

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD. (THE “COMPANY”)

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

UNAUDITED FULL-YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH (“FY”) 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated income statements

	<----- Group ----->		
	Financial year ended 31 March		
	2014	2013	
	(S\$'000)	(S\$'000)	Increase / (Decrease) (%)
Revenue	62,758	61,311	2.4
Cost of sales	(11,553)	(12,225)	(5.5)
Gross profit	51,205	49,086	4.3
Other income	1,166	670	74.0
Other gains - net	60	88	(31.8)
Selling and distribution expenses	(39,638)	(37,952)	4.4
Administrative expenses	(2,852)	(2,481)	15.0
Other operating expenses	(1,345)	(1,612)	(16.6)
Finance expenses	-	(5)	N.M. ⁽¹⁾
Profit from operation	8,596	7,794	10.3
Share of profits of associated companies, net of tax	178	100	78.0
Profit before income tax	8,774	7,894	11.1
Income tax expenses	(1,470)	(1,485)	(1.0)
Net profit for the year	7,304	6,409	14.0

Note:

- (1) “N.M.” denotes not meaningful.

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Statement of comprehensive income

	<----- Group ----->		
	Financial year ended 31 March	2013	Increase /
	2014	2013	(Decrease)
	(S\$'000)	(S\$'000)	(%)
Net profit for the year	7,304	6,409	14.0
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains	-	5	N.M ⁽¹⁾
- Reclassification	(13)	-	N.M ⁽¹⁾
Other comprehensive income for the year, net of tax	(13)	5	N.M ⁽¹⁾
Total comprehensive income for the year	7,291	6,414	13.7

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

The profit before income tax of the Company and its subsidiaries (the "Group") is arrived at after charging / (crediting) the following:

	<----- Group ----->		
	Financial year ended 31 March	2013	Increase /
	2014	2013	(Decrease)
	(S\$'000)	(S\$'000)	(%)
Interest income from bank deposits	(37)	(31)	19.4
Royalty and franchise income	(602)	(398)	51.3
Membership card sales	(68)	(78)	(12.8)
Insurance claim	(46)	(21)	119.0
Other income ⁽²⁾	(413)	(142)	190.8
Interest expense	-	5	N.M ⁽¹⁾
Depreciation of plant and equipment	4,184	4,067	2.9
Amortisation of intangible assets	58	40	45.0
Plant and equipment written off	268	579	(53.7)
Inventories written off	9	2	350.0
(Gain)/Loss on disposal of plant and equipment	(2)	8	N.M ⁽¹⁾
Currency translation gains - net	(58)	(96)	(39.6)
Impairment of intangible assets	-	65	N.M ⁽¹⁾

Notes:

- (1) "N.M." denotes not meaningful.
- (2) Other income refers mainly to marketing fees received from certain suppliers and landlords, grant by the Singapore Government under the Enhanced Special Employment Credit Scheme and sales of scrap materials.

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Consolidated statement of financial position

	<----- Group ----->		<----- Company----->	
	As at 31 March 2014 (S\$'000)	As at 31 March 2013 (S\$'000)	As at 31 March 2014 (S\$'000)	As at 31 March 2013 (S\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	19,000	16,730	2,853	818
Trade receivables	718	774	1,622	4,189
Other receivables	11	56	-	-
Inventories	646	862	-	-
Amounts owing from subsidiary companies	-	-	2,792	2,596
Other current assets	2,492	3,186	44	44
Loan to an associated company	248	-	248	-
	23,115	21,608	7,559	7,647
Non-current assets				
Plant and equipment	10,828	9,538	-	-
Investment in subsidiaries	-	-	5,278	5,178
Investment in associated companies	326	116	48	16
Financial assets, held-to-maturity	505	-	-	-
Intangible assets	189	209	-	-
Loan to an associated company	-	248	-	248
Long-term security deposits	3,308	2,020	-	-
Club membership	259	259	259	259
	15,415	12,390	5,585	5,701
Total Assets	38,530	33,998	13,144	13,348
LIABILITIES				
Current liabilities				
Trade payables	1,647	1,783	-	-
Other payables and accruals	5,236	5,293	646	623
Amounts owing to subsidiary companies	-	-	-	941
Current income tax liabilities	1,416	1,238	5	6
	8,299	8,314	651	1,570
Non-current liabilities				
Deferred income tax liabilities	860	653	-	-
	860	653	-	-
Total Liabilities	9,159	8,967	651	1,570
Net Assets	29,371	25,031	12,493	11,778
EQUITY				
Share capital	8,959	8,791	8,959	8,791
Reserves	20,412	16,240	3,534	2,987
Total Equity	29,371	25,031	12,493	11,778

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1(b)(ii) Aggregate amount of group’s borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 March 2014		As at 31 March 2013	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Amount repayable after one year

As at 31 March 2014		As at 31 March 2013	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Details of any collateral

Nil

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- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of cash flows

	<----- Group ----->	
	Financial year ended	
	31 March 2014	31 March 2013
	(S\$'000)	(S\$'000)
Cash flows from operating activities:		
Net profit	7,304	6,409
Adjustments for:		
Income tax expense	1,470	1,485
Depreciation of plant and equipment	4,184	4,067
Amortisation of intangible assets	58	40
Plant and equipment written off	268	579
Inventories written off	9	2
(Gain)/Loss on disposal of plant and equipment	(2)	8
Impairment of intangible assets	-	65
Share of profits of associated companies	(178)	(100)
Award of shares under the Japan Foods Performance Share Plan	190	-
Unrealised currency translation (losses)/gains	(13)	5
Interest expense	-	5
Interest income	(37)	(31)
	13,253	12,534
Changes in working capital:		
Inventories	207	(55)
Trade and other receivables	101	152
Other current assets ⁽¹⁾	(594)	(181)
Trade and other payables	(193)	1,296
Cash generated from operations	12,774	13,746
Interest income received	37	31
Income tax paid	(1,086)	(1,348)
Net cash provided by operating activities	11,725	12,429
Cash flows from investing activities:		
Acquisition of associated companies	(32)	(16)
Additions to plant and equipment	(5,770)	(3,993)
Proceeds from disposal of plant and equipment	30	1
Additions of intangible assets	(38)	(164)
Purchases of financial assets, held-to-maturity	(505)	-
Acquisition of club membership	-	(259)
Loan to an associated company	-	(248)
Net cash used in investing activities	(6,315)	(4,679)
Cash flows from financing activities:		
Share issue expense	(22)	-
Interest paid	-	(5)
Bank deposits pledged	(322)	(85)
Repayment of bank borrowings	-	(307)
Repayment of finance lease liabilities	-	(10)
Dividends paid to equity holders of the Company	(3,119)	(1,846)
Net cash used in financing activities	(3,463)	(2,253)
Net increase in cash and cash equivalents	1,947	5,497
Cash and cash equivalents		
Beginning of financial year	14,820	9,323
Effects of currency translation on cash and cash equivalents ⁽²⁾	-	-
End of financial year ⁽³⁾	16,767	14,820

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Notes:

- (1) This includes the security deposits (both short term and long term) of S\$5.3 million (FY2013: S\$4.6 million) placed with lessors in respect of the Group's leases which are recoverable upon expiry of the lease tenure.
- (2) The effects of currency translation on cash and cash equivalents is nil in FY2014 and less than S\$1,000 in FY2013.
- (3) This excludes bank deposits of S\$2.2 million (FY2013: S\$1.9 million) pledged as security for bank facilities granted by financial institution(s) to the Group.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity

Group	Share capital (S\$'000)	Currency translation reserve (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2013	8,791	13	16,227	25,031
Award of performance shares	190	-	-	190
Share issue expense	(22)	-	-	(22)
Dividends paid	-	-	(3,119)	(3,119)
Total comprehensive income for the year	-	(13)	7,304	7,291
Balance as at 31 March 2014	8,959	-	20,412	29,371
Balance as at 1 April 2012	8,791	8	11,664	20,463
Dividends paid	-	-	(1,846)	(1,846)
Total comprehensive income for the year	-	5	6,409	6,414
Balance as at 31 March 2013	8,791	13	16,227	25,031

Company	Share capital (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2013	8,791	2,987	11,778
Award of performance shares	190	-	190
Share issue expense	(22)	-	(22)
Dividends paid	-	(3,119)	(3,119)
Profit for the year	-	3,666	3,666
Balance as at 31 March 2014	8,959	3,534	12,493
Balance as at 1 April 2012	8,791	1,756	10,547
Dividends paid	-	(1,846)	(1,846)
Profit for the year	-	3,077	3,077
Balance as at 31 March 2013	8,791	2,987	11,778

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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

On 6 August 2013, the Company issued and allotted 240,000 new ordinary shares in the capital of the Company ("**PSP Shares**") under the Japan Foods Performance Share Plan to certain employees of the Group. Following the issuance of the PSP Shares, the total issued share capital of the Company increased from 115,404,000 ordinary shares ("**Shares**") as at 31 March 2013 to 115,644,000 Shares as at 30 September 2013.

On 6 December 2013, the Company issued and allotted 57,822,000 new ordinary shares in the capital of the Company ("**Bonus Shares**") pursuant to a bonus issue of new ordinary shares in the capital of the Company on the basis of one (1) Bonus Share for every two (2) existing Shares in the capital of the Company ("**Bonus Issue**"). Following the issuance of the Bonus Shares, the total issued share capital of the Company increased from 115,644,000 Shares as at 30 September 2013 to 173,466,000 Shares as at 31 March 2014.

As at 31 March 2014 and 31 March 2013, the Company did not have any outstanding options or convertibles.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 March 2014	As at 31 March 2013
Total number of issued shares (excluding treasury shares)	173,466,000	115,404,000

The Company had no treasury shares as at 31 March 2014 and 31 March 2013.

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

Not applicable as the Company does not have any treasury shares.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

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

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

Save as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and methods of computation in the unaudited financial statements for FY2014 compared to its most recently audited annual financial statements for FY2013.

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

In the current financial year, the Group adopted the new/revised Financial Reporting Standards (“**FRS**”) and Interpretations of FRS (“**INT FRS**”) that are effective for annual periods beginning on or after 1 April 2013. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods commencing on or after 1 July 2012)
- FRS 19 (Revised) – Employee Benefits (effective for annual periods commencing on or after 1 January 2013)
- FRS 113 (New) – Fair Value Measurements (effective for annual periods commencing on or after 1 January 2013)

The adoption of the above FRS did not result in any material change to the Group’s accounting policies or result in any significant impact on the Group’s financial statements for FY2014.

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

Earnings per share (“EPS”)

	<----- Group ----->	
	Financial year ended 31 March	
	2014	2013
Earnings attributable to equity holders of the Company (S\$'000)	7,304	6,409
Weighted average number of ordinary shares used in computation of basic EPS ⁽¹⁾	173,340,740	173,106,000
Basic EPS attributable to equity holders of the Company (cents) ⁽²⁾	4.21	3.70
Fully diluted EPS attributable to equity holders of the Company (cents) ⁽³⁾	4.21	3.70

Notes:

- (1) For comparative purposes, the weighted average number of Shares used to compute EPS for FY2013 has been adjusted to take into account the issuance of the 57,822,000 Bonus Shares on 6 December 2013, and assuming that the Bonus Issue had been completed on 1 April 2012.
- (2) Basic EPS is computed by dividing the Group's earnings attributable to the equity holders of the Company in each financial year by the weighted average number of ordinary shares outstanding during the respective financial year.
- (3) Fully diluted EPS are the same as the basic EPS for FY2014 and FY2013 as the Company did not have any outstanding instruments convertible into, rights to subscribe for, and options in respect of, its ordinary shares during the respective financial year.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

(a) **current financial period reported on; and**

(b) **immediately preceding financial year.**

Net asset value (“NAV”)

	<----- Group ----->		<----- Company ----->	
	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
NAV per ordinary share (cents)	16.93	14.46	7.20	6.80
Number of shares used in computation of NAV per share ⁽¹⁾	173,466,000	173,106,000	173,466,000	173,106,000

Note:

- (1) For comparative purposes, the number of Shares used to compute NAV per Share as at 31 March 2013 has been adjusted to take into account the Bonus Issue.

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of income statements of the Group for FY2014 compared to FY2013

Revenue

The Group’s revenue increased by S\$1.4 million or 2.4 %, from S\$61.3 million in FY2013 to S\$62.7 million in FY2014. The net increase in the Group’s revenue was a result of the following:

- (i) *an increase in revenue of S\$4.5 million from restaurants operating under the other brands*

The Group’s restaurants operating under other brands, namely “Menya Musashi”, “Osaka Ohsho”, “Fruit Paradise”, “Udon King” and “Menzo Butao”, recorded an increase in revenue of S\$10.9 million in aggregate in FY2014 as compared to FY2013.

This increase in revenue was however offset by (a) the closure of the restaurants operating under the “Aoba” and “Osaka Town” brands in FY2013; (b) the closure of the “Boteyju Yatai” outlets at Raffles City and Great World City food courts in FY2013 and outlets at Junction 8 and Bugis Junction food courts in FY2014, and (c) the closure of 2 restaurants in August 2012, namely, the “Japanese Gourmet Town” restaurant at IMM Building and the “Kazokutei” restaurant at Causeway Point, which accounted for a decrease of S\$6.4 million in aggregate.

- (ii) *a net decrease in revenue of S\$3.0 million from the restaurants operating under “Ajisen Ramen” brand*

The Group’s revenue from the restaurants operating under “Ajisen Ramen” brand decreased due to (a) net decrease in sales from existing restaurants and (b) the closure of 2 restaurants at Hougang Mall and Changi Airport Terminal 3 upon expiry of lease and landlord’s renovation plans respectively.

- (iii) *a marginal decrease of S\$0.1 million from sales of food ingredients sales*

The Group’s revenue from sales of foods ingredients to its franchisee and sub-franchisees decreased due to closure of 5 restaurants operated by its franchisee and sub-franchisees during FY2014.

As at 31 March 2014, the Group had a total of 43 restaurants in operation, comprising 18 “Ajisen Ramen” restaurants, 5 “Fruit Paradise” restaurants, 3 “Kazokutei” restaurants, 8 “Menya Musashi” restaurants, 4 “Osaka Ohsho” restaurants and 5 restaurants operating under various other brands, namely, “Boteyju”, “Menzo Butao”, “Udon King”, “Yonehachi” and “Japanese Gourmet Town”. As at 31 March 2014, the Group also had 1 outlet located in a food court.

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As at 31 March 2013, the Group had a total of 37 restaurants in operation, comprising 20 “Ajisen Ramen” restaurants, 4 “Fruit Paradise” restaurants, 3 “Kazokutei” restaurants, 4 “Menya Musashi” restaurants and 6 restaurants operating under various other brands, namely, “Osaka Ohsho”, “Botejyu”, “Udon King”, “Aoba”, “Yonehachi” and “Japanese Gourmet Town”. As at 31 March 2013, the Group also had 3 other outlets located in various food courts.

Gross profit

The Group's gross profit increased by S\$2.1 million or 4.3%, from S\$49.1 million in FY2013 to S\$51.2 million in FY2014, in line with the increase in the Group's revenue.

The Group's overall gross profit margin increased from 80.1% in FY2013 to 81.6% in FY2014 primarily due to better control of raw material costs and efficiency in usage of raw materials.

Selling and distribution expenses

In line with the expanded restaurant network, the Group's selling and distribution expenses increased by S\$1.7 million or 4.4%, from S\$37.9 million in FY2013 to S\$39.6 million in FY2014. The increase was also partly due to rising rental rates and increase in manpower costs as a result of tight labour supply.

Administrative expenses

The Group's administrative expenses increased by S\$0.4 million or 15.0%, from S\$2.5 million in FY2013 to S\$2.9 million in FY2014 mainly due to higher manpower costs as a result of additional headcounts to support the Group's expanded restaurant network and the expenses associated with the issuance of the PSP Shares in FY2014.

Other operating expenses

The Group's operating expenses decreased by S\$0.3 million or 16.6%, from S\$1.6 million in FY2013 to S\$1.3 million in FY2014 mainly due to the decrease in the amount of write off of plant and equipment and impairment of intangible assets.

Finance expenses

The Group did not incur any finance expense in FY2014 as it did not have any outstanding bank loans during FY2014.

Share of results of associated companies, net of tax

The Group's share of results of associated companies increased by S\$78,000 or 78.0% in FY2014 due to an increase in the number of restaurants operated by its associated companies in FY2014.

Income tax expenses

Notwithstanding the higher profit before tax in FY2014 compared to FY2013, the income tax expenses of the Group decreased by S\$15,000 or 1.0% in FY2014, mainly due to (a) incentives of enhanced deduction under the Productivity and Innovation Credit Scheme, and (b) tax refund of an overprovision of prior year income tax.

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Net profit

As a result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company increased by S\$0.9 million or 14.0%, from S\$6.4 million in FY2013 to S\$7.3 million in FY2014. The Group's net profit margin also increased to 11.6% in FY2014 from 10.5% in FY2013.

Review of financial position of the Group as at 31 March 2014

Current assets

The Group's total current assets increased by S\$1.5 million, from S\$21.6 million as at 31 March 2013 to S\$23.1 million as at 31 March 2014.

This increase was mainly due to increase in (a) cash and cash equivalents of S\$2.3 million due to cash flows generated from operations less capital expenditure and repayment of borrowings and (b) reclassification of loan to an associated company of S\$0.2 million from non-current assets. The increase was partially offset by a decrease in receivables, inventories and security deposits placed with lessors in respect of the Group's leases of S\$1.0 million in aggregate.

Non-current assets

The Group's total non-current assets increased by S\$3.0 million, from S\$12.4 million as at 31 March 2013 to S\$15.4 million as at 31 March 2014.

The increase was mainly due to increase in (a) the long term security deposits placed with lessors in respect of the Group's lease (which are due after 1 year and recoverable upon expiry of the lease tenure) of S\$1.3 million; (b) the net book value of plant and equipment of S\$1.2 million mainly from additional plant and equipment acquired for new restaurants during FY2014; (c) purchase of financial assets, held-to-maturity of S\$0.5 million; and (d) investment in associated companies of S\$0.2 million. The increase was partially offset by a reclassification of loan to an associated company of S\$0.2 million to current assets.

Current liabilities

The Group's total current liabilities remained relatively unchanged at S\$8.3 million as at 31 March 2014 as compared to that as at 31 March 2013.

Non-current liabilities

The Group's total non-current liabilities increased by S\$0.2 million from S\$0.7 million as at 31 March 2013 to S\$0.9 million as at 31 March 2014, due to the increase in deferred income tax liabilities.

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Shareholders' equity

The Group's shareholders' equity increased by S\$4.4 million, from S\$25.0 million as at 31 March 2013 to S\$29.4 million as at 31 March 2014.

This was mainly as a result of the net profit achieved by the Group of S\$7.3 million in FY2014 and the issuance of the PSP Shares of S\$0.2 million, partially offset by the payment of dividends S\$3.1 million.

Review of cash flow statement for FY2014

The Group's net cash provided by operating activities in FY2014 was S\$11.7 million. This was mainly due to operating profit before working capital changes of S\$13.3 million partially offset by working capital outflows of S\$0.5 million and payment of income tax of S\$1.1 million.

The Group's net cash used in investing activities in FY2014 was S\$6.3 million mainly due to the renovation costs and purchase of equipment for the Group's new and existing restaurants of S\$5.8 million in aggregate and purchase of financial assets, held-to-maturity of S\$0.5 million.

The Group's net cash used in financing activities in FY2014 was S\$3.4 million mainly due to bank deposits pledged of S\$0.3 million and dividend payment of S\$3.1 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There has not been any forecast or prospect statement in relation to the Group's results previously disclosed to shareholders.

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

The Group recorded a better performance in FY2014 as compared to FY2013. Nonetheless, the Group expects the operating environment in the local food and beverage industry to continue to be challenging due to stiff competition, tight labour supply and rising labour and rental costs.

The Group will continue to focus its efforts in controlling its operating costs and improving operational efficiency via the adoption of innovative technology and the practice of good “restaurant portfolio management”, taking into account market demands and individual restaurant's profitability.

The Group's associated companies operate 7 restaurants in Hong Kong and 1 restaurant in Shanghai, People's Republic of China (“PRC”) under the “Menya Musashi” brand as at 31 March 2014. Barring unforeseen circumstances, these associated companies will continue to expand the “Menya Musashi” restaurant network in Hong Kong and PRC.

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

Dividend Payout Ratio

Subject to the Group’s business requirements and other relevant considerations and barring unforeseen circumstances, the board (“**Board**”) of directors of the Company (“**Directors**”) intends to recommend dividends of at least 40% of the Group’s audited consolidated net profits attributable to shareholders per financial year, an increase of 5% from the current target dividend pay-out ratio of 35%. 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 the 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.

11. Dividend

(a) Current Financial Period Reported On

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

Name of dividend	Final	Special
Dividend type	Cash	Cash
Dividend amount per share (in cents)	1.00 cents per ordinary share	0.50 cents per ordinary share
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

An interim dividend of 1.10 cents (tax exempt (one-tier)) per ordinary share was paid on 29 November 2013.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of dividend	Final	Special
Dividend type	Cash	Cash
Dividend amount per share (in cents)	1.00 cents per ordinary share	0.60 cents per ordinary share
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

An interim dividend of 0.90 cents (tax exempt (one-tier)) per ordinary share was paid on 28 November 2012.

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- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

The final dividend (“**Final Dividend**”) and special dividend of (“**Special Dividend**”) of 1.00 cents and 0.50 cents per ordinary share in the capital of the Company respectively will be tax exempt (one-tier).

- (d) **Date payable**

The Final Dividend and the Special Dividend, if approved by the shareholders of the Company at the forthcoming Annual General Meeting of the Company to be held, will be paid on 15 August 2014.

- (e) **Books closure date**

Registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 31 July 2014 will be registered before entitlements to the Final Dividend and the Special Dividend are determined and the Register of Members and the Transfer Books of the Company will be closed on 1 August 2014 for purposes of determining shareholders' entitlement to the Final Dividend and the Special Dividend.

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

Not applicable.

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

The Company had, at its last annual general meeting on 26 July 2013, renewed the approval of its shareholders for the Company and its subsidiaries or any of them to purchase soup base and such other ingredients necessary for the “Ajisen Ramen” business from Shigemitsu Industry Co., Ltd (“**Shigemitsu Industry**”) (the “**IPT Mandate**”). The IPT Mandate is subject to annual renewal and will continue in force until the Company's forthcoming annual general meeting.

Name of Interested Person	Aggregate value of all interested person transactions (including transactions of less than S\$100,000 each) during FY2014 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalyst Rules) (S\$'000)	Aggregate value of all interested person transactions (including transactions of less than S\$100,000 each) conducted during FY2014 under shareholders' mandate pursuant to Rule 920 of the Catalyst Rules (S\$'000)
Royalty, franchise and licence fees paid to Shigemitsu Industry ⁽¹⁾	412 ⁽²⁾	Nil
Purchases of food ingredients from Shigemitsu Industry ⁽¹⁾	Nil	911 ⁽³⁾

Notes:

- (1) Shigemitsu Katsuaki, the Company's Non-executive Director, is the president, chief executive officer and major shareholder of Shigemitsu Industry. Accordingly, transactions between the Group and Shigemitsu Industry are

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interested person transactions within the ambit of Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

- (2) The royalty, franchise and licence fees comprise fees paid for the use of the “Ajisen Ramen” brand amounting to S\$393,000 and the right to use the technique for the production of noodles amounting to S\$19,000.

The royalty, franchise fees and licence fees relating to the “Ajisen Ramen” brand are deemed to have been specifically approved by Shareholders at the time of the Company’s initial public offering in February 2009 and are not subject to Rule 905 and Rule 906 of the Catalist Rules to the extent that there is no variation or amendment to the terms of the relevant franchise agreement.

- (3) This amount relates to the Group’s purchases of soup base and such other ingredients necessary for the “Ajisen Ramen” business (including transactions less than S\$100,000 each) from Shigemitsu Industry pursuant to the IPT Mandate.

14. Negative confirmation pursuant to Rule 705(5)

Not applicable to announcement of full-year results.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Group	Restaurant Sales (S\$'000)	Franchised Operations (S\$'000)	Total (S\$'000)
FY2014			
Revenue	62,553	205	62,758
Segment results	8,241	318	8,559
Share of profits of associated companies			178
Finance income (net)			37
Profit before income tax			8,774
Income tax expense			(1,470)
Profit after tax			7,304
Total assets	37,849	681	38,530
Total liabilities	8,803	356	9,159
Capital expenditure	5,770	38	5,808
Depreciation and amortisation	4,184	58	4,242
Plant and equipment written off	268	-	268
Gain on disposal of plant and equipment	(2)	-	(2)
FY2013			
Revenue	60,980	331	61,311
Segment results	7,660	108	7,768
Share of profits of an associated company			100
Finance expense (net)			26
Profit before income tax			7,894
Income tax expense			(1,485)
Profit after tax			6,409
Total assets	33,263	735	33,998
Total liabilities	8,614	353	8,967
Capital expenditure	4,252	164	4,416
Depreciation and amortisation	4,067	40	4,107
Plant and equipment written off	579	-	579
Loss on disposal of plant and equipment	8	-	8

Geographical segments

Group	Revenue		Assets ----- As at 31 March -----		Capital Expenditure	
	FY2014	FY2013	2014	2013	FY2014	FY2013
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	62,758	61,311	38,530	33,979	5,808	4,416
Malaysia	-	-	-	19	-	-
Total	62,758	61,311	38,530	33,998	5,808	4,416

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

By business segment

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

In FY2014 and in FY2013, the revenue contribution from restaurant operations and from franchised operations had remained relatively stable at 99.7% and 0.3% respectively.

Please refer to paragraph 8 of this announcement for a detailed commentary of the Group's financial performance in FY2014 compared to FY2013.

By geographical segment

All the Group's operations in FY2014 and FY2013 are located in Singapore.

17. A breakdown of sales.

	FY2014 (S\$'000)	FY2013 (S\$'000)
Sales reported for :		
First half ended 30 September	30,955	30,402
Second half ended 31 March	31,803	30,909
Total	62,758	61,311

Net profit for the year reported for :

	FY2014 (S\$'000)	FY2013 (S\$'000)
First half ended 30 September	3,753	2,941
Second half ended 31 March	3,551	3,468
Total	7,304	6,409

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

	Latest Full Year (FY2014) (S\$)	Previous Full Year (FY2013) (S\$)
Total annual ordinary dividend		
Interim (Tax exempt 1-tier)	1,272,084	1,038,636
Final (Tax exempt 1-tier)	1,734,660	1,154,040
Special (Tax-exempt 1-tier)	867,330	692,424
Total	3,874,074	2,885,100

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

Name of relative	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chan Chau Mui	45	Deemed associate of Kenichi Takahashi, the Executive Chairman and Chief Executive Officer of the Company	Head (Operations) of the Company since 2008. Responsible for the overall operations of the Group's restaurants. A director of the following subsidiaries of the Company: (i) Bachmann Enterprises Pte Ltd since 1999; (ii) Bachmann Japanese Restaurant Pte Ltd since 1999, and (iii) Japan Foods Enterprises Pte. Ltd. (formerly known as Ajisen Japanese Restaurant Pte. Ltd.) since 2005.	Nil
Chan Cheong Keong	46	Brother of Chan Chau Mui, the Head (Operations) of the Company and deemed associate of Kenichi Takahashi, the Executive Chairman and Chief Executive Officer of the Company	Central Kitchen Manager at the Company's subsidiary, Bachmann Japanese Restaurant Pte. Ltd. since 2008. Responsible for the operation of the Group's central kitchen facility. A director of Bachmann Japanese Restaurant Sdn. Bhd. since November 2012.	Nil

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BY ORDER OF THE BOARD

TAKAHASHI KENICHI
Executive Chairman and CEO

28 May 2014

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (“Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Corporate Finance, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.