

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

UNAUDITED FULL-YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

Consolidated statement of comprehensive income

	<----- Group ----->			<----- Group ----->		
	Fourth Quarter Ended 31 March			Financial Year Ended 31 March		
	2016	2015	Increase/ (Decrease)	2016	2015	Increase/ (Decrease)
	(S\$'000)	(S\$'000)	(%)	(S\$'000)	(S\$'000)	(%)
Revenue	15,703	14,847	5.8	62,804	62,682	0.2
Cost of sales	(2,449)	(2,396)	2.2	(9,921)	(10,396)	(4.6)
Gross profit	13,254	12,451	6.4	52,883	52,286	1.1
Other income	637	502	26.9	1,331	1,040	28.0
Other gain	-	(2)	100.0	-	37	(100.0)
Selling and distribution expenses	(11,527)	(11,007)	4.7	(44,897)	(44,417)	1.1
Administrative expenses	(734)	(749)	(2.0)	(3,084)	(3,154)	(2.2)
Other operating expenses	(1,114)	(254)	338.6	(2,157)	(1,210)	78.3
Profit from operation	516	941	(45.2)	4,076	4,582	(11.0)
Share of results of associated companies	196	281	(30.2)	587	546	7.5
Profit before income tax	712	1,222	(41.7)	4,663	5,128	(9.1)
Income tax expenses	(247)	234	(205.6)	(888)	(392)	126.5
Total comprehensive income for the period attributable to equity holders of the company	465	1,456	(68.1)	3,775	4,736	(20.3)

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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 ----->			<----- Group ----->		
	Fourth Quarter Ended		Increase / (Decrease) (%)	Financial Year Ended		Increase / (Decrease) (%)
	31 March	31 March		31 March	31 March	
	2016	2015		2016	2015	
	(S\$'000)	(S\$'000)		(S\$'000)	(S\$'000)	
Interest income	(29)	(16)	81.3	(94)	(63)	49.2
Royalty and franchise income	(74)	(93)	(20.4)	(440)	(455)	(3.3)
Membership card sales	(10)	(12)	(16.7)	(45)	(56)	(19.6)
Insurance claims	(3)	(4)	(25.0)	(9)	(9)	-
Other income ⁽¹⁾	(521)	(377)	38.2	(743)	(457)	62.6
Depreciation of plant and equipment	1,372	1,339	2.4	5,248	4,887	7.4
Amortisation of intangible assets	17	13	30.8	60	59	1.7
Plant and equipment written off	4	2	100.0	131	188	(30.3)
(Gain) / Loss on disposal of plant and equipment	(1)	-	N.M. ⁽³⁾	7	1	600.0
Inventories written off	1	-	N.M. ⁽³⁾	2	1	100.0
Impairment of plant and equipment ⁽²⁾	810	-	N.M. ⁽³⁾	810	-	N.M. ⁽³⁾
Currency translation loss/(gain) - net	20	1	1,900.0	34	(38)	N.M. ⁽³⁾

Notes:

- (1) Other income refers mainly to the grant by the Singapore government under the Enhanced Special Employment Credit Scheme, Wage Credit Scheme, sales of scrap materials, marketing subsidy and amortisation of government grants received.
- (2) One-time impairment charge due to store closures.
- (3) “N.M.” denotes not meaningful.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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 31.03.2016 (S\$'000)	As at 31.03.2015 (S\$'000)	As at 31.03.2016 (S\$'000)	As at 31.03.2015 (S\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	16,854	15,913	1,417	1,085
Trade receivables	658	590	-	-
Other receivables	209	1	174	-
Inventories	643	636	-	-
Amounts owing by subsidiary corporations	-	-	5,284	7,062
Other current assets	2,809	1,942	43	40
	21,173	19,082	6,918	8,187
Non-current assets				
Property, plant and equipment	11,805	13,204	24	-
Investment in subsidiaries	-	-	5,727	5,278
Investment in associates	1,285	872	48	48
Loan to an associated company	248	248	248	248
Financial assets, held-to-maturity	504	505	-	-
Intangible assets	233	193	-	-
Club membership	322	259	322	259
Long term security deposits	3,281	3,836	-	-
	17,678	19,117	6,369	5,833
Total Assets	38,851	38,199	13,287	14,020
LIABILITIES				
Current liabilities				
Trade payables	1,268	1,604	-	-
Other payables and accruals	4,962	4,834	540	504
Amounts owing to subsidiary corporations	-	-	-	-
Current income tax liabilities	908	326	3	4
	7,138	6,764	543	508
Non-current liabilities				
Deferred income tax liabilities	860	860	-	-
	860	860	-	-
Total Liabilities	7,998	7,624	543	508
Net Assets	30,853	30,575	12,744	13,512
EQUITY				
Share capital	9,522	9,307	9,522	9,307
Treasury shares	(194)	-	(194)	-
Retained earnings	21,525	21,268	3,416	4,205
Total Equity	30,853	30,575	12,744	13,512

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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 2016		As at 31 March 2015	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Amount repayable after one year

As at 31 March 2016		As at 31 March 2015	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Details of any collateral

Nil

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

- 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 -----> Fourth Quarter ended 31 March		<----- Group -----> Financial Year Ended 31 March	
	2016 (S\$'000)	2015 (S\$'000)	2016 (S\$'000)	2015 (S\$'000)
Cash flows from operating activities				
Net profit	465	1,456	3,775	4,736
Adjustments for:				
Income tax expenses/(credit)	247	(234)	888	392
Depreciation of plant and equipment	1,372	1,339	5,248	4,887
Amortisation of intangible assets	17	13	60	59
Plant and equipment written off	4	2	131	188
Disposal of plant and equipment	(1)	-	7	1
Inventories written off	1	-	2	-
Impairment of plant and equipment	810	-	810	-
Share of results of an associated company	(196)	(281)	(587)	(546)
Interest income	(29)	(16)	(94)	(63)
Amortisation of government grants	(15)	(27)	(113)	(27)
Employee Performance Shares expenses	-	-	215	348
Operating profit before working capital changes	2,675	2,252	10,342	9,975
Changes in working capital:				
Inventories	(41)	(34)	(7)	10
Trade and other receivables	353	445	(102)	165
Other current assets and security deposits ⁽¹⁾	456	217	(312)	22
Trade and other payables	(144)	(338)	(95)	(445)
Cash generated from operations	3,299	2,542	9,826	9,727
Interest income received	35	16	94	63
Income tax paid	(1)	(260)	(306)	(1,482)
Net cash provided by operating activities	3,333	2,298	9,614	8,308
Cash flows from investing activities:				
Purchase of club membership	-	-	(63)	-
Additions to plant and equipment	(2,594)	(1,479)	(4,797)	(7,456)
Additions to intangible assets	(17)	-	(100)	(63)
Proceeds from disposal of plant and equipment	-	4	-	4
Net cash used in investing activities	(2,611)	(1,475)	(4,960)	(7,515)

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

	<----- Group ----->		<----- Group ----->	
	Fourth Quarter ended 31 March		Financial Year Ended 31 March	
	2016	2015	2016	2015
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Cash flows from financing activities:				
(Decrease)/Increase in short-term bank deposits pledged	(1)	(2)	(65)	509
Purchase of treasury shares	(194)	-	(194)	-
Dividend paid	-	-	(3,518)	(3,880)
Net cash used in financing activities	(195)	(2)	(3,777)	(3,371)
Net increase/(decrease) in cash and cash equivalents	527	821	877	(2,578)
Cash and cash equivalents at beginning of financial period	14,540	13,369	14,190	16,768
Cash and cash equivalents at end of financial period ⁽²⁾	15,067	14,190	15,067	14,190

Notes:

- (1) This change in working capital relating to other current assets and security deposits takes into account the security deposits (both short term and long term) amounting to approximately S\$4.9 million as at 31 March 2016 (S\$4.7 million as at 31 March 2015) placed with lessors in respect of the Group's leases which are recoverable upon expiry of the lease tenure.
- (2) This excludes bank deposits of S\$1.8 million as at 31 March 2016 (S\$1.7 million as at 31 March 2015) pledged as security for bank facilities granted by financial institution(s) to the Group.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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

Statement of changes in equity

Group	Share capital (S\$'000)	Treasury shares (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2015	9,307	-	21,268	30,575
Award of performance shares	215	-	-	215
Dividend paid	-	-	(3,518)	(3,518)
Total comprehensive income for the period	-	-	3,310	3,310
Balance as at 31 December 2015	9,522	-	21,060	30,582
Dividend paid	-	-	-	-
Purchase of treasury shares	-	(194)	-	(194)
Total comprehensive income for the period	-	-	465	465
Balance as at 31 March 2016	9,522	(194)	21,525	30,853
Balance as at 1 April 2014	8,959	-	20,412	29,371
Award of performance shares	348	-	-	348
Dividend paid	-	-	(3,880)	(3,880)
Total comprehensive income for the period	-	-	3,280	3,280
Balance as at 31 December 2014	9,307	-	19,812	29,119
Dividend paid	-	-	-	-
Total comprehensive income for the period	-	-	1,456	1,456
Balance as at 31 March 2015	9,307	-	21,268	30,575

Company	Share capital (S\$'000)	Treasury shares (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2015	9,307	-	4,205	13,512
Award of performance shares	215	-	-	215
Dividend paid	-	-	(3,518)	(3,518)
Total comprehensive income for the period	-	-	3	3
Balance as at 31 December 2015	9,522	-	690	10,212
Dividend paid	-	-	-	-
Purchase of treasury shares	-	(194)	-	(194)
Total comprehensive income for the period	-	-	2,726	2,726
Balance as at 31 March 2016	9,522	(194)	3,416	12,744
Balance as at 1 April 2014	8,959	-	3,534	12,493
Award of performance shares	348	-	-	348
Dividend paid	-	-	(3,880)	(3,880)
Total comprehensive income for the period	-	-	1,253	1,253
Balance as at 31 December 2014	9,307	-	907	10,214
Dividend paid	-	-	-	-
Total comprehensive income for the period	-	-	3,298	3,298
Balance as at 31 March 2015	9,307	-	4,205	13,512

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

- 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.**

As at 31 March 2016, the Company held 500,000 treasury shares and the total number of ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares) was 173,936,000 Shares. As at 31 March 2015, the Company did not have any treasury shares and the total number of issued Shares was 174,006,000 Shares.

A. Performance Share Plan

On 6 August 2015, the Company issued and allotted 430,000 new Shares ("**PSP Shares**") under the Japan Foods Performance Share Scheme to certain employees of the Group. Following the issuance of the PSP Shares, the total issued share capital of the Company increased from 174,006,000 Shares to 174,436,000 Shares.

B. Share Buy-Backs

At an extraordinary general meeting held on 21 July 2015, the Company's shareholders approved a share buy-back mandate which authorises the Company's directors to purchase or otherwise acquire Shares. Pursuant to the share buy-back mandate, the Company acquired in aggregate 500,000 Shares by way of open-market purchases for a total consideration of S\$194,000 during the last quarter of the financial year ended 31 March 2016. Following the share buy-backs, the total issued share capital of the Company (excluding treasury shares) decreased from 174,436,000 Shares to 173,936,000 Shares.

As at 31 March 2016 and 31 March 2015, 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 2016	As at 31 March 2015
Total number of issued Shares	174,436,000	174,006,000
Less: Treasury shares	(500,000)	-
Total number of issued Shares, excluding treasury shares	173,936,000	174,006,000

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

- 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.**

	Financial year ended 31 March 2016	Financial year ended 31 March 2015
Treasury shares:		
Balance at beginning of financial year	-	-
Share buy-backs	500,000	-
Balance at end of financial year	500,000	-

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

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

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

Not applicable.

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

Saved as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and methods of computation in its unaudited consolidated financial statements for the financial year ended 31 March 2016 ("**FY2016**") compared to its most recently audited consolidated financial statements for the financial year ended 31 March 2015 ("**FY2015**").

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

The Group has adopted all the new and revised Financial Reporting Standards ("**FRS**") that are effective on or after beginning on or after 1 April 2015 and that are relevant to its operations. The adoption of the above amended FRS did not result in any substantive changes to the Group's accounting policies or any significant impact on the Group's financial statements for FY2016.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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 ----->		<----- Group ----->	
	Fourth Quarter Ended		Financial Year Ended	
	31 March		31 March	
	2016	2015	2016	2015
Earnings attributable to equity holders of the Company (\$'000)	465	1,456	3,775	4,736
Weighted average number of Shares used in computation of basic EPS	174,000,382	174,006,000	174,241,277	173,781,123
Basic EPS attributable to equity holders of the Company (cents) ⁽¹⁾	0.27	0.84	2.17	2.73
Fully diluted EPS attributable to equity holders of the Company (cents) ⁽²⁾	0.27	0.84	2.17	2.73

Notes:

- (1) Basic EPS is computed by dividing the Group's earnings attributable to the equity holders of the Company in each financial period by the weighted average number of Shares outstanding during the respective financial period.
- (2) Fully diluted EPS are the same as the basic EPS for the financial periods presented in the table above as the Company did not have any outstanding instruments convertible into rights to subscribe for, and options in respect of its Shares during these financial periods.

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

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

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

Net asset value ("NAV")

	<----- Group ----->		<----- Company ----->	
	As at	As at	As at	As at
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
NAV per Share (cents)	17.74	17.57	7.33	7.76
Number of Shares used in computing NAV per Share	173,936,000	174,006,000	173,936,000	174,006,000

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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

As at 31 March 2016, the Group had a total of 47 restaurants in operation comprising 15 "Ajisen Ramen" restaurants, 2 "Keika Ramen" restaurants, 5 "Fruit Paradise" restaurants, 8 "Menya Musashi" restaurants, 3 "Kazokutei" restaurants, 6 "Osaka Ohsho" restaurants, 2 "New ManLee Bak Kut Teh" restaurants and 6 restaurants operating under various other brands (namely "Botejyu", "Hanamidori", "Ginza Kushi-Katsu", "Menzo Butao", "Japanese Gourmet Town" and "Yonehachi" brands). As at 31 March 2016, the Group also had 1 "Ajisen Ramen" outlet located in Marina Bay Sands Shoppes Premium Food Precinct.

In comparison, as at 31 March 2015, the Group had a total of 45 restaurants in operation comprising 17 "Ajisen Ramen" restaurants, 5 "Fruit Paradise" restaurants, 9 "Menya Musashi" restaurants, 2 "Kazokutei" restaurants, 7 "Osaka Ohsho" restaurants and 5 restaurants operating under various other brands (namely "Botejyu", "Menzo Butao", "Japanese Gourmet Town", "Keika Ramen" and "Yonehachi" brands). As at 31 March 2015, the Group had 1 "Ajisen Ramen" outlet located in Marina Bay Sands Shoppes Premium Food Precinct.

Review of income statements of the Group for 4Q2016 compared to 4Q2015

Revenue

The Group's revenue increased by S\$0.9 million or 5.8%, from S\$14.8 million in the fourth quarter from 1 January 2015 to 31 March 2015 ("**4Q2015**") to S\$15.7 million in the fourth quarter from 1 January 2016 to 31 March 2016 ("**4Q2016**"). The increase in the Group's revenue was a result of the following:

- (i) *net decrease in revenue of S\$0.7 million from the restaurants operating under the "Ajisen Ramen" and "Keika Ramen" brand*

The Group's revenue from restaurants operating under the "Ajisen Ramen" brand and "Keika Ramen" brand decreased from S\$6.7 million in 4Q2015 to S\$6.0 million in 4Q2016, mainly attributable to: (i) the closure of two (2) restaurants at Compass Point and Tiong Bahru Plaza in September 2015 and December 2015 respectively due to mall renovation works; and (ii) conversion of a restaurant at Clementi Mall from "Ajisen Ramen" brand to "New ManLee Bak Kut Teh" brand in December 2015.

This decrease in revenue was partially offset by: (i) revenue contribution from a restaurant at Bukit Panjang Plaza following the conversion from "Osaka Ohsho" brand to "Ajisen Ramen" brand in October 2015; and (ii) revenue from the opening of "Keika Ramen" restaurant at Hougang Mall and White Sands in February 2015 and November 2015 respectively.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

- (ii) *net increase in revenue of S\$0.5 million from the restaurants operating under the “Menya Musashi” brand*

The Group’s revenue from restaurants operating under the “Menya Musashi” brand increased from S\$2.8 million in 4Q2015 to S\$3.3 million in 4Q2016, mainly attributable to the increase in sales from the existing restaurants and the opening of a new outlet at Punggol Waterway Point in January 2016. The increase was partially offset by closure of a restaurant at ION Orchard in August 2015.

- (iii) *net increase in revenue of S\$1.1 million from the restaurants operating under other brands*

The Group’s restaurants operating under other brands (namely “Hanamidori”, “Ginza Kushi-Katsu”, “Kazokutei”, “New ManLee Bak Kut Teh”, “Yonehachi”, “Japanese Gourmet Town”, “Fruit Paradise”, “Menzo Butao” and “Boteyju”) recorded an increase in revenue from S\$3.0 million in 4Q2015 to S\$4.1 million in 4Q2016.

Gross profit

The Group’s gross profit increased by S\$0.8 million or 6.4% from S\$12.5 million in 4Q2015 to S\$13.3 million in 4Q2016, generally in line with the increase in the Group’s revenue. The gross profit margin in 4Q2016 was 84.4% compared to 83.8% in 4Q2015.

Selling and distribution expenses

The Group’s selling and distribution expenses increased by S\$0.5 million or 4.7% from S\$11.0 million in 4Q2015 to S\$11.5 million in 4Q2016 due to increases in manpower costs, rental, utilities and other costs in line with the expanded restaurant network and higher sales achieved in 4Q2016.

Administrative expenses

The Group’s administrative expenses remained at S\$0.7 million in 4Q2016, comparable to that in 4Q2015.

Other operating expenses

The Group’s other operating expenses increased by S\$0.9 million or 338.6% from S\$0.2 million in 4Q2015 to S\$1.1 million in 4Q2016 mainly due to (i) the increase in royalty fees as a result of more franchised brands; and (ii) a one-time impairment charge on plant and equipment of approximately S\$0.8 million relating to store closures.

Share of results of associated companies

The Group’s share of results of its associated companies decreased by S\$85,000 or 30.2% from S\$281,000 in 4Q2015 to S\$196,000 in 4Q2016 due to the closure of two (2) outlets in Hong Kong upon expiry of lease in 4Q2016.

Income tax expenses

The Group’s income tax expenses increased by S\$0.5 million due to: (i) lower incentives of enhanced deduction under the Productivity and Innovation Credit scheme; and (ii) higher non-tax deductible expenses such as impairment charge on plant and equipment.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

Net profit

As a result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company decreased by S\$1.0 million or 68.1% from S\$1.5 million in 4Q2015 to S\$0.5 million in 4Q2016.

Review of income statements of the Group for FY2016 compared to FY2015

Revenue

The Group's revenue increased marginally by S\$0.1 million or 0.2% from S\$62.7 million FY2015 to S\$62.8 million in FY2016. The increase in the Group's revenue was a result of the following:

- (i) *net decrease in revenue of S\$1.5 million from the restaurants operating under the "Ajisen Ramen" and "Keika Ramen" brand*

The Group's revenue from restaurants operating under the "Ajisen Ramen" and "Keika Ramen" brand decreased from S\$28.4 million in FY2015 to S\$26.9 million in FY2016, mainly attributable to: (i) the closure of two (2) restaurants at Compass Point and Tiong Bahru Plaza in September 2015 and December 2015 respectively due to mall renovation works; (ii) the closure of two (2) restaurants at Parkway Parade and Jurong Point Shopping Centre in April 2014 and November 2014 respectively due to expiry of leases; (iii) conversion of a restaurant at Clementi Mall from "Ajisen Ramen" brand to "New ManLee Bak Kut Teh" brand in December 2015; and (iv) lower net sales generated from some existing restaurants.

This decrease in revenue was partially offset by: (i) revenue contribution from a restaurant at Bukit Panjang Plaza following the conversion from "Osaka Ohsho" brand to "Ajisen Ramen" brand in October 2015; and (ii) revenue from the opening of "Keika Ramen" restaurant at Hougang Mall and White Sands in February 2015 and November 2015 respectively.

- (ii) *net increase in revenue of S\$0.2 million from the restaurants operating under "Osaka Ohsho" brand*

The Group's revenue from restaurants operating under the "Osaka Ohsho" brand increased from S\$8.4 million in FY2015 to S\$8.6 million in FY2016, mainly attributable to the revenue contributed by the new restaurants at Bugis Junction, AMK Hub and East Point Mall which commenced operations in May 2014, September 2014 and December 2014 respectively. This increase was however partially offset by the conversion of a restaurant at Bukit Panjang Plaza from "Osaka Osho" to "Ajisen Ramen" brand in October 2015.

- (iii) *net increase in revenue of S\$1.4 million from the restaurants operating under other brands*

The Group's restaurants operating under other brands, namely "Hanamidori", "Kazokutei", "New ManLee Bak Kut Teh", "Japanese Gourmet Town", "Yonehachi", "Fruit Paradise", "Menzo Butao" and "Boteyju" recorded an increase in revenue from S\$13.4 million in FY2015 to S\$14.8 million in FY2016. This was mainly due to new restaurants operating under the "Hanamidori", "Keika Ramen", "Kazokutei" and "New ManLee Bak Kut Teh" brands as well as an increase in revenue from existing restaurants operating under the "Japanese Gourmet Town" and "Boteyju" brands which together accounted for an increase of S\$2.8 million in aggregate.

This increase in revenue was however partially offset by a decrease in revenue of S\$1.4 million due to: (i) lower sales recorded by restaurants operating under the "Fruit Paradise" and "Menzo Butao" brands; (ii) the closure of "Udon King" restaurant at AMK Hub in September 2014; and (iii) the closure of "Fruit Paradise" restaurant at Raffles City in August 2015.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

(iv) *a marginal decrease of S\$67,000 from sales of food ingredients*

The Group's revenue from sales of foods ingredients decreased due to lower demand from its sub-franchisees.

Gross profit

The Group's gross profit increased by S\$0.6 million or 1.1% from S\$52.3 million in FY2015 to S\$52.9 million in FY2016, due to improved gross profit margin mainly arising from efficient use of raw materials and cost saving from self-produced noodles and bulk purchase discount. The gross profit margin in FY2016 was 84.2% compared to 83.4% in FY2015.

Selling and distribution expenses

The Group's selling and distribution expenses increased by S\$0.5 million or 1.1% from S\$44.4 million in FY2015 to S\$44.9 million in FY2016 due to increases in depreciation costs, rental and other costs in line with expanded restaurant network in FY2016.

Administrative expenses

The Group's administrative expenses remained approximately the same in FY2016 as compared to FY2015.

Other operating expenses

The Group's other operating expenses increased by S\$0.9 million or 78.3% from S\$1.2 million in FY2015 to S\$2.1 million in FY2016 mainly due: (i) the increase in royalty fees as a result of more franchised brands; and (ii) a one-time impairment charge on plant and equipment of approximately S\$0.8 million relating to store closures.

Share of results of associated companies

The Group's share of results of its associated companies increased by S\$41,000, or 7.5%, from S\$546,000 in FY2015 to S\$587,000 in FY2016.

Income tax expenses

The Group's income tax expenses increased by S\$0.5 million due to: (i) lower incentives of enhanced deduction under the Productivity and Innovation Credit scheme; and (ii) higher non-tax deductible expenses such as impairment charge on plant and equipment.

Net profit

As a result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company decreased by S\$0.9 million or 20.3% from S\$4.7 million in FY2015 to S\$3.8 million in FY2016.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

Review of financial position of the Group as at 31 March 2016

Current assets

The Group's total current assets increased by S\$2.1 million, from S\$19.1 million as at 31 March 2015 to S\$21.2 million as at 31 March 2016.

This was mainly a result of an increase in: (i) cash and cash equivalent of S\$0.9 million; (ii) rental deposit and prepayment of S\$0.9 million; (iii) trade receivables of S\$0.1 million; and (iv) dividends receivable from associated company of S\$0.2 million.

Non-current assets

The Group's total non-current assets decreased by S\$1.4 million, from S\$19.1 million as at 31 March 2015 to S\$17.7 million as at 31 March 2016.

This was due to: (i) a decrease in plant and equipment arising from impairment charge of S\$0.8 million and a decrease in net book value of S\$0.6 million; and (ii) a decrease in long term security deposit of S\$0.5 million. These decreases were partially offset by: (i) an increase in club membership of S\$0.1 million; (ii) increase in investment in associated companies of S\$0.4million arising from the share of associated companies profit net of dividend receivable.

Current liabilities

The Group's total current liabilities increased by S\$0.3 million, from S\$6.8 million as at 31 March 2015 to S\$7.1 million as at 31 March 2016 due to higher current income tax provision of S\$0.6 million and partially offset by a decrease in trade and other payables of S\$0.3 million.

Non-current liabilities

The Group's total non-current liabilities remained unchanged at S\$0.9 million as at 31 March 2016.

Shareholders' equity

The Group's shareholders' equity increased by S\$0.3 million from S\$30.6 as at 31 Mar 2015 to S\$30.9 million as at 31 March 2016 arising from (i) profit after tax of S\$3.8 million; (ii) issue of new PSP shares of S\$0.2 million and partially offset by: (i) dividend payment of S\$3.5 million; and (ii) share buy-back of S\$0.2 million.

Review of cash flow statement for FY2016

The Group's net cash generated from operating activities in FY2016 was S\$9.6 million. This was mainly due to operating profit before working capital changes of S\$10.3 million, partially offset by working capital outflows of S\$0.5 million and payment of income tax of S\$0.3 million.

The Group's net cash used in investing activities in FY2016 was S\$5.0 million mainly due to renovation cost and purchase of equipment for the Group's new restaurants and additions of intangible assets.

The Group's net cash used in financing activities in FY2016 was S\$3.8 million mainly due to dividend payment of S\$3.5 million, fixed deposit pledged with banks for issuance of banker's guarantees in lieu of rental deposit of S\$0.1 million and .purchase of treasury shares of S\$0.2 million.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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 for FY2016 previously disclosed to shareholders.

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

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

The Group will continue to focus its efforts in controlling raw material costs, improving operational efficiency via streamlining of work processes and technology and practising good restaurant portfolio management taking into account market demand and individual outlet's profitability.

The Group's first non-Japanese concept "New ManLee Bak Kut Teh", which was launched on 4 December 2015, received very encouraging response. As at the date of this announcement, the Group has 3 "New ManLee Bak Kut Teh" restaurants operating in Singapore. Subject to availability of good locations and other relevant business considerations, the Group plans to increase the number of restaurants operating under the "New ManLee Bak Kut Teh" brand in Singapore.

As at 31 March 2016, the Group's associated companies operate 8 restaurants in Hong Kong and 5 restaurants in the People's Republic of China ("PRC") under the "Menya Musashi" brand. During 4Q2016, the Group's associated companies ceased operation of 2 restaurants in Hong Kong upon expiry of their leases. The Group expects the restaurant network of its associated companies to continue to expand in Hong Kong and the PRC.

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

11. Dividend

(a) Current Financial Period Reported On

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

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (in cents)	1.25 cents per ordinary share
Tax rate	Tax exempt (one-tier)

An interim dividend of 0.75 cents (tax exempt (one-tier)) per Share was paid on 9 December 2015.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (in cents)	1.27 cents per ordinary share
Tax rate	Tax exempt (one-tier)

An interim dividend of 0.73 cents (tax exempt (one-tier)) per Share was paid on 28 November 2014.

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

The proposed final dividend ("Final Dividend") of 1.25 cents per Share will be tax exempt (one-tier).

(d) Date payable

The Final Dividend, if approved by the shareholders of the Company at the forthcoming Annual General Meeting of the Company to be held, will be paid on 15 August 2016.

(e) Books closure date

Registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 28 July 2016 will be registered before entitlements to the Final Dividend are determined and the Register of Members and the Transfer Books of the Company will be closed on 29 July 2016 for purposes of determining shareholders' entitlement to the Final Dividend.

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

Not applicable.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

13. Interested person transactions

The Company had, at its last annual general meeting on 21 July 2015, obtained the approval of its shareholders for the renewal of the general mandate in respect of purchases of soup base and such other ingredients necessary for the “Ajisen Ramen” business by the Group from Shigemitsu Industry Co., Ltd (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 FY2016 (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 FY2016 under shareholders’ mandate pursuant to Rule 920 of the Catalyst Rules (S\$’000)
Royalty fees paid to Shigemitsu Industry Co., Ltd. ⁽¹⁾	406 ⁽²⁾	-
Purchases of food ingredients from Shigemitsu Industry Co., Ltd. ⁽¹⁾	26 ⁽³⁾	719 ⁽⁴⁾

Notes:

- (1) Shigemitsu Katsuaki, the Company’s Non-executive Director, is the president, chief executive officer and major shareholder of Shigemitsu Industry. Accordingly, transactions between the Group and Shigemitsu Industry are interested person transactions within the ambit of Chapter 9 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).
- (2) The royalty, franchise and licence fees paid to Shigemitsu Industry in FY2016 comprise: (i) fees paid for the use of the “Ajisen Ramen” brand amounting to S\$341,000 (such fees relating to the “Ajisen Ramen” brand are deemed to have been specifically approved by shareholders at the time of the Company’s initial public offering in February 2009 and are not subject to Rule 905 and Rule 906 of the Catalyst Rules to the extent that there is no variation or amendment to the terms of the relevant franchise agreement); (ii) fees paid relating to the “Keika Ramen” brand amounting to S\$47,000; and (iii) the right to use the technique for the production of noodles amounting to S\$18,000.
- (3) This amount relates to the Group’s purchases of soup base for the “Keika Ramen” business from Keika Ramen Co., Ltd (a subsidiary of Shigemitsu Industry).
- (4) This amount relates to the Group’s purchases of soup base and such other ingredients necessary for the “Ajisen Ramen” business (including transactions of 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.

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

The Company confirms that it has already procured signed undertakings from all of its Directors and relevant executive officers in the format as set out in Appendix 7H of the Catalyst Rules in accordance with Rule 720(1) of the Catalyst Rules, such format as revised by the SGX-ST on 21 January 2016.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Group	Restaurant Sales (S\$'000)	Franchised Operations (S\$'000)	Total (S\$'000)
FY2016			
Revenue	62,697	107	62,804
Segment results	3,726	256	3,982
Share of profits of associated companies			587
Finance income (net)			94
Profit before income tax			4,663
Income tax expense			(888)
Profit after tax			3,775
Total assets	37,386	1,425	38,851
Total liabilities	7,487	511	7,998
Capital expenditure	4,860	100	4,960
Depreciation and amortisation	5,248	60	5,308
Impairment of plant and equipment	810	-	810
Plant and equipment written off	131	-	131
Loss on disposal of plant and equipment	7	-	7
FY2015			
Revenue	62,509	173	62,682
Segment results	4,221	298	4,519
Share of profits of an associated company			546
Finance income (net)			63
Profit before income tax			5,128
Income tax expense			(392)
Profit after tax			4,736
Total assets	37,207	992	38,199
Total liabilities	7,226	398	7,624
Capital expenditure	7,456	63	7,519
Depreciation and amortisation	4,887	59	4,946
Plant and equipment written off	188	-	188
Loss on disposal of plant and equipment	1	-	1

Geographical segments

Group	Revenue		Assets ----- As at 31 March -----		Capital Expenditure	
	FY2016 S\$'000	FY2015 S\$'000	2016 S\$'000	2015 S\$'000	FY2016 S\$'000	FY2015 S\$'000
Singapore	62,804	62,682	38,851	38,199	4,960	7,519

All the Group's operations in FY2016 and FY2015 are located in Singapore.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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

By business segment

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

In FY2016 and in FY2015, the revenue contribution from restaurant operations and from franchised operations had remained relatively stable at approximately 99.8% and 0.2% respectively.

Please refer to Paragraph 8 of this announcement for a detailed commentary of the Group's financial performance in FY2016 compared to FY2015.

By geographical segment

All the Group's operations in FY2016 and FY2015 are located in Singapore.

18. **A breakdown of sales.**

	FY2016 (S\$'000)	FY2015 (S\$'000)
Sales reported for :		
First half ended 30 September	31,712	31,199
Second half ended 31 March	31,092	31,483
Total	62,804	62,682
Net profit for the year reported for :		
First half ended 30 September	2,398	1,801
Second half ended 31 March	1,377	2,935
Total	3,775	4,736

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

	Latest Full Year (FY2016) (S\$)	Previous Full Year (FY2015) (S\$)
Total annual ordinary dividend		
Interim (Tax exempt 1-tier)	1,308,270	1,270,244
Final (Tax exempt 1-tier)	2,174,200	2,209,876
Total	3,482,470	3,480,120

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

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

Name of relative	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chan Chau Mui	47	Deemed associate of Kenichi Takahashi, the Executive Chairman and Chief Executive Officer of the Company	<p>Ms Chan was appointed as Chief Operating Officer on 28 April 2015 (previously Head (Operations) of the Company since 2008). She is in charge of the overall daily operation of the Group and is responsible for the successful execution of business strategies.</p> <p>Ms Chan is also a director of the following subsidiaries of the Company:</p> <ul style="list-style-type: none"> (i) Bachmann Enterprises Pte Ltd since 1999; (ii) Bachmann Japanese Restaurant Pte Ltd since 1999, and (iii) Japan Foods Enterprises Pte. Ltd. (formerly known as Ajisen Japanese Restaurant Pte. Ltd.) since 2005. 	Ms Chan was previously Head (Operations) and was appointed as Chief Operating Officer with effect from 28 April 2015. Please also refer to the Company's announcement dated 28 April 2015 for further details
Chan Cheong Keong	48	Brother of Chan Chau Mui, the Chief Operating Officer of the Company and deemed associate of Kenichi Takahashi, the Executive Chairman and Chief Executive Officer of the Company	<p>Mr Chan has been the Central Kitchen Manager at the Company's subsidiary, Bachmann Japanese Restaurant Pte. Ltd. since 2008. He is responsible for the operation of the Group's central kitchen facility.</p> <p>Mr Chan was also previously a director of Bachmann Japanese Restaurant Sdn. Bhd. which had been placed into voluntary liquidation in September 2014.</p>	Nil

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

BY ORDER OF THE BOARD

TAKAHASHI KENICHI
Executive Chairman and CEO

30 May 2016

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") for compliance with the Catalist Rules. 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, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.