We have since opened four restaurants under this brand in Singapore with the latest one opening in Jewel Changi Airport in April 2019.

The original "Konjiki Hototogisu" restaurant in Tokyo had already been featured several times in Michelin Tokyo's Bib Gourmand list but December 2018 brought an unexpected and pleasant surprise when the chef-owner was awarded his first Michelin Star for his restaurant there.

CHAIRMAN'S MESSAGE

By association, this means that Japan Foods now has four restaurants by a One-Michelin star chef. We are very pleased at this development because it represents our maiden move into the higher-end ramen market. This also means that we now have brands that cater to different budgets and different tastes for a wide spectrum of customers from students to families to working professionals and gourmands. I believe this entrenches us as one of the leading players in the highly competitive ramen space.

▶ OTHER BRAND DEVELOPMENTS

In the previous financial year ended 31 March 2018 ("**FY2018**"), we had launched a brand extension of our flagship "Ajisen Ramen" brand called "Den by Ajisen Ramen", which offered wider menu options and soup bases. In March 2019, we launched yet another brand extension called "Kara-Men" by Ajisen Ramen. These two new brand extensions represent our continuous efforts to rejuvenate our oldest and most established brand so that it remains relevant and can continue to compete among the increasing number of ramen brands in Singapore. To-date, the response to the two brand variations has been encouraging with an increase in same-store sales following the rebranding.

During FY2019, we also launched "Kagurazaka Saryo", a franchised brand from Japan known for its range of premium Uji Matcha desserts and drinks. The response to this brand has been quite good and we opened two stores during the financial year.

In June 2019, we launched yet another new franchised ramen brand from Tokyo. The new "Afuri Ramen" brand will feature a yuzu-flavoured broth that is refreshing and healthier, which will appeal to more health conscious diners.

▶ REWARDING LOYALTY

Japan Foods launched its "JFH Rewards" customer loyalty programme with approximately 12,000 members. Under the programme, members get a 10% rebate on what they spend at our restaurants in the form of $J, which can be accumulated to offset the cost of their next meal at our restaurants.

As at 31 March 2019, we have over 116,000 members and we believe the programme has been successful in helping us to secure repeat customers because our records show that more than 50% of $J earned by customers has been utilised in subsequent visits and every $J utilised went on to generate additional revenue.

In addition, we are able to inform members, who opted to receive notification, of upcoming offers and seasonal promotions, which has enabled us to market our brands and let customers know of new store openings. We will continue to review the performance of this programme to generate new customers and retain loyalty among existing customers.

▶ CORPORATE GOVERNANCE AWARDS

As a listed company, Japan Foods takes its responsibility towards good corporate governance very seriously. In July 2018, we clinched two awards at the annual Singapore Corporate Awards 2018, namely Best Managed Board (Gold) 2018 for companies with less than S$300 million in market capitalisation and our Chief Financial Officer, Mr Kenneth Liew, was named Best CFO 2018 for companies with less than S$300 million in market capitalisation.

In September 2018, we secured our third consecutive award from SIAS when we were named "Runner-Up" at the 19th SIAS Investors' Choice Awards 2018 under the category of "Most Transparent Company – Hotel / Restaurant".

More than anything, these awards serve to affirm our efforts in imposing strict corporate governance standards within the organisation and we are pleased to have been recognised for our efforts.

▶ FY2019 PERFORMANCE REVIEW

The Group achieved a modest 0.3% year-on-year ("**YOY**") increase in sales to S$68.1 million in FY2019 attributable mainly to encouraging sales from restaurants operating under the newly launched brands. Net profit attributable to equity holders of the company came in at S$3.3 million in FY2019, as compared to S$5.8 million in FY2018 was mainly due to higher selling and distribution expenses as well as administrative expenses in relation to the Group's expanded restaurant network which grew from 50 restaurants as at 31 March 2018 to 55 restaurants as at 31 March 2019.

In FY2019, revenue from restaurants operating under Japan Foods' flagship brands, namely "Ajisen Ramen", "Osaka Osho" and "Menya Musashi", decreased by a total of S$4.4 million YOY due to various reasons including permanent and temporary store closures, restaurant conversions to other brands within the Group's portfolio and lower same-store sales achieved by some existing restaurants. However, the weaker performance of the flagship brands was compensated by a S$4.6 million increase in sales from restaurants operating under the Group's other brands, driven mainly by new brands, namely "Konjiki Hototogisu", "Shitamachi Tendon Akimitsu", "Menzo Butao", "Kagurazaka Saryo" and "Curry is Drink".

CHAIRMAN'S MESSAGE

"The partnership (with Minor singapore) is a great leap forward in our overseas ambitions and fulfils a long-time vision of the Group to have a presence in the Japanese market."

During FY2019, Japan Foods' gross profit margin declined 0.5% points to 84.5% due to rebates offered to members of "JFH Rewards". The impact of this was partially offset by the Group's ongoing cost control efforts for raw material purchases.

The Group's overseas network remained at 21 restaurants as at 31 March 2019, including one "Menya Musashi" brand restaurant operated by an associated company in Jakarta, which is a new market for the Group. In FY2019, share of profit of associated companies declined 72.2% YOY to S$0.1 million mainly due to lower profit from the associated company in China as a result of intense competition, weak economic conditions, high initial set-up costs of three new restaurants in December 2018 and January 2019 and the closure of a restaurant in November 2018. The Group's associated company in Hong Kong also experienced keen competition, while the Group's associated company in Indonesia experienced a small initial start-up loss.

Japan Foods 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. We believe that it is imperative to continuously innovate and introduce new food concepts and brands to compete effectively in the competitive F&B industry.

▶ PROPOSED DIVIDEND

The Board of Directors of Japan Foods is pleased to propose a final dividend of 1.10 Singapore cents per share to be paid on 16 August 2019 if approved at the upcoming annual general meeting, which together with the interim dividend of 0.80 Singapore cents per share which was paid in December 2018, brings total dividend declared in FY2019 to a total of 1.90 Singapore cents a share. This represents a dividend payout ratio of approximately 98.9% for FY2019. This is the highest proportion of our earnings we have paid out and it reflects our confidence in the sustainability of our business.

▶ SUSTAINABILITY MATTERS

We are including as part of this annual report, our third sustainability report, which is guided by the Global Reporting Initiative ("GRI") Standards: Core option. In this report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("ESG") and economic performance.

As a leading Japanese restaurant chain, we are committed to maintain a sound sustainability reporting framework to fulfil our social responsibility and safeguard the interest of the Group's stakeholders.

▶ ACKNOWLEDGEMENT

In closing, I would like to thank all stakeholders including our business partners and suppliers, our staff and loyal customers, and to our shareholders for your support in FY2019. We hope to continue working together with you and engaging you so that we can look forward to many more years to come.

I also want to thank my fellow directors for their combined wisdom, experience and guidance, which has enabled us to maintain a well-run Board and improving year-by-year in our corporate governance standards.

Takahashi Kenichi
Executive Chairman and CEO

FINANCIAL HIGHLIGHTS

S$MILLION	FY2015	FY2016	FY2017	FY2018	FY2019
Financial Results					
Revenue	62.7	62.8	65.5	67.8	**68.1**
Gross Profit	52.3	52.9	55.6	57.7	**57.5**
Profit before Tax	5.1	4.7	5.7	7.0	**4.1**
Net profit	4.7	3.8	4.7	5.8	**3.3**
Cash Flow Statement					
Net cash provided by operating activities	8.3	9.6	11.3	9.3	**8.5**
Net cash used in investing activities	(7.5)	(5.0)	(3.8)	(4.0)	**(4.5)**
Net cash used in financing activities	(3.4)	(3.8)	(4.3)	(3.7)	**(4.3)**
Cash and cash equivalents at end of financial year[1]	14.2	15.1	18.1	19.8	**19.5**
Balance Sheet					
Current assets	19.1	21.2	23.8	25.6	**26.8**
Non-current assets	19.1	17.7	17.0	17.6	**16.9**
Total Assets	38.2	38.9	40.8	43.2	**43.7**
Current liabilities	6.8	7.1	8.3	8.8	**9.6**
Non-current liabilities	0.9	0.9	0.9	0.4	**0.3**
Total liabilities	7.6	8.0	9.1	9.2	**9.9**
Share capital	9.3	9.4	9.0	9.1	**9.1**
Reserves	21.3	21.5	22.7	24.9	**24.7**
Total shareholders' equity	30.6	30.9	31.7	34.0	**33.8**
Financial Ratios Analysis					
Gross profit margin (%)	83.4	84.2	84.9	85.0	**84.5**
Earning per share (Singapore cents)	2.73	2.17	2.68	3.33	**1.92**
Net asset value per share (Singapore cents)	17.57	17.74	18.29	19.63	**19.48**
Return on assets (%)	12.4	9.8	11.5	13.3	**7.6**
Return on equity (%)	15.5	12.2	14.8	17.0	**9.9**
Net debt to equity ratio	Net Cash	Net Cash	Net Cash	Net Cash	**Net Cash**
Asset Turnover (times)	1.6	1.6	1.6	1.6	**1.6**

Note:
[1] This excludes bank deposits pledged as security for bank facilities granted by financial institution(s) to the Group.

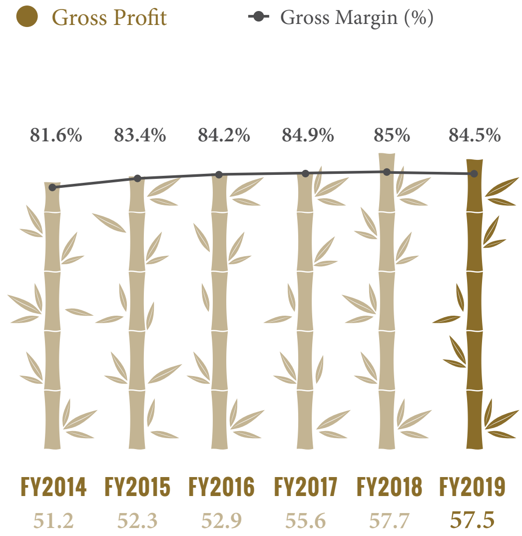
FINANCIAL HIGHLIGHTS

▶ REVENUE

68.1 Million

▶ GROSS PROFIT & GROSS PROFIT MARGIN

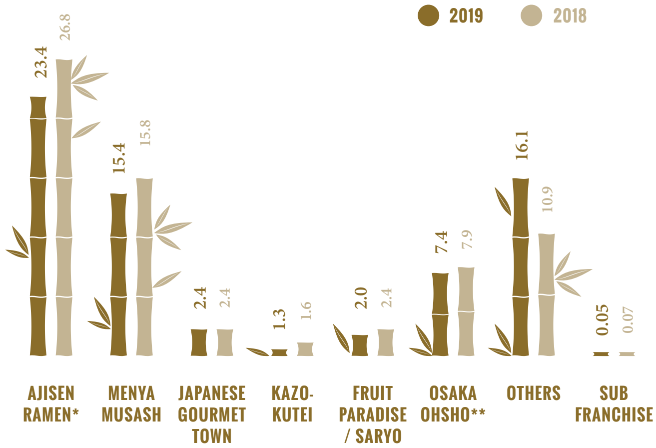
57.5 Million



▶ NET PROFIT

3.3 Million

▶ REVENUE MIX BY BRANDS (S$' M)

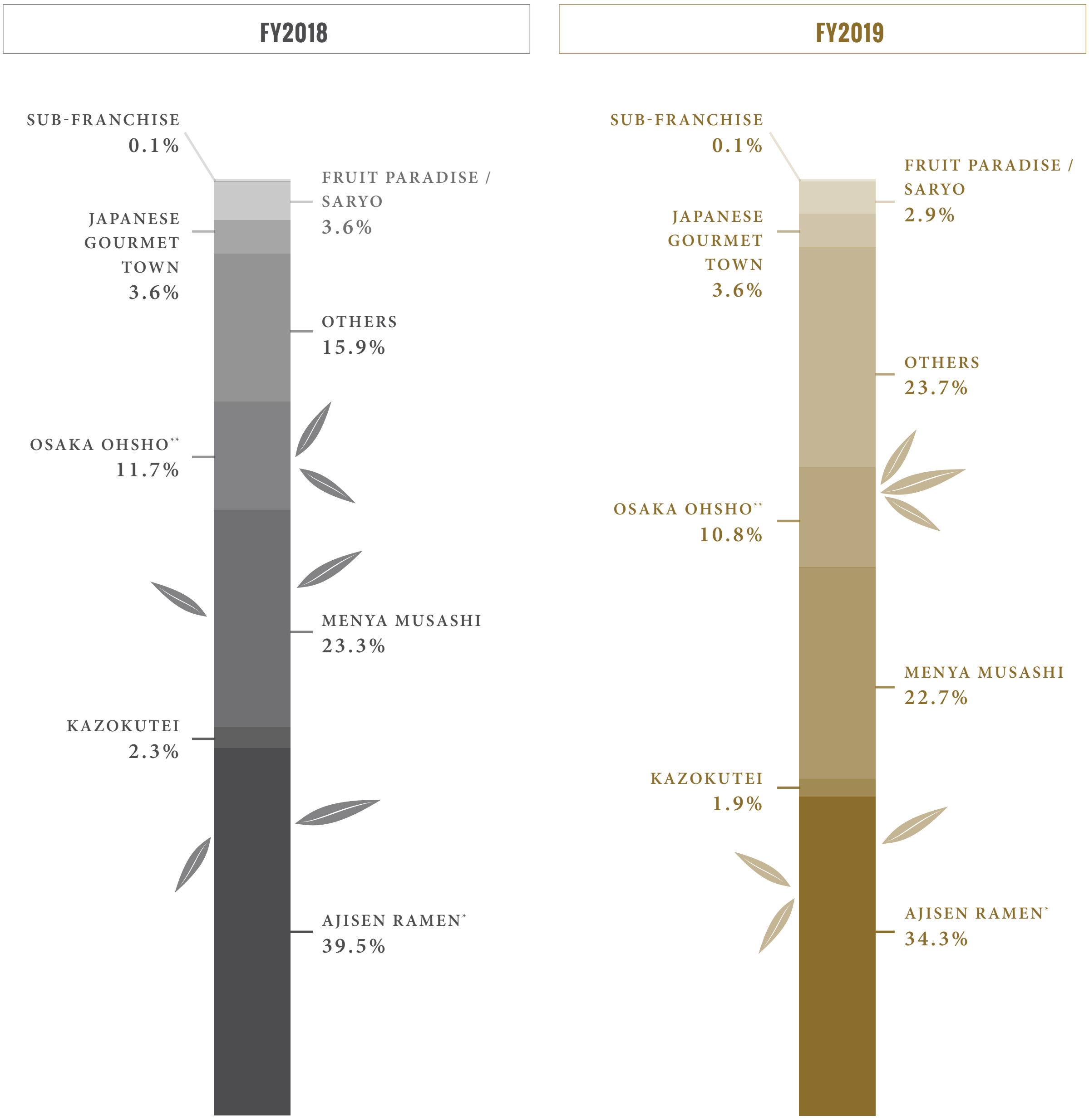


* Includes Keika Ramen and Kara-Men

** Includes 1 "Kotsujiru Nabe" brand restaurant, which is a brand extension of the "Osaka Ohsho" brand

FINANCIAL HIGHLIGHTS

▶ REVENUE BREAKDOWN



* Includes Keika Ramen and Kara-Men
** Includes 1 "Kotsujiru Nabe" brand restaurant, which is a brand extension of the "Osaka Ohsho" brand

FINANCIAL HIGHLIGHTS

▶ VALUE ADDED STATEMENT

S$'000	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Value added from:						
Revenue	62,758	62,682	62,804	65,467	67,845	**68,079**
Less: Purchases of materials & services	(35,377)	(36,505)	(36,431)	(38,372)	(38,841)	**(40,005)**
	27,381	26,177	26,373	27,095	29,004	**28,074**
Add/(less):						
Other income	1,166	1,040	1,331	996	971	**663**
Share of profits of associated companies	178	546	587	606	474	**132**
Loss on disposal of plant and equipment	-	(1)	(7)	(6)	(1)	**(1)**
Plant & Equipment W/O	(268)	(188)	(131)	(86)	(160)	**(104)**
Inventories W/O	(9)	(1)	(2)	(3)	(4)	**(4)**
Impairment of plant and equipment	-	-	(810)	(259)	-	**(110)**
Currency translation gain/(loss)	60	37	(34)	(5)	(11)	**9**
Total value added	28,508	27,610	27,307	28,338	30,273	**28,659**
Distribution of total value added:						
To employees						
Salaries and other staff costs	15,492	17,536	17,336	17,464	18,911	**20,357**
To government						
Corporate tax	1,470	392	888	1,045	1,223	**789**
To providers of capital						
Dividend	3,119	3,880	3,518	3,488	3,557	**3,653**
Finance costs	-	-	-	-	-	**-**
Retained for future capital requirements						
Depreciation and amortisation	4,242	4,946	5,308	5,173	4,364	**4,178**
Retained profit	4,185	856	257	1,168	2,218	**(318)**
Total distribution	28,508	27,610	27,307	28,338	30,273	**28,659**
Productivity Analysis						
Value added per $ employment cost	1.8	1.6	1.6	1.6	1.6	**1.4**
Value added per $ investment in fixed assets	1.0	0.8	0.8	0.8	0.9	**0.8**
Value added per $ sales (S$)	0.5	0.4	0.4	0.4	0.4	**0.4**
Fixed Assets (Cost)	27,444	32,711	34,173	36,635	34,604	**36,645**

OPERATING AND FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE FOR *FY2019*

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:

1. **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 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 Kushi Katsu" 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.

2. **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.

3. **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.

4. **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.

5. **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.

OPERATING AND FINANCIAL REVIEW

TABLE 1: ***The Group's portfolio in Singapore***

RESTAURANT BRANDS	NO. OF OUTLETS AS AT 31 MAR 2019	NO. OF OUTLETS AS AT 31 MAR 2018
Ajisen Ramen	18[(a)]	18[(a)]
Curry is Drink	1	1
Dutch Baby Cafe	-	1
Fruit Paradise	2	2
Ginza Kushi Katsu	-	1
Japanese Gourmet Town	1	1
Kagurazaka Saryo	2	-
Kazokutei	1	1
Konjiki Hototogisu	3	-
Menya Musashi	11	10
Menzo Butao	2	1
New ManLee Bak Kut Teh	1	2
Osaka Ohsho[(b)]	5	5
Shitamachi Tendon Akimitsu	7	6
Yonehachi	1	1
Total	**55**	**50**

a Includes 5 "Den by Ajisen Ramen" brand restaurants and 1 "Kara-Men" brand restaurant

b Includes 1 "Kotsujiru Nabe" brand restaurant, which is an extension of the "Osaka Ohsho" brand

TABLE 2: ***The Group's overseas network***

RESTAURANTS	NO. OF OUTLETS AS AT 31 MAR 2019	NO. OF OUTLETS AS AT 31 MAR 2018
Ajisen Ramen[1]	1 in Malaysia	1 in Malaysia 2 in Vietnam
Menya Musashi[2]	7 in Hong Kong 12 in China 1 in Indonesia	8 in Hong Kong 10 in China
Total	**21**	**21**

1 Operated by sub-franchisees

2 Interests in restaurants through associated companies

OPERATING AND FINANCIAL REVIEW

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.

EXPENSES

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 aforementioned reasons, 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.

OPERATING AND FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL POSITION
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 ***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.

CORPORATE STRUCTURE

JAPAN FOODS HOLDING LTD.

100%
Bachmann Enterprises Pte. Ltd.

100%
Bachmann Japanese Restaurant Pte. Ltd.

100%
Japan Foods Enterprises Pte. Ltd.

100%
Japan Foods Bridge Pte. Ltd.[1]

25%
ACJF Holding Limited

20%
Highly Yield Limited

30%
First Harmony Holdings Limited

30%
PT Menya Musashi Indonesia

50%
Dining Collective Pte. Ltd.

Note:
[1] Dormant since incorporation on 10 March 2017

BOARD OF DIRECTORS

▶ TAKAHASHI KENICHI
EXECUTIVE CHAIRMAN AND CEO

Date of Appointment
18 February 2008

Date of Last Re-Appointment
N.A

Present and Past Directorships in other Listed Companies and Major Appointments
Nil

Skills & Experience
- Founder of the Group in 1997
- 21 years of F&B experience
- Professional engineer in research and development of Pioneer Asia Singapore from April 1978 to March 1997
- Graduated from Sophia University with a Certificate of Mechanical and Engineering

▶ WONG HIN SUN, EUGENE
NON-EXECUTIVE VICE CHAIRMAN

Date of Appointment
24 November 2008

Date of Last Re-Appointment
24 July 2017

Length of Service
11 years (since November 2008)

Present Directorships in other Listed Companies and Major Appointments
- Founder and Managing Director of Sirius Venture Capital Pte Ltd
- Non-executive chairman of Crimson Logic Pte Ltd
- Non-executive chairman of GeTs Global Pte Ltd
- Non-executive director of Cargo Community Network Pte Ltd
- Non-executive director of Singapore Cruise Centre Pte Ltd
- Non-executive director of Hargol Foodtech Ltd
- Non-executive director of Agfunder Asia Pte. Ltd.
- Non-executive director of Dining Collective Pte. Ltd.
- Non-executive director of SGX-ST listed Jason Marine Group Limited
- Lead independent director of SGX-ST Listed Alliance Healthcare Group Limited
- Board member of Enterprise Singapore.
- Council Member, Singapore Business Ferderation ("SBF")
- Vice Chairman, SBF's China North Asia Business Group
- Member, NTU's Food Science and Technology Industry Advisory Panel

Past Directorships in other Listed Companies Held Over the Preceding Three Years
- Non-executive director of Ajisen (China) Holdings Limited, listed on the Hong Kong Stock Exchange from 8 March 2007 to 22 February 2016
- Non-executive director of Singapore Kitchen Equipment Limited from 25th June 2013 to 26 April 2018
- Board member of International Enterprise Singapore 1st January 2012 to 31st March 2018
- Non-executive director of Neo Group Limited from 11th June 2012 to 11 July 2018.
- Board member of Agri-Food & Vetinary Authority of Singapore from 1st April 2012 to 31 March 2019

Skills & Experience
- Graduated with a Bachelor of Business Administration (First Class Honours) from the National University of Singapore in 1992
- Obtained Master of Business Administration from the Imperial College of Science, Technology and Medicine from the University of London in 1998
- Completed the Owner President Management Program from Harvard Business School in 2011
- A Chartered Financial Analyst (CFA) in 2001
- A Chartered Director (CDir) in 2014
- A Fellow of the Australian Institute of Company Directors and UK Institute of Directors.
- A Chartered Valuer and Appraiser in 2018

BOARD OF DIRECTORS

▶ LEE SOK KOON, CONSTANCE
LEAD INDEPENDENT DIRECTOR

Date of Appointment
1 September 2011

Date of Last Re-Appointment
23 July 2018

Length of Service
8 years (since September 2011)

Present Directorships in other Listed Companies and Major Appointments
- Director of NUS America Foundation, Inc. since 27 August 2013.
- Director on the Board of Singapore Arts School Ltd from 22 August 2011.
- Independent director at SGX-ST listed SBS Transit Ltd since 1 May 2017.

Past Major Appointment Held Over The Preceding Three Years
- Director (Operations) in the Development Office of National University of Singapore from May 2012 to August 2017.

Skills & Experience
- Bachelor of Accountancy (Second Class Honours) from the National University of Singapore
- A member of the Institute of Singapore Chartered Accountants
- A member of the Singapore Institute of Directors

▶ TAN LYE HUAT
INDEPENDENT DIRECTOR

Date of Appointment
24 November 2008

Date of Last Re-Appointment
23 July 2018

Length of Service
11 years (since November 2008)

Present Directorships in other Listed Companies and Major Appointments
- Independent director at SGX-ST listed SP Corporation Limited, Neo Group Limited, Dynamic Colours Limited and Nera Telecommunications Ltd.

Past Directorships in other Listed Companies Held Over the Preceding Three Years
Nil

Skills & Experience
- A Fellow Chartered Director of the Institute of Directors, UK
- A Fellow of the Association of Chartered Certified Accountants
- A life member of the Institute of Singapore Chartered Accountants
- A member of the Australian Institute of Company Directors

KEY MANAGEMENT

▶ CHAN CHAU MUI
CHIEF OPERATING OFFICER

Chan Chau Mui is our Chief Operating Officer. She is in charge of the overall daily operation of our Group and is responsible for the successful execution of our business strategies. Ms Chan joined our Group as an executive director of Bachmann Enterprises Pte Ltd and Bachmann Japanese Restaurant Pte Ltd, which are the Company's subsidiaries, in April 1999. Since then, Ms Chan has been responsible for our Group's restaurant operations and has contributed significantly to the expansion of our Group over the years. Ms Chan was appointed as our Chief Operating Officer in April 2015. She is deemed an associate of Mr Takahashi Kenichi, our Executive Chairman and Chief Executive Officer.

▶ KENNETH LIEW KIAN ER
CHIEF FINANCIAL OFFICER

Kenneth Liew Kian Er is our Chief Financial Officer. He is primarily responsible for overseeing all financial, accounting and corporate secretarial matters of our Group. Mr Liew has more than 25 years of experience in accounting, audit and finance. Prior to joining our Group as Financial Controller in July 2008, Mr Liew was with Abterra Ltd, a company listed on the Main Board of the SGX-ST, serving as its financial controller from March 2007 to July 2008 and as finance manager from January 2007 to March 2007. Mr Liew was an associate at Bensyl Consultancy Services Pte Ltd from May 2004 to December 2006. He was with Sunstar Logistic Singapore Pte Ltd serving as its accounting manager from July 1997 to March 2002 and as deputy general manager from April 2002 to April 2004. Mr Liew is a member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (UK).

KEY MANAGEMENT

► FONG SIEW GEEN
HEAD OF OPERATIONS

Fong Siew Geen is our Head of Operations. She is primarily responsible for the operation of our Group's restaurants and for overseeing all operational aspects from quality assurance to menu layout. Ms Fong joined our Group as a service crew in October 2003 and was promoted to Floor Manager in April 2008. She rose through the ranks to become our Senior Operations Manager in May 2009 and was appointed our Head of Operations in April 2015.

► CHAN FUANG CHIANG
CHIEF CHEF

Chan Fuang Chiang is our Chief Chef. He is primarily responsible for ensuring high food quality standards in all our restaurants and for creating new menu items to meet the changing demands of our customers. Mr Chan has more than 20 years of experience as a chef. Prior to joining our Group in 2001, he was a chef in Restaurant Parkway, 锦龙中华料理 and Restaurant Sia Si Wan from 1991 to 2001.

► ICHIRO OTSUKA
CENTRAL KITCHEN OPERATIONS MANAGER

Ichiro Otsuka is our Central Kitchen Operations Manager. He is primarily responsible for the day-to-day operations of our central kitchen facility. Mr Ichiro joined our Group in November 2011 and was then in charge of spearheading the expansion of our central kitchen. Under his leadership, our Group successfully established a noodle production facility at our central kitchen in April 2012. Mr Ichiro has more than 15 years of experience in managing central kitchens through his various work engagements in Japan.

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAKAHASHI KENICHI
Executive Chairman and CEO

WONG HIN SUN, EUGENE
Non-Executive Vice Chairman

LEE SOK KOON, CONSTANCE
Lead Independent Director

TAN LYE HUAT
Independent Director

AUDIT AND RISK COMMITTEE

TAN LYE HUAT, Chairperson

LEE SOK KOON, CONSTANCE

WONG HIN SUN, EUGENE

NOMINATING COMMITTEE

LEE SOK KOON, CONSTANCE, Chairperson

TAN LYE HUAT

WONG HIN SUN, EUGENE

REMUNERATION COMMITTEE

LEE SOK KOON, CONSTANCE, Chairperson

TAN LYE HUAT

WONG HIN SUN, EUGENE

COMPANY SECRETARY

ESTHER AU SIEW PENG
ACIS

REGISTERED OFFICE

420 North Bridge Road
#02-01 North Bridge Centre
Singapore 188727
Tel: (65) 6333 9781
Fax: (65) 6333 9782

SHARE REGISTRAR

B.A.C.S. PRIVATE LIMITED
8 Robinson Road
#03-00 ASO Building
Singapore 048544

SPONSOR

CIMB BANK BERHAD, SINGAPORE BRANCH
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITOR

NEXIA TS PUBLIC ACCOUNTING CORPORATION
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

DIRECTOR-IN-CHARGE:
ROSS YU LIMJOCO
Appointed since financial year ended
31 March 2017

PRINCIPAL BANKER

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza 1
Singapore 049513

INVESTOR RELATIONS

AUGUST CONSULTING PTE. LTD.
101 Thomson Road
#30-02 United Square
Singapore 307591
Email: ir@jfh.com.sg

SUSTAINABILITY REPORT

01 BOARD STATEMENT

We reaffirm our commitment to sustainability with the publication of our sustainability report ("**Report**"). In this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("**ESG**") factors and economic performance.

We are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure a long term future for our Group. This commitment is reflected in our sustainable business strategy and the material ESG factors which are shown in this Report.

A sustainability policy ("**SR Policy**") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organisational and external developments.

02 VISION, MISSION AND CORE VALUES

Journey To Sustainability		
Core Values	**Missions**	**Vision**
• Quality and freshness • Customer focused • Productivity • People development • Relationship with partners • Shareholder's value • Social and environmental responsibility	To endeavour to achieve annual growth in our restaurant network and sales.	To enlarge our regional footprint by offering innovative dining concepts and serving top quality cuisine in multiple markets within Asia.

Our path to sustainability is closely aligned with our core values, mission and vision as our sustainability factors and strategies will bring us to where we envision ourselves to be. Our vision and mission are driven by our core values of which material sustainability factors are based on.

As we move on with our sustainability journey, we face potential risks relating to the identified sustainability factors. We recognise that if risks are identified early and managed well, they will lead to opportunities. Refer to Section 8 for more details on the alignment our material sustainability factors with our core values, mission and vision and corresponding risks and opportunities.

03 REPORTING FRAMEWORK

This Report has been prepared in accordance with the GRI Standards: Core option and published in pursuant to 711(A) and 711(B) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). We have chosen to report using the GRI Standards: Core option as it is an internationally recognised reporting framework.

04 REPORTING PERIOD AND SCOPE

This Report articulates our strategies and practices in all aspects of sustainability, and provides a detailed account of our sustainability performance in our operations and is applicable for the Group's financial year ended 31 March 2019 ("FY2019" or "reporting period"). This Report covers all our subsidiaries and a sustainability report will be published annually thereafter in accordance with our SR Policy.

05 FEEDBACK

Your feedback on this Report will help us to improve our sustainability practices. If you have any comments, suggestions or feedback on this matter, please email us at ir@jfh.com.sg.

06 STAKEHOLDER ENGAGEMENT

Our sustainability efforts are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, shareholders and suppliers. Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by our operations.

We actively engage our key stakeholders through the following channels:

S/N	Key stakeholder	Engagement channel
1	Community	We focus on continuous community engagement and have initiated various initiatives to minimise the social and environmental impact on the local communities.
2	Customer	Customers are encouraged to send their feedback through customer questionnaires and online feedback forms via our website.
3	Employee	Senior management hold regular communication sessions with employees for effective flow of information and alignment of business goals across all levels of workforce, such as emails, regular employee engagement surveys and yearly staff evaluation sessions where employees can pose questions in person.
4	Regulator	We participate in consultations and briefings organised by key regulatory bodies such as SGX-ST so as to furnish feedback on proposed regulatory changes that impact our business.
5	Shareholder	We convey timely, full and credible information to shareholders through announcements on SGXNET, the Group's website (http://www.jfh.com.sg), investor relations email account (ir@jfh.com.sg), annual general meetings, annual reports, and other channels such as business publications and investor events.
6	Supplier	We work closely with suppliers to ensure smooth delivery of products. In general, new suppliers are screened in accordance with the purchasing policies and existing suppliers are assessed by respective work teams based on specified criteria. Feedback is also provided by the procurement teams to suppliers to ensure standards of products or services delivered by suppliers.

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

07
POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 Reporting Structure

Our sustainability strategy is developed by the Board of Directors together with the senior management. The Group's Sustainability Committee, which includes senior management executives, is led by the Chief Executive Officer ("**CEO**"), and tasked to develop the sustainability strategy, review its material impact, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

7.2 Sustainability Reporting Processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material sustainability factors disclosed in this Report. Processes involved are as shown in the chart below:

Identification	Identification of the material factors that are relevant to our Group's activities and data points for performance reporting.
Prioritisation	Prioritisation of the material factors and identification of key sustainability factors to be reported.
Validation	Validation involves the verification of information and data gathered on material factors and to perform an assessment on the completeness of key sustainability factors to finalise the content of the Report.
Review	Monitor, review and update our material factors from the previous reporting period, taking into account the feedback received from engagement with stakeholders as well as organisational and external developments.

7.3 Materiality Assessment

Under our SR Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting priority	Description	Criteria
I	High	Factors with high reporting priority are reported on in detail.
II	Medium	Factors with medium reporting priority are considered for inclusion in the Report. If it is decided that such factors are not material, they may be excluded from the Report.
III	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material.

The reporting priority is supported by a material factor matrix which considers the level of concern expressed by external stakeholders in relation to a particular sustainability factor and its potential impact on our business.

7.4 Performance Tracking and Reporting

We track the progress of our material sustainability factors by identifying the relevant data points (i.e. the information source of the relevant factor) and measuring them. In addition, performance targets that are aligned with our strategy will be set to ensure that we maintain the right course in our path towards sustainability. We also consistently enhance our performance-monitoring processes and improve our data capture systems.

08 MATERIAL FACTORS

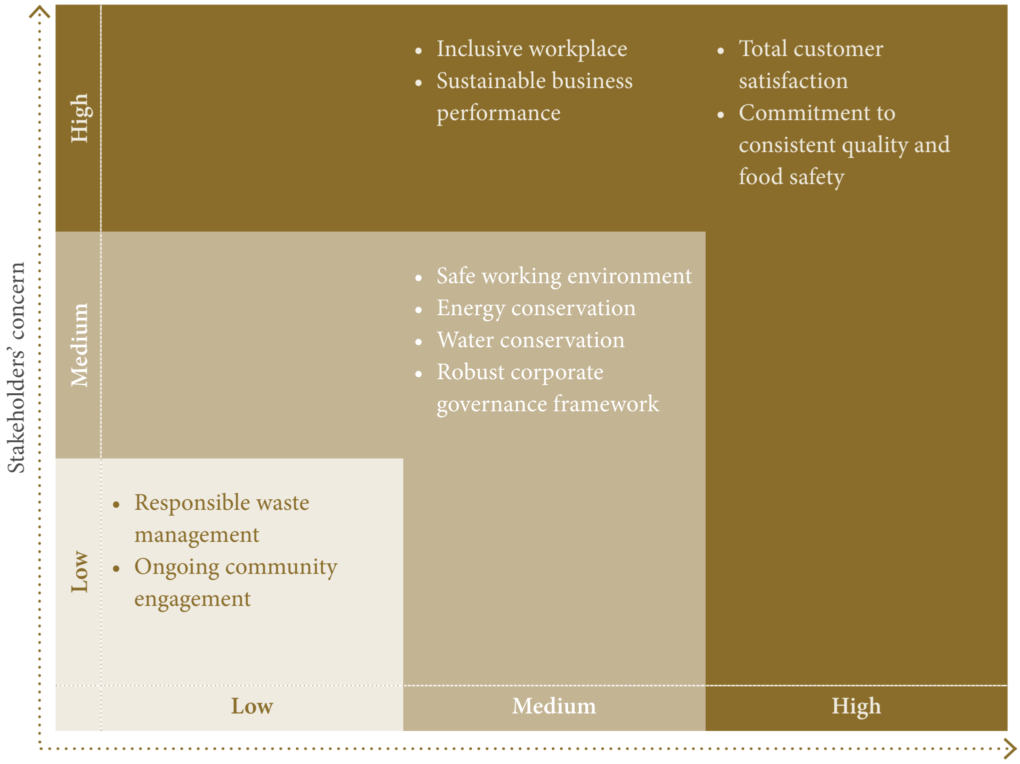
Our materiality assessment performed for FY2019 involved the Group's Senior Management in identifying sustainability factors deemed material to our businesses and stakeholders so as to allow us to channel our resources judiciously to create sustainable value for our stakeholders.

Presented below are a list of material sustainability factors and material factors matrix applicable to our Group:

List of material sustainability factors

S/N	Material factor	Core value	Reporting priority	Key stakeholder
General disclosure				
1	Total customer satisfaction	Customer focused	I	Customer
Social				
2	Commitment to consistent quality and food safety	Quality and freshness	I	Customer
3	Inclusive workplace	People development	I	Employee
4	Safe working environment	People development	II	Employee
5	Ongoing community engagement	Social responsibility	III	Community
Environmental				
6	Energy conservation	Social and environmental responsibility	II	• Community • Shareholder
7	Water conservation	Social and environmental responsibility	II	• Community • Shareholder
8	Responsible waste management	Social and environmental responsibility	III	• Community • Shareholder
Governance				
9	Robust corporate governance framework	Shareholder's value	II	• Shareholder • Regulator
Economic				
10	Sustainable business performance	Shareholder's value	I	Shareholder

Material factors matrix



We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. The details of each material sustainability factor are presented as follows:

8.1 Total Customer Satisfaction

In line with our core values to be customer-focused, we are committed to build a loyal customer base for our long term sustainability by maximising customer's satisfaction through the following:

a. Offer a diverse portfolio of brands

Our franchise restaurant brands include "Ajisen Ramen", "Kazokutei", "Menya Musashi", "Akimitsu", "Osaka Ohsho", "New ManLee Bak Kut Teh", "Kagurazaka Saryo" "Konjiki Hototogisu". Over the years, we have also developed our own brands such as "Fruit Paradise", "Japanese Gourmet Town", and "Curry is Drink".

With an in-depth understanding of our market, we constantly review our brand portfolio to bring new tastes and experiences to satisfy diverse needs of our customers. Our Marketing Department, under the leadership of our key executives, works closely with various stakeholders on this front.

b. Increase presence and proximity to whom we serve

We recognise that a convenient location is key to attract returning customers. Over the years, we have built up good relationships with major mall operators and through this relationship, we are able to secure and build a network of more than 55 restaurants in high-traffic and popular malls island-wide.

During the reporting period, we formed a joint venture company with Minor Food Group (Singapore) Pte. Ltd. to conduct the business of franchising and operating existing restaurant brands owned by the Company and Minor Food Group (Singapore) Pte. Ltd. in Japan, Thailand and the People's Republic of China ("Joint Venture").

c. Provide good food at affordable prices

Our strategy is to offer authentic Japanese cuisine at affordable prices. Under this strategy,
- Our Research and Development team constantly adds new recipes to our menus to attract customers.
- We operate a central kitchen to process ingredients for supply to the restaurants so that we are able to ensure consistency of food standard.
- We play an active role in sourcing for suppliers to ensure that they offer quality products with competitive pricing. Strategic suppliers are regularly evaluated through measures such as annual assessments and visits to suppliers' facilities.

d. Provide quality and safe products

We adopt market standards and best practices in our operations to ensure quality and safety in our products and services. For further details on how we maintain product safety and consistency in quality, refer to section 8.2.

e. Proactively gather customer feedback through technology for improvements and to develop strategies

We use technology widely to stay agile in addressing customer feedback, whereby customer feedback is collected through various touchpoints such as social media and a customer relationship management system that allows a deeper and more meaningful analysis of customer preferences. Insights gathered are discussed during our management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies.

f. Build loyalty through membership program

We have a membership program to build loyalty amongst customers. Under the program, members are informed of the latest additions to our menus and promotions via their pre-indicated preferred channels. Members are also eligible to discounts when they patronise our restaurants.

Target for FY2019	Performance in FY2019	Target for FY2020
• Maintain a balanced and attractive brand portfolio • Increase revenue • Increase the number of members	• Achieved a modest 0.3% year-on-year increase in revenue • New brands introduced during FY2019 include “Kagurazaka Saryo”, “Konjiki Hototogisu” and “Kara-men” • Number of members increased from 26,000 as at 31 March 2018 to 116,000 as at 31 March 2019	• Maintain a balanced and attractive brand portfolio • Revenue growth in excess of industry growth rate • Increase the number of members

Risk and opportunity analysis	
Risk	Risks identified: • Lack of choice outlet locations • Reduction of gross sales due to unattractive pricing • Improper food handling resulting in food poisoning cases Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details.
Opportunity	To expand our brand presence and enhance our attractiveness as a franchise partner to Japanese food and beverage brand owners who are looking to expand their business beyond their local market.

8.2 Commitment to Consistent Quality and Food Safety

We are committed to deliver quality and safe products to our customers, to be in line with our core values and for long term business sustainability.

As at 31 March 2019, 100% (FY2018: 98%) of our restaurants are graded A by the National Environment Agency of Singapore (“NEA”) for the overall hygiene, cleanliness and housekeeping standards[1]. There were no major food safety incidents[2] during the reporting period (FY2018: zero incident).

100% of our restaurants are graded A by NEA

We will continuously work towards improving food hygiene standards in our central kitchen and restaurants. Our commitment to customer health and safety involves a comprehensive and effective implementation of Hazard Analysis Critical Control Point (“HACCP”), a market standard which is designed to prevent or reduce the occurrence of health hazards. In addition, we have engaged a third-party laboratory to perform periodic testing of our food products to ensure food safety and quality.

[1] As part of the licensing requirements to operate a food and beverage business in Singapore, each restaurant is assessed by the NEA and assigned a grading based on the overall hygiene, cleanliness and housekeeping standards of the premises.The grading ranges from A to D with A being the best and D being the worst.

[2] A Major Food Safety Incident is defined as an incident whereby at least 5 unrelated customers (at the same venue or event) are affected from consuming food items produced by the central kitchen

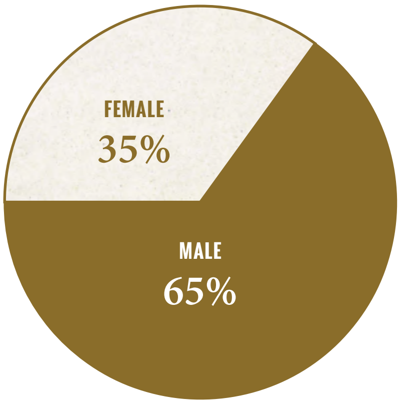
Target for FY2019	Performance in FY2019	Target for FY2020
Improve the NEA grading for our restaurants.	Achieved NEA Grade A for all of our restaurants.	Maintain NEA Grade A for all of our restaurants.
Risk and opportunity analysis		
Risk	Risk identified: • Improper food handling resulting in food poisoning cases Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details.	
Opportunity	To build customer confidence in our products and services.	

8.3 Inclusive Workplace

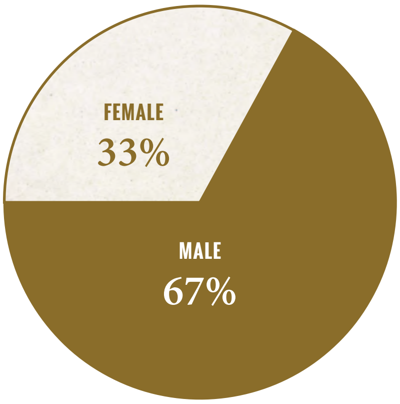
To focus on people development, we aim to provide a work environment for our employees that fosters fairness, equity and respect for social and cultural diversity, regardless of their gender and age. Therefore, we are committed to the goals of diversity and equal opportunity in employment. The total number of full-time employees in the Group as at 31 March 2019 is 454 (As at 31 March 2018: 460[3]).

For gender diversity, 35% (FY2018: 40%[3]) of our total workforce is made up of female employees whilst the percentage of female managers is approximately 33% (FY2018: 32%[3]) of total managers. We will continuously move towards a more balanced gender ratio. We also view diversity at the Board level as an essential element in supporting sustainable development with one (FY2018: one) female Board member or 25% (FY2018: 25%) female representation on the Board.

GENDER DIVERSITY (ALL EMPLOYEES)



GENDER DIVERSITY (MANAGERS)

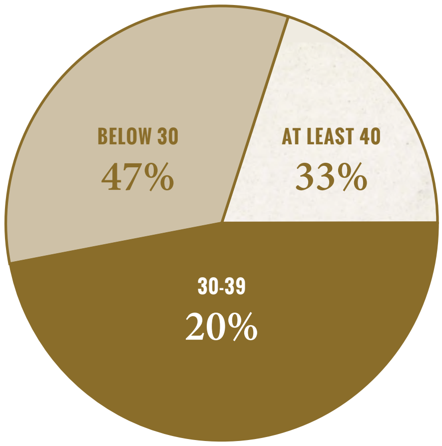


Matured workers are valued in our Group for their experience, knowledge and skills. As at 31 March 2019, 33% (As at 31 March 2018: 30.1%[3]) of our workforce is at least 40 years old.

[3] Figures relating to FY2018 workplace diversity were restated. Part-time employees have been excluded from the FY2018 statistics as they are generally perceived as less committed relative to full-time employees.

To promote equal opportunity, we have a comprehensive Human Resource Policy to ensure employees are recruited and promoted based on merit and competency. We also perform annual assessment to share information with all levels of employees and align business goals and objectives with them.

AGE DIVERSITY (ALL EMPLOYEES)



Target for FY2019	Performance in FY2019	Target for FY2020
Move towards a more balanced gender and age diversity ratio.	No material change in diversity ratios between FY2019 and FY 2018.	Ratio of female against male employees and managers should not fall below 25%. Ratio of employees with age 40 and above should not exceed 50% or less than 25%.

Risk and opportunity analysis	
Risk	Risks identified: • Turnover of managerial staff • Shortage of operational staff Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details.
Opportunity	To create a diverse and inclusive workplace that will bring new perspectives into our business and strengthen our ability to overcome new challenges and innovate.

8.4 Safe Working Environment

A safe working environment allows our employees to work safely without fear of getting injured. This helps to build loyalty amongst our employees and support the sustainability of the Group. Accordingly, we are committed to place priority on maintaining a safety and security conscious culture amongst our employees of all levels.

We recorded no workplace fatality (FY2018: none) during the reporting period and 20 (FY2018: 14) non-fatal workplace injuries[4], resulting in 208 (FY2018: 113) man-days lost during the reporting period. The increase in the incident rate and man-days lost is attributable to minor injuries such as burn and cut injuries. Nonetheless, we remain committed to maintain a safe working environment and lessons from the workplace accidents are shared across business units to prevent recurrence. We will continuously work towards reducing both the occurrence and severity of workplace accidents.

Key measures adopted to manage health and safety in the workplace environment are as follows:
- A set of safety rules and regulations is in place
- A safety committee is in place and safety inspections are performed regularly
- New employees are briefed on safety procedures during orientation
- First aid kits are placed at key locations with easy access

Target for FY2019	Performance in FY2019	Target for FY2020
Reduce the number of workplace accidents.	We did not meet the target set as the incident rate and man-days lost increased between FY2019 and FY2018 due mainly to minor injuries such as burn and cut injuries. Nonetheless, we remain committed to maintain a safe working environment and lessons from the workplace accidents are shared across business units to prevent future recurrences.	Reduce the number of workplace accidents.

Risk and opportunity analysis	
Risk	Risks identified: • Accidents at the central kitchen and restaurants leading to injuries or fatalities Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details.
Opportunity	To create a safe working environment that will lower injury or illness costs, reduce absenteeism and turnover, increase productivity and raise employee morale.

[4] A workplace injury is defined as one whereby an employee is injured in a work accident resulting in (i) hospitalization of at least 24 hours and/or (ii) an issuance of a medical certificate of more than 3 days (need not be consecutive)

REINTEGRATE EX-OFFENDERS A NOBLE CAUSE

8.5 Ongoing Community Engagement

We strive not only to set a good example but also to encourage individuals and other corporates to embrace the spirit of giving. We recognise that the long-term success of our business is closely related to the health and prosperity of the communities. During the reporting period, various campaigns were initiated to help the communities as follows:

Reintegrate ex-offenders a noble cause

We partner with the Singapore Corporation of Rehabilitative Enterprises to provide a second chance to ex-offenders. As at 31 March 2019, we employed 4 employees (As at 31 March 2018: 5 employees) under this partnership.

Create a disability inclusive workplace

We set up a program with Movement for the Intellectually Disabled of Singapore ("MINDS") to hire employees with disabilities and integrate them in our workforce. As at 31 March 2019, we employed 10 employees (As at 31 March 2018: 15 employees) with special needs.

Target for FY2019	Performance in FY2019	Target for FY2020
Not Applicable[5]	Not Applicable[5]	Continue with existing community engagement campaigns to help the communities

Risk and opportunity analysis	
Risk	No material residual risk associated with this factor is identified.
Opportunity	To strengthen our reputation and build goodwill with the communities that we operate in.

8.6 Energy Conservation

We are driven by our core value to be environmentally responsible and therefore committed to responsible usage of energy resources through enhancing energy usage efficiency.

We operate a head office, a central kitchen and various restaurants in Singapore. To run our operations, we rely mainly on the following energy sources:
• Liquefied petroleum gas ("LPG") for operating cooking equipment
• Electricity for running equipment for refrigeration, lighting, office work, cooling and ventilation

5 Not applicable as this is a new sustainability factor added in this Report.

Key statistics on energy consumption during the reporting period are as follows:

Resource	Unit of measurement	Energy consumption rate (Consumption/ Revenue)		Increase or (decrease) between FY2019 and FY2018 (%)
		FY2019 Unit/ S$ '000	FY2018 Unit/ S$ '000	
LPG	kWh	77.59	76.88	1%
Electricity	kWh	95.69	102.32	(6%)

We track and review electricity and LPG consumption regularly to control usage. One of our proactive measures to monitor and control energy consumption is the implementation of a systematic maintenance program for operating equipment to maintain energy efficiency, which leads to cost savings by limiting equipment degradation.

Target for FY2019	Performance in FY2019	Target for FY2020
Reduce the energy consumption rate.	We reduced our electricity consumption rate whilst our LPG consumption increased slightly.	Reduce or maintain the energy consumption rate.
Risk and opportunity analysis		
Risk	Risk identified: • Escalating costs Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details.	
Opportunity	To improve our operational efficiency and achieve environmental sustainability.	

8.7 Water Conservation

In line with our core value to be environmentally responsible, we are committed to responsible usage of water resources through enhancing our water consumption efficiency.

Key statistics on water consumption during the reporting period are as follows:

Resource	Unit of measurement	Energy consumption rate (Consumption/ Revenue)		Increase or (decrease) between FY2019 and FY2018 (%)
		FY2019 Unit/ S$ '000	FY2018 Unit/ S$ '000	
Water	CuM	1.16	1.27	(8%)

We rely on water resources to run our operations primarily in the following areas:
- Central kitchen such as running water to thaw meat and washing
- Central kitchen and restaurants as an ingredient in our products such as soup bases
- Restaurants such as for dishwashing

Our water conservation initiatives include perform periodic inspections to check faucets and pipes for leaks and encourage staff to use water responsibly, such as to run the dishwasher only when it is full.

Target for FY2019	Performance in FY2019	Target for FY2020
Reduce the water consumption rate	We reduced our water consumption rate	Reduce or maintain the water consumption rate
Risk and opportunity analysis		
Risk	Risk identified: • Escalating costs Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details.	
Opportunity	To improve our operational efficiency and achieve environmental sustainability.	

8.8 Responsible Waste Management

We believe that responsible waste management could help to preserve the environment in which we operate in. Accordingly, we are committed to improve the management of waste generated in operations.

After assessing the level of concern to external stakeholders and potential impact on business, waste generated from our operations is deemed not to be a material sustainability factor as the products we served are mostly fast-moving and semi-processed food such as char siew which can be used interchangeably for different dishes whilst the final dishes are cooked only when ordered.

Nonetheless, we have initiated various initiatives to minimise waste generated in operations. Such initiatives include having a barcode system in place to track the shelf life of our products, ensuring that the waste oil generated in operations are collected by licensed waste collectors and stop providing disposable chopsticks when customers dine at our restaurants.

Target for FY2019	Performance in FY2019	Target for FY2020
Maintain or improve the proportion of waste oil generated from operations that is properly disposed	100% of waste oil generated from operations was handled by licensed waste collectors.	Maintain or improve the proportion of waste oil generated from operations that is properly disposed

Risk and opportunity analysis	
Risk	No material residual risk associated with this factor is identified
Opportunity	To improve our operational efficiency and achieve environmental sustainability

8.9 Robust Corporate Governance Framework

We are committed to high standards of corporate governance as it is integral in ensuring sustainability of our business as well as safeguarding shareholders' interest and maximizing long term shareholder value.

During the reporting period, we clinched the Best Managed Board (Gold) award for companies with less than S$300 million in market capitalisation granted at the Singapore Corporate Awards 2018, in recognition of company boards that adopt best practices in transparency, accountability, performance orientation, good processes and practices, providing a multi-dimensional view of board effectiveness, and underscoring the importance of human capital practices at the board level.

We were also named Runner Up in the "Most Transparent Company Award – Hotel/Restaurant" category for good corporate governance and transparency practices. This is our third SIAS Investor Choice Award in this category.

Both the above awards recognise our continuous efforts in maintaining high standards of corporate governance.

We continued to be one of the companies listed on the Catalist Board of Singapore Exchange under the SGX Fast Track Program of Singapore Exchange Regulation. This program recognises public listed companies with good corporate governance practices and compliance track records and allows them to enjoy fast-tracked approval for certain corporate actions.

In line with our commitment to maintain a robust corporate governance framework, we have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In FY2019, no valid complaint[6] was reported (FY2018: zero valid complaint).

The overall Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School is 85 for the year 2018 (Year 2017: 79).

You may refer to Corporate Governance Report of this Annual Report for details of our corporate governance practices.

6 As defined in our whistle blowing policy

Target for FY2019	Performance in FY2019	Target for FY2020
Improve SGTI score.	SGTI score increased by 6 points in year 2018.	Improve or maintain SGTI score.

Risk and opportunity analysis	
Risk	No material residual risk associated with this factor is identified.
Opportunity	To drive long-term sustainable growth and increase corporate values.

8.10 Sustainable Business Performance

We believe in creating long-term economic value for shareholders and are committed to dividend distribution, positive operating cash flow and continual profitability for our shareholders.

For FY2019 and in line with our dividend policy, our total dividend (including paid and declared) was 1.9 cents per share (FY2018: 2.1 cents per share). We generated S$8.5 million (FY2018: S$9.3 million) of net cash provided by operating activities and S$3.3 million (FY2018: S$5.8 million) of total comprehensive income for the period attributable to equity holders of the company. The weaker bottom-line was mainly due to higher selling and distribution expenses as well as administrative expenses in relation to our expanded restaurant network which grew from 50 restaurants as at 31 March 2018 to 55 restaurants as at 31 March 2019. However, we have implemented various initiatives to improve our financial performance, such as entering into the Joint Venture to expand our geographical presence, and the addition of well-received franchise brands to our portfolio - Konjiki Hototogisu, famous for its ramen broth made with Hamaguri clams, and awarded one Michelin Star status in the Tokyo Michelin Guide 2019.

Total dividend of 1.9 cents per share for FY2019	S$ 8.5 million net cash provided by operating activities	S$ 3.3 million total comprehensive income for the period attributable to equity holders of the company

For more information on our dividend policy, refer to Guideline 15.5 of our Corporate Governance Report in this Annual Report.

Details of our economic performance can be found in the financial contents and audited financial statements of this Annual Report.

Target for FY2019	Performance in FY2019	Target for FY2020
Improve our financial performance whilst maintaining our dividend payout ratio where applicable.	We did not meet our targets to improve our financial performance and dividend payout ratio. Our weaker bottom-line was mainly due to higher selling and distribution expenses as well as administrative expenses in relation to the our expanded restaurant network which grew from 50 restaurants as at 31 March 2018 to 55 restaurants as at 31 March 2019.	Improve our financial performance whilst maintaining our dividend payout ratio where applicable.

Risk and opportunity analysis	
Risk	Risks identified: • Lack of choice outlet locations • Reduction of gross sales due to unattractive pricing • Escalating costs Refer to our risk disclosure in the Corporate Governance Report in this annual report.
Opportunity	To create long-term economic value for our shareholders.

09
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INTRODUCTION

The board of directors ("**Board**") and the management ("**Management**") of Japan Foods Holding Ltd. (the "**Company**") are committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**"). Underlying this commitment is the belief that good corporate governance will help to enhance corporate performance and protect the interests of the Company's shareholders ("**Shareholders**").

This report describes the corporate governance processes and practices of the Group that were in place throughout the financial year ended 31 March 2019, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code 2012**") issued on 2 May 2012, which forms part of the continuing obligations of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

The Board is pleased to confirm that for the financial year ended 31 March 2019 ("**FY2019**"), the Group has adhered to the principles and guidelines as outlined in the Code 2012 except for the following guidelines where the deviations and explanations have been provided:-

(a) Guideline 3.1 – Common Role of Chairman and CEO
(b) Guideline 8.2 – Long-term Incentive Scheme
(c) Guideline 8.3 – Remuneration of Non-Executive Directors
(d) Guideline 8.4 – Contractual Provision to Reclaim Incentive Components of Remuneration
(e) Guideline 11.4 – Risk Committee
(f) Guideline 16.1 – Shareholders' Participation

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (the "**Code 2018**") and accompanying Practice Guidance. The Code 2018 supersedes and replaces the Code 2012 and will apply to Annual Reports covering financial years commencing from 1 January 2019, except for specified requirements that will take effect in 2022. The Group will review and set out the corporate practices in place to comply with the Code 2018, where appropriate, in the next Annual Report.

BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS
Principle 1: Effective Board to Lead and Control the Company

Guideline 1.1 & Guideline 1.2
Roles of Board and Objective Decision Making

The Board aims to preserve and enhance long-term Shareholders' value. To this end, each director of the Company ("**Director**") endeavours to objectively discharge his or her duties and responsibilities as fiduciaries in the interests of the Company. Apart from its statutory duties and responsibilities, the Board also:

(a) decides on matters in relation to the Group's activities which are of significant nature, including decisions on strategic directions and guidelines and approvals of annual budget, major funding investment and divestment proposals;

(b) oversees risk management and internal control processes, financial reporting and compliance, including the release of financial results and announcements of material transactions;

(c) reviews management performance;

(d) identifies key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(e) set the Company's value and standards, and ensure that the obligations to shareholders and other stakeholders are understood and met;

(f) approves the nominations to the Board and appointments to the various Board committees;

(g) approves the framework of remuneration for the Board and key executives as recommended by the RC (as defined hereinafter);

(h) provides oversight in the proper conduct of the Group's business and assumes responsibility for corporate governance; and

(i) considers sustainability issues as part of the strategic formulation

Guideline 1.3
Delegation of Authority to Board Committees

To facilitate effective management, the Board has delegated certain functions to the Board committees, namely, the Audit and Risk Committee ("**ARC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**"), to ensure that there are appropriate checks and balances. These Board committees operate within clearly defined terms of reference which are reviewed from time to time. As at 31 March 2019, the ARC, the RC and the NC each comprised entirely of non-executive Directors.

Guideline 1.4
Meetings of Board and Board Committees

The constitution of the Company ("**Constitution**") provides for the Directors to participate in Board meetings by teleconference or videoconference means.

The number of Board and Board committees' meetings held in FY2019 and the attendance of each Director are set out below:

FY2019 Meeting Attendance	Board	ARC	NC	RC	AGM
Total Number of Meetings	4	5	2	2	1
Takahashi Kenichi	4	NA	NA	NA	1
Wong Hin Sun, Eugene	4	5	2	2	1
Lee Sok Koon, Constance	4	5	2	2	1
Tan Lye Huat	4	5	2	2	1

NA: Not applicable

Guideline 1.5
Internal Guidelines on Matters Requiring Board Approval

The Group has in place financial authorisation and approval limits for, amongst others, operating and capital budgets, procurement of goods and services, bank borrowings and operation of the Group's various bank accounts and the approval of the Board are required for these matters.

Guideline 1.6
Continuous Training and Development of Directors

During FY2019, Management has kept the Directors up-to-date on pertinent developments in the business of the Group during Board and/or Board committee meetings to facilitate the discharge of their duties. Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the participation in third party-run programmes to enhance their knowledge to better serve the Company. During the year, some Directors attended third party-run programmes organised by Singapore Institute of Directors ("**SID**"), the Institute of Singapore Chartered Accountants ("**ISCA**"), Singapore, Securities Investors Association (Singapore) and other professional bodies. The Company shall be responsible for funding the training of the Directors.

The Board also ensures that incoming new Directors (if any) are given guidance and orientation (including onsite visits, if necessary) to get familiarised with the Group's business and corporate governance practices upon their appointment to facilitate the effective discharge of their duties. If a newly appointed Director does not have any prior experience as a director of a listed company, the Company will arrange for such person to undertake training in the roles and responsibilities of a director a listed company and to familiarise such person with the relevant rules and regulations governing a listed company.

Guideline 1.7
Appointment of Directors

Each of the Directors, upon their appointment to the Board, has furnished a letter stating that they are aware and have been informed of their duties and obligations as Directors. A formal letter will be sent to newly appointed Directors upon their appointment explaining, among other matters, their roles, duties and responsibilities as members of the Board.

There were no new Director appointments during FY2019.

BOARD COMPOSITION AND BALANCE
Principle 2: Strong and Independent Element on the Board

Guideline 2.1
Composition and Independent Element of the Board

The Board currently has four members, comprising two independent Directors, one non-executive Director and one executive Director. Accordingly, the Independent Directors make up at least half of the Board. As at the date of this report, the Board comprises the following members:

Mr Takahashi Kenichi	Executive Chairman and Chief Executive Officer
Mr Wong Hin Sun, Eugene	Non-Executive Vice Chairman
Mdm Lee Sok Koon, Constance	Lead Independent Director
Mr Tan Lye Huat	Independent Director

Guideline 2.2
Composition of Independent Director of the Board

Under Guideline 2.2 of the Code 2012, the independent directors should make up at least half of the Board where the Chairman and CEO is the same person. The Company has complied with this guideline as the Board currently comprises four members, of which, two are independent directors.

Guideline 2.3 & 2.4
Independence of Directors

As set out under the Code 2012, an independent director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The NC deliberates annually to determine the independence of a Director bearing in mind the salient factors set out under this guideline in the Code 2012 as well as all other relevant circumstances and facts.

For FY2019, the NC has assessed the independence of Mdm Lee Sok Koon, Constance and Mr Tan Lye Huat, and is satisfied that there are no relationships or other factors such as past associations, business dealings, relationship with the Directors and the Management that could impair or compromise their independent judgement or which could deem them to be not independent.

To facilitate the NC in its review of the independent status of the Directors, each Director will complete a checklist to confirm his/her independence. The checklist is based on the guidelines provided in the Code 2012 and will also indicate whether a Director considers himself/herself as an Independent Director despite not having any of the relationships identified in the Code 2012. The NC also reviews the checklist completed by each Director to determine whether a Director is independent. As a result of the assessment, the NC is satisfied that there is no relationship which would deem Mdm Lee Sok Koon, Constance to be not independent.

Mr Tan Lye Huat, our Independent Director who was appointed on 24 November 2008 has served more than nine years on the Board.

The Board has subjected the independence of Mr Tan Lye Huat to a particularly rigorous review by all other Directors. All the other Directors completed a questionnaire to review more rigorously the independence of Mr Tan Lye Huat. Having considered the assessment made by the other Directors on the independence status of Mr Tan Lye Huat, the Board, with the concurrence of the NC, is of the view that Mr Tan Lye Huat has demonstrated strong independence and judgement over the years in discharging his duties and responsibilities as an independent director of the Company. He has expressed individual viewpoints, debated issues and objectively scrutinised and challenged Management where necessary. Taking into account the above, the Board confirms that Mr Tan Lye Huat continues to be considered as an independent director, notwithstanding that he has served on the Board beyond nine years.

Mr Tan Lye Huat had in the past annual general meetings held in 2017 and 2018, offered himself for re-election and was duly re-elected by the shareholders at these meetings. In keeping up with past practices, Mr Tan Lye Huat has again offered himself for re-election as a Director at the forthcoming annual general meeting.

Mr Takahashi Kenichi, a controlling shareholder of the Company, and his associates, have abstained from voting on Mr Tan's re-election at the annual general meeting held in 2018 ("**2018 AGM**") and will similarly abstain from voting on Mr Tan's re-election at the forthcoming annual general meeting. This is to empower shareholders to assess the independence of long-tenured independent directors and to encourage shareholders' active engagement.

Save for the above, there are no other independent Directors who has served beyond nine years from the respective date of their first appointment during FY2019.

Guideline 2.5
Composition, Size and Diversity of the Board

The Board is of the opinion that its current size and composition is appropriate for effective decision making, taking into account the scope and nature of the operations of the Group. With two out of four members of the Board being independent, the Company maintains a satisfactory independent element on the Board. The NC is of the opinion that the current Board composition represents a well balanced mix of expertise and experience comprising accounting, finance, business experience as well as industry knowledge to provide core competencies necessary to meet the requirements of the Company and the Group and which facilitates effective decision making. The Board is also of the opinion that the current Board composition takes into consideration gender and nationality diversity. Presently, the Company has achieved a 25% female representation on the Board.

Guideline 2.6
Competency of the Board

During FY2019, the Directors have completed a Board of Directors Competency Matrix form by providing additional information in their areas of specialisation and expertise. The NC, having reviewed the responses, was satisfied that members of the Board possess the relevant core competencies in areas of accounting and finance, business and management experience, and strategic planning. In particular, the non-executive Directors, who are mostly professionals in their selected fields, are able to take a broader view of the Group's activities, contribute their valuable experience and provide independent judgement during the Board's deliberation on the Group's matters.

Guideline 2.7 & Guideline 2.8
Non-Executive Directors

The Board has three Non-Executive Directors (including the independent Directors) who endeavour to constructively challenge and help develop proposals on strategy and to review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. During the year, the Non-Executive Directors communicated among themselves without the presence of Management as and when the occasion warrants. The Company also co-ordinates informal sessions for Non-Executive Directors to meet on a need-basis without the presence of the Management.

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3: Clear Division of Responsibilities and Balance of Power and Authority

Guideline 3.1
Common Role of Chairman and CEO

Mr Takahashi Kenichi is both the Chairman of the Board ("Chairman") and the Chief Executive Officer ("CEO") of the Company. The Board is of the view that it is not necessary to separate the role of the Chairman and the CEO after taking into consideration the size, scope and the nature of the operations of the Group. Mr Takahashi Kenichi is the founder of the Group and has played an instrumental role in developing the business since its establishment. He has considerable industry experience and business network and has also provided the Group with strong leadership and vision. The Board is of the view that it is in the interest of the Group to adopt a single leadership structure.

Guideline 3.2
Roles and Responsibilities of Chairman

The Chairman, who is also the CEO, seeks to, amongst others:

(a) lead the Board to ensure its effectiveness on all aspects of its role;

(b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) ensure that the Directors receive complete, accurate, timely and clear information;

(d) ensure effective communication with Shareholders;

(e) encourage constructive relations within the Board and between the Board and the Management;

(f) promote a culture of openness and debate at the Board;

(g) facilitate the effective contribution of Non-Executive Directors; and

(h) promote high standards of corporate governance.

Guideline 3.3 & Guideline 3.4
Lead Independent Director

The NC, RC and ARC are all chaired by Independent Directors. Mdm Lee Sok Koon, Constance who is the Chairperson of the NC and RC is also the Lead Independent Director of the Company. The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision-making by the Directors is independent and based on collective decision-making without the Chairman and CEO being able to exercise considerable concentration of power or influence.

As the Lead Independent Director of the Company, Mdm Lee Sok Koon, Constance will be available to Shareholders if they have concern and for which contact through the normal channels of the Chairman, the CEO and the Chief Financial Officer ("CFO") has failed to resolve their concerns or is inappropriate.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors where necessary, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

BOARD MEMBERSHIP
Principle 4: Formal and Transparent Process for the Appointment of Directors to the Board

Guideline 4.1
Membership of the NC

The NC comprises the following members, the majority of whom, including the chairperson of the committee, are independent non-executive Directors:

Mdm Lee Sok Koon, Constance, Chairperson	Independent and non-Executive
Mr Tan Lye Huat	Independent and non-Executive
Mr Wong Hin Sun, Eugene	Non-Independent and non-Executive

During FY2019, the NC held two scheduled meetings, which all members attended.

The principal functions of the NC include:

(a) recommending to the Board new Board appointments;

(b) making recommendations on re-nomination of Directors, having regard to the Director's contribution and performance;

(c) evaluating the independence of each of the Directors annually; and

(d) evaluating the effectiveness of the Board as a whole and the contribution of each individual Director towards the effectiveness of the Board.

Guideline 4.2
Roles and Responsibilities of the NC

The responsibilities of the NC include making recommendations to the Board on all Board appointments and re-appointments of Directors, developing a process for evaluation of the performance of the Board, its board committees and Directors, reviewing of training and professional development programs for the Board as well as overseeing the Board and key management personnel's succession and leadership development plans.

Board Renewal and Succession Plan

Succession planning is an important part of the governance process. The NC will seek to refresh the Board membership progressively and in an orderly manner to avoid losing institutional memory.

No Director stays in office for more than three years without being re-elected by Shareholders. The Constitution provides that at least one-third of the Directors, except the CEO, shall retire from office by rotation at every annual general meeting of the Company ("**AGM**") and Directors appointed during the course of the year will be subject to re-election at the next AGM following his appointment. At the forthcoming AGM, Mr Wong Hin Sun, Eugene is due for retirement by rotation under Regulation 98 of the Constitution. Mr Wong has consented to remain in office and offered himself for re-election. The Board, acting on the recommendation of the NC, proposed that Mr Wong be re-elected at the forthcoming AGM.

The Nominating Committee Guide (Third Edition 2018 produced by the Singapore Institute of Directors) (the "**NC Guide**") recommends that the continued appointment of independent directors who have served on the Board for an aggregate period of more than nine years requires the approval in separate resolutions by (a) all shareholders; and (b) shareholders excluding the directors and CEO, as well as their associates. This requirement aligns with the Catalist Rules that will take effect from 1 January 2022 (Catalist Rule 406(3)(d)(iii)).

Please refer to page 71 to 77 in the Annual Report for the detailed information required pursuant to Rule 720(5) of Catalist Rules.

Guideline 4.3
NC to Determine Directors' Independence

The NC deliberates annually to determine the independence of a Director bearing in mind the salient factors set out in the Code 2012 as well as all other relevant circumstances and facts. No member of the NC participated in the deliberation in respect of his/her own status as an Independent Director. Each of the retiring Directors has confirmed that he/she does not have any relationship with his/her fellow Directors nor with the Company and its substantial shareholders.

Guideline 4.4
Commitment of Directors Sitting on Multiple Boards

In assisting the NC to determine whether the Directors who have multiple board representations are able to adequately carry out their duties and commitments towards the Company, the Directors have adopted a form of internal guidelines for Directors serving on multiple boards. The NC, after reviewing the completed forms that were returned by all Directors together with the respective list of directorships held by each Director as well as their attendance, is satisfied that all the Directors who sit on multiple boards are able to devote adequate time and attention to the affairs of the Company and to fulfil their duties as Directors. The NC has recommended and the Board has agreed that the maximum number of listed company board representations which a Director may hold should not be more than five listed companies (including the Company) for Directors who do not hold any full time employment and not more than two listed companies (including the Company) for Directors who hold full time employment.

Guideline 4.5
Appointment of Alternate Directors

Currently, the Company does not have any alternate director on the Board.

Guideline 4.6
Process for Selecting and Appointment of New Directors

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new Directors through the business network of the Board members or engage independent professional advisers to assist in the search for suitable candidates. The NC will generally identify suitable candidates skilled in core competencies such as accounting or finance, business or management expertise, or industry knowledge. If the NC decides that the candidate is suitable, the NC then recommends its choice to the Board. Meetings with such candidates may be arranged to facilitate open discussion. Upon appointment, arrangements will be made for the new Director to attend various briefings with the management team.

Guideline 4.7
Information on Directors

Key information on the Directors, including their academic and professional qualifications and their shareholdings in the Company, are found on pages 20 to 21 and 78 of this annual report.

BOARD PERFORMANCE
Principle 5: Assessment of the Effectiveness of the Board

Guideline 5.1
Board Performance

The Board has in place a formal annual process to assess its effectiveness as a whole as well as its ability to discharge its responsibilities in providing stewardship, corporate governance and overseeing of Management's performance.

To facilitate the evaluation and assessment of the effectiveness of the Board committees and Executive Chairman and CEO, the Directors completed a Committees Evaluation Questionnaire and an Executive Chairman and CEO Evaluation. Their feedback and responses were collated by the Company Secretary and presented to the NC for review and discussion before submitting to the Board for reviewing and determining the areas for improvement. The evaluation of the Executive Chairman and CEO included areas such as his vision and leadership, financial management, board relations, governance and risk management and relations with stakeholders. The review indicated that the Board continues to function effectively.

During FY2019, the Company did not engage any external facilitator for Board and Director assessment.

Guideline 5.2
Board Evaluation

The Directors participated in the evaluation by providing feedback to the NC in the form of a Board Evaluation Questionnaire. Their feedback and responses were collated by the Company Secretary and presented to the NC for review and discussion before submitting to the Board for reviewing and determining the areas for improvement. In assessing the effectiveness of the Board as a whole, the NC takes into consideration a number of factors such as the size and composition of the Board, the Board's access to information, participation in Board proceedings and the communications and guidance given by the Board to the Management.

Guideline 5.3
Evaluation of Individual Director

An individual self-assessment is performed annually by each Director in the form of an Evaluation of Individual Director by Self-Assessment and the responses of the self-assessment were discussed with the NC. Among the factors considered in the individual self-assessment are the Directors' knowledge or experience as directors, experience of being in board committees, knowledge of and contacts in the countries where the Company primarily operates, sector knowledge of the Company's main activities, functional experience and training.

The criteria for evaluation of the performance of individual Directors include the level of participation, attendance at Board and Board committee meetings and the individual Director's functional expertise.

The Chairman will act on the results of the performance evaluation and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

ACCESS TO INFORMATION
Principle 6: Board Members Should Be Provided with Complete, Adequate and Timely Information

Guideline 6.1 & Guideline 6.2
Board's Access to Information

On a timely basis before each meeting, the Directors are provided with complete and adequate information by Management pertaining to relevant matters to be brought before the Board for its decision as well as ongoing reports, explanations and updates relating to the operational and financial performance of the Group. Board members have separate and independent access to Management. Directors are also entitled to request from Management and should be provided with such additional information in a timely manner as needed to make informed decisions

Guideline 6.3
Board's Access to the Company Secretary

Board members have separate and independent access to the Company Secretary. The Company Secretary attends all meetings of the Board and Board committees and is responsible for ensuring, amongst other things, that Board procedures are followed and that all applicable rules and regulations are complied with. The Company Secretary also ensures good information flow within the Board and its board committees and between Management and Non-Executive Directors.

Guideline 6.4
Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole. The present Company Secretary has been in office for eleven years.

Guideline 6.5
Board's Access to Independent Professional Advice

Where necessary and to enable the Directors to discharge their duties, the Directors, whether as a group or individually, may seek independent professional advice at the Company's expense and after consultation with the Chairman.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
Principle 7: Formal and Transparent Procedure for Developing Policy on Executives' Remuneration and Fixing the Remuneration Packages of Individual Directors

Guideline 7.1
Membership of the RC

The RC comprises the following members, the majority of whom, including the chairperson of the committee, are Independent Non-Executive Directors:

Mdm Lee Sok Koon, Constance, Chairperson	Independent and Non-Executive
Mr Tan Lye Huat	Independent and Non-Executive
Mr Wong Hin Sun, Eugene	Non-Independent and Non-Executive

During the year, the RC held two scheduled meetings, which all members attended.

Guideline 7.2

Functions of the RC and Remuneration Framework

The principal functions of the RC include:

(a) reviewing and recommending to the Board the structure of the compensation policies and recruitment strategies of the Group so as to align compensation with Shareholders' interests;

(b) reviewing and recommending to the Board the framework of remuneration for the Executive Directors and key executives of the Group and to determine appropriate adjustments;

(c) reviewing and recommending to the Board for endorsement guidelines for directors' fees of non-executive Directors;

(d) reviewing and approving succession plans for key positions; and

(e) administering and approving long-term incentive schemes which are approved by Shareholders.

No Director will be involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC's review covers all aspects of remuneration, including salaries, fees, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board.

Guideline 7.3

RC's Access to Advice on Remuneration Matters

The RC from time to time may seek expert advice on the remuneration of all Directors and key management personnel. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2019.

Guideline 7.4

Service Contract

The RC reviews the fairness and reasonableness of the service agreements of the Executive Director and key management personnel to ensure that there is no overly onerous or generous termination clause.

LEVEL AND MIX OF REMUNERATION

Principle 8: Level of Remuneration of Directors to be Appropriate and Not Excessive

Guideline 8.1

Remuneration of Executive Directors and Key Management Personnel

The Company adopts an overall remuneration policy for employees, comprising a fixed component in the form of a base salary, and a variable component in the form of a bonus that is linked to the performance of the Group, the individual, the industry and the economy. In reviewing its remuneration policy, the Company generally takes into account compensation and employment conditions within the industry and in comparable companies.

Guideline 8.2

Long-term Incentive Scheme

The Company has adopted the Japan Foods Performance Share Plan ("**PSP**"), further details of which are set out herein. As the CEO is also the controlling Shareholder of the Company, he and his associates are not eligible to participate in the PSP.

Guideline 8.3
Remuneration of Non-Executive Directors

The non-executive Directors receive directors' fees in accordance with their level of contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board committees. The Directors' fees are recommended by the Board and are subject to the approval of Shareholders at the AGM.

The current framework for Non-Executive Directors' fee (on per annum basis unless otherwise indicated) is as follows:

Role	Member	Chairperson
Board of Directors	20,000	Additional S$9,000[1]
Audit and Risk Committee	6,000	Additional S$6,000
Nominating Committee	2,500	Additional S$2,500
Remuneration Committee	2,500	Additional S$2,500
Lead Independent Director	2,000	N/A

Note:
[1] Applicable to Vice Chairman

Although Non-Executive Directors are eligible to participate in the PSP, the Company has not implemented any share-based compensation scheme for Directors.

Guideline 8.4
Contractual Provision to Reclaim Incentive Components of Remuneration

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION
Principle 9: Clear Disclosure of Remuneration Policy, Level and Mix of Remuneration, and Procedure for Setting Remuneration

Guideline 9.1, Guideline 9.2 & Guideline 9.3
Remuneration of Directors and Top Key Management Personnel

The breakdown of the annual remuneration (including all forms of remuneration from the Company and any of its subsidiaries) of each of the Directors for FY2019 is set out below:

Name of Director	Total remuneration in FY2019 (S$'000)	Director's fees (%)	Salary (%)	Incentive bonus and other benefits (%)	Total (%)
Takahashi Kenichi	522	-	40	60	100
Wong Hin Sun, Eugene	40	100	-	-	-
Lee Sok Koon, Constance	38	100	-	-	100
Tan Lye Huat	37	100	-	-	100
Total S$'000	637	115	350	172	637

The Company had, on 19 December 2008, entered into a service agreement with Mr Takahashi Kenichi, in relation to his appointment as the Chairman and CEO. The service agreement took effect from the date of the Company's admission to Catalist, being 23 February 2009, for an initial period of three years, and has been renewed on a yearly basis thereafter.

For FY2019, the remuneration band (including any bonus, allowance and other incentives) of the top five key management personnel (who are not Directors or CEO) is set out below:

Name of Key Management Personnel	Remuneration bands	Salary[3]	Bonus and other benefits	PSP	Total
		(%)	(%)	(%)	(%)
Chan Chau Mui	Band A[1]	96.2	3.8	Nil	100
Chan Fuang Chiang	Band A[1]	58.8	10.7	30.5	100
Fong Siew Geen	Band A[1]	58.3	11.5	30.2	100
Kenneth Liew Kian Er	Band B[2]	55.4	9.4	35.2	100
Otsuka Ichiro	Band A[1]	53.2	11.4	35.4	100
Total S$'000		595	112	279	986

Notes:

(1) Band A: Remuneration from S$0 – S$250,000

(2) Band B: Remuneration from S$250,001 – S$500,000

(3) Salary is inclusive of CPF contribution.

Total remuneration (including CPF, Bonus and benefit-in-kind) paid to the top five management personnel for FY2019 was approximately S$986,000.

The Chairman and CEO and key management personnel are not entitled to any benefits upon termination, retirement or post-employment.

Guideline 9.4

Employee Related to Directors/CEO

Ms Chan Chau Mui is a deemed associate of Mr Takahashi Kenichi, the Executive Chairman and CEO of the Company. Ms Chan's annual remuneration for FY2019 was between S$100,000 and S$150,000.

Guideline 9.5

Performance Share Plan ("PSP")

The Company has adopted the PSP which was approved at an Extraordinary General Meeting held on 24 July 2013. The PSP is administered by the RC currently comprising Mdm Lee Sok Koon, Constance, Mr Tan Lye Huat and Mr Wong Hin Sun, Eugene.

The PSP provides an opportunity for employees of the Group who have contributed to the growth and performance of the Group (including Non-Executive Directors and Independent Directors) and who satisfy the eligibility criteria as set out under the rules of the PSP, to participate in the equity of the Company. Controlling shareholders of the Company and their associates shall not be eligible to participate in the PSP. Non-Executive Directors are allowed to participate in the PSP to give recognition to their services and contributions and to align their interests with that of the Group. In order to minimise any possible conflicts of interest, the non-executive Directors will be primarily remunerated for their services by way of Directors' fees. The Board does not envisage that the aggregate number of Shares comprised in awards set aside for the Non-Executive Directors collectively will exceed 1% of total issued share capital of the Company ("from time to time. The aggregate number of ordinary shares in the issued share capital of the Company ("**Shares**") over which the RC may grant on any date, when added to the number of Shares issued and issuable in respect of all Shares granted under the PSP and any other share schemes to be implemented by the Company shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding that date.

The Company delivers Shares to participants upon vesting of the awards under the PSP by way of issuance of new Shares deemed to be fully paid upon their issuance and allotment or transfer of treasury shares pursuant to the share buyback.

Pursuant to the PSP, an aggregate of 700,000 treasury shares, constituting approximately 0.4% of the total number of issued shares of the Company as at 31 March 2019, were awarded on 17 May 2018. The Company has announced the details as required under Rule 704(32) of the Catalist Rules in relation to the grant of awards on 17 May 2018.

Since the commencement of the PSP and up to the date of this report, an aggregate of 2,920,000 fully-paid shares, constituting approximately 2.0% of the total number of issued shares of the Company as at the date of this report, had been granted by the Company. Since the commencement of the PSP, none of the Directors has been awarded any shares under the PSP.

None of the participants under the PSP was granted 5% or more of the total number of Shares available under the PSP. Further, the Company does not have any parent company and accordingly, the participants of the PSP do not include any directors or employees of any parent company and its subsidiaries.

Guideline 9.6
Link between Remuneration and Performance

The RC reviews the remuneration of the Executive Director and key executives of the Group, and makes recommendation on an appropriate framework of remuneration. The RC's recommendation is submitted to the Board for endorsement. The RC has adopted a set of performance criteria which link a significant portion of the Executive Director's remuneration package to corporate and individual performance thus aligning his interest with those of Shareholders, and which also take into account effort and time spent and responsibilities of the Executive Directors. In determining the remuneration of the Executive Directors and key management personnel, the RC reviewed their respective KPIs achievement and assessed their performance for the financial year.

The KPIs for individual performance take into consideration the broad categories of objectives, namely financial, business, regulatory and controls, organisational and people development as well as alignment to the Group's risk policies. For FY2019, the RC has evaluated the extent to which the Executive Directors and key management personnel have delivered on the corporate and individual objectives and based on the evaluation, has approved the compensation which was endorsed by the Board.

ACCOUNTABILITY AND AUDIT
Principle 10: Presentation of a Balanced and Understandable Assessment of the Company's Performance, Position and Prospects

The Board recognises the importance of providing accurate and relevant information on a timely basis to all stakeholders. In this respect, the ARC reviews all of the Group's financial statements and results announcements and recommends them to the Board for approval. In addition, the ARC ensures that the Group maintains a sound system of internal controls to safeguard Shareholders' interests and the Group's assets as well as to manage potential risks.

During the year, quarterly unaudited results and the audited full year results of the Group have all been announced within the deadline for each period.

Guideline 10.1
Accountability for Accurate Information

In discharging its responsibility, the Board ensures that the Group's financial results provide a balanced and understandable assessment of the Group's performance, position and prospects. The Company's annual report, public announcements of financial results and disclosure of other relevant information of the Group are released to shareholders on a timely basis.

On a quarterly basis, the CEO and the CFO furnish a representation letter to the ARC and the Board, confirming *inter alia*, that the financial processes and controls, and the integrity of the Group's financial statements are in place, highlighting material financial risks and impacts and providing updates on significant financial issues of the Group.

In accordance with the SGX-ST's requirements, the Board issued negative assurance statement in its interim and quarterly financial results announcements confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements to be false or misleading in any material aspect.

Guideline 10.2
Compliance with Legislative and Regulatory Requirements

During the year, the Board reviewed reports from the Management to ensure compliance with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements.

The Company had in February 2016 received signed undertakings from all its Directors and relevant executive officers based on the revised form of Appendix 7H, pursuant to Rule 720(1) of the Catalist Rules. The undertakings replaced and superseded the ones previously signed by the Directors and executive officers which were announced by the Company on 6 November 2015.

Guideline 10.3
Management Accounts

The Management updated the Board on the Group's business activities and financial performance by providing updates on any business, operations, and financial related matters on a quarterly basis. Such reports compare the Group's actual performance against the approved budget and where appropriate, against forecast. They also highlight key business indicators and major issues that are relevant to the Group's performance for the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Prior to the release of the financial results to the public, the Management will present the Group's financial performance together with notes explaining in detail the operations and trends to the ARC, which will review and recommend the same to the Board for approval and adopt for release of the results.

RISK MANAGEMENT AND INTERNAL CONTROLS
Principle 11: Sound System of Risk management and Internal Controls

Guideline 11.1
Risk Management and Internal Control Systems

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the interests of the Group's assets. During FY2019, the ARC assisted the Board to oversee Management in the design, implementation and monitoring of the risk management and internal control systems and the ARC reported to the Board on critical risk issues, material matters, findings and recommendations pertaining to risk management.

A summary of the Company's risk management and internal control systems is set out below.

RISK MANAGEMENT

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team. The CEO and senior management of the Company assume the responsibilities of the risk management function. They regularly assess and review the Group's business and operational environment to identify areas of significant financial, operational, compliance and information technology risks.

The Group has a risk management framework ("**ERM Framework**") in place which is aligned with ISO 31000.

Under the ERM framework:
(a) Risks identified are aligned with the objectives of the Group;
(b) A risk reporting structure is defined to identify the Risk Owners, Approvers, Champions and their respective risk responsibilities;
(c) A risk reporting process is established which includes the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks; and
(d) Risks are evaluated on a common measurement matrix based on the likelihood and consequence of each risk identified. The risks are first identified on a gross level and subsequently on a residual level considering the risk treatment measures in place. The residual risk level determines the extent or risk exposure and further risk treatment measures required.

Each risk identified is assigned with a risk level to determine the actions required as illustrated in the table below:

Exposure Level	Risk Level	Acceptable Level/ Action Requirements
I	Extreme Risk	Not acceptable: • Immediate action required. • Must be managed by senior management with a detailed treatment plan.
II	High Risk	Generally not acceptable: • Senior management attention needed and management responsibility specified. Treatment plans to be developed. • Must be monitored on regular frequency.
III	Medium Risk	Acceptable: • Management responsibility must be specified. • Treatment plans to be developed. • On-going monitoring and review.
IV	Low Risk	Acceptable: • Manage by routine processes / procedures. • Consider the implementation of additional controls, only if they are a clearly quantifiable cost benefit. • On-going monitoring and review.
V	Negligible Risk	Acceptable: • Manage by routine processes / procedures; • Unlikely to require specific application of resources.

On an annual basis, Management reports to the Board on updates to the Group's risk profile, risk treatments and results of assurance activities so as the assure that the process is operating effectively as planned.

To enhance the effectiveness of the ERM Framework, the Group implemented Orion ERM system, a third party software that automates the risk management, internal control and assurance functions and enables these functions to be managed on an integrated platform.

Internal Controls

Internal controls have been implemented to enhance the Group's functions in the areas of finance, operations, compliance and information technology. The internal control measures aim to secure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

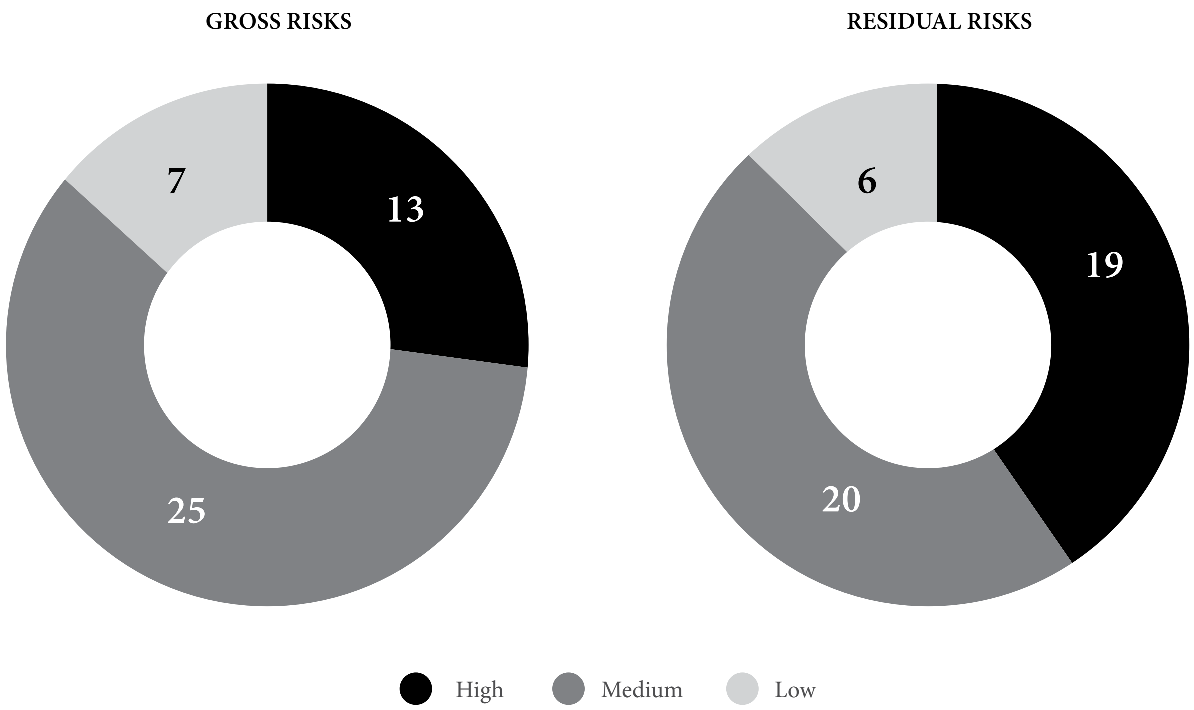
Guideline 11.2
Adequacy and Effectiveness of Risk Management and Internal Control Systems

The risk management and internal control systems have been integrated throughout the Group and have been an essential part of its business planning and monitoring process.

An ERM exercise was performed in FY2019 involving 9 middle and senior managers of the Group, including the C-Suite executives. All key operating entities of the Group, except for the less active or dormant entities, were covered.

Arising from the ERM exercise, a total of 45 risks were identified under the four main risk categories of Strategic, Operational, Financial and Compliance risks.

The overall results of the ERM exercise for FY2019 by risk level are shown as follows:



Key risks identified, arising from the ERM exercise, are as follows:

S/N	Risk title and description	Gross risk level	Residual risk level	Risk treatment
1	**Improper food handling resulting in food poisoning cases** We operate a central kitchen that supplies to our outlets. Improper food handling at the central kitchen and outlets may result in food contamination and consequentially lead to cases of food poisoning when consumed by customers. A serious food poisoning case may lead to regulatory actions such as fines, suspension of business licenses from relevant authorities. In such an event, our reputation and financial performance will be adversely affected.	High	Medium	We focus on maintaining an adequate and effective food handling internal control system. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures, training and conduct of laboratory tests on food by third party professionals.
2	**Lack of choice outlet locations** The success of our business is dependent on our outlet locations. Shopping mall operators will not introduce choice locations to us if there is no good brand equity. Brand equity is largely dependent on factors such as (i) level of marketing activities, (ii) customer service and (iii) menu offering. Non-choice locations with low human traffic will lead to lesser sales volume. Should there be a lack of choice location for our outlets, our financial performance will be adversely affected.	High	Medium	We strive to maintain a strong relationship with mall owners, operators and build a strong brand equity. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures, adopting a robust budgetary system and setting up effective training programmes to handle customer feedback.
3	**Turnover of managerial staff** Our operations are led by a team of senior managers and supported by a team of experienced middle managers. The loss of key managers or the inability for our Group to attract and retain qualified and experienced personnel may have an adverse impact on our business operations and financial performance.	High	Medium	We focus on building and maintaining a conducive, fulfilling and rewarding work environment to address the risk of turnover for key managers. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures and putting in place a market aligned remuneration structure, benefits and incentive schemes.

S/N	Risk title and description	Gross risk level	Residual risk level	Risk treatment
4	**Shortage of operational staff** We employ a significant number of foreign workers at the central kitchen and outlets. The number of such foreign workers employed is subject to quotas set by the relevant government authorities. If we are unable to hire the necessary personnel, a shortage of wait staff or workers at the central kitchen will adversely affect our business and financial performance.	High	Medium	We are constantly exploring new sources for operational staff and also focus on maintaining an adequate and effective human resource internal control system. Key mitigating controls in place include implementing adequate, effective policies and procedures, performing remuneration and benefit review and adopting a comprehensive manpower planning.
5	**Escalating costs** The key cost components of our business include cost of ingredients, rental, salaries and other operating expenses such as utilities, utensils and consumables. Cost escalations driven by inflation without adequate cost controls in place may lead to margin erosions and adverse financial performance if we are unable to pass them on to the customers.	High	Medium	We focus on effective cost controls and seek to maximise value for costs incurred. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures, putting in place an effective enterprise resource planning system and regular review of financial performance.
6	**Reduction of gross sales due to unattractive pricing** Food and beverage industry is highly competitive where barriers to entry are low. If we are unable to offer attractive pricing to our customers, our market share will erode and this will adversely affect our financial performance.	High	Medium	We make continuous efforts to provide authentic Japanese cuisine at affordable prices. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures, putting in place an effective enterprise resource planning system and regular review of financial performance.
7	**Accidents at the central kitchen and restaurants leading to injuries or fatalities** Accidents may occur as our operations involve the use of various kitchen equipment and machineries, such as stove, oven and kitchen tools with sharp edges such as knifes and cutters. Our reputation may be adversely impacted if serious accidents occur and are publicised in the mass media. In addition, regulators may impose punitive measures such as fines or stop work order pending the results of investigation which will adversely affect our operations and financial performance.	High	Medium	We place significant emphasis on creating a workplace that allows employees to work in a safe and healthy environment. Key mitigating controls in place include maintaining a competent, experienced team, implementing adequate, effective policies and procedures, putting in place safety committees, proper and regular safety briefings and ensuring that first aid kits are placed at key locations with easy access.

The above section discusses the key risks that have emerged and which may have a significant impact on the Group's financial and operating performance. It is not intended to provide a complete discussion of all risks that may impact the Group. Other risks which the Group is unaware of or which are not currently deemed to be significant may be material in the future and have a considerable adverse effect on the Group's financial and operating performance. The risk treatments mentioned above represent our best endeavours but do not provide absolute assurance that the Company will not be adversely affected by any risk event that can be reasonably foreseen as it strives to achieve its business objectives.

A Controls Self-Assessment ("**CSA**") Programme is established for the Management and Board to obtain assurance on the state of internal controls. The CSA Programme is risk-based and aligned with the results of the ERM exercise performed. On a yearly basis, the risk owners are required to review, assess and report on the adequacy and effectiveness of key mitigating internal controls for risks identified from the ERM exercise and which are under their risk responsibilities.

The Group also has in place an Assurance Activity Framework ("**Assurance Framework**") to facilitate and guide the Board's assessment on the adequacy and effectiveness of the Group's internal control and risk management systems. The Assurance Framework lays out the assurance activities performed, the assessment criterion and also the reporting process. Assurance activities covered under the Assurance Framework include CEO/CFO Representation Letter, CSA by Management, internal audit by the internal auditors, statutory audit by the external auditors and external certification on health and safety standards by a third party professional service firm.

Fraud risk management processes include conflict of interest declaration by Directors and the implementation of whistle blowing policy (details in Guideline 12.7 below) and rules of conduct to establish a clear tone from the top with regard to employees' business and ethical conduct.

Guideline 11.3
Board's comment on Adequacy and Effectiveness of Internal Controls

The Board has received assurance from the CEO and the CFO in respect of FY2019 that:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems are effective.

Based on the ERM Framework, Assurance Framework and internal controls established and maintained in the Group, CSA conducted by the Management, work performed by the internal auditors, the statutory audit undertaken by the external auditors, certification by a third party professional service firm, and the written representation from the CEO and the CFO providing assurance on the Group's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, the Board, is of the view that the Group has a sound system of risk management and internal controls.

The Board, with the concurrence of the ARC, is satisfied that adequate and effective risk management systems and internal controls have been in place to address the risks relating to financial, operational, compliance and information technology controls for FY2019.

Guideline 11.4
Risk Committee

The responsibility of overseeing the Company's ERM and Assurance Framework is undertaken by the ARC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing risk management and internal control systems, the Board is of the view that a separate risk committee is not required for the time being.

AUDIT AND RISK COMMITTEE
Principle 12: Establishment of Audit and Risk Committee with Written Terms of Reference

Guideline 12.1
ARC Membership

The ARC comprises the following three Directors, the majority of whom, including the Chairperson, are independent:

Mr Tan Lye Huat, Chairperson	(Independent and non-Executive)
Mdm Lee Sok Koon, Constance	(Independent and non-Executive)
Mr Wong Hin Sun, Eugene	(Non-Independent and non-Executive)

Guideline 12.2
Expertise of ARC Members

The ARC members bring with them invaluable professional expertise in the accounting and financial management domains. The Board, after considering the advice from the NC, believes that the ARC members are appropriately qualified to discharge the ARC's responsibilities as defined under its written terms of reference which have been approved by the Board.

Guideline 12.3 and Guideline 12.4
Roles and Responsibilities of the ARC

The ARC is guided by its Terms of Reference and meets periodically to undertake the following principal functions:

(a) reviewing the annual audit plan, scope and results of the audit undertaken by the External Auditors, including non-audit services performed by them to ensure that there is a balance between maintenance of their objectivity and cost effectiveness;

(b) reviewing the effectiveness and adequacy of the internal audit function, which is outsourced to a professional services firm;

(c) reviewing with the internal auditors the scope and procedures of the audit plans, the results and adequacy of the Group's material internal controls and with Management on the adequacy of financial, operational and compliance risk management;

(d) reviewing the financial statements and other relevant announcements to Shareholders and the SGX-ST, prior to submission to the Board;

(e) reviewing any significant financial reporting issues and judgements and estimates made by the Management, so as to ensure the integrity of the financial statement of the Group and any announcements relating to the Group's financial performance;

(f) assessing the independence and objectivity of the External Auditors and recommending to the Board the appointment/re-appointment/removal of External Auditors;

(g) reviewing the assistance given by the Company's officers to the External/Internal Auditors; and

(h) reviewing and recommending for the Board's approval the interested person transactions as specified under Chapter 9 of the Catalist Rules and/or the procedures set out in the general mandate approved by Shareholders.

The ARC had reviewed the external auditor's audit plan for FY2019 and had agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In the ARC's review of the financial statements of the Group for FY2019, the ARC had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARC also reviewed and addressed, amongst other matters, the following key audit matter as reported by the external auditors for FY2019:

- **Impairment of Plant and Equipment**

  The ARC acknowledges that the impairment of Plant and Equipment ("PE') involves significant judgement. Towards this end, the ARC had developed a set of indicators to guide reviews and decisions on possible impairment to PE. The ARC undertakes a review on this basis, as supported with management's documentations and justifications, as and when necessary during the course of the year.

  The PE was also an area of focus by the external auditor. The external auditor has included this item as a key audit matter in its audit report for FY2019. Please refer to page 83 of this Annual Report.

  The ARC has considered the approach and methodology applied on the impairment assessment. Following the review and discussion with management and the external auditors, the ARC is satisfied that the impairment charge has been adequately provided for in FY2019.

  The Management reported to and discussed with the ARC on changes to the accounting standards and accounting issues which have a direct impact on the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

Following the review, the ARC is satisfied that all the aforesaid matters have been properly dealt with and recommended the Board to approve the financial statements. The Board had on 18 June 2019 approved the financial statements.

The ARC has explicit authority to investigate any matter within its Terms of Reference. It has full access to, and the co-operation of Management. It also has direct and independent access to the Internal/External Auditors and full discretion to invite any Director or any member of the Management to attend its meetings, and reasonable resources to enable it to discharge its function properly.

The ARC has full access to, and has had the full co-operation of the Management and staff. It also has full discretion to invite any Director or any member of the Management to attend its meetings.

Guideline 12.5
External and Internal Auditors

During the year and as with past years, the Company's internal and external auditors were invited to attend the ARC meetings and make presentations as appropriate. They also met separately with the ARC without the presence of Management.

Guideline 12.6
Independence of External Auditors

The ARC oversees the Group's relationship with its external auditors. It reviews the selection of the external auditors and recommends to the Board the appointment, re-appointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor. The annual re-appointment of the external auditor is subject to shareholders' approval at each AGM of the Company.

The ARC also reviews the scope and value of non-audit services provided by the Company's external auditors, Nexia TS Public Accounting Corporation through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors to the Group as part of the ARC's assessment of independence of the external auditors. The relevant details are set out in the table below. The ARC is of the view that the non-audit services provided by the external auditors during FY2019 did not prejudice their objectivity and independence. The ARC has therefore recommended to the Board the nomination of Nexia TS Public Accounting Corporation for re-appointment as auditors of the Company at the forthcoming AGM.

A breakdown of the fees paid to the Group's external auditors (including its associated firms) are disclosed in the table below:

External Auditor Fees for FY2019	$'000	% of Total Fees
Total Audit Fees	83	74
Total Non-Audit Fees	29	26
Total Fees Paid	112	100

The Company confirms that the Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its external auditors.

Guideline 12.7
Whistle Blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has put in place a whistle blowing policy ("**Policy**"). The Policy provides the mechanism by which concerns about possible improprieties in matters of financial reporting or other matters may be raised by employees of the Group and a Whistle-Blowing Committee ("**WBC**") has been established for this purpose. In addition, a dedicated and secured e-mail address also allows whistle blowers to contact the WBC and members of the ARC directly.

Assisted by the WBC, the ARC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARC reports to the Board on any issues/concerns received by it and the WBC, at the ensuing Board meeting. Should the ARC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action. In FY2019, no valid[1] complaint was received via the whistle blowing channel.

WHISTLE-BLOWING COMMITTEE

The WBC consists of the CEO, the Chief Operating Officer and the CFO of the Company. The WBC is empowered to:

(a) investigate all issues/concerns relating to the Group (except for issues/concerns that are directed specifically or affecting any member of the WBC, which shall be dealt with by the ARC);

(b) make the necessary reports and recommendations to the ARC or the Board for their review and further action, if deemed required by them; and

(c) access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.

The Group takes concerns with the integrity and honesty of its employees seriously. A copy of the Policy has been disseminated to all staff to encourage the report of any behaviour or action that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. Whistle-blowers could also contact all members of the ARC directly via email and in confidence and his/her identity is protected from reprisals within the limits of the law.

The Company treats all information received confidentially and protects the identity and the interest of all whistle-blowers. Anonymous reporting will also be attended to and anonymity honoured.

It has also been a standard item in the agenda of the quarterly meeting of the ARC to review any entries in the register of whistle-blowing, and progress of investigation, if it remains outstanding.

The Whistle-blowing Policy is reviewed by the ARC once every two years to assess the effectiveness of the processes in place and to ensure that the said policy is updated with any related changes in legal and regulatory requirements. The Whistle-blowing Policy was reviewed by the ARC and approved by the Board in August 2018.

Guideline 12.8
Disclosure on ARC activities and measures taken by ARC to keep abreast of Changes to Accounting Standards

The ARC met five times during FY2019. The CEO, CFO, Company Secretary, Sponsor, internal and external auditors were invited to attend these meetings.

In addition to the activities undertaken to fulfil its responsibilities, the ARC is kept abreast by the Management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

Guideline 12.9
Cooling-off Period for Partners or Directors of the Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARC.

INTERNAL AUDIT
Principle 13: Independent Internal Audit Function

[1] As defined in our whistle blowing policy

Guideline 13.1 & 13.2
Internal Auditors and Compliance

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Auditors ("**IA**").

The Company has outsourced its internal audit function to Yang Lee & Associates ("**YLA**"). Upon the recommendation of the ARC, the Board has approved the re-engagement of YLA as IA of the Group. The IA has unrestricted access to the ARC as well as the Company's documents, records, properties and personnel where relevant to their work. The IA's primary line of reporting is to the Chairman of the ARC. The IA carries out their functions under the direction of the ARC and reports their findings and make recommendations to the ARC.

Guideline 13.3 & 13.4
Internal Audit Function

The Company's internal audit function is independent of the activities it audits. The IA, YLA, is staffed with professionals with relevant qualifications and experience such as the Certified Internal Auditor qualification with the Institute of Internal Auditors. Our engagement with YLA stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

Having reviewed the experience, competency, resource, independence and reporting structure of the IA, the ARC is satisfied that the Company's internal audit function is:

(a) adequately resourced and staffed to perform the work for the Group;

(b) has the appropriate standing within the Company; and

(c) independent of the activities it audits.

Guideline 13.5
Adequacy and Effectiveness of the Internal Audit Function

The ARC reviews annually the adequacy of the internal function to ensure that internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The ARC also reviews the IA's plans, reports and remedial actions implemented by Management to address any internal control inadequacies identified.

The Company has in place a comprehensive 3-year rotational Group internal audit plan ("**Rotational Internal Audit Plan**") which is aligned with the results of risk assessments performed under the ERM Framework and covers the key operating cycles and entities of the Group. The Rotational Internal Audit Plan is developed by the IA in consultation with the management, reviewed and approved by the ARC.

At the beginning of each year, an annual internal audit plan is prepared based on the Rotational Internal Audit Plan and updated with the latest Group's business developments and emerging risks identified. The plan is reviewed and approved by the ARC before its execution.

The IA completed one review during FY2019 in accordance with the annual internal audit plan approved by the ARC. The Management has adopted key recommendations of the IA set out in the IA's report.

Based on the reviews on the internal audit function and activities performed, the ARC is satisfied that the internal audit function is adequate and effective.

SHAREHOLDER RIGHT AND RESPONSIBILITIES
Principle 14: Shareholders Rights
Principle 15: Regular, Effective and Fair Communication with Shareholders
Principle 16: Conduct of Shareholder Meeting

Guideline 14.1
Sufficient Information to Shareholders

The Company endeavours to maintain full and adequate disclosure, in a timely manner, of material events and matters concerning its business. All the necessary disclosures required by the Catalist Rules will be made in public announcements, press releases and annual reports to Shareholders.

Guideline 14.2
Opportunity for Shareholders to Participate and Vote at General Meetings

Shareholders are informed of Shareholders' meeting through notices published in the newspaper and the Company's announcements via SGXNET and the reports/circulars sent to all Shareholders. Shareholders are invited to attend the general meetings to put forth any question they may have on the motions to be debated and decided upon.

All Shareholders are entitled to vote in accordance with the established voting rules and procedures. They are all informed of the rules, including voting process governing the AGMs.

Guideline 14.3
Proxies for Nominee Companies

The Constitution of the Company allows a Shareholder to appoint up to two proxies to attend and vote at general meetings. The Company also allows investors who hold Shares through nominees such as the Central Provident Fund and custodian banks, to attend AGMs as observers without being constrained by the two-proxy rule, subject to availability of seats.

Guideline 15.1 and Guideline 15.2
Communication with and Information to Shareholders

In line with the continuous disclosure obligations under the Catalist Rules, the Board has and will continue to inform Shareholders promptly of all pertinent information. Such information is disclosed to Shareholders on a timely basis through SGXNET. All disclosures submitted to the SGX-ST on SGXNET are also made available on the Company's corporate website (http://www.jfh.com.sg.)

Guideline 15.3 and Guideline 15.4
Dialogue with Shareholders and Soliciting Views of Shareholders

The AGM provides a principal forum for dialogue and interaction with Shareholders. At these meetings, Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views or input and address Shareholders' concerns at general meetings. In addition to the AGM, the Company also maintains regular dialogue with Shareholders and prospective investors through results briefings. Shareholders can submit their feedback and raise any question to the Company's investor relations contact as provided in the Company's website. To facilitate Shareholders' effective participation at general meetings, the Company holds its general meetings at venues which are convenient and accessible to Shareholders.

Guideline 15.5
Dividend Policy

Subject to the Group's business requirements and other relevant considerations and barring unforeseen circumstances, the Board intends to recommend and distribute not less than 50% of the Group's audited consolidated net profits attributable to Shareholders as dividends annually. The amount of dividends will depend on the Group's operating results, financial conditions such as cash position and retained earnings, other cash requirements including capital expenditure, restrictions on payment of dividends imposed on the Group by financing arrangements (if any) and other factors deemed relevant by the Directors. The foregoing statements are merely statements of Board's present intention and do not constitute legally binding obligations on the part of the Company in respect of payment of dividend and which will be subject to modification at the Directors' sole and absolute discretion.

Guideline 16.1
Shareholders' Participation

The Company supports active Shareholder participation at general meetings. Shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and goals. The Constitution of the Company allows a Shareholder to appoint up to two proxies to attend and vote at general meetings. The Company also allows investors who hold Shares through nominees such as the Central Provident Fund and custodian banks, to attend AGMs as observers without being constrained by the two-proxy rule, subject to availability of seats. The Company has decided not to implement voting in absentia until security, integrity and other pertinent issues are satisfactorily resolved.

Guideline 16.2
Proceedings at General Meetings

The Board ensures that issues or matters requiring Shareholders' approval are tabled in the form of separate and distinct resolutions at the AGMs.

Guideline 16.3
Attendees at General Meetings

The Chairpersons of the Board and the Board Committees attend all AGMs to address issues raised by Shareholders. The Company's External Auditors are also present to address questions raised by Shareholders at AGMs.

Guideline 16.4
Minutes of General Meetings

The Company Secretary will prepare minutes of general meetings held and a copy of such minutes will be made available at the Company's investor relations homepage and can be accessed at the following link: https://www.jfh.com.sg/html/ir.php

Guideline 16.5
Voting by Poll

The Company puts all resolutions at general meetings to vote by electronic poll and announce the number of votes cast for and against each resolution and the respective percentage. The Company will appoint an independent external party as scrutineer for the electronic poll voting process. Prior to the commencement of the general meeting, the scrutineer would review the proxies and proxy process. The results of the electronic poll voting are announced immediately after each resolution has been put to a vote, the number of votes cast for and against and the respective percentages are displayed in real-time at the general meetings. Detailed results of the poll votes for each resolution will be promptly disclosed on the SGXNET after the general meetings.

DEALING IN SECURITIES

The Company has adopted an internal code on dealings in securities to govern dealings in the Shares by the Directors and the key executives of the Group. The Directors, Management and officers of the Group, who have access to price-sensitive, financial or confidential information are not allowed to deal in the Shares during the period commencing two weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's full year results and ending on the date of announcement of such results, and when in possession of unpublished price-sensitive information. In addition, the officers of the Company are advised not to deal in the Shares for short term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

INTERESTED PERSON TRANSACTIONS

To ensure compliance with Chapter 9 of the Catalist Rules, the Company has adopted an internal policy in respect of any transactions with interested persons and has set out procedures for review and approval if such transactions do occur. The Company does not have a general mandate from shareholders in respect of interested person transactions pursuant to Rule 920 of the Catalist Rules and there were no interested person transaction during FY2019.

There are no material contracts or loans entered into by the Group involving the interests of the CEO, any Director or controlling shareholder of the Company, either still subsisting at the end of FY2019 or if not subsisting, were entered into since 1 April 2019.

SPONSOR

No fees relating to non-sponsorship activities or services were paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, during FY2019.

Information of Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Catalist Rule 720(5):

	Tan Lye Huat	Wong Hin Sun, Eugene
Date of Appointment	24 November 2008	24 November 2008
Date of last re-appointment (if applicable)	23 July 2018	24 July 2017
Age	70	51
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company concurred with the Nominating Committee (**NC**) that Mr Tan Lye Huat remains objective in expressing his views and in participating in the deliberation and decision making of the Board and Board committees, notwithstanding his tenure in office of more than 9 years, and is of the view that he is suitable for re-appointment as Independent Director, the Chairman of the Audit and Risk Committee and a member of the Nominating Committee, a member of the Remuneration Committee of the Company.	The Board of Directors of the Company, having considered among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Wong Hin Sun, Eugene, is of the view that he is suitable for re-appointment as Non-Executive Chairman, a member of the Audit and Risk Committee, a member of the Nominating Committee, a member of the Remuneration Committee of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Audit and Risk Committee, and member of the Nominating Committee and the Remuneration Committee	Non-Executive Vice Chairman, Member of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee

	Tan Lye Huat	Wong Hin Sun, Eugene
Professional qualifications	• Fellow Chartered Director of the Institute of Directors, UK • Fellow of the Association of Chartered Certified Accountants • Life Member of the Institute of Singapore Chartered Accountants • Member of the Australian Institute of Company Directors	• Graduated with a Bachelor of Business Administration (First Class Honours) from the National University of Singapore in 1992 • Graduated with a Master of Business Administration from Imperial College of Science, Technology and Medicine from the University of London in 1998 • Completed the Owners' President Management Program from Harvard Business School in 2011 • Chartered Financial Analyst in 2001 • Chartered Director in 2014 • Fellow of the Australian Institute of Company Directors and UK Institute of Directors • Chartered Valuer and Appraiser in 2018
Working experience and occupation(s) during the past 10 years	Professional Independent Director	Mr Wong Hin Sun, Eugene founded Sirius Venture Capital Pte. Ltd., a venture capital investment company, and has been its managing director since its incorporation in 2002.
Shareholding interest in the listed issuer and its subsidiaries	Nil	5.45% deemed interest in the Company held through Sirius Venture Capital Pte Ltd and his spouse
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

	Tan Lye Huat	Wong Hin Sun, Eugene
Other Principal Commitments Including Directorships	• SP Corporation Limited (1999 to present) • Neo Group Limited (2012 to present) • Dynamic Colours Limited (2011 to present) • Nera Telecommunications Ltd (2013 to present)	• Jason Marine Group Limited (2009 to present) • Board member, Enterprise Singapore • Founder and Managing Director, Sirius Venture Capital Pte Ltd • Lead Independent Director, Alliance Healthcare Group Limited • Non-Executive Chairman, CrimsonLogic Pte Ltd • Non-Executive Chairman, GeTs Global Pte Ltd • Non-Executive Director, Agfunder Asia Pte. Ltd. • Non-Executive Director, Cargo Community Network Pte Ltd • Non-Executive Director, Dining Collective Pte Ltd • Non-Executive Director, Hargol Foodtech Ltd • Non-Executive Director, Singapore Cruise Centre Pte Ltd • Member, NTU's Food Science and Technology Industry Advisory Panel • Council member, Singapore Business Federation (**SBF**) Council • Vice Chairman, SBF's China & North Asia Business Group
The general statutory disclosures of the Directors are as follows:		
A. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

		Tan Lye Huat	Wong Hin Sun, Eugene
B.	**Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?**	No	No
C.	**Whether there is any unsatisfied judgment against him?**	No	No
D.	**Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?**	No	No
E.	**Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?**	No	No

		Tan Lye Huat	Wong Hin Sun, Eugene
F.	**Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?**	No	No
G.	**Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?**	No	No
H.	**Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?**	No	No
I.	**Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?**	No	No
J.	**Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—**		

	Tan Lye Huat	Wong Hin Sun, Eugene
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes Assisting in the 'post crisis' work at CAM International Holdings Ltd in 1998 and Kian Ho Bearings Ltd (now known as Raffles United Holdings Ltd) in 1999	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, **in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?**	No	No

		Tan Lye Huat	Wong Hin Sun, Eugene
K.	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Information required **Disclosure applicable to the appointment of Director only.**		
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes
If yes, please provide details of prior experience.	Mr Tan is a director of SP Corporation Limited, Neo Group Limited, Dynamic Colours Limited and Nera Telecommunications Limited. He was also an Independent Director of CAM International Holdings Ltd and Kian Ho Bearings Ltd.	Mr Wong is a director of Jason Marine Group Limited and Alliance Healthcare Group Ltd. He was also a non-executive director of Neo Group Limited, and Singapore Kitchen Equipment Limited and Independent Director of Q&M Dental Group (Singapore) Limited and former TMC Education Corporation Ltd.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	NA	NA

DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

The directors are pleased to present their statement to the members together with the audited financial statements of Japan Foods Holding Ltd. (the "Company") and its subsidiary corporations (the "Group") for the financial year ended 31 March 2019 and the balance sheet of the Company as at 31 March 2019.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the balance sheets of the Company and of the Group as at 31 March 2019 and the financial performance, statement of changes in equity and statement of cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Takahashi Kenichi
Wong Hin Sun, Eugene
Lee Sok Koon, Constance
Tan Lye Huat

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Japan Foods Performance Share Plan" on pages 79 of this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of a director or nominee		**Holdings in which director is deemed to have an interest**	
	At 31 March 2019	**At 1 April 2018**	**At 31 March 2019**	**At 1 April 2018**
The Company				
(No. of ordinary shares)				
Takahashi Kenichi	114,814,800	114,814,800	8,100,000	8,100,000
Wong Hin Sun, Eugene	–	–	9,487,000	9,487,000

b) Mr Takahashi Kenichi, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiary corporations at the beginning and at the end of the financial year.

The directors' interest in the ordinary shares of the Company as at 21 April 2019 were the same as those as at 31 March 2019.

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

JAPAN FOODS PERFORMANCE SHARE PLAN ("JF PSP")

The JF PSP is administered by the Remuneration Committee whose members are the following as at the date of this statement:

Lee Sok Koon, Constance	(Chairperson, Lead Independent Director)
Tan Lye Huat	(Member, Independent Director)
Wong Hin Sun, Eugene	(Member, Non-independent and Non-executive Director)

Members of the Remuneration Committee were not and shall not be involved in the Remuneration Committee's deliberations in respect of the performance shares granted to themselves (if any).

The award of fully paid ordinary shares of the Company issued free of charge (the "Awards") to eligible participants under the JF PSP will incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Group. The JF PSP allows the Company to recognise and reward past contributions and services and motivate the participants to continue to strive for the Group's long term goals. The JF PSP will further strengthen and enhance the Group's competitiveness in attracting and retaining employees with suitable talents.

The Awards granted under the JF PSP may be time-based and/or performance-related, and such Awards entitle eligible participants to be allotted fully paid shares upon completion of certain time-based service condition and/or achieve their performance targets over set performance periods. The Awards given are determined at the discretion of the Remuneration Committee, who will take into account criteria such as participant's rank, job performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort required to achieve the performance target within the performance period. The Remuneration Committee also has the discretion to set specific performance based criteria such as profitability, growth, asset efficiency, return on capital employed, and other financial indicators, penetration into new markets, increasing market share and market ranking, management skills and succession planning. In addition to the achievement of any pre-determined performance targets or service conditions, the Awards may also be granted upon the Remuneration Committee's determination of post-event that any eligible participant has performed well and/or made significant contribution to the Group.

Under the rules of the JF PSP, any full time employee, executive and non-executive director of the Company and its subsidiary corporations (including Independent Directors but excluding the Controlling Shareholder and his Associates, as described in the Company's circular in relation to the JF PSP dated 2 July 2013) who has attained the age of 18 years on the date of grant of the Award and who has contributed or will contribute to the success of the Group shall be eligible to participate in the JF PSP.

There shall be no restriction on the eligibility of any participant to participate in any other share plans or share incentive schemes implemented by any of the other companies within the Group if approved by the Remuneration Committee. The granting of Awards may be made by the Remuneration Committee at any time during the period when the JF PSP is in force.

Eligible participants are not required to pay for the grant of the Awards. However, all taxes (including income tax) arising from the grant and/or disposal under the JF PSP shall be borne by the participant.

The total number of new ordinary shares in the capital of the Company that may be issued or are issuable pursuant to the granting of the Awards, when added to aggregate number of shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company on the day immediately preceding the date on which the Award shall be granted.

JAPAN FOODS PERFORMANCE SHARE PLAN ("JF PSP")

During the financial year ended 31 March 2019, Awards comprising 700,000 shares were granted to certain key management personnel on 17 May 2018. These Awards were immediately vested on the date of the grant.

No performance shares were awarded to directors of the Company during the financial year ended 31 March 2019.

No performance shares were outstanding as at 31 March 2019.

No performance shares were awarded to Controlling Shareholders of the Company or their Associates.

No participant was granted 5% or more of the total number of shares available under JF PSP

AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee at the date of this statement are set out as follows:

Tan Lye Huat	(Chairperson, Independent Director)
Lee Sok Koon, Constance	(Member, Lead Independent Director)
Wong Hin Sun, Eugene	(Member, Non-independent and Non-executive Director)

The Audit and Risk Committee carried out its function in accordance with Section 201B(5) of the Singapore Companies Act. It undertakes to perform *inter alia* the following:

(i) reviews the audit plan of the Company's independent auditor and any recommendation on internal accounting controls arising from the statutory audit;

(ii) reviews the internal audit plans, the scope and results of internal audit procedures;

(iii) reviews the balance sheet of the Company, the consolidated financial statements of the Group for the financial year ended 31 March 2019 and other announcements to shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;

(iv) conducts investigation into any matter within the Audit and Risk Committee's scope of responsibility and review any significant findings of investigations;

(v) assesses the independence and objectivity of the independent auditor;

(vi) recommends to the Board of Directors on the appointment or re-appointment of independent auditor;

(vii) reviews the assistance given by the Company's management to the independent auditor; and

(viii) reviews transactions falling within the scope of Chapter 9 of the SGX-ST Catalist Rules.

The Audit and Risk Committee has conducted an annual review of the non-audit services provided by the independent auditor. During the financial year ended 31 March 2019, the fees charged by the independent auditor for the provision of non-audit services amounted to $28,850 (2018: $21,050). The Audit and Risk Committee is of the opinion that such fees charged by the independent auditor for non-audit services would not prejudice the independence of the independent auditor. Accordingly, the Audit and Risk Committee has recommended to the Board that Nexia TS Public Accounting Corporation, be nominated for re-appointment as the independent auditor of the Company at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Takahashi Kenichi
Director

Wong Hin Sun, Eugene
Director

18 June 2019

INDEPENDENT AUDITOR'S REPORT

to the Members of Japan Foods Holding Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Japan Foods Holding Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of plant and equipment	
Plant and equipment mainly comprises furniture and fittings, kitchen equipment, renovation, motor vehicles, computer and office equipment. The carrying amount of the Group's plant and equipment was S$9.31 million (2018: S$9.28 million) which represents 21% (2018: 21%) of the Group's total assets as at 31 March 2019. In accordance with SFRS(I) 36 – "Impairment of Assets", an annual impairment review is performed on assets when there is an indication of impairment. The risk of impairment of plant and equipment is greater when there are impairment indicators such as continuous operating losses or changes in business plan. When such indicators are identified, management will exercise further judgement in making an estimate of the recoverable amount of the asset against its carrying amount. The recoverable amount determined is based on cash flow projection prepared by management and highly dependent on management's expectations of future restaurant sales and estimated cost necessary to make the sale. Therefore, greater levels of audit efforts are required in respect of the assumptions and estimates used in deriving the recoverable amount of these plant and equipment.	Our audit procedures focused on evaluating the key assumptions and estimates used by the management in their impairment assessment. These procedures included: • Reviewed management's assessment of impairment indicators; • Assessed the reasonableness of management's estimation on the recoverable amount of those associated with plant and equipment. Our procedures include, but not limited to, reviewing the future cash flows projection forecast by management, which includes testing of the underlying assumptions of the calculation as well as the reasonableness of discount rate used; and • Reviewed management's disclosures in the consolidated financial statements. We had not identified any further indicator which has not been considered by management. For those plant and equipment that are subjected to impairment assessment, we found that the assumptions and estimates used are within a reasonable range of our expectations. We also found the disclosures in the consolidated financial statements are appropriate.

Other Information

Management is responsible for the other information. The other information comprises the Directors' statement and other sections of the annual report, which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Ross Yu Limjoco.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
18 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

		The Group	
		2019	2018
	Note	$'000	$'000
Revenue	4	68,079	67,845
Cost of sales		(10,555)	(10,153)
Gross profit		57,524	57,692
Other income			
- Interest income from bank deposits		120	101
- Others	5	543	870
Other gains/(losses)	6	8	(11)
Expenses			
- Selling and distribution		(49,350)	(47,261)
- Administrative		(3,466)	(3,428)
- Other operating		(1,387)	(1,439)
Share of profit of associated companies	16	132	474
Profit before income tax		4,124	6,998
Income tax expense	9(a)	(789)	(1,223)
Total comprehensive income, representing net profit		3,335	5,775
Profit attributable to:			
Equity holders of the Company		3,335	5,775
Total comprehensive income attributable to:			
Equity holders of the Company		3,335	5,775
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
- Basic and diluted earnings per share	10	1.92	3.33

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

For the financial year ended 31 March 2019

		The Group			The Company		
		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	Note	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS							
Current assets							
Cash and bank balances	11	22,051	21,887	20,227	2,643	2,510	2,052
Trade and other receivables	12	1,010	1,023	711	4,093	3,871	5,063
Inventories	13	682	656	595	–	–	–
Other current assets	14	3,068	2,059	2,246	48	47	44
		26,811	25,625	23,779	6,784	6,428	7,159
Non-current assets							
Investments in subsidiary corporations	15	–	–	–	5,727	5,727	5,727
Investments in associated companies	16	2,423	2,365	1,891	191	48	48
Investments in joint venture	17	100	–	–	100	–	–
Loan to an associated company	18	248	248	248	248	248	248
Other investments at amortised cost	19	754	–	–	–	–	–
Held-to-maturity financial assets	20	–	1,005	1,006	–	–	–
Plant and equipment	21	9,309	9,277	9,859	10	24	44
Intangible assets	22	388	135	169	–	–	–
Club membership	23	322	322	322	322	322	322
Long-term security deposits	24	3,391	4,285	3,502	13	–	–
		16,935	17,637	16,997	6,611	6,369	6,389
Total assets		43,746	43,262	40,776	13,395	12,797	13,548
LIABILITIES							
Current liabilities							
Trade and other payables	25	8,593	7,268	7,037	516	664	603
Current income tax liabilities	9(b)	1,014	1,531	1,231	9	7	–
		9,607	8,799	8,268	525	671	603
Non-current liability							
Deferred income tax liabilities	26	320	430	860	2	4	–
		320	430	860	2	4	–
Total liabilities		9,927	9,229	9,128	527	675	603
NET ASSETS		33,819	34,033	31,648	12,868	12,122	12,945

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

For the financial year ended 31 March 2019

		The Group			The Company		
		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	Note	$'000	$'000	$'000	$'000	$'000	$'000
EQUITY							
Share capital	27(a)	9,522	9,522	9,522	9,522	9,522	9,522
Treasury shares	27(b)	(376)	(424)	(559)	(376)	(424)	(559)
Capital reserves	27(c)	80	24	(8)	80	24	(8)
Retained Profits	28	24,593	24,911	22,693	3,642	3,000	3,990
TOTAL EQUITY		33,819	34,033	31,648	12,868	12,122	12,945

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

	Note	Share capital $'000	Treasury shares $'000	Capital reserves $'000	Retained profits $'000	Total equity $'000
<u>The Group</u>						
2019						
Beginning of financial year		9,522	(424)	24	24,911	34,033
Performance shares granted	27(b), 27(c)	–	283	56	–	339
Dividends relating to 2019 paid	29	–	–	–	(1,390)	(1,390)
Dividends relating to 2018 paid	29	–	–	–	(2,263)	(2,263)
Purchase of treasury shares	27(b)	–	(235)	–	–	(235)
Total comprehensive income for the financial year		–	–	–	3,335	3,335
End of financial year		9,522	(376)	80	24,593	33,819
2018						
Beginning of financial year		9,522	(559)	(8)	22,693	31,648
Performance shares granted	27(b), 27(c)	–	210	32	–	242
Dividends relating to 2018 paid	29	–	–	–	(1,387)	(1,387)
Dividends relating to 2017 paid	29	–	–	–	(2,170)	(2,170)
Purchase of treasury shares	27(b)	–	(75)	–	–	(75)
Total comprehensive income for the financial year		–	–	–	5,775	5,775
End of financial year		9,522	(424)	24	24,911	34,033

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	Note	The Group 2019 $'000	The Group 2018 $'000
Cash flows from operating activities			
Net profit		3,335	5,775
Adjustments for:			
- Income tax expense	9(a)	789	1,223
- Depreciation of plant and equipment	21	4,116	4,299
- Amortisation of intangible assets	22	62	65
- Amortisation of other investments at amortised cost		–*	–
- Amortisation of held-to-maturity financial assets		–	–*
- Plant and equipment written-off	7	104	160
- Loss on disposal of plant and equipment	6	1	1
- Allowance for impairment of plant and equipment	7	110	–
- Allowance for impairment of intangible assets		–	66
- Employee performance shares expenses	8	339	242
- Share of profit of associated companies		(132)	(474)
- Amortisation of government grants	5	(9)	(10)
- Interest income from bank deposits		(120)	(101)
		8,595	11,246
Changes in working capital:			
- Inventories		(26)	(60)
- Trade and other receivables		12	(313)
- Other current assets		(1,009)	187
- Long-term security deposits		894	(783)
- Trade and other payables		1,335	241
Cash generated from operations		9,801	10,518
Income tax paid	9(b)	(1,416)	(1,353)
Interest received		120	101
Net cash provided by operating activities		8,505	9,266
Cash flows from investing activities			
Additions to intangible assets	22	(315)	(97)
Additions to plant and equipment	21	(4,369)	(3,879)
Additions to associated companies	16	(143)	–
Additions to joint venture	17	(100)	–
Redemption of other investments at amortised cost		251	–
Proceeds from disposal of plant and equipment		6	2
Dividends received from associated company		217	–
Net cash used in investing activities		(4,453)	(3,974)
Cash flows from financing activities			
Purchase of treasury shares	27(b)	(235)	(75)
Increase in short-term bank deposits pledged		(432)	(20)
Dividends paid to equity holders of the Company	29	(3,653)	(3,557)
Net cash used in financing activities		(4,320)	(3,652)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

		The Group	
		2019	2018
	Note	$'000	$'000
Net (decrease)/increase in cash and cash equivalents		(268)	1,640
Cash and cash equivalents			
Beginning of financial year		19,779	18,139
End of financial year	11	19,511	19,779

* *The effects of amortisation of other investments at amortised cost and amortisation of held-to-maturity financial assets are less than $1,000 respectively.*

The accompanying notes form an integral part of the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

Japan Foods Holding Ltd. (the "Company") is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in the Republic of Singapore. The address of its registered office is 420 North Bridge Road, #02-01, North Bridge Centre, Singapore 188727.

The principal activity of the Company is investment holding. The principal activities of its subsidiary corporations are disclosed in Note 15 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 to the financial statements.

<u>Adoption of SFRS(I)</u>

As required by listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018.

These financial statements for the year ended 31 March 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 April 2018, the Group has applied the transition requirements in SFRS(I) 1 – First-time Adoption of SFRS(I) with 1 April 2018 as the date of transition.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 March 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and the optional exemptions under SFRS(I) 1. Except as disclosed below, the application of the mandatory exceptions and optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Adoption of SFRS(I)

The Group's opening statement of financial position has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Short-term exemption on adoption of SFRS(I) 9 Financial Instruments

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 April 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 31 March 2018.

The Group has assessed the business models that are applicable on 1 April 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. As a result of the assessment, there are no significant adjustments to the Group's balance sheet line items.

The following financial assets were subjected to the expected credit loss impairment model under SFRS(I) 9;

- Trade receivables recognised under SFRS(I) 15

Management assessed that these are no significant provision for impairment for the above financial assets arising from the application of the expected credit loss impairment model.

(ii) Practical expedients on adoption of SFRS(I) 15 Revenue from Contracts with Customers

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 April 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- for contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications; and

- for the financial year ended 31 March 2018, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

As a result, the adoption of SFRS(I) 15 does not have significant impact to the Group financial statements at 1 April 2017 and 31 March 2018. The accounting policies are disclosed in Note 2.2 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I)

	As at 31 March 2018 reported under SFRS S$'000	Effects of applying SFRS(I) 9 S$'000	As at 31 March 2018 under SFRS(I) S$'000
Non-current assets			
Other investments at amortised costs	–	1,005	1,005
Held-to-maturity financial assets	1,005	(1,005)	–

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Restaurant sales

Sales from restaurant is recognised upon the satisfaction of each performance obligation which is usually serve or delivery of food and beverages to customers. Each delivery order comprises of a single performance obligation which is satisfied at a point in time.

Restaurant sales represent the invoiced value of food and beverages, net of discounts and goods and services tax.

(b) Sales of food ingredients

Revenue from the sale of goods is recognised upon the satisfaction of each performance obligation which is usually the delivery of goods to customers. Each fulfilled order comprises of a single performance obligation which is satisfied at a point in time.

Sale of materials represents the invoiced value of raw materials and sundry consumables, net of discounts and goods and services tax.

(c) Franchise income

Upfront franchise fees is recognised over time throughout the license period as the franchisee simultaneously receives and consumes the benefit from the Group's performance of providing access to its license.

Recurring franchise income is recognised on a pre-determined amount in accordance with terms as stated in the franchise agreements.

(d) Royalty income

Royalty income is satisfied over a period of time as the customer simultaneously receives and consumes the benefits over the duration of the royalty agreement.

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

2 SIGNIFICANT ACCOUNTING POLICIES

2.2 Revenue recognition

(e) Membership card sales

Revenue from the sale of membership cards is recognised when the members obtain the right to have access to the membership.

(f) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

2 SIGNIFICANT ACCOUNTING POLICIES

2.4 Group accounting

(a) Subsidiary corporations

(ii) Acquisitions

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous held equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiary corporations, associated companies and joint ventures" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

2 SIGNIFICANT ACCOUNTING POLICIES

2.4 Group accounting

(b) Associated companies and joint venture

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint venture' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint venture are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint venture are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint venture are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiary corporations, associated companies and joint venture" for the accounting policy on investments in associated companies or joint venture in the separate financial statements of the Company.

2.5 Plant and equipment

(a) Measurement

(i) Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2 SIGNIFICANT ACCOUNTING POLICIES

2.5 Plant and equipment

(b) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Furniture and fittings	5 years
Kitchen equipment	5 years
Renovation	3 - 5 years
Motor vehicles	5 years
Computer and office equipment	3 - 5 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gain/(losses)".

2.6 Intangible assets

Trademarks and franchise rights

Trademarks and franchise rights acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful life are amortised to profit or loss using the straight-line method over 6 years. Intangible assets with indefinite useful life are reviewed annually to determine whether the useful life assessments continue to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2.7 Club membership

Club membership is stated at cost less impairment loss, if any.

2.8 Investments in subsidiary corporations, associated companies and joint venture

Investments in subsidiary corporations, associated companies and joint venture are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES

2.9 Impairment of non-financial assets

Intangible assets
Club membership
Plant and equipment
Investments in subsidiary corporations, associated companies and joint venture

Intangible assets, club membership, plant and equipment and investments in subsidiary corporations, associated companies and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.10 Financial assets

(a) The accounting for financial assets before 1 April 2018 are as follows:

(i) Classification

The Group classifies its financial assets in the following categories: financial assets at loans and receivables and held-to-maturity. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non- current assets. Loans and receivables are presented as "trade and other receivables (Note 12)" and "cash and bank balances (Note 11)" on the balance sheet.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

2 SIGNIFICANT ACCOUNTING POLICIES

2.10 Financial assets

(a) The accounting for financial assets before 1 April 2018 are as follows:

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(iv) Subsequent measurement

Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

(v) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2 SIGNIFICANT ACCOUNTING POLICIES

2.10 Financial assets

(b) The accounting for financial assets from 1 April 2018 are as follows:

(i) Classification and measurement

The Group classifies its financial assets as amortised costs.

The classification of debt instruments depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Debt instruments mainly comprise of cash and bank balances, trade and other receivables and other investments at amortised cost.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and other receivables, the Group applies the simplified approach permitted by the SFRS(I) 9 - Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has applied general approach the other financial assets carried at amortised cost.

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Prior to 1 April 2018, financial guarantees were subsequently measured at the higher of (a) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2 SIGNIFICANT ACCOUNTING POLICIES

2.15 Leases

When the Group is the lessee:

The Group leases restaurant premises and kitchen facilities under operating leases from non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.16 Inventories

Inventories comprising raw materials and sundry consumables are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method and includes all costs of purchase in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses. The amount of any write-down of inventories to net realisable value and losses of inventories shall be recognised as an expense in the period the write-down or loss occurs.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, associated companies and joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2 SIGNIFICANT ACCOUNTING POLICIES

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to balance sheet date.

(c) Profit sharing and bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(d) Performance share

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby certain prescribed performance targets are met and/or upon expiry of prescribe vesting periods.

The fair value of the employee services rendered is determined by reference to the fair value of the share awarded or granted. The amount is determined by reference to the fair value of the performance shares on the grant date.

The fair value is recognised in profit or loss over the remaining vesting period of the performance shares scheme, with the corresponding increase in equity. The value of charge is adjusted in profit or loss over the remaining vesting period to reflect expected and actual levels of shares vesting, with the adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

However, in the consolidated financial statements, currency translation differences arising from other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gain/(losses)".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the balance sheet date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the balance sheet date.

2 SIGNIFICANT ACCOUNTING POLICIES

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand, deposits with financial institutions which are subject to an insignificant risk of changes in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.23 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimated impairment of plant and equipment

Plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and, where applicable, cash-generating units ("CGU") have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

During the financial year, the Group has recognised impairment loss of $110,000 (2018: $Nil) for plant and equipment. If the estimated operating profit used in the value-in-use calculation for the relevant assets had been 10% lower than management's estimates as at 31 March 2019, the Group would have recognised a further impairment loss on plant and equipment of $Nil (2018: $Nil). Further details are provided in Note 21 to the financial statements.

The carrying amounts of plant and equipment are disclosed in Note 21 to the financial statements.

4 REVENUE

	The Group	
	2019	2018
	$'000	$'000
Restaurant sales	68,027	67,771
Sales of food ingredients	52	74
	68,079	67,845

All the sales are recognised at a point in time.

5 OTHER INCOME

	The Group	
	2019	2018
	$'000	$'000
Royalty income	218	496
Franchise income	18	65
Membership card sales	–	23
Government grants	202	226
Amortisation of government grants	9	10
Others	96	50
	543	870

6 OTHER GAIN/(LOSSES)

	The Group	
	2019	2018
	$'000	$'000
Amortisation of held-to-maturity financial assets	–	–*
Amortisation of other investments at amortised cost	–*	–
Currency exchange gains/(losses) - net	9	(10)
Loss on disposal of plant and equipment	(1)	(1)
	8	(11)

* *The effects of amortisation of held-to-maturity financial assets and amortisation of other investments at amortised cost are less than $1,000.*

7 EXPENSES BY NATURE

	The Group	
	2019	2018
	$'000	$'000
Purchases of inventories	10,581	10,214
Allowance for impairment of plant and equipment (Note 21)	110	–
Allowance for impairment of intangible assets (Note 22)	–	66
Amortisation of intangible assets (Note 22)	62	65
Consumables	765	829
Credit card and NETS commission	747	696
Depreciation of plant and equipment (Note 21)	4,116	4,299
Employee compensation (Note 8)	20,358	18,911
Fees on audit services paid/payable to:		
- Auditor of the Company	84	79
Fees on non-audit services paid/payable to:		
- Auditor of the Company	29	21
Inventories written-down (Note 13)	4	4
Plant and equipment written-off	104	160
Rental expense on operating leases	20,261	20,262
Repair and maintenance	1,140	957
Royalty fees	1,092	1,086
Sub-contractors	1	13
Utilities	2,826	2,448
Changes in inventories	(26)	(61)
Others	2,504	2,232
Total cost of sales, selling and distribution, administrative and other operating expenses	64,758	62,281

8 EMPLOYEE COMPENSATION

	The Group	
	2019	2018
	$'000	$'000
Wages and salaries	16,864	15,658
Directors' fees	115	115
Employer's contribution to Central Provident Fund	1,195	1,100
Employee performance shares	339	242
Other short-term benefits	1,845	1,796
	20,358	18,911

9 INCOME TAXES

(a) Income tax expense

	The Group	
	2019	2018
	$'000	$'000
Tax expense attributable to profit is made up of:		
Profit from current financial year:		
- Current income tax	1,013	1,455
- Deferred income tax (Note 26)	(110)	(237)
	903	1,218
(Over)/Under provisions in prior financial years		
- Current income tax	(114)	198
- Deferred income tax (Note 26)	–	(193)
	789	1,223

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	The Group	
	2019	2018
	$'000	$'000
Profit before income tax	4,124	6,998
Share of profit of associated companies, net of tax	(132)	(474)
Profit before tax and share of profit of associated companies	3,992	6,524
Tax calculated at a tax rate of 17% (2018: 17%)	679	1,109
Effects of:		
- Expenses not deductible for tax purposes	307	254
- Income not subject to tax	(35)	(32)
- Statutory tax exemption	(71)	(105)
- (Over)/under provisions in prior financial years	(114)	5
- Others	23	(8)
	789	1,223

9 INCOME TAXES

(b) Movements in current income tax liabilities

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Beginning of financial year	1,531	1,231	7	–
Income tax paid	(1,416)	(1,353)	(7)	(1)
Income tax expense	1,013	1,455	9	8
(Over)/Under provisions in prior financial years	(114)	198	–	–
End of financial year	1,014	1,531	9	7

10 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary share outstanding during the financial year.

	The Group	
	2019	2018
Profit attributable to equity holders of the Company ($'000)	3,335	5,775
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	173,750	173,512
Basic and diluted earnings per share (cents per share)	1.92	3.33

There were no dilutive potential ordinary shares during the financial year.

11 CASH AND BANK BALANCES

	The Group			The Company		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at bank and on hand	13,950	13,743	13,187	1,381	364	998
Short-term bank deposits	8,101	8,144	7,040	1,262	2,146	1,054
	22,051	21,887	20,227	2,643	2,510	2,052

11 CASH AND BANK BALANCES

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	The Group		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000
Cash and bank balances (as above)	22,051	21,887	20,227
Less: Bank deposits pledged	(2,540)	(2,108)	(2,088)
Cash and cash equivalents per consolidated statement of cash flows	19,511	19,779	18,139

Short-term bank deposits amounting to $2,540,000 (31 March 2018: $2,108,000; 1 April 2017: $2,088,000) have been pledged to financial institutions as security for performance guarantees.

12 TRADE AND OTHER RECEIVABLES

	The Group			The Company		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables						
- Related parties	173	157	72	–	–	–
- Non-related parties	822	848	634	–	–	–
Non-trade receivables						
- Subsidiary corporations	–	–	–	4,089	3,871	5,063
- Non-related parties	15	18	5	4	–	–
	15	18	5	4,093	3,871	5,063
	1,010	1,023	711	4,093	3,871	5,063

The non-trade amounts due from subsidiary corporations are unsecured, interest-free and are repayable on demand.

13 INVENTORIES

	The Group			The Company		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
Raw materials and consumables	682	656	595	–	–	–

The cost of raw materials recognised as an expense and included in "Cost of sales" amounted to $10,555,000 (2018: $10,153,000).

The Group recognised an expense of $4,000 (2018: $4,000) in respect to the write-down of inventories to net realisable value.

14 OTHER CURRENT ASSETS

	The Group			The Company		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
Refundable deposits	2,407	1,659	1,867	–	–	–
Prepayments	661	400	379	48	47	44
	3,068	2,059	2,246	48	47	44

15 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	The Company		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
Equity investments at cost			
Beginning and end of financial year	5,727	5,727	5,727

15 INVESTMENTS IN SUBSIDIARY CORPORATIONS

The Group had the following subsidiary corporations as at 31 March 2019 and 2018:

Name of Subsidiary Corporations	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent and the Group		
			As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
			%	%	%
Bachmann Enterprises Pte Ltd [(a)]	Trading and management of franchisees and sub-franchisees	Singapore 19 July 1997	100	100	100
Bachmann Japanese Restaurant Pte Ltd [(a)]	Operating restaurants	Singapore 20 October 1997	100	100	100
Japan Foods Enterprises Pte. Ltd.[(a)]	Operating restaurants	Singapore 6 May 2005	100	100	100
Japan Foods Bridge Pte. Ltd. (formerly known as Katsuman Pte. Ltd.) [(b)]	Operating restaurants - Dormant	Singapore 10 March 2017	100	100	100
Bachmann Japanese Restaurant (M) Sdn. Bhd. [(c)]	Operating restaurants - Liquidated	Malaysia 21 April 2008	–	–	100

(a) Audited by Nexia TS Public Accounting Corporation, Singapore.

(b) The subsidiary corporation has not commenced its operation and not required to be audited. It is reviewed by Nexia TS Public Accounting Corporation for consolidation purpose.

(c) Liquidated on 7 September 2017.

16 INVESTMENTS IN ASSOCIATED COMPANIES

	The Company		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000
Equity investments at cost			
Beginning of financial year	48	48	48
Additions	143	–	–
End of financial year	191	48	48

16 INVESTMENTS IN ASSOCIATED COMPANIES

	The Group		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
Interests in associated companies			
Beginning of financial year	2,365	1,891	1,285
Acquisition of shares	143	–	–
Share of profits	132	474	606
Dividends received	(217)	–	–
End of financial year	2,423	2,365	1,891

The associated companies as listed below have share capital consisting solely of ordinary shares which are held directly by the Group.

Details of the associated companies are as follows:

Name of entity	Place of business/country of incorporation	% of ownership interest		
		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ACJF Holding Limited [(a)]	Hong Kong/ British Virgin Islands	25	25	25
First Harmony Holdings Limited [(a)]	Hong Kong/ British Virgin Islands	30	30	30
Highly Yield Limited [(a)]	Hong Kong/ British Virgin Islands	20	20	20
PT Menya Musashi Indonesia [(b)]	Indonesia	30	–	–

(a) The financial year end of the associated companies is 31 December and its Independent Auditor is Lo and Kwong C.P.A Company Limited, Hong Kong. Reviewed by Nexia TS Public Accounting Corporation, for equity accounting purpose.

(b) The financial year end of the associated company is 31 December and its Independent Auditor is Crowe Horwath Indonesia. Reviewed by Nexia TS Public Accounting Corporation, for equity accounting purpose.

There are no contingent liabilities relating to the Group's interest in the associated companies.

16 INVESTMENTS IN ASSOCIATED COMPANIES

The directors are of the opinion that the associated companies are not individually material to the Group as at 31 March 2019. Aggregate of unaudited financial information about the Group's investments in associated companies that are individually immaterial but accounted for using the equity method is as follows:

	Total as at 31 March	
	2019	2018
	$'000	$'000
Total comprehensive income, representing net profit	488	1,398

17 INVESTMENTS IN JOINT VENTURE

	The Group		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000
Equity investments at cost			
Beginning of financial year	–	–	–
Additions	100	–	–
End of financial year	100	–	–

Details of the joint venture company is as follows:

Name of entity	Place of business/country of incorporation	% of ownership interest		
		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Dining Collective Pte. Ltd. [a]	Singapore	50	–	–

[a] The joint venture entity was incorporated on 29 January 2019. It has not commenced its operation and reviewed by Nexia TS Public Accounting Corporation, for equity accounting purpose.

The Group has an aggregate S$1,150,000 of commitments to provide funding if called, relating to above joint venture company. There were no contingent liabilities relating to the Group's interest in the joint venture company.

18 LOAN TO AN ASSOCIATED COMPANY

	The Group			The Company		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Beginning and end of financial year	248	248	248	248	248	248

18 LOAN TO AN ASSOCIATED COMPANY

For the financial years ended 31 March 2019 and 2018, the loan to an associated company is unsecured, interest-free. Management has indicated that there is no intention to recall for repayment within the next 12 months and the repayment term will be subject to annual review.

The fair value of the loan to associated company is computed based on cash discounted at market borrowing rates. The fair values are within the Level 2 of the fair values hierarchy. The fair values and the market borrowing rates used are as follows:

	The Group		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000
Loan to an associated company	223	223	223

	The Company		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000
Loan to an associated company	223	223	223

	Borrowing rate		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	%	%	%
Loan to an associated company	5.3	5.3	5.3

19 OTHER INVESTMENTS AT AMORTISED COST

	The Group		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000
Beginning of financial year	–	–	–
Reclassification at 1 April 2018	754	–	–
End of financial year	754	–	–

* See Note 2.1(b) for details of reclassification as at 1 April 2018 on adoption of SFRS(I) 9.

19 OTHER INVESTMENTS AT AMORTISED COST

	The Group	
	Carrying amount $'000	Fair value $'000
Listed debt securities		
- Bond with fixed interest of 3.65% and maturity date of 23 August 2027 – Singapore	252	257
- Bond with fixed interest of 2.23% and maturity date of 21 February 2022 – Singapore	502	500
	754	757

The fair values are within Level 1 of the fair values hierarchy and are based on available market or common reference prices provided by the bank.

20 HELD-TO-MATURITY FINANCIAL ASSETS – NON-CURRENT

	The Group		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
Listed debt securities			
- Bond with fixed interest of 3.10% and maturity date of 14 February 2023 – Singapore	–	251	251
- Bond with fixed interest of 3.65% and maturity date of 23 August 2027 – Singapore	–	252	253
- Bond with fixed interest of 2.23% and maturity date of 21 February 2022 – Singapore	–	502	502
	–	1,005	1,006

The fair values of the bonds at the balance sheet date are as follows:

	The Group		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
Listed debt securities			
- Bond with fixed interest of 3.10% and maturity date of 14 February 2023 – Singapore	–	250	253
- Bond with fixed interest of 3.65% and maturity date of 23 August 2027 – Singapore	–	257	263
- Bond with fixed interest of 2.23% and maturity date of 21 February 2022 – Singapore	–	499	504

The fair values are within Level 1 of the fair values hierarchy and are based on available market or common reference prices provided by the bank.

The above investments have been reclassified to 'Other investments at amortised cost' (Note 19) on adoption of SFRS(I) 9. See Note 2.1(b) for details of reclassification as at 1 April 2018 on adoption of SFRS(I) 9.

21 PLANT AND EQUIPMENT

	Furniture and fittings	Kitchen equipment	Renovation	Motor vehicles	Computer and office equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
The Group						
2019						
Cost						
Beginning of financial year	638	8,373	21,820	390	3,383	34,604
Additions	–	1,134	2,962	–	273	4,369
Written-off	–	(376)	(1,711)	–	(233)	(2,320)
Disposals	–	(8)	–	–	–	(8)
End of financial year	638	9,123	23,071	390	3,423	36,645
Accumulated depreciation and impairment losses						
Beginning of financial year	596	6,206	15,113	345	3,067	25,327
Depreciation charge (Note 7)	19	979	2,847	26	245	4,116
Impairment (Note 7)	–	–	110	–	–	110
Written-off	–	(347)	(1,636)	–	(233)	(2,216)
Disposals	–	(1)	–	–	–	(1)
End of financial year	615	6,837	16,434	371	3,079	27,336
Net book value						
End of financial year	23	2,286	6,637	19	344	9,309

21 PLANT AND EQUIPMENT

	Furniture and fittings $'000	Kitchen equipment $'000	Renovation $'000	Motor Vehicles $'000	Computer and office equipment $'000	Total $'000
The Group						
2018						
Cost						
Beginning of financial year	1,086	9,653	22,162	372	3,362	36,635
Additions	–	653	3,026	18	182	3,879
Written-off	(448)	(1,930)	(3,368)	–	(161)	(5,907)
Disposals	–	(3)	–	–	–	(3)
End of financial year	638	8,373	21,820	390	3,383	34,604
Accumulated depreciation and impairment losses						
Beginning of financial year	939	7,113	15,538	297	2,889	26,776
Depreciation charge (Note 7)	44	1,003	2,875	48	329	4,299
Written-off	(387)	(1,909)	(3,300)	–	(151)	(5,747)
Disposals	–	(1)	–	–	–	(1)
End of financial year	596	6,206	15,113	345	3,067	25,327
Net book value						
Beginning of the financial year	147	2,540	6,624	75	473	9,859
End of financial year	42	2,167	6,707	45	316	9,277

21 PLANT AND EQUIPMENT

	Renovation $'000	Computer equipment $'000	Total $'000
The Company			
2019			
Cost			
Beginning of financial year	–	61	61
Additions	3	5	8
End of financial year	3	66	69
Accumulated depreciation			
Beginning of financial year	-	37	37
Depreciation charge	1	21	22
End of financial year	1	58	59
Net book value			
End of financial year	2	8	10

	Renovation $'000	Computer equipment $'000	Total $'000
The Company			
2018			
Cost			
Beginning of financial year	–	61	61
Additions	–	–	–
End of financial year	–	61	61
Accumulated depreciation			
Beginning of financial year	–	17	17
Depreciation charge	–	20	20
End of financial year	–	37	37
Net book value			
Beginning of the financial year	–	44	44
End of financial year	–	24	24

Write-off of plant and equipment

During the current financial year, the Group ceased the operations of certain restaurants. This has caused the Group to write-off the net book value of furniture and fittings, kitchen equipment and renovation in these restaurants which was previously capitalised. In addition, the Group has also written-off the net book value of some furniture and fittings, kitchen equipment and renovation which are deemed to be unusable by the management in the current financial year. The net book value of the plant and equipment written-off are approximately $104,000 (2018: $160,000).

21 PLANT AND EQUIPMENT

Impairment of plant and equipment

As part of the on-going assessment and rationalisation of business strategy, the Group has renovated and revamped some of the existing restaurants.

The Group have decided not to renew the lease of a restaurant in April 2019 due to persistent losses. The plant and equipment of the restaurant will not be fully recovered upon closure of the restaurant. In view of the aforesaid, a subsidiary corporation of the Group within the restaurant sales segment, Japan Foods Enterprises Pte Ltd, carried out a review of the recoverable amount of its plant and equipment. An impairment loss of $110,000 (2018: $Nil) representing the write-down of these assets to be recoverable amount was recognised in "Other operating expenses" (Note 7) for the financial year ended 31 March 2019.

The recoverable amount of the relevant assets was based on its value-in-use calculation using cash flow projections. The pre-tax discount rate is not applied to the cash flow projections as the period covered is up to expiry of lease term which is less than 12 months.

22 INTANGIBLE ASSETS

	The Group	
	2019	2018
	$'000	$'000
Trademarks and franchise rights		
Cost		
Beginning of financial year	698	601
Additions	315	97
End of financial year	1,013	698
Accumulated amortisation and impairment loss		
Beginning of financial year	563	432
Amortisation charge (Note 7)	62	65
Impairment (Note 7)	–	66
End of financial year	625	563
Net book value		
Beginning of financial year	135	169
End of financial year	388	135

Trademarks and franchise rights pertain to the exclusive rights of brand names granted by franchisors to its subsidiary corporation, Bachmann Enterprises Pte Ltd for the usage of the brand name at all existing restaurants under the Group.

The Group reviews the necessity and adequacy of the allowance for impairment at each balance sheet date and make adjustments when necessary. Trademarks and franchise rights are tested for impairment whenever there is any objective evidence or indication that the trademarks and franchise rights may be impaired.

22 INTANGIBLE ASSETS

(i) Financial year ended 2018

The Group has converted and ceased the operations of certain restaurants operated under the following brand names: Keika Ramen and Hanamidori. This has caused the Group to fully-impair the carrying amount of these intangible assets as it may not generate future cash inflows upon conversion of the restaurants. Therefore, an impairment loss of $66,000, representing the write-down of these assets to its recoverable amount was recognised in "Other operating expenses" (Note 7) under the Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2018.

(ii) Financial year ended 2019

The Group has no plan for any change to the existing restaurants. Thus, no impairment loss was recognised for the financial year ended 31 March 2019.

23 CLUB MEMBERSHIP

	The Group and The Company		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000
Club membership at cost			
Beginning and end of financial year	322	322	322

The fair values of the club membership at the balance sheet date are as follows:

	The Group and The Company		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000
Club membership	570	550	500

The fair values are within Level 2 of the fair values hierarchy. The fair value is based on the current selling price of the club membership on available market.

24 LONG-TERM SECURITY DEPOSITS

	The Group			The Company		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Refundable security deposits	3,391	4,285	3,502	13	–	–

These are mainly deposits placed with the landlords. Management is of the opinion that these deposits have been placed with counterparties who are creditworthy and accordingly, no allowance for impairment is required.

24 LONG-TERM SECURITY DEPOSITS

The fair values of the long-term security deposits are computed based on cash flows discounted at market borrowing rates. The fair values are within the Level 2 of the fair values hierarchy. The fair values and the market borrowing rates used are as follows:

	The Group		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
Long-term security deposits	3,043	3,810	3,122

	Borrowing rate		
	As at 31 March 2019 %	As at 31 March 2018 %	As at 1 April 2017 %
Long-term security deposits	5.3	5.3	5.3

25 TRADE AND OTHER PAYABLES

	The Group			The Company		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
Trade payables						
- Non-related parties	1,367	1,408	1,126	–	–	–
Non-trade payables						
- Non-related parties	1,950	1,386	1,321	99	99	91
Accruals for operating expenses	5,253	4,421	4,537	417	565	512
Franchise deposits	23	53	53	–	–	–
	8,593	7,268	7,037	516	664	603

26 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	The Group			The Company		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred income tax liabilities, representing accelerated tax depreciation						
- To be settled after one year	320	430	860	2	4	–

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	The Group			The Company		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Beginning of financial year	430	860	860	4	–	–
Tax credited to profit or loss (Note 9(a))	(110)	(430)	–	(2)	4	–
End of financial year	320	430	860	2	4	–

27 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES

(a) Share capital

	2019		2018	
	Number of ordinary shares	Amount	Number of ordinary shares	Amount
	'000	$'000	'000	$'000
The Group and the Company				
Beginning and end of financial year	174,436	9,522	174,436	9,522

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

27 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES

(a) Share capital

(i) Japan Foods Performance Share Plan ("JF PSP")

The JF PSP is administered by the Remuneration Committee whose members are:

Lee Sok Koon, Constance	(Chairperson, Lead Independent Director)
Tan Lye Huat	(Member, Independent Director)
Wong Hin Sun, Eugene	(Member, Non-independent and Non-executive Director)

Members of the Remuneration Committee were not and shall not be involved in the Remuneration Committee's deliberations in respect of the performance shares granted to them.

Under JF PSP, it is contemplated that the award of fully paid ordinary shares of the Company, their equivalent cash value, issued free of charge (the "Awards") to eligible participants would incentivise the participants to excel in their performance and encourage greater dedication and loyalty to the Group. The Company is able to recognise and reward past contributions and services and motivate the participants to continue to strive for the Group's long term goals. The JF PSP will further strengthen and enhance the Company's competitiveness in attracting and retaining employees with suitable talents.

The Awards granted under the JF PSP may be time-based and/or performance-related, and such Awards entitle eligible participants to be allotted fully paid shares upon completion of certain time-based service condition and/or achieve their performance targets over set performance periods. The Awards given are determined at the discretion of the Remuneration Committee, who will take into account criteria such as participant's rank, job performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort required to achieve the performance target within the performance period. The Remuneration Committee also set specific performance-based criteria such as profitability, growth, asset efficiency, return on capital employed, and other financial indicators, penetration into new markets, increasing market share and market ranking, management skills and succession planning. In addition to the achievement of any pre-determined performance targets or service conditions, Awards may also be granted upon the Remuneration Committee's post-event of determination that any eligible participants has performed well and/or made significant contribution to the Group.

Under the rules of the JF PSP, any full time employee, executive and non-executive director of the Company and its Subsidiary Corporations (including Independent Directors but excluding controlling shareholders and their associates as defined in the circular to shareholders dated 2 June 2014 in relation to JP PSP) who has attained the age of 18 years on the date of grant of the award and who has contributed or will contribute to the success of the Group shall be eligible to participate in the JF PSP.

There shall be no restriction on the eligibility of any participant to participate in any other share plans or share incentive schemes implemented by any of the other companies within the Group if approved by the Remuneration Committee. The granting of Awards will be made by the Remuneration Committee at any time during the period when the JF PSP is in force.

Eligible participants are not required to pay for the grant of the Awards. All taxes (including income tax) arising from the grant and/or disposal under the JF PSP shall be borne by the participant.

The total number of new shares that may be issued or are issuable pursuant to the granting of the Awards, when added to aggregate number of shares that are issued or are issuable in respect of such other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total number of issued ordinary shares (excluding Treasury Shares) of the Company on the day immediately preceding the date on which the Award shall be granted.

27 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES

(a) Share capital

(i) Japan Foods Performance Share Plan

The details of the performance shares granted under the JF PSP as at 31 March 2019 are as follows:

	Beginning of financial year	Granted during financial year	End of financial year	Vesting price	Vesting date
2019					
2018 JF PSP	2,220,000	700,000	2,920,000	$0.485	17.05.2018*
2018					
2017 JF PSP	1,700,000	520,000	2,220,000	$0.46	12.06.2017*

* The share awards had been vested on the date of grant.

(b) Treasury shares

	2019		2018	
	Number of ordinary shares	Amount	Number of ordinary shares	Amount
	'000	$'000	'000	$'000
The Group and the Company				
Beginning of financial year	1,048	424	1,393	559
Treasury shares purchased	485	235	175	75
Less: Treasury shares granted	(700)	(283)	(520)	(210)
End of financial year	833	376	1,048	424

During the financial year, 700,000 (2018: 520,000) treasury shares were transferred to certain key management personnel of the Group in pursuant to the Japan Foods Performance Share Plan ("JF PSP"). The share awards had been vested on the date of grant. The fair value of the performance shares was determined as $339,000 (2018: $242,000) based on the market price of the Company's share at the grant date.

The Company acquired 485,000 (2018: 175,600) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was $234,700 (2018: $75,000) and this was presented as a component within shareholders' equity. After these share buy-backs, the Company held 833,100 (2018: 1,048,100) treasury shares as at 31 March 2019 and the total number of issued shares (excluding treasury shares and subsidiary holdings) was 173,602,900 (2018: 173,387,900) Shares.

27 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES

(c) Capital reserves

	The Group and The Company		
	2019	2018	2017
	$'000	$'000	$'000
Beginning of financial year	24	(8)	–
Performance shares granted	56	32	(8)
End of financial year	80	24	(8)

28 RETAINED PROFITS

(a) Retained profits of the Group are distributable except for cumulative share of profit of associated companies amounting to $2,232,000 (31 March 2018: $2,317,000; 1 April 2017: $1,843,000).

(b) Movement in retained profits for the Company is as follows:

	The Company		
	2019	2018	2017
	$'000	$'000	$'000
Beginning of financial year	3,000	3,990	3,416
Net profit for the financial year	4,295	2,567	4,062
Dividend paid (Note 29)	(3,653)	(3,557)	(3,488)
End of financial year	3,642	3,000	3,990

29 DIVIDENDS

	The Group		
	2019	2018	2017
	$'000	$'000	$'000
Ordinary dividends paid			
Final exempt dividend paid in respect of the previous financial year of 1.30 cents (31 March 2018: 1.25 cents; 1 April 2017: 1.25 cents) per share	2,263	2,170	2,180
Interim exempt dividend paid in respect of the current financial year of 0.8 cents (31 March 2018: 0.80 cents; 1 April 2017: 0.75 cents) per share	1,390	1,387	1,308
	3,653	3,557	3,488

At the forthcoming Annual General Meeting on 24 July 2019, a final exempt (one-tier) dividend of 1.10 cents per share amounting to a total $1,909,632 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2019.

30 CONTINGENT LIABILITIES

The Company

The Company has issued corporate guarantees to banks for performance guarantee of a subsidiary corporation. The fair values of the corporate guarantees have not been recognised in the financial statements of the Company as the amounts involved are not material to the Company.

31 OPERATING LEASE COMMITMENTS

The Group leases restaurant premises and kitchen facilities under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	The Group	
	2019	2018
	$'000	$'000
Not later than one year	18,144	18,593
Between one and five years	16,756	21,417
	34,900	40,010

32 RELATED PARTY TRANSACTIONS

(a) No transaction took place between the Group and related parties other than those disclosed elsewhere in the financial statements. Outstanding balances as at 31 March 2019 are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 18 to the financial statements respectively.

(b) Key management personnel compensation

	The Group	
	2019	2018
	$'000	$'000
Wages and salaries	1,164	1,213
Directors' fees	115	115
Employer's contribution to Central Provident Fund	65	62
Employee performance shares	279	239
	1,623	1,629

Included in the above is total compensation to directors of the Company amounting to $637,000 (2018: $757,000).

33 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

(a) Market risk

(i) Currency risk

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. The Group's exposure to currency risk is not significant as the Group operates mainly in Singapore. Certain of the Group's purchases are from Japan and Hong Kong, giving rise to exposures to the changes in foreign exchange rates primarily with respect to Japanese Yen ("JPY"), Hong Kong Dollar ("HKD"), United States Dollar ("USD") and other foreign currencies ("Others"). The Group does not enter into any derivative contracts to hedge its foreign exchange risk.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	JPY $'000	HKD $'000	USD $'000	Total $'000
As at 31 March 2019					
Financial assets					
Cash and bank balances	21,498	50	182	321	22,051
Trade and other receivables	1,010	–	–	–	1,010
Other financial assets	5,798	–	248	–	6,046
Receivables from subsidiary corporations	4,089	–	–	–	4,089
Other investments at amortised cost	754	–	–	–	754
	33,149	50	430	321	33,950
Financial liabilities					
Trade and other payables	(8,439)	(154)	–	–	(8,593)
Payables to subsidiary corporations	(4,089)	–	–	–	(4,089)
	(12,528)	(154)	–	–	(12,682)
Net financial assets	20,621	(104)	430	321	21,268
Add: Net non-financial assets	12,551	–	–	–	12,551
Net assets/(liabilities)	33,172	(104)	430	321	33,819
Currency profile including non-financial assets/(liabilities)	33,172	(104)	430	321	33,819
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	(104)	430	321	647

33 FINANCIAL RISK MANAGEMENT

(a) Market risk

(i) Currency risk

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	JPY $'000	HKD $'000	USD $'000	Total $'000
As at 31 March 2018					
Financial assets					
Cash and bank balances	21,483	19	36	349	21,887
Trade and other receivables	1,023	–	–	–	1,023
Other financial assets	5,944	–	248	–	6,192
Receivables from subsidiary corporations	3,871	–	–	–	3,871
Held-to-maturity financial assets	1,005	–	–	–	1,005
	33,326	19	284	349	33,978
Financial liabilities					
Trade and other payables	(7,136)	(128)	–	(4)	(7,268)
Payables to subsidiary corporations	(3,871)	–	–	–	(3,871)
	(11,007)	(128)	–	(4)	(11,139)
Net financial assets	22,319	(109)	284	345	22,839
Add: Net non-financial assets	11,194	–	–	–	11,194
Net assets	33,513	(109)	284	345	34,033
Currency profile including non-financial assets	33,513	(109)	284	345	34,033
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	(109)	284	345	520

33 FINANCIAL RISK MANAGEMENT

(a) Market risk

(i) Currency risk

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	JPY $'000	HKD $'000	USD $'000	Total $'000
As at 1 April 2017					
Financial assets					
Cash and bank balances	19,673	188	111	255	20,227
Trade and other receivables	711	–	-	–	711
Other financial assets	5,369	–	248	–	5,617
Receivables from subsidiary corporations	5,063	–	–	–	5,063
Held-to-maturity financial assets	1,006	–	–	–	1,006
	31,822	188	359	255	32,624
Financial liabilities					
Trade and other payables	(6,899)	(138)	–	–	(7,037)
Payables to subsidiary corporations	(5,063)	–	–	–	(5,063)
	(11,962)	(138)	–	–	(12,100)
Net financial assets	19,860	50	359	255	20,524
Add: Net non-financial assets	11,124	–	–	–	11,124
Net assets	30,984	50	359	255	31,648
Currency profile including non-financial assets	30,984	50	359	255	31,648
Currency exposure of financial assets net of those denominated in the Company's functional currency	–	50	359	255	664

33 FINANCIAL RISK MANAGEMENT

(a) Market risk

(i) Currency risk

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	HKD $'000	USD $'000	Others $'000	Total $'000
As at 31 March 2019					
Financial assets					
Cash and bank balances	2,593	50	–	–	2,643
Trade and other receivables	4,093	–	–	–	4,093
Other financial assets	13	248	–	–	261
	6,699	298	–	–	6,997
Financial liabilities					
Trade and other payables	(516)	–	–	–	(516)
Net financial assets	6,183	298	–	–	6,481
Add: Net non-financial assets	6,387	–	–	–	6,387
Net assets	12,570	298	–	–	12,868
Currency profile including non-financial assets	12,570	298	–	–	12,868
Currency exposure of financial assets net of those denominated in the respective entities' functional currency	–	298	–	–	298

33 FINANCIAL RISK MANAGEMENT

(a) Market risk

(i) Currency risk

The Company's currency exposure based on the information provided to key management is as follows:

	SGD	HKD	USD	Others	Total
	$'000	$'000	$'000	$'000	$'000
As at 31 March 2018					
Financial assets					
Cash and bank balances	2,474	36	–	–	2,510
Trade and other receivables	3,871	–	–	–	3,871
Other financial assets	–	248	–	–	248
	6,345	284	–	–	6,629
Financial liabilities					
Trade and other payables	(660)	–	(4)	*	(664)
Net financial assets	5,685	284	(4)	*	5,965
Add: Net non-financial assets	6,157	–	–	–	6,157
Net assets/(liabilities)	11,842	284	(4)	*	12,122
Currency profile including non-financial assets/(liabilities)	11,842	284	(4)	*	12,122
Currency exposure of financial assets net of those denominated in the respective entities' functional currency	–	284	(4)	*	280

33 FINANCIAL RISK MANAGEMENT

(a) Market risk

(i) Currency risk

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	HKD $'000	USD $'000	Others $'000	Total $'000
<u>As at 1 April 2017</u>					
Financial assets					
Cash and bank balances	1,941	111	–	–	2,052
Trade and other receivables	5,063	–	–	–	5,063
Other financial assets	–	248	–	–	248
	7,004	359	–	–	7,363
Financial liabilities					
Trade and other payables	(599)	–	(4)	*	(603)
Net financial assets	6,405	359	(4)	–	6,760
Add: Net non-financial assets	6,185	–	–	–	6,185
Net assets/(liabilities)	12,590	359	(4)	*	12,945
Currency profile including non-financial assets/(liabilities)	12,590	359	(4)	*	12,945
Currency exposure of financial assets net of those denominated in the respective entities' functional currency	–	359	(4)	*	355

33 FINANCIAL RISK MANAGEMENT

(a) Market risk

(i) Currency risk

Sensitivity analysis

If the JPY, HKD and USD change against the SGD by 1% (31 March 2018: 1%; 1 April 2017: 4%), 3% (31 March 2018: 8%; 1 April 2017: 3%) and 3% (31 March 2018: 6%; 1 April 2017: 4%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	The Group Increase/(Decrease) Profit after tax			The Company Increase/(Decrease) Profit after tax		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
The Group						
JPY against SGD						
- Strengthened	1	1	2	–	–	–
- Weakened	(1)	(1)	(2)	–	–	–
HKD against SGD						
- Strengthened	(11)	(18)	10	7	18	24
- Weakened	11	18	(10)	(7)	(18)	(24)
USD against SGD						
- Strengthened	(8)	(17)	8	–	*	–
- Weakened	8	17	(8)	–	*	–

* *Denotes amount less than $1,000 .*

(ii) Price risk

The Group and the Company does not have exposure to equity price risk as it does not hold equity financial assets.

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk is primarily from short-term deposits that will mature from 1 to 12 months. These short-term deposits are placed on as short-term basis according to the Group's cash flow requirements, and hence the Group does not hedge against interest rate fluctuations.

(b) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. The Group trades mainly in cash. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

33 FINANCIAL RISK MANAGEMENT

(b) Credit risk

As at balance sheet date, there are no significant concentrations of credit risk within the Group and Company.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	The Group		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	$'000	$'000	$'000
Corporate guarantee provided to banks on subsidiary corporation's performance guarantee	1,531	1,539	1,539

(i) Impairment of financial assets

The Group has applied the simplified approach by using the allowance matrix to measure the lifetime expected credit losses ("ECL") for all trade and other receivables.

In measuring the expected credit losses, trade and other receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rate, the Group considers current payment patterns for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write off when a customer fails to make contractual payment greater than 90 days past due based on historical collection trend. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group assess the credit risk rating of other receivables including loan to related corporations based on qualitative and quantitative (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available and applying expected credit judgement).

As at 31 March 2019, the trade and other receivables are not past due and are not subject to any material credit losses.

Previous accounting policy for impairment of trade and other receivables

In 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposure.

33 FINANCIAL RISK MANAGEMENT

(b) Credit risk

(i) Impairment of financial assets

The Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

Financial assets that are neither past due nor impaired

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially customers with a good collection track records with the Group.

Other that the above, there are no credit loss allowance for other financial assets at amortised cost as at 31 March 2018.

There is no allowance for impairment of trade receivables provided for the financial year ended 31 March 2018 as the Group's management believes that these overdue trade receivables will eventually be fully recovered based on historical payment trends and assessment of the credit worthiness of the customers.

(c) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial assets. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages its liquidity risk by ensuring the availability of adequate funds to meet its obligation.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	The Group			The Company		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
Less than one year						
Trade and other payables	8,593	7,268	7,037	516	664	603
Financial guarantee contracts	–	–	–	1,531	1,539	1,539

Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(d) Capital risk

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as going concern and to maintain an optimal capital structure as to maximise shareholder value.

33 FINANCIAL RISK MANAGEMENT

(d) Capital risk

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or to achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors its capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt.

	The Group			The Company		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
Net debt	(13,458)	(14,619)	(13,190)	(2,127)	(1,846)	(1,449)
Total equity	33,819	34,033	31,648	12,868	12,122	12,945
Total capital	20,361	19,414	18,458	10,741	10,276	11,496
Gearing ratio	NM*	NM*	NM*	NM*	NM*	NM*

* NM = Not meaningful

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2019 and 2018.

(e) Fair value measurement

The fair values of trade receivables and payables are assumed to approximate their carrying amount.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 18 to the financial statements, except for the following:

	The Group			The Company		
	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000	As at 31 March 2019 $'000	As at 31 March 2018 $'000	As at 1 April 2017 $'000
Financial assets at amortised cost	29,107	–	–	6,997	–	–
Loans and receivables	–	29,102	26,555	–	6,629	7,363
Financial liabilities at amortised cost	8,593	7,268	7,037	516	664	603

34 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors ("BOD") that are used to make strategic decisions.

The BOD considers the business from both a geographic and business segment perspective. Currently, the Group's business operates only in Singapore and its revenue is derived only from Singapore.

The segment information provided to the BOD for the reportable segments are as follows:

	Singapore		
	Restaurant sales	**Franchised operation**	**Total reportable segments**
	$'000	**$'000**	**$'000**
The Group			
2019			
Revenue			
Total segment revenue	68,028	54	68,082
Inter-segment revenue	–	(3)	(3)
External revenue	68,028	51	68,079
Segment results	3,689	183	3,872
Depreciation and amortisation	4,116	62	4,178
Allowance for impairment of intangible assets	110	–	110
Plant and equipment written-off	104	–	104
Loss on disposal of plant and equipment	1	–	1
Inventories written-down	4	–	4
Share of profit of associated companies	132	–	132
Segment assets	33,962	929	34,891
Segment assets includes:			
Additions to plant and equipment	4,369	–	4,369
Loan to an associated company	248	–	248
Segment liabilities	8,239	354	8,593

34 SEGMENT INFORMATION

	Singapore		
	Restaurant sales $'000	Franchised operation $'000	Total reportable segments $'000
The Group			
2018			
Revenue			
Total segment revenue	67,771	85	68,582
Inter-segment revenue	–	(11)	(737)
External revenue	67,771	74	67,845
Segment results	6,063	360	6,423
Depreciation and amortisation	4,299	65	4,364
Allowance for impairment of intangible assets	66	–	66
Plant and equipment written-off	160	–	160
Loss on disposal of plant and equipment	1	–	1
Inventories written-down	4	–	4
Share of profit of associated companies	474	–	474
Segment assets	33,040	1,073	34,113
Segment assets includes:			
Additions to plant and equipment	3,879	–	3,879
Loan to an associated company	248	–	248
Segment liabilities	6,639	629	7,268

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 and franchisee.

Sales between segments are carried out at the normal business terms and conditions. The revenue from external parties reported to the BOD is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The BOD assesses the performance of the operating segments based on a measure of segment results before interest (net), share of results associated companies and income tax expenses. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group finance team, which manages the cash position of the Group.

34 SEGMENT INFORMATION

Reconciliations

(i) *Segment profits*

A reconciliation of reported segment results to profit before tax is provided as follows:

	The Group	
	2019	**2018**
	$'000	**$'000**
Reported segments	3,872	6,423
Interest income	120	101
Share of profit of associated companies	132	474
Profit before income tax	4,124	6,998

(ii) *Segment assets*

The amounts provided to the BOD with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the BOD monitors the plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than short-term bank deposits and held-to-maturity financial assets.

	The Group	
	2019	**2018**
	$'000	**$'000**
Segment assets for reportable segments	34,891	34,113
Unallocated:		
Short-term bank deposits	8,101	8,144
Other investments at amortised cost	754	–
Held-to-maturity financial assets	–	1,005
	43,746	43,262

(iii) *Segment liabilities*

The amounts provided to the BOD with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current income tax and deferred income tax liabilities.

	The Group	
	2019	**2018**
	$'000	**$'000**
Segment liabilities for reportable segments	8,593	7,268
Unallocated:		
Current income tax liabilities	1,014	1,531
Deferred income tax liabilities	320	430
	9,927	9,229

35 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2019 and which the Group has not early adopted:

SFRS(I) 16 – Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, as asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of S$34,900,000 (Note 31). Of these commitments, approximately $4,181,000 relate to short term leases and leases of low value items which will be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments, the Group expects to recognise right-of-use assets and lease liabilities of approximately $29,510,000 on 1 April 2019. The Company expects to recognise right-of-use assets and lease liabilities of approximately $54,000 on 1 April 2019.

The Group is currently finalising the quantum of the final transition adjustments, which may be different upon finalisation.

<u>Effective for annual periods beginning on or after 1 January 2020</u>
- Amendments to SFRS(I) 3 - Business Combinations – definition of a business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of material
- Amendments to References to the Conceptual Framework in SFRS(I) standards
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements

<u>Effective for annual periods beginning on or after 1 January 2021</u>
- SFRS(I) 17 Insurance Contracts

<u>Effective date: to be determined*</u>
- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015.*

36 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Japan Foods Holding Ltd. on 18 June 2019.

STATISTICS OF SHAREHOLDINGS

Class of shares	:	Ordinary Shares
Number of shares issued (including Treasury Shares)	:	174,436,000
Number of shares issued (excluding Treasury Shares)	:	173,602,900
Number/Percentage of Treasury Shares	:	833,100 (0.48%)
Number/Percentage of Subsidiary Holdings	:	Nil
Voting rights (excluding Treasury Shares)	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 10 JUNE 2019

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	5	0.87	202	0.00
100 - 1,000	82	14.34	47,688	0.03
1,001 - 10,000	276	48.25	1,499,060	0.86
10,001 - 1,000,000	200	34.97	13,961,250	8.04
1,000,001 and above	9	1.57	158,094,700	91.07
Total	572	100.00	173,602,900	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 10 JUNE 2019

No.	Name of shareholders	No. of shares	%
1	Kenichi Takahashi	114,814,800	66.14
2	DBS Nominees Pte Ltd	8,428,200	4.85
3	Chan Chau Mui	8,100,000	4.67
4	HSBC (Singapore) Nominees Pte Ltd	7,885,400	4.54
5	Sirius Venture Capital Pte Ltd	7,165,800	4.13
6	Nomura Singapore Limited	3,360,600	1.94
7	Shigemitsu Industry Co. Ltd.	3,360,600	1.94
8	Tan Kay Toh or Yu Hea Ryeong	2,658,100	1.53
9	Chin May Yee Emily	2,321,200	1.33
10	Tan Bin Cheng Guy	854,000	0.49
11	CGS-CIMB Securities (Singapore) Pte Ltd	638,050	0.37
12	Teng Chai Hai	565,000	0.33
13	Ho Juat Keng	419,800	0.24
14	Raffles Nominees(Pte) Limited	414,900	0.24
15	Christella Chuah Poh Choo	390,000	0.22
16	Yap Kwok Khuen or Goh Poh Lian	381,200	0.22
17	Yeo Wei Huang	380,000	0.22
18	James Alvin Low Yiew Hock	345,000	0.20
19	Phillip Securities Pte Ltd	313,800	0.18
20	Tan Kok Ching	300,000	0.17
	Total:	163,096,450	93.95

STATISTICS OF SHAREHOLDINGS

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 10 June 2019, approximately 23.73% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the SGX-ST Listing Manual Section B : Rules of Catalist is complied with.

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	No. of shares (Direct interest)	%	No. of shares (Deemed interest)	%
Takahashi Kenichi (1)	114,814,800	66.14%	8,100,000	4.67%
Wong Hin Sun, Eugene (2)	–	–	9,487,000	5.46%

Note :

(1) Takahashi Kenichi is deemed interested in the 8,100,000 shares held by his deemed associate, Chan Chau Mui.

(2) Mr Wong Hin Sun, Eugene is the founder and Managing Director of Sirius Venture Capital Pte Ltd. and he is deemed to be interested in 7,165,800 shares and 2,321,200 shares respectively held through Sirius Venture Capital Pte Ltd. and through his spouse, Chin May Yee, Emily.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Japan Foods Holding Ltd. ("**Company**") will be held at The Imagination Room, Level 5, National Library Building, Singapore 188064 on Wednesday, 24 July 2019 at 3.00 p.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt one-tier dividend of 1.10 Singapore cents per ordinary share for the financial year ended 31 March 2019. **(Resolution 2)**

3. To approve the payment of S$115,000 as fees to the directors of the Company ("**Directors**") for the financial year ended 31 March 2019. (2018: S$114,671) **(Resolution 3)**

4. To re-elect Mr Wong Hin Sun, Eugene, who is retiring under Regulation 98 of the Company's Constitution, and who, being eligible, offers himself for re-election as a director of the Company. *[See explanatory Note (a)]* **(Resolution 4)**

5. To re-elect Mr Tan Lye Huat (who has served more than 9 years in office) as a Director of the Company. *[See explanatory Note (b)]* **(Resolution 5)**

6. To re-appoint Nexia TS Public Accounting Corporation as the auditor of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to allot and issue shares in the capital of the Company and/or Instruments (as defined hereinafter)** **(Resolution 7)**

That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore ("**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Directors be and are hereby authorised and empowered to:

(a) (1) allot and issue new ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(2) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution) and Instruments to be issued pursuant to this Ordinary Resolution shall not exceed 100% of the total issued Shares at the time of passing of this Ordinary Resolution (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed 30% of the total issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the Company's total issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Ordinary Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(ii) new Shares arising from exercising of any share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Ordinary Resolution provided that share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

[See explanatory Note (c)]

9. **Authority to grant awards and issue shares under the Japan Foods Performance Share Plan** **(Resolution 8)**

That approval be given to the directors to grant awards from time to time in accordance with the provisions of the Japan Foods Performance Share Plan ("**Share Plan**"), and under section 161 of the Act, to allot and issue from time to time such number of new shares in the capital of the Company as may be required to be issued under the vesting of awards under the Share Plan, provided that the aggregate number of new shares to be allotted and issued under the Share Plan and other share scheme(s) to be implemented by the Company (if any) shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See explanatory Note (d)]

10. **Renewal of the Share Buyback Mandate** **(Resolution 9)**

THAT:

(1) for the purposes of the Catalist Rules and the Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(a) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act; and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next annual general meeting of the Company ("**AGM**") is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked;

(3) in this Resolution 9:

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit;

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last 5 consecutive market days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 market-day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

[See explanatory Note (e)]

By Order of the Board

Esther Au
Company Secretary
Singapore

28 June 2019

Explanatory Notes:

(a) Mr Wong Hin Sun, Eugene, will upon re-election as a Director, remain as Non-Executive Vice Chairman of the Company, a member of the Audit and Risk Committee, a member of the Nominating Committee and, a member of the Remuneration Committee of the Company, and will be considered non-executive and non-independent for the purposes of Rule 704(7) of the Catalist Rules.

(b) Mr Tan Lye Huat has been in office for more than nine years. He had at the last annual general meeting held on 23 July 2018 (the "**2018 AGM**") offered himself for re-election as a Director of the Company and was duly re-elected at the 2018 AGM. As at 31 March 2019 (being the end of the latest financial year), Mr Tan was the only independent director who had served beyond nine years. Mr Tan had offered himself for re-election as a Director of the Company at this AGM. The results of annual director performance evaluation revealed that Mr Tan continues to possess personal attributes such as independent thinking and keen observation and has demonstrated the ability to maintain integrity and strong principles. The Board concurred with the Nominating Committee that Mr Tan remains objective in expressing his views and in participating in the deliberation and decision making of the Board and Board committees, notwithstanding his tenure in office. The Nominating Committee and the Board hold the view that a director's independence cannot be determined solely with reference to a set period of time. Therefore, when considering the renewal of the Board, the need for Board continuity should also be taken into account. Using the results of annual director performance evaluation as a basis for decision, the Nominating Committee had conducted a rigorous evaluation on Mr Tan who had served beyond his ninth year term in office. The Board with the concurrence of the Nominating Committee, is satisfied that Mr Tan has remained independent in his judgement and can continue to discharge his duties objectively. Mr Tan recused himself in the evaluation process with regard to his independence.

Mr Tan will, upon re-election as a Director, remain as the Chairman of the Audit and Risk Committee, a member of the Nominating Committee and a member of the Remuneration Committee of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Takahashi Kenichi, a controlling shareholder of the Company, and his associates, have abstained from voting on Mr Tan's re-election at the 2018 AGM and will similarly abstain from voting on Mr Tan's re-election at this AGM. This is to empower shareholders to assess the independence of long-tenured independent directors and to encourage shareholders' active engagement.

(c) The Ordinary Resolution 7 will empower the Directors (from the date of this AGM of the Company until the date of the next AGM of the Company, or the date which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in general meeting, whichever is the earlier), to allot and issue Shares, make or grant instruments convertible into Shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of this Resolution, of which up to 30% may be issued other than on a pro-rata basis to existing shareholders of the Company.

(d) The Ordinary Resolution 8 will empower the Directors (from the date of this AGM of the Company until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier) to offer and grant awards under the Share Plan (which was approved at the extraordinary general meeting of the Company held on 24 July 2013), and to allot and issue shares in the capital of the Company pursuant to the Share Plan provided that the aggregate number of shares to be issued under the Share Plan and other share scheme(s) to be implemented by the Company (if any) does not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

(e) The Ordinary Resolution 9 is to renew the Share Buyback Mandate (which was first approved by shareholders at an extraordinary general meeting on 21 July 2015).

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of Shares. The amount of financing required for the Company to purchase or acquire its Shares and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. The financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 March 2019, based on certain assumptions, are set out in the Appendix to this Annual Report. Please refer to the Appendix to this Annual Report for details.

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the porportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. A proxy need not be a member of the Company.

2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, a member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" means:

(a) a banking corporation licenced under the Banking Act, Cap. 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 420 North Bridge Road, #02-01 North Bridge Centre, Singapore 188727 not less than forty-eight (48) hours before the time for holding the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

BOOKS CLOSURE AND PAYMENT DATE OF 2019 DIVIDEND

Subject to the approval of the shareholders of the Company ("**Shareholders**") to be obtained for the proposed final tax-exempt one-tier dividend of 1.10 Singapore cents per ordinary share ("**2019 Dividend**") for the financial year ended 31 March 2019, the Share Transfer Books and Register of Members of the Company will be closed on 1 August 2019 for the purpose of determining Shareholders' entitlements to the 2019 Dividend.

Duly completed 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 to determine Shareholders' entitlements to the 2019 Dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Shares as at 5.00 p.m. on 31 July 2019 will be entitled to the 2019 Dividend.

Payment of the 2019 Dividend, if approved by Shareholders at the AGM of the Company, will be made on 16 August 2019.

JAPAN FOODS HOLDING LTD.
(UEN 200722314M)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this form)

IMPORTANT
1. A relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the AGM.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Japan Foods Holding Ltd. shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 28 June 2019.

I/We, ____ (Name) ____________________________________ (NRIC/Passport No.)

of ____ (Address)

being a *member/members of **JAPAN FOODS HOLDING LTD.** ("**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf, at the AGM of the Company, to be held at The Imagination Room, Level 5, National Library Building, Singapore 188064 on Wednesday, 24 July 2019 at 3.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM of the Company as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM of the Company and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	Adoption of the Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2019, together with the Independent Auditors' Report thereon.		
2.	Payment of proposed final tax-exempt one-tier dividend of 1.10 Singapore cents per ordinary share for the financial year ended 31 March 2019.		
3.	Approve the payment of S$115,000 as fees to the Directors of the Company for the financial year ended 31 March 2019. (2018: S$114,671)		
4.	Re-election of Mr Wong Hin Sun, Eugene as a Director.		
5.	Re-election of Mr Tan Lye Huat (who has served more than 9 years in office) as a Director.		
6.	Re-appointment of Nexia TS Public Accounting Corporation as independent auditor of the Company.		
	Special Business		
7.	Authority to allot and issue shares in the capital of the Company and/or instruments pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore.		
8.	Authority to grant awards and to issue shares under the Japan Foods Performance Share Plan.		
9.	Renewal of the Share Buyback Mandate.		

Dated this __________ day of_____________, 2019

Total Number of Shares in:	No. of Shares
CDP Register	
Register of Members	

____
Signature of Shareholder(s)/Common Seal of Corporate Shareholder

IMPORTANT
Please read notes oveleaf
**Delete where inapplicable*

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. A proxy need not be a member of the Company.

3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, a member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" means:

   (a) a banking corporation licenced under the Banking Act, Cap. 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM of the Company. Any appointment of proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM of the Company.

Second fold along this line

Affix
Postage
Stamp

Japan Foods Holding Ltd.
420 North Bridge Road
#02-01 North Bridge Centre
Singapore 188727

First fold along this line

5. The instrument appointing a proxy or proxies must be deposited at the Company's place of business at 420 North Bridge Road, #02-01 North Bridge Centre, Singapore 188727, not less than forty-eight (48) hours before the time appointed for the AGM of the Company.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter of power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM of the Company, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM of the Company, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, ***Purposes***), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty

EXPANDING REACH

WIDENING PRESENCE

IN CORPORATED IN
THE REPUBLIC OF SINGAPORE
ON 3 DECEMBER 2007
(UEN: 200722314M)

420 NORTH BRIDGE ROAD
#02-01 NORTH BRIDGE CENTRE
SINGAPORE 188727
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