



STABLE
PROGRESSION

SOLID
PERFORMANCE

ANNUAL REPORT 2018
JAPAN FOODS HOLDING LTD.

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This annual report 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 Catalyst. The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 1997 and listed on the Catalist Board of the SGX-ST in February 2009, Japan Foods Holding Ltd. (“Japan Foods” and together with its subsidiaries, the “Group”) is one of the leading F&B groups in Singapore specialising in quality and authentic Japanese cuisine.

In Singapore, the Group operates a chain of more than 40 restaurants serving authentic Japanese fare under various franchise brands as well as self-developed brands. The Group’s franchise restaurant brands include its flagship “Ajisen Ramen” brand as well as the “Menya Musashi” and “Osaka Ohsho” brands. In 2015, Japan Foods made its first foray into non-Japanese cuisine with the launch of “New ManLee Bak Kut Teh”, a brand franchised from Malaysia. Besides franchise brands, the Group has also developed its own brands including “Aji-Tei”, “Fruit Paradise”, “Japanese Gourmet Town”, “Dutch Baby Cafe”, “Ginza Kushi-Katsu”, and most recently “Curry is Drink”.

Japan Foods’ network extends beyond Singapore to include “Ajisen Ramen” restaurants in Malaysia and Vietnam operated by sub-franchisees and “Menya Musashi” restaurants in China, Hong Kong and Indonesia operated by associated companies. The Group has its own production facility located at its central kitchen in Kampong Ampat, Singapore.

6 SELF-DEVELOPED BRANDS

1. DUTCH BABY CAFE	2. FRUIT PARADISE
3. GINZA KUSHI-KATSU	4. JAPANESE GOURMET TOWN
5. AJI TEI	6. CURRY IS DRINK

9 FRANCHISED BRANDS

1. AJISEN RAMEN	2. AKIMITSU
3. KAZOKUTEI	4. MENYA MUSASHI
5. MENZO BUTAO	6. NEW MANLEE BAK KUT TEH
7. OSAKA OHSHO	8. YONEHACHI
9. KONJIKI HOTOTOGISU	



AT A GLANCE

OUR NETWORK

(AS AT 31 MARCH 2018)

50

Restaurants
in Singapore

1

Central Kitchen at
Kampong Ampat,
Singapore

3

Outlets in Malaysia
and Vietnam through
Sub-Franchisees

18

Outlets in China and
Hong Kong through
Associated Companies

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 and quality control

Via central kitchen, bulk purchase and economies of scale



伝統熊本豚骨湯

Network Expansion and Consolidation

Grow network prudently and close/convert underperforming outlets

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.

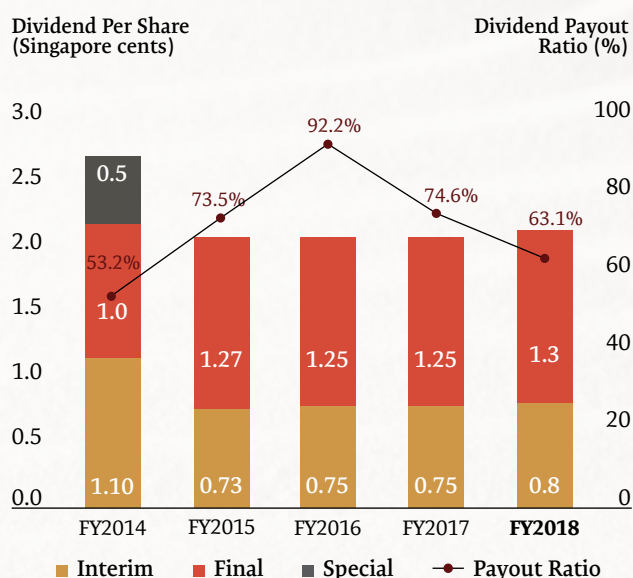
Our total dividend payment in respect of FY2018 will be 2.10 Singapore cents per share, comprising the interim dividend of 0.80 Singapore cents per share already paid on 8 December 2017 and the proposed final dividend of 1.30 Singapore cents per share. This represented a total dividend payout of S\$3.6 million, or 63.1% of our Group's net profit in FY2018, which is higher than our dividend policy to distribute not less than 50%⁽¹⁾ of our consolidated net profits attributable to shareholders annually.



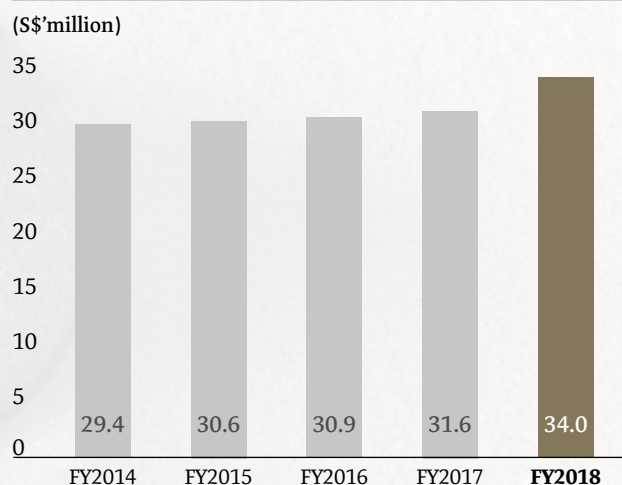
Note:

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

DIVIDEND HISTORY (FIVE-YEAR DIVIDEND HISTORY)



SHAREHOLDERS' EQUITY





OUR BRANDS

AJISEN RAMEN

The word “Ajisen” means a thousand tastes in Japanese. The flagship brand of Japan Foods, “Ajisen Ramen” originated from Kumamoto, Japan, in 1968. Known for its rich and aromatic soup base which is derived from hours of boiling pork bones, Ajisen offers a wide selection of ramen to cater to discerning customers. With over 700 shops worldwide, it is an internationally recognised brand with presence in countries such as Japan, China, Hong Kong, and the United States.

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.



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.

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 300 outlets in Japan, Hong Kong, Thailand, Korea and now in Singapore.

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.

SHITAMACHI TENDON AKIMITSU

Originated in 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.



KONJIKI HOTOTOGISU

“Konjiki Hototogisu”, which originated in Shinjuku in Tokyo, Japan in 2006, has been featured in Michelin Guide Tokyo’s Bib Gourmand for four consecutive years between 2015 and 2018. This tiny eight-seat ramen restaurant famed for its full-bodied clam, chicken and pork base broth has also been named by Tokyo Walker Magazine as “#1 Ramen in Tokyo 2016, 2017” and “#1 Ramen in Japan 2016”.



AJI-TEI

The word “Aji Tei” means “a restaurant of tastes” in Japanese. This brand was developed to offer a wide variety of specialty dishes and desserts from different parts of Japan, ranging from Kyoto-style desserts to seafood from Hokkaido.

FRUIT PARADISE

“Fruit Paradise” offers fruit tarts made with lightly sweetened cream and topped with fresh fruits. To ensure that our customers get to enjoy the fruits’ natural goodness, our fruit tarts are made using only the freshest and most delicious fruits, which are carefully selected by our Japanese patissiers 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.

GINZA KUSHI-KATSU

“Ginza Kushi-Katsu” offers a variety of “Kushi-Katsu” – deep fried Japanese skewered meat & vegetables.

Our signature item, “Gyu-Katsu” – beef cutlet is the first of its kind in Singapore. Using premium beef fillet, the meat is deep fried for only 60 seconds at 210°C. This precise method gives the beef cutlet its wonderful crispy crust while the meat remains medium-rare within. Customers can control the doneness level of the meat by using the mini teppan provided.

We also use premium yam flour imported from Japan for all of our katsu items. This gives our katsu a light and crisp texture without being too heavy on the palate.

Also for the first time in Singapore, we are introducing Kushi-Katsu Fondue where customers can dip their favourite Kushi-Katsu in our selection of piping hot sauces. Choose from Cheese, Curry and Demi Glace.

DUTCH BABY CAFE

“Dutch Baby Cafe” is known for its signature Dutch Baby oven-baked pancakes served on host cast iron pans. These pancakes are pillow-soft yet crispy at the sides and come in a variety of sweet and savoury styles. They can be enjoyed together with an assortment of fresh fruit tarts that are handmade on a daily basis by our Japanese Head Patisserie. Also available at the café are Japanese-Western favourites such as Baked Cheese Curry Rice and Curry Udon.

CURRY IS DRINK

“Curry is Drink” is known for its delicious curry sauce that comes in five heat levels. Combo sets are served with panko-crusted deep fried meat or seafood, curry sauce in a cup, shredded cabbage, crispy fried onions and a variety of toppings including raisins and pickles.





OUR NETWORK

(As at 31 March 2018)



1 SINGAPORE

AJISEN RAMEN

- 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
- White Sands

CURRY IS DRINK

- Changi City Point

DUTCH BABY CAFE

- Paragon

YONEHACHI

- Takashimaya Department Store

FRUIT PARADISE

- AMK Hub
- VivoCity

GINZA KUSHI-KATSU

- Paragon

JAPANESE GOURMET TOWN

- VivoCity

KAZOKUTEI

- Bugis Junction

NEW MANLEE BAK KUT TEH

- AMK Hub
- Bugis+

MENYA MUSASHI

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

MENZO BUTAO

- Marina Square

OSAKA OHSO

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

SHITAMACHI TENDON AKIMITSU

- Changi City Point
- Northpoint City
- Plaza Singapura
- VivoCity
- Waterway Point
- Westgate

2 VIETNAM

AJISEN RAMEN ⁽¹⁾

- Nguyen Dinh Chiew Street, Da Kao, District 1, Ho Chi Minh City
- Kumho Link, Ho Chi Minh City

3 CHINA

MENYA MUSASHI ⁽²⁾

- IAPM Mall, Shanghai
- Jin Guanghua Plaza, Shenzhen
- Raffles City, Shanghai
- IFC, Shanghai
- Beijing APM, Beijing
- China World Mall, Beijing
- Beijing Financial Street, Beijing
- Sino Oceanland, Hangzhou
- Parc Central, Guangzhou
- K11 Mall, Wuhan

4 HONG KONG

MENYA MUSASHI ⁽²⁾

- 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
- Mira Place 1, Kowloon

5 MALAYSIA

AJISEN RAMEN ⁽¹⁾

- Vivacity Megamall, Kuching, Sarawak

Notes:

⁽¹⁾ Operated by sub-franchisees

⁽²⁾ Interests through associated companies



CHAIRMAN'S MESSAGE



FY2018

Gross Profit

S\$57.7 mil

Earnings Per Share

3.33 Singapore cents

DEAR SHAREHOLDERS

I am pleased to round up another very good financial year ended 31 March 2018 (“FY2018”), during which we achieved new milestones in our top and bottom-lines despite the increasingly competitive F&B scene in Singapore.

The Group achieved a new record high in our sales for the second straight year at S\$67.8 million in FY2018 and both our gross profit and gross profit margin hit an all-time high for the eighth straight year at S\$57.7 million and 85.0% respectively.

In line with our performance, earnings per share was 3.33 Singapore cents per share for FY2018 as compared to 2.68 Singapore cents per share for FY2017. NAV per share was 19.63 Singapore cents as at 31 March 2018 compared to 18.29 Singapore cents as at 31 March 2017. The Group’s financial position remains healthy with no borrowings. Cash and bank balances rose from S\$20.2 million as at 31 March 2017 to S\$21.9 million as at 31 March 2018.

Our stellar results was driven mainly by strong contribution from the restaurants operating under the Group’s flagship “Ajisen Ramen” and “Menya Musashi” brands as well as new contribution from our latest “Shitamachi Tendon Akitmitsu” brand, which had made a positive impact on

our sales despite only contributing eight months of sales during FY2018.

We are thankful for the strength of our core brands, which together with the successful combination of our restaurant portfolio management and cost management strategy, has enabled the Group’s solid performance and stable progression in terms of our expansion strategy.

PROPOSED DIVIDEND

We are delighted to share a good year with all our shareholders. Subject to the approval of shareholders at the forthcoming Annual General Meeting in July 2018, the Board of Directors (the “Board”) is pleased to propose a tax-exempt, one-tier final dividend of 1.30 Singapore cents per ordinary share to be paid on 17 August 2018, which including the interim dividend of 0.80 Singapore cents per share paid on 8 December 2017, will bring the total dividend for the financial year to 2.10 Singapore cents per share, which is higher than the 2.00 Singapore cents per share paid out in the previous corresponding financial year. This represents a dividend payout ratio of approximately 63.1% for the whole of FY2018.

“Gross
profit and
gross profit
margin hit
an all-time
high for
the eighth
straight
year.”



OUTLOOK

Our Board is cautiously optimistic about our Group's outlook notwithstanding that the operating environment in the local F&B scene is expected to remain challenging in the next 12 months due to the tight labour supply, stiff competition and rising business costs.

Besides ongoing efforts to contain costs, increase efficiency and drive sales, Japan Foods is also seeking opportunities to expand its presence in the ASEAN region and Japan by way of joint-ventures, acquisitions and / or sub-franchising its brands.

In addition, there were some events in FY2018 including new awards, new brands and new partnerships, which I believe may contribute to the Group's track record as well as performance in the current financial year ending 31 March 2019.

• New awards

As a listed company, Japan Foods takes its responsibility towards good corporate governance very seriously. In September 2017, we clinched our second award for good corporate governance when we were awarded the "Transparency Award - SMEs" at the 18th SIAS Investors' Choice Awards 2017 for commendable standards in disclosure and transparency in key areas. This is an affirmation of the efforts that our Board has put in to be in line with best practices.



• New Brands

Since we opened our first "Shitamachi Tendon Akitmitsu" brand restaurant in Plaza Singapura in July 2017, response to this 130-year old franchised brand from Japan has been very encouraging and it prompted us to rapidly open five more restaurants by 31 March 2018. We will continue to monitor the performance of this brand with the intention of expansion should the tendon concept continue to be popular with diners.

In January 2018, we launched "Curry is Drink", which is a self-developed concept offering Japanese curry with tonkatsu and side dishes with rice or udon. The first restaurant opened at Changi City Point and is co-located next to a "Shitamachi Tendon Akitmitsu" brand restaurant. So far sales have not been as robust as we would like it to be but we continue to refine the menu and dishes so as to increase its appeal to diners.

We are also very excited to have recently introduced a new award-winning "Konjiki Hototogisu" Japanese ramen brand to Singapore. Our first restaurant opened at CHIJMES at Victoria Street in June 2018. We are optimistic that customers will enjoy the brand's signature full-bodied clam, chicken and pork base soup and tender chashu.



“Konjiki Hototogisu”, which originated in Shinjuku in Tokyo, Japan in 2006, has been featured in Michelin Guide Tokyo’s Bib Gourmand for four consecutive years between 2015 and 2018. This tiny eight-seat restaurant has also been named by Tokyo Walker Magazine as “#1 Ramen in Tokyo 2016, 2017” and “#1 Ramen in Japan 2016.”

Although Bib Gourmand restaurants do not earn Michelin Stars, they are noted by publishers of the restaurant guide for offering exceptional food at moderate prices. We believe that this makes it a right fit for our existing portfolio and our philosophy to provide quality food at the right price points to our customers.

- **New partnership**

In February 2018, Japan Foods announced a return to the Indonesian market through a 30% stake in a joint venture with PT Arena Gourmet (“**Arena Gourmet**”) to launch and expand the “Menya Musashi” brand in Indonesia.

We are pleased to be back in the market once again as we have not had a presence there since early 2015 when a sub-franchisee arrangement for our flagship “Ajisen Ramen” brand expired.

Arena Gourmet is an established restaurant operator in Indonesia with over 20 restaurants under eight brands and we are cautiously optimistic that our partnership will yield positive results for the Group. We are thrilled that the first “Menya Musashi” brand restaurant has since opened in Jakarta and our partner is scouting for suitable locations to open more restaurants.

We remain on the lookout for new concepts and brands that may excite our customers and we will update shareholders should there be such developments.

SUSTAINABILITY MATTERS

We are including as part of this annual report, our second sustainability report, which is guided by the Global Reporting Initiative (“**GRI**”) Standards: Core option. We seek to 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 the staff of Japan Foods for helping to make our restaurants a place that people want to return to not only because we offer quality food at the right price points, but also for the warm hospitality and service that they are greeted with.

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.

Lastly, I want to thank all business partners, both in Singapore and overseas, and also our shareholders for your unwavering support. We look forward to another exciting year for Japan Foods as we unveil new brands and look for more opportunities locally and abroad to grow our business in a prudent and sustainable way.

Takahashi Kenichi

Executive Chairman and CEO



FINANCIAL HIGHLIGHTS

S\$' MILLION	FY2014	FY2015	FY2016	FY2017	FY2018
Financial Results					
Revenue	62.8	62.7	62.8	65.5	67.8
Gross profit	51.2	52.3	52.9	55.6	57.7
Profit before tax	8.8	5.1	4.7	5.7	7.0
Net profit	7.3	4.7	3.8	4.7	5.8
Cash Flow Statement					
Net cash provided by operating activities	11.7	8.3	9.6	11.3	9.3
Net cash used in investing activities	(6.3)	(7.5)	(5.0)	(3.8)	(4.0)
Net cash used in financing activities	(3.4)	(3.4)	(3.8)	(4.3)	(3.7)
Cash and cash equivalents at end of financial year ⁽¹⁾	16.8	14.2	15.1	18.1	19.8
Balance Sheet					
Current assets	23.1	19.1	21.2	23.8	25.6
Non-current assets	15.4	19.1	17.7	17.0	17.6
Total assets	38.5	38.2	38.9	40.8	43.2
Current liabilities	8.3	6.8	7.1	8.3	8.8
Non-current liabilities	0.9	0.9	0.9	0.9	0.4
Total liabilities	9.2	7.6	8.0	9.1	9.2
Share capital	8.9	9.3	9.4	9.0	9.1
Reserves	20.4	21.3	21.5	22.7	24.9
Total shareholders' equity	29.3	30.6	30.9	31.7	34.0
Financial Ratios Analysis					
Gross profit margin (%)	81.6	83.4	84.2	84.9	85.0
Earnings per share (Singapore cents)	4.21	2.73	2.17	2.68	3.3
Net asset value per share (Singapore cents)	16.93	17.57	17.74	18.29	19.63
Return on assets (%)	19.0	12.4	9.8	11.5	13.3
Return on equity (%)	24.9	15.5	12.2	14.8	17.0
Net debt to equity ratio	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
Asset Turnover (Times)	1.7	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.

REVENUE

67.8 MILLION

CAGR: + 4.3%

(\$'million)

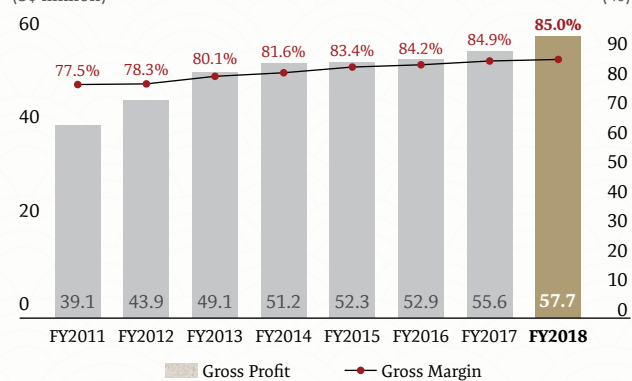


GROSS PROFIT & GROSS PROFIT MARGIN

57.7 MILLION

CAGR: + 5.7%

(\$'million)

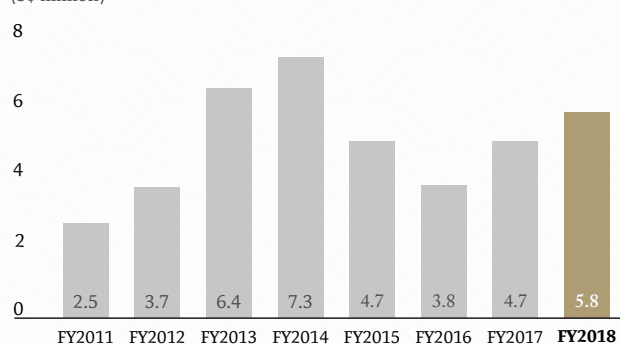


NET PROFIT

5.8 MILLION

CAGR: + 11.9%

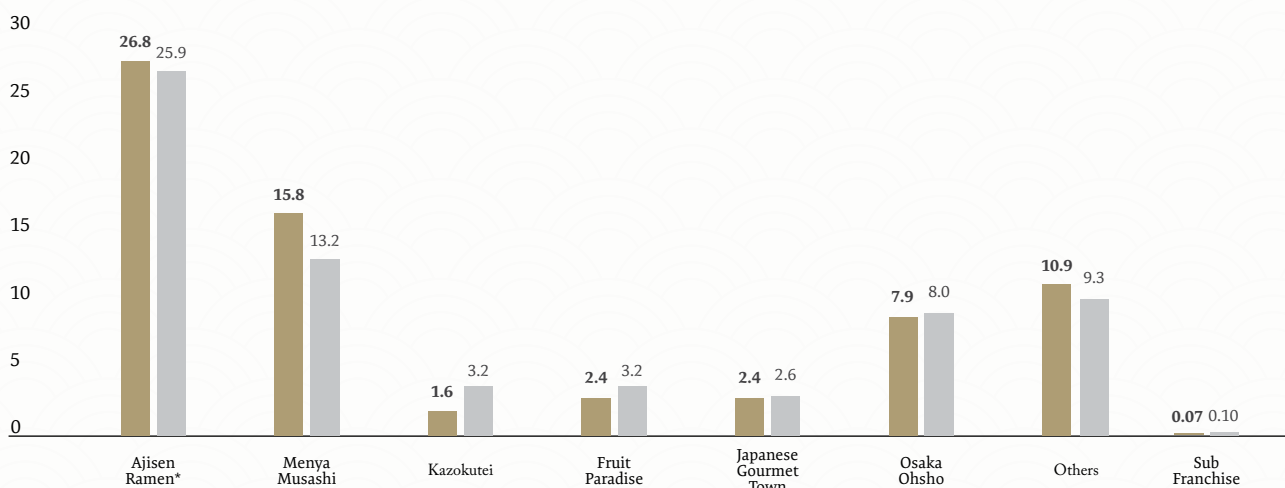
(\$'million)



REVENUE MIX BY BRANDS

(\$'million)

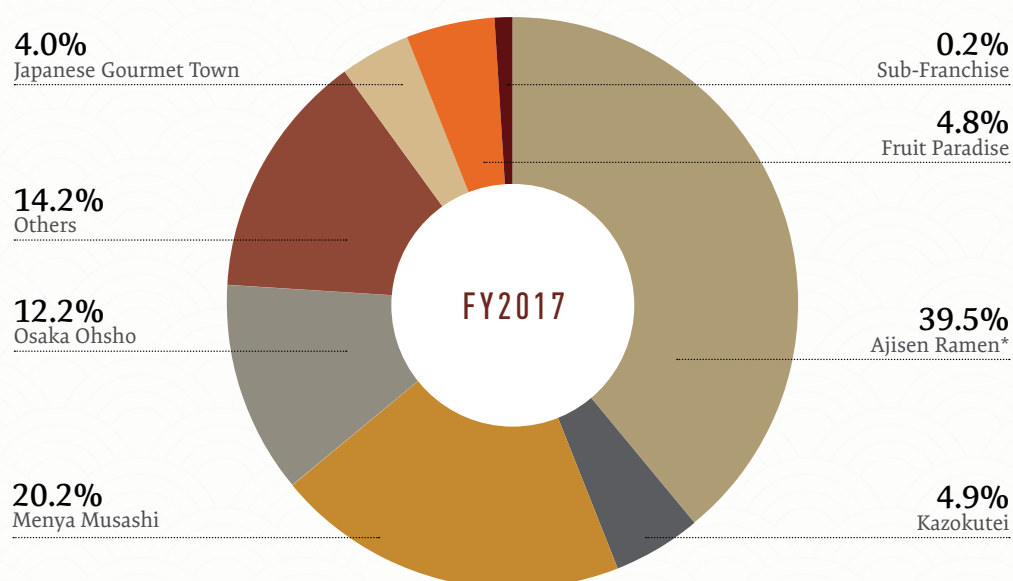
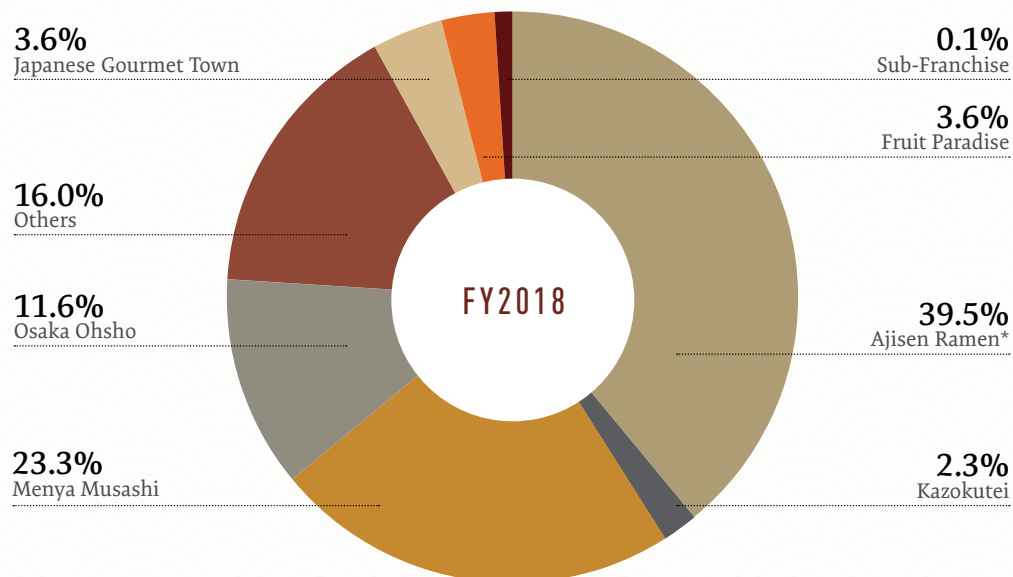
2018 2017



* include Keika Ramen

FINANCIAL HIGHLIGHTS

REVENUE BREAKDOWN



* include Keika Ramen

VALUE ADDED STATEMENT

	FY2014 S\$'000	FY2015 S\$'000	FY2016 S\$'000	FY2017 S\$'000	FY2018 S\$'000
Value added from:					
Revenue	62,758	62,682	62,804	65,467	67,845
Less : Purchases of materials & services	(35,377)	(36,505)	(36,431)	(38,372)	(38,841)
	27,381	26,177	26,373	27,095	29,004
Add/(less) :					
Other income	1166	1,040	1,331	996	971
Share of profits of associated companies	178	546	587	606	474
Loss on disposal of plant and equipment	-	(1)	(7)	(6)	(1)
Plant & Equipment W/O	(268)	(188)	(131)	(86)	(160)
Inventories W/O	(9)	(1)	(2)	(3)	(4)
Impairment of plant and equipment	-	-	(810)	(259)	-
Currency translation gain/(loss)	60	37	(34)	(5)	(11)
Total value added	28,508	27,610	27,307	28,338	30,273
Distribution of total value added:					
To employees					
- Salaries and other staff costs	15,492	17,536	17,336	17,464	18,911
To government					
- Corporate tax	1,470	392	888	1,045	1,223
To providers of capital					
- Dividend	3,119	3,880	3,518	3,488	3,557
- Finance costs	-	-	-	-	-
Retained for future capital requirements					
- Depreciation and amortisation	4,242	4,946	5,308	5,173	4,364
- Retained profit	4,185	856	257	1,168	2,218
Total distribution	28,508	27,610	27,307	28,338	30,273
				-	-
Productivity Analysis					
Value added per \$ employment cost	1.8	1.6	1.6	1.6	1.6
Value added per \$ investment in fixed assets	1.0	0.8	0.8	0.8	0.9
Value added per \$ sales (S\$)	0.5	0.4	0.4	0.4	0.4
Fixed Assets (Cost)	27,444	32,711	34,173	36,635	34,604



OPERATING AND FINANCIAL REVIEW

REVIEW OF THE FINANCIAL PERFORMANCE FOR FY2018

REVENUE

The Group's revenue rose by 3.6% or S\$2.4 million from S\$65.5 million in FY2017 to S\$67.9 million in FY2018 as a result of the following:

1. Net increase in revenue of S\$0.9 million from the restaurants operating under the "Ajisen Ramen" brand

The Group's revenue from restaurants operating under the "Ajisen Ramen" brand increased from S\$25.9 million in FY2017 to S\$26.8 million in FY2018, mainly attributable to the (i) opening of two restaurants at Compass One and Bedok Mall in September 2016 and March 2017 respectively, and (ii) higher net sales generated from some existing restaurants.



These increases were partially offset by the (i) the closure of a restaurant at Bedok Point in March 2017, (ii) the closure of an outlet at Marina Bay Sands Shoppes Premium Food Precinct in February 2018 and (iii) the conversion of an "Ajisen Ramen" brand restaurant to the "Menya Musashi" brand restaurant at Takashimaya in November 2017.

2. A net increase in revenue of S\$2.6 million from the restaurants operating under "Menya Musashi" brand

The Group's revenue from restaurants operating under the "Menya Musashi" brand increased from S\$13.2



million in FY2017 to S\$15.8 million in FY2018, mainly attributable to the (i) conversion of a "New ManLee Bak Kut Teh" brand restaurant to a "Menya Musashi" brand restaurant at The Clementi Mall in April 2017, (ii) opening of a new restaurant at Northpoint City in September 2017, and (iii) conversion of a "Ajisen Ramen" brand restaurant to the "Menya Musashi" brand restaurant at Takashimaya in November 2017. These increases were partially offset by the conversion of a "Menya Musashi" brand restaurant to a "Ajisen Ramen" brand restaurant at Bedok Mall in March 2017.

3. Net decrease in revenue of S\$1.1 million from the restaurants operating under other brands

The Group's restaurants operating under other brands, namely the "New ManLee Bak Kut Teh", "Dutch Baby Cafe", "Hanamidori", "Menzo Butao", "Kazokutei", "Botejyu", "Ginza Kushi-Katsu" and "Fruit Paradise" brands, recorded a decrease in revenue of S\$5.0 million in aggregate in FY2018 as compared to FY2017 mainly due to the closure or conversion of stores.

This decrease in revenue was however partially offset by an increase in revenue of S\$3.9 million by the new restaurants operating under the "Shitamachi Tendon Akimitsu" brand.

As at 31 March 2018, the Group had a total of 50 restaurants in operation. Table 1 shows a snapshot of the Group's network in Singapore and Table 2 shows the regional restaurant network as at 31 March 2018 as compared to 31 March 2017.

Table 1: The Group's portfolio in Singapore

RESTAURANT BRANDS	AS AT 31 MARCH 2017	AS AT 31 MARCH 2018
Ajisen Ramen	19 ^(b)	18 ^(a)
Botejyu	1	-
Curry is Drink	-	1
Dutch Baby Cafe	1	1
Fruit Paradise	4	2
Ginza Kushi-Katsu	1	1
Hanamidori	1	-
Japanese Gourmet Town	1	1
Kazokutei	2	1
Menya Musashi	7	10
Menzo Butao	1	1
New ManLee Bak Kut Teh	3	2
Osaka Ohsho ^(c)	7	5
Shitamachi Tendon Akimitsu	-	6
Yonehachi	1	1
TOTAL RESTAURANTS	49	50
FOOD COURT OUTLET	AS AT 31 MARCH 2017	AS AT 31 MARCH 2018
Ajisen Ramen	1	0
TOTAL RESTAURANTS AND FOOD COURT OUTLET	50	50

(a) Includes 4 "Den by Ajisen Ramen" brand restaurants.

(b) Includes 3 "Keika Ramen" brand restaurants.

(c) Includes 1 "Kotsujiru Nabe" brand restaurant, which is a brand extension of "Osaka Ohsho" brand.

Table 2: The Group's overseas network

RESTAURANTS	UPDATES	COUNTRY	AS AT 31 MARCH 2017	AS AT 31 MARCH 2018
Ajisen Ramen	- Closed 1 restaurant in Miri, Sarawak, Malaysia - Closed 1 restaurant in Sutera Mall, Johor, Malaysia	- Malaysia - Vietnam	3 2	1 2
Menya Musashi (interests via associated companies)	- Closed 1 restaurant in Hong Kong upon lease expiry, opened 2 in various locations - Opened 5 new restaurants in China 2 in Beijing 1 in Hangzhou 1 in Wuhan 1 in Guangzhou - Closed 1 restaurant in Hangzhou, China	- Hong Kong - China	7 6	8 10
TOTAL			18	21

(1) operated by sub-franchisees

(2) interests in restaurants through associated companies



GROSS PROFIT

The Group's gross profit increased by 3.8% or S\$2.1 million to S\$57.7 million in FY2018 from S\$55.6 million in FY2017, generally in line with the increase in the Group's revenue. Similarly, gross profit margin improved from 84.9% in FY2017 to 85.0% in FY2018 on the back of the Group's continuing efforts in bulk purchase discounts, raw material costs control, material usage efficiency and product pricing strategy.

EXPENSES

Selling and distribution expenses: The Group's selling and distribution expenses increased by S\$0.7 million or 1.5% from S\$46.6 million in FY2017 to S\$47.3 million in FY2018 due to higher manpower cost, rental and online delivery charges in line with the higher sales achieved in FY2018.

Administrative expenses: The Group's administrative expenses increased by S\$0.1 million or 3.9% from S\$3.3 million in FY2017 to S\$3.4 million in FY2018. The increase in administrative expenses was mainly due to higher manpower cost and other administrative expenses to support the Group's diverse brands and competitive operating environment.

Other operating expenses: The Group's other operating expenses decreased by S\$0.2 million or 12.3% from S\$1.6 million in FY2017 to S\$1.4 million in FY2018 mainly due to absence of impairment charge in FY2018.

SHARE OF RESULTS OF ASSOCIATED COMPANIES

The Group's share of profit of its associated companies decreased by S\$0.1 million or 21.8% from S\$0.6 million in FY2017 to S\$0.5 million in FY2018 mainly due to higher initial costs of new outlets in FY2018.

INCOME TAX EXPENSES

The Group's income tax expenses increased by S\$0.2 million or 17.0% from S\$1.0 million in FY2017 to S\$1.2 million in FY2018, in line with the higher profit achieved in FY2018.

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\$1.1 million or 24.0% from S\$4.7 million in FY2017 to S\$5.8 million in FY2018.



REVIEW OF FINANCIAL POSITION OF THE GROUP AS AT 31 MARCH 2018

CURRENT ASSETS

The Group's total current assets increased by S\$1.8 million, from S\$23.8 million as at 31 March 2017 to S\$25.6 million as at 31 March 2018.

This was mainly a result of an increase in cash and bank balances and trade receivables of S\$1.7 million and S\$0.3 million respectively. This was partially offset by a decrease in rental deposit and prepayment of S\$0.2 million.

NON-CURRENT ASSETS

The Group's total non-current assets increased by S\$0.6 million, from S\$17.0 million as at 31 March 2017 to S\$17.6 million as at 31 March 2018.

This was due to (i) an increase in long-term rental deposit of S\$0.8 million and (ii) an increase in investment in associated companies of S\$0.5 million, which were partially offset by a decrease in the net book value of plant and equipment of S\$0.6 million.

CURRENT LIABILITIES

The Group's total current liabilities increased by S\$0.5 million, from S\$8.3 million as at 31 March 2017 to S\$8.8 million as at 31 March 2018 due to an increase in trade payables of S\$0.3 million and higher current income tax provision of S\$0.3 million. These were partially offset by a decrease in other trade payables and accruals of S\$0.1 million.

NON-CURRENT LIABILITIES

The Group's total non-current liabilities reduced by S\$0.5 million from S\$0.9 million as at 31 March 2017 to S\$0.4 million as at 31 March 2018 due to reversal of deferred tax liability.

SHAREHOLDERS' EQUITY

The Group's shareholders' equity increased by S\$2.4 million from S\$31.6 million as at 31 March 2017 to S\$34.0 million as at 31 March 2018. The increase was mainly due to the net profit achieved by the Group in FY2018 of S\$5.8 million and the transfer of treasury shares to the Group's employees pursuant to the Japan Foods Performance Share Plan (as announced on 12 June 2017) amounting to S\$0.3 million. The increase was partially offset by (i) the share-buy-back of S\$0.1 million and (ii) distribution of dividend S\$3.6 million respectively.



REVIEW OF STATEMENT OF CASH FLOW FOR FY2018

The Group's net cash generated from operating activities in FY2018 was S\$9.3 million. This was mainly due to operating profit before working capital changes of S\$11.3 million and working capital outflow of S\$0.7 million which were partially offset by payment of income tax of S\$1.3 million.

The Group's net cash used in investing activities in FY2018 was S\$4.0 million mainly due to renovation cost and purchase of equipment for the Group's new restaurants.

The Group's net cash used in financing activities in FY2018 was S\$3.7 million mainly due to dividend payment of S\$3.6 million and purchase of treasury shares of S\$0.1 million.



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

10 years

(Non-executive Director
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 SCC Travel Services Pte Ltd
- Non-executive director of SGX-ST listed Neo Group Limited and Jason Marine Group limited
- Board member of Agri-Food & Veterinary Authority of Singapore
- Board member of Enterprise Singapore
- Vice Chairman, SBF's China North Asia Business Group
- Council Member, Malaysia-Singapore Business Council
- Vice-President, Boys' Brigade Alumni Singapore
- Council member, ASEAN India Business Council

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
- Independent director of TMC Education Corporation Limited from 15 August 2012 to 30 October 2015
- 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

Skills & Experience

- 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 the 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
- 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.

LEE SOK KOON, CONSTANCE

LEAD INDEPENDENT DIRECTOR

Date of Appointment

1 September 2011

Date of Last Re-Appointment

21 July 2016

Length of Service

7 years

(since September 2011)

TAN LYE HUAT

INDEPENDENT DIRECTOR

Date of Appointment

24 November 2008

Date of Last Re-Appointment

24 July 2017

Length of Service

10 years

(since November 2008)

Present in other Listed Companies and Major Appointments

- Directors 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.
- Independent director of Invictus Group Pte Ltd from 1 June 2018.

Past Major Appointments 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 Fellow of the Institute of Singapore Chartered Accountants
- A member of the Singapore Institute of Directors

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 member of the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore)
- 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 Chartered Association of Certified Accountants (UK).

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 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

Note:

⁽¹⁾ Dormant since incorporation on 10 March 2017



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 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'S STATEMENT

Our Board recognizes that sustainability is intrinsic to our business at both the strategic and operational levels. Accordingly, our Board determines the ESG factors identified as material to our business and see to it that they are monitored and managed.

We aim to continuously increase transparency and encourage efficiency. As we progress in sustainability reporting, we strive to provide stakeholders with a more comprehensive picture of how we operate and bring into sight the risks and opportunities which can be better managed for future returns.

02

VISION, MISSION AND CORE VALUES

PATH TO SUSTAINABILITY		
CORE VALUES	MISSION	VISION
• Quality and freshness • Customer focused • Productivity • People development • Relationship with partners • Shareholder's value • Social and environmental responsibility	To endeavor 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. Refer to Section 8 for more details on the alignment our material sustainability factors with our core values, mission and vision.

03

REPORTING FRAMEWORK

With the publication of our second sustainability report (“Report”), we reaffirmed our commitment to effective sustainability reporting as it is central to our continual growth and success. This sustainability report focuses on the ESG factors and economic performance.

This Report is prepared based on the GRI Standards: Core Option as GRI Standards provide a set of an extensive and comprehensive quantitative framework that is widely accepted as a global standard for sustainability reporting. The GRI Content Index at the end of this Report reflects the extent to which the GRI framework is applied.

Internally, we are guided by a sustainability reporting policy (“SR Policy”) that has been approved by our Board.

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 2018. A sustainability report will be published annually in accordance with our SR Policy.

05

FEEDBACK

Your feedback on this Report is an important way of improving our sustainability practices. If you have any comments, suggestions or feedback on this matter, please send it to our investor relations email account at ir@jfh.com.sg.

06

STAKEHOLDER
ENGAGEMENT

The Group's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise customers, community, 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 operations of the Group.

We actively engage our key stakeholders through the following channels:

S/N	KEY STAKEHOLDER	ENGAGEMENT CHANNEL
1	Customer	Customers are encouraged to send their feedback through customer questionnaires and online feedback forms via the Group's website.
2	Community	The Group focuses on continuous community engagement and has initiated various initiatives to minimize the social and environmental impacts to the local communities.
3	Employee	Senior management held 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 the Group's business.
5	Shareholder	The Group conveys timely, full and credible information to shareholders through announcements on SGXNET, 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 investors' relation events.
6	Suppliers	The Group works 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, the Group seeks to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

07

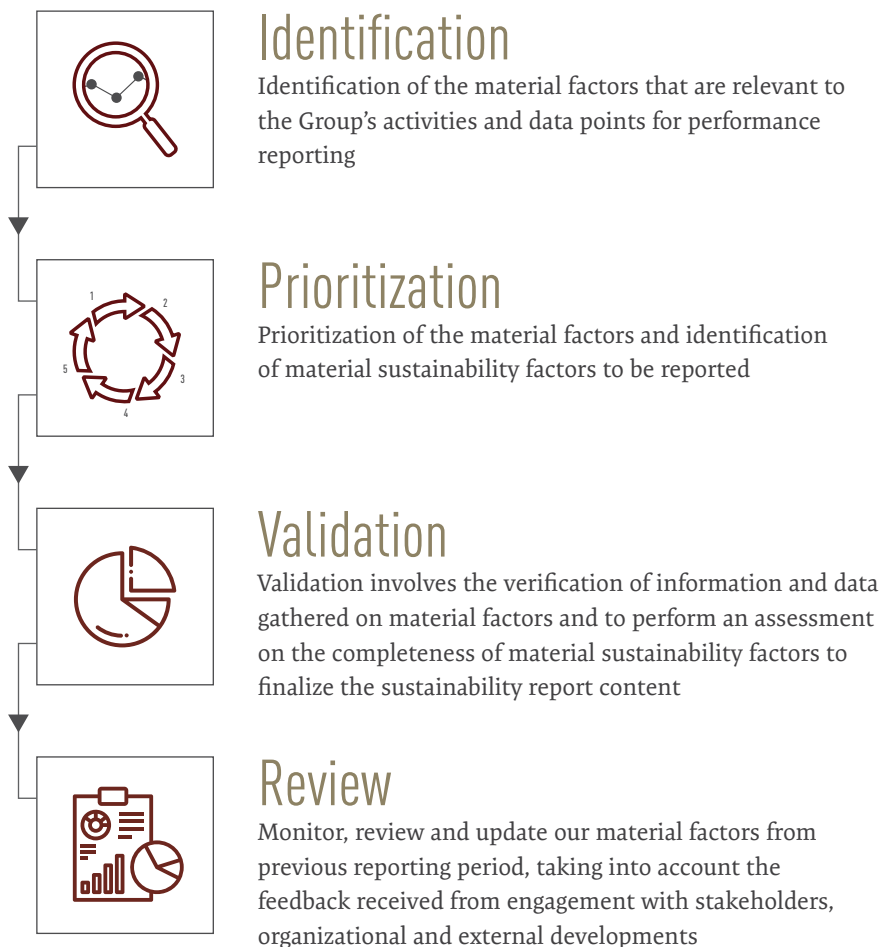
POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 REPORTING STRUCTURE

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. The Group's Sustainability Committee, which includes senior management executives, is led by the Group's Chief Executive Officer ("CEO"), and tasked to develop the sustainability strategy, review its material impacts, 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 prioritized 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:



07

POLICY,
PRACTICE AND
PERFORMANCE
REPORTING

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. They may not be included in this Report if not material.
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 to external stakeholders and potential impact on business.

08

MATERIAL FACTORS

Our materiality assessment performed for FY2018 involved the Group's Senior Management in identifying sustainability factors deemed material to the Group's businesses and our stakeholders so as to allow us to channel our resources judiciously to create sustainable value for our stakeholders.

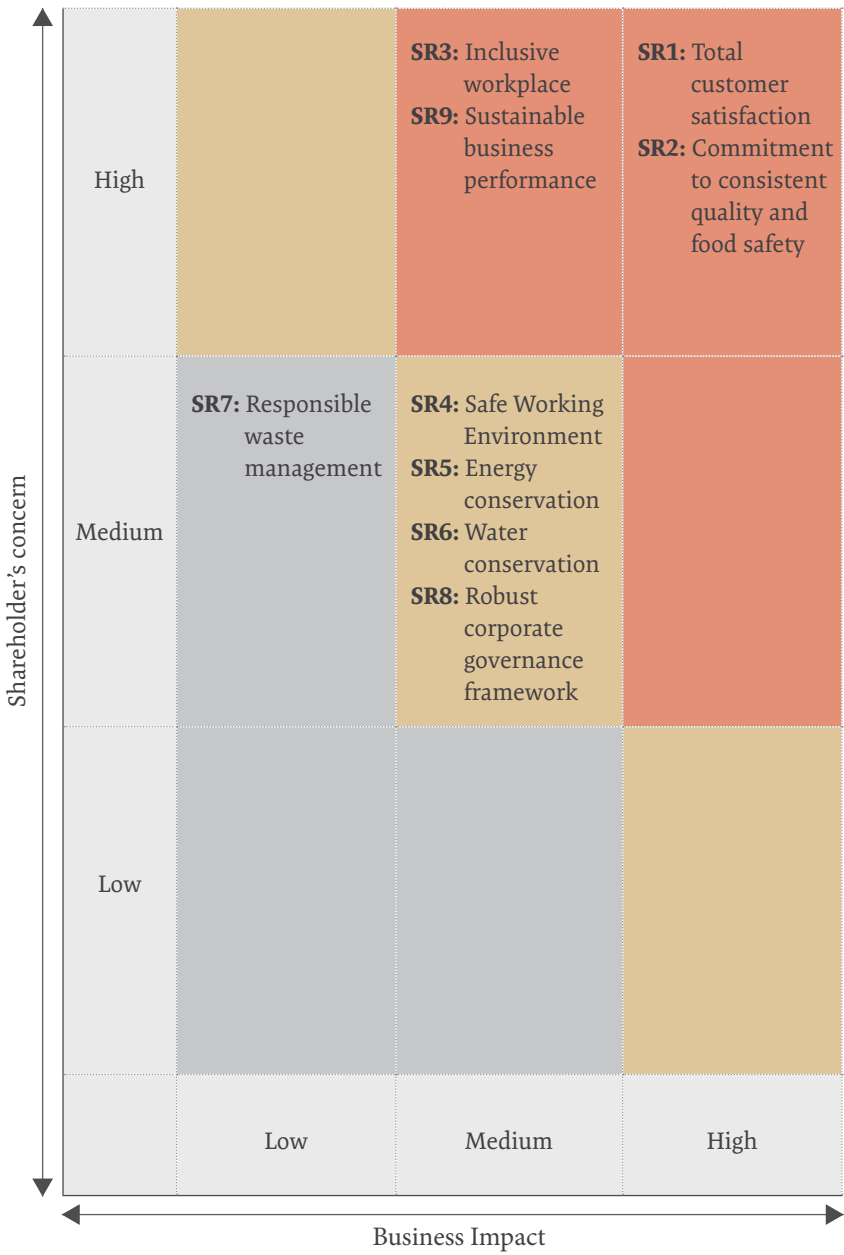
Presented below are a list of material sustainability factors and material factors matrix applicable to our Group:

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
Energy				
5	Energy conservation	Social and environmental responsibility	II	• Community • Shareholder
6	Water conservation	Social and environmental responsibility	II	• Community • Shareholder
7	Responsible waste management	Social and environmental responsibility	III	• Community • Shareholder
Governance				
8	Robust corporate governance framework	Shareholder's value	II	• Shareholder • Regulator
Economic				
9	Sustainable business performance	Shareholder's value	I	Shareholder

08
MATERIAL
FACTORS

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:

08

MATERIAL FACTORS

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

The Group's franchise restaurant brands include its flagship "Ajisen Ramen" brand as well as the "Kazokutei", "Menya Musashi", "Akimitsu", "Osaka Ohsho" and "New ManLee Bak Kut Teh" brands. In addition, over the years, we have also developed our own brands such as "Fruit Paradise", "Japanese Gourmet Town", "Dutch Baby Cafe" and "Ginza Kushi-Katsu".

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.

08

MATERIAL FACTORS

(b) Build a network of conveniently located outlets

We recognize 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 50 outlets in high-traffic and popular malls island-wide.

(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 outlets 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

The Group adopts market standards and best practices in its operations to ensure quality and safety in its products and services. For product safety and consistency in quality, refer to section 8.2 for further details.

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

Technology is widely adopted by the Group 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 preference. 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 in place to build loyalty amongst customers. Under the program, members are connected via newsletters that promote the latest additions to our menus and promotions. Members are also eligible to discounts when they patronise our restaurant outlets.

08

MATERIAL FACTORS

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 2018, 98% (as at 31 March 2017: 94%) of our restaurant outlets are graded A by National Environment Agency of Singapore ("NEA") for the overall hygiene, cleanliness and housekeeping standards⁽¹⁾ of the restaurant outlets with one restaurant outlet graded B. The outlet that received B grade was last evaluated in 2015 when it was first opened and we will apply for a re-evaluation. We will continuously work towards improving food hygiene standards in our central kitchen and outlets.

98%
Of our
restaurant outlets
are graded A
by NEA

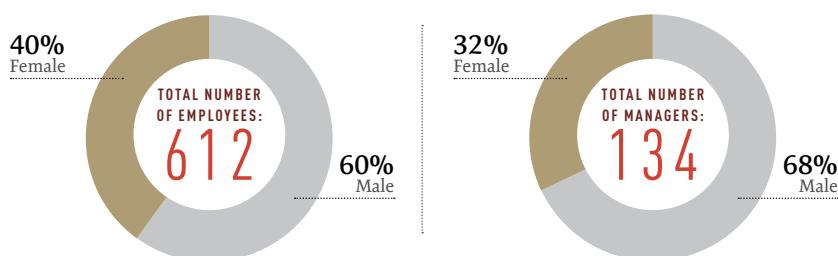
Our commitment to customer health and safety involves a comprehensive and effective implementation of Hazard Analysis Critical Control Point ("HACCP"), a market standard which is designed to prevent or reduce the occurrence of health hazards. In addition, we have engaged a third-party laboratory to perform periodic testing of food products to ensure food safety and quality.

8.3 INCLUSIVE WORKPLACE

To focus on people development, we aim to provide a work environment for 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 2018 is 612 (as at 31 March 2017: 647).

For gender diversity, 40% (as at 31 March 2017: 45%) of our total workforce is made up of female employees whilst the percentage of female managers is approximately 32% (as at 31 March 2017: 43%) of total managers. The decrease in the percentage of female managers for FY2018 is mainly due to an increase in managerial positions arising from the opening of new outlets which were filled mostly by male applicants. We will continuously move towards a more balanced gender ratio where practicable. We also view diversity at the Board level as an essential element in supporting sustainable development with one (as at 31 March 2017: one) female Board member or 25% (as at 31 March 2017: 25%) female representation on the Board.

GENDER DIVERSITY (AS AT 31 MARCH 2018)



(1) As part of the licensing requirements to operate a food and beverage business in Singapore, each restaurant outlet 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 the worst.

08

MATERIAL
FACTORS

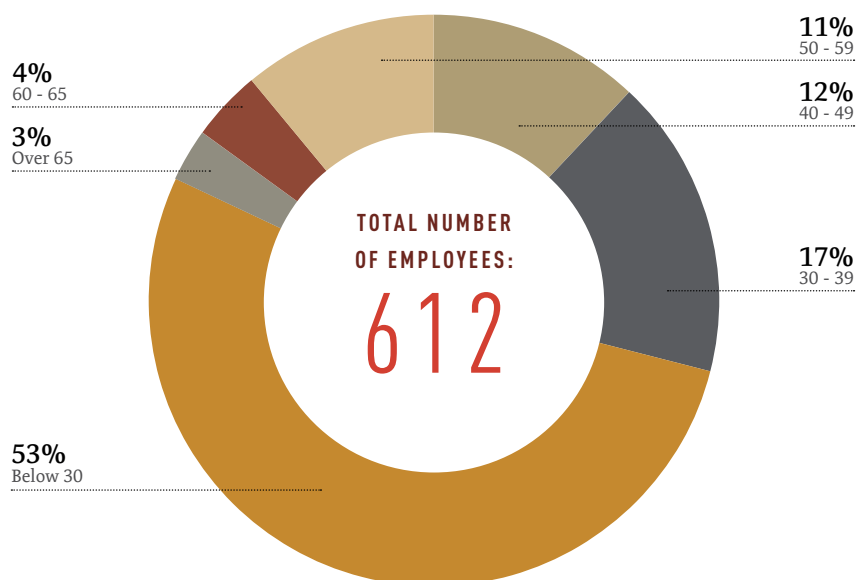
Matured workers are valued in our Group for their experience, knowledge and skills. As at 31 March 2018, 30% (as at 31 March 2017: 27%) of our workforce is at least 40 years old.

To promote equal opportunity, the Group has 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.

In addition, we provide employment opportunities to the less privileged and ex-offenders by entering into the following initiatives:

- 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 2018, the Group employed 15 employees (as at 31 March 2017: 12 employees) with special needs
- Partner the Singapore Corporation of Rehabilitative Enterprises to provide a second chance to ex-offenders. As at 31 March 2018, the Group employed 5 employees (as at 31 March 2017: 5 employees) under this partnership
- Cooperate with Chen Su Lan Methodist Christian Home to offer job opportunities to needy children above the minimum working age to work on a part-time basis. As at 31 March 2018, the Group have 2 employees (as at 31 March 2017: None) from needy and disadvantaged families under this program

AGE DIVERSITY (AS AT 31 MARCH 2018)



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MATERIAL FACTORS

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.

The Group recorded zero workplace fatality (FY2017: zero workplace fatality) during the reporting period and 14 non-fatal workplace injuries (FY2017: 18 non-fatal workplace injuries). The workplace accidents were mainly minor injuries such as cut and scalding injuries which resulted in 113 man-days lost (FY2017: 166 man-days lost) during the reporting period. 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.

8.5 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 restaurant outlets 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

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 FY2018 AND FY2017
		FY2018 UNIT/S\$'000	FY2017 UNIT/S\$'000	
LPG	kWh	76.88	76.67	0.3%
Electricity	kWh	102.32	102.40	(0.1%)

We track and review electricity and LPG consumption regularly to control usage. Proactive measures to monitor and control energy consumption include implementing systematic maintenance program for operating equipment to maintain energy efficiency, which will lead to savings by limiting equipment degradation.

08

MATERIAL
FACTORS**8.6 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	WATER CONSUMPTION RATE (CONSUMPTION/REVENUE)		INCREASE OR (DECREASE) BETWEEN FY2018 AND FY2017
		FY2018 UNIT/S\$'000	FY2017 UNIT/S\$'000	
Water	CuM	1.27	1.24	2.5%

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
- As an ingredient in our products such as soup base
- Restaurant outlets such as for dishwashing

Our water conservation initiatives include performing periodic inspections to check faucets and pipes for leaks and encouraging staff to use water responsibly, such as to run the dishwasher only when the wash basin is filled with utensils for wash.

8.7 RESPONSIBLE WASTE MANAGEMENT

We believe that responsible waste management could help to preserve the environment in which the Group operates 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 material as most of our ingredients (including semi-processed items) such as noodles and char siew are fast-moving and can be used interchangeably for different dishes whilst the final dishes are cooked only when ordered.

Nonetheless, we have initiated various initiatives to minimize waste generated in operations. Such initiatives include having a barcode system in place to track the shelf life of our ingredients so that necessary actions can be taken to utilize them prior to expiry and ensuring that the waste oil generated in operations are collected by licensed waste collectors.

08

MATERIAL FACTORS

8.8 ROBUST CORPORATE GOVERNANCE FRAMEWORK

We are committed to high standards of corporate governance as corporate governance is integral in ensuring sustainability of the Group's business as well as safeguarding shareholders' interest and maximizing long term shareholder value. Our efforts in this area have been recognized through winning the "Transparency Award - SMEs" at the prestigious 18th SIAS Investor's Choice Award 2017. This award recognises the efforts made by public listed companies to be more transparent so as to help investors make informed decision.



Subsequent to the reporting period, we were one of the 8 companies listed on the Catalist Board of Singapore Exchange admitted to 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.

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

8.9 SUSTAINABLE BUSINESS PERFORMANCE

At Least 50% of net profit after tax is distributed as dividends in FY 2018	S\$5.8million Total comprehensive income for the period attributable to equity holders of the company	S\$9.3million Net cash generated from operating activities
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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.

In FY2018 and in line with our dividend policy, the Board recommends a dividend of at least 50% of the Group's audited consolidated net profits attributable to shareholders. The Group generated S\$9.3 million (FY2017: S\$11.3 million) of net cash provided by operating activities and S\$5.8 million (FY2017: S\$4.7 million) of 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.

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TARGET SETTING

For our material factors identified, we have set qualitative targets for FY2019 using FY2018 and FY2017 as the baseline:

S/N	MATERIAL FACTOR	PERFORMANCE MEASURE	TARGET FOR FY2019
1	Total customer satisfaction	• Brand portfolio • Revenue • Size of membership program	• Maintain a balanced and attractive brand portfolio • Increase revenue • Increase the number of members
2	Commitment to consistent quality and food safety	Food hygiene grade	Improve the grading of our restaurant outlets
3	Inclusive workplace	• Gender diversity • Age diversity	Move towards a more balanced gender and age diversity ratio
4	Safe working environment	Number of workplace accidents	Reduce the number of workplace accidents
5	Energy conservation	Energy consumption	Reduce the energy consumption rate
6	Water conservation	Water consumption	Reduce the water consumption rate
7	Responsible waste management	Proportion of waste oil generated from operations that is properly disposed of	Maintain or improve the proportion of waste oil generated from operations that is properly disposed
8	Robust corporate governance framework	Singapore Governance and Transparency Index ("GTI")	Improve our GTI score
9	Sustainable business performance	• Profitability • Dividend distribution • Operating cash flow	Improve our financial performance whilst maintaining our dividend rate where practicable

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CORPORATE GOVERNANCE REPORT

INTRODUCTION

The board of directors (“**Board**”) and the management (“**Management**”) of Japan Foods Holding Ltd. (the “**Company**”) are committed to achieving a high standard of corporate governance within the Company and its subsidiary corporations (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 Company’s corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the “**Code 2012**”) issued on 2 May 2012.

The Board is pleased to confirm that for the financial year ended 31 March 2018 (“**FY2018**”), the Company has generally adhered to the framework 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 8.4 – Contractual Provision to Reclaim Incentive Components of Remuneration
- (d) Guideline 11.4 – Risk Committee
- (e) Guideline 16.1 – Shareholders’ Participation

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;



CORPORATE GOVERNANCE REPORT

- (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 2018, 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**") provide for the Directors to participate in Board meetings by teleconference or videoconference means.

The number of Board and Board committees' meetings held in FY2018 and the attendance of each Director are set out below:

FY2018 MEETING ATTENDANCE	BOARD	ARC	NC	RC	AGM
Total Number of Meetings	4	5	1	1	1
Takahashi Kenichi	4	NA	NA	NA	1
Wong Hin Sun, Eugene	4	5	1	1	1
Lee Sok Koon, Constance	4	5	1	1	1
Tan Lye Huat	4	5	1	1	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.



CORPORATE GOVERNANCE REPORT

Guideline 1.6

Continuous Training and Development of Directors

During FY2018, the Company's management ("**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 body. 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 FY2018.

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

Notes:

1. Mr Shigemitsu Katsuaki did not seek re-election and ceased to be a Director at the conclusion of the Company's last annual general meeting held on 24 July 2017.
2. As part of the Board renewal and succession plan, Mr Tan Lye Huat, after serving as the Lead Independent Director since 1 September 2011, had handed over the appointment of Lead Independent Director to Mdm Lee Sok Koon, Constance at the conclusion of the Company's last annual general meeting held on 24 July 2017.



CORPORATE GOVERNANCE REPORT

Guideline 2.2

Composition of Independent Director of the Board

Under Guideline 2.2 of the Code, 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.

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. After due consideration and with the concurrence of the NC, the Board 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 scrutinized and challenged Management where necessary. Taking into account the above, the Board has resolved that Mr Tan Lye Huat continues to be considered as an independent director, notwithstanding that he has served on the Board beyond nine years.

In line with the good practice recommended by the Nominating Committee Guide (Second Edition 2017 produced by the Singapore Institute of Directors with the support of the regulators), Mr Tan Lye Huat has offered himself for re-election as a Director at the forthcoming annual general meeting.

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 FY2018.

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.



CORPORATE GOVERNANCE REPORT

Guideline 2.6

Competency of the Board

During FY2018, 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.



CORPORATE GOVERNANCE REPORT

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 FY2018, the NC held one scheduled meeting, 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.



CORPORATE GOVERNANCE REPORT

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, Mdm Lee Sok Koon, Constance is due for retirement by rotation under Regulation 98 of the Constitution. Mdm Lee Sok Koon, Constance has consented to remain in office and offered herself for re-election. The Board, acting on the recommendation of the NC, proposed that Mdm Lee be re-elected at the forthcoming AGM.

The Nominating Committee Guide (Second Edition 2017 produced by the Singapore Institute of Directors) (the “NC Guide”) recommends that if an independent director who has served more than nine continuous years wishes to extend his appointment, the Board, as good practice, should require a separate resolution to be approved by shareholders. Accordingly, Mr Tan Lye Huat who has been in office for more than nine continuous years, had offered himself for re-election as a Director at the forthcoming AGM.

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 (including the Company) listed companies for Directors who do not hold any full time employment and not more than two (including the Company) listed companies 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.



CORPORATE GOVERNANCE REPORT

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 72 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 FY2018, 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.



CORPORATE GOVERNANCE REPORT

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 ten 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.



CORPORATE GOVERNANCE REPORT

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 one scheduled meeting, 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 FY2018.



CORPORATE GOVERNANCE REPORT

Guideline 7.4

Service Contract

The RC reviews the fairness and reasonableness of the service agreements of the Executive Directors 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	CHAIRMAN
Board of Directors	S\$19,000	Additional S\$6,000 ^(Note 1)
Audit and Risk Committee	S\$6,000	Additional S\$6,000
Nominating Committee	S\$2,500	Additional S\$2,500
Remuneration Committee	S\$2,500	Additional S\$2,500
Lead Independent Director	S\$2,000	N/A

Note 1: Applicable to Vice Chairman

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.



CORPORATE GOVERNANCE REPORT

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 FY2018 is set out below:

NAME OF DIRECTOR	TOTAL REMUNERATION	DIRECTOR'S FEES (%)	SALARY (%)	INCENTIVE BONUS AND	TOTAL (%)
	IN FY2018 (S\$'000)			OTHER BENEFITS (%)	
Takahashi Kenichi	642	–	40	60	100
Wong Hin Sun, Eugene	36	100	–	–	–
Lee Sok Koon, Constance	37	100	–	–	100
Tan Lye Huat	36	100	–	–	100
Shigemitsu Katsuaki	6 ⁽¹⁾	100	–	–	100
Total S\$'000	757	115	260	382	–

Notes:

⁽¹⁾ Mr Shigemitsu Katsuaki did not seek re-election and ceased to be a Director at the conclusion of the Company's last annual general meeting held on 24 July 2017. His director's fee is pro-rated for the period from 1 April 2017 to 24 July 2017.

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 FY2018, 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	BONUS AND OTHER			TOTAL (%)
		SALARY(3) (%)	BENEFITS (%)	PSP (%)	
Chan Chau Mui	Band A ⁽¹⁾	87.2	12.8	Nil	100
Chan Fuang Chiang	Band A ⁽¹⁾	59.8	11.6	28.6	100
Fong Siew Geen	Band A ⁽¹⁾	59.5	12.0	28.5	100
Kenneth Liew Kian Er	Band B ⁽²⁾	55.6	8.3	36.1	100
Otsuka Ichiro	Band A ⁽¹⁾	55.0	12.2	32.8	100
Total S\$'000		538	96	239	873

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.



CORPORATE GOVERNANCE REPORT

Total remuneration (including CPF, Bonus and benefit-in-kind) paid to the top five management personnel for FY2018 was approximately S\$873,000.

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 Chairman and CEO of the Company. Ms Chan's annual remuneration for FY2018 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 520,000 treasury shares, constituting approximately 0.3% of the total number of issued shares of the Company as at 31 March 2018, were awarded on 12 June 2017. Subsequent to the end of FY2018, on 17 May 2018, the Company transferred another 700,000 treasury shares to the Group's employees pursuant to awards granted under the PSP, and such number of shares awarded constituted approximately 0.4% of the Company's total number of issued shares as at the date of the awards. The Company has announced the details as required under Rule 704(32) in relation to the grant of awards on 12 June 2017 and 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 1.7% 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.



CORPORATE GOVERNANCE REPORT

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 FY2018, 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 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.



CORPORATE GOVERNANCE REPORT

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 Listing Rule 720(1) of the SGX-ST Listing Manual. 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 FY2018, 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:

- Risks identified are aligned with the objectives of the Group.
- A risk reporting structure is defined to identify the Risk Owners, Approvers, Champions and their respective risk responsibilities.
- 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.
- 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.



CORPORATE GOVERNANCE REPORT

Each risk identified is assigned 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 to 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.



CORPORATE GOVERNANCE REPORT

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

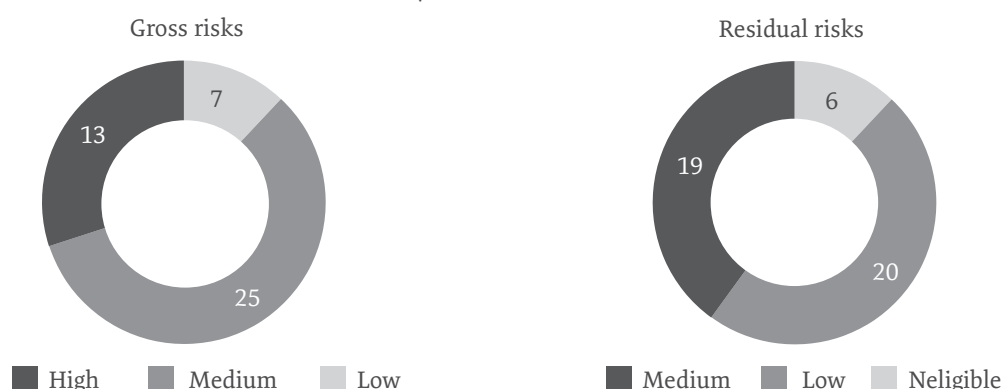
Adequacy and Effectiveness of Risk Management and Internal Control Systems

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 FY2018 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 FY2018 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	<u>Improper food handling leading to food poisoning cases</u> The Group operates a central kitchen that supplies to the chain of outlets. Improper food handling at the central kitchen and outlets may result in food contamination and consequentially lead to food poisoning when the food is consumed by customers. A serious food poisoning case may lead to regulatory actions from relevant authorities such as fines, suspension and adversely impact the reputation and financial performance of the Group.	High	Medium	We focus on maintaining an adequate and effective food handling internal control system. Key mitigating controls in place include measures on human resources, policies and procedures, training, insurance and conduct of laboratory tests on food by third parties.



CORPORATE GOVERNANCE REPORT

S/N	RISK TITLE AND DESCRIPTION	GROSS RISK LEVEL	RESIDUAL RISK LEVEL	RISK TREATMENT
2	<u>Lack of choice outlet locations</u> The success of a food and beverage business is dependent on the outlet locations. Non-choice locations with low human traffic lead to lesser sales volume which will adversely affect the financial performance of the Group. Shopping mall operators will not introduce choice locations to the Group 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.	High	Medium	We work to maintain a good relationship with mall owners, operators and also on building a strong brand equity. Key mitigating controls in place include measures on human resources, budgetary controls, training and procedures to handle customer complaints.
3	<u>Turnover of managerial staff</u> The Group's operations are led by a team of senior managers and assisted by a team of experienced middle managers. If the Group is unable to attract, retain or hire the necessary managers, the Group's operational and financial performance will be adversely affected.	High	Medium	We focus on maintaining an adequate and effective human resource internal control system. Key mitigating controls in place include measures on remuneration and benefit review, incentive schemes and policies and procedures.
4	<u>Shortage of operational staff</u> The Group employs 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 the Group is unable to hire the necessary personnel, a shortage of wait staff will adversely affect the Group's business and financial performance	High	Medium	We are constantly exploring new sources for operational staff and also focuses on maintaining an adequate and effective human resource internal control system. Key mitigating controls in place include measures on remuneration and benefit review, manpower planning, analysis and reporting, policies and procedures.



CORPORATE GOVERNANCE REPORT

S/N	RISK TITLE AND DESCRIPTION	GROSS RISK LEVEL	RESIDUAL RISK LEVEL	RISK TREATMENT
5	<u>Escalating costs</u> Key cost components of the operations include purchases of ingredients, rental, salaries and other operating expenses such as utilities, utensils and consumables. Inadequate cost controls in place may lead to cost escalation which will lead to operating losses and adverse financial performance.	High	Medium	Management is cost conscious and seeks to maximise value for costs incurred. The Group is focused on maintaining an adequate and effective cost control and purchasing internal control system. Key mitigating controls in place include measures on human resources, policies and procedures, enterprise resource planning system, budgetary controls and reporting.

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 FY2018 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.



CORPORATE GOVERNANCE REPORT

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 FY2018.

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;



CORPORATE GOVERNANCE REPORT

- (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 FY2018 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 FY2018, it 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 matters as reported by the external auditors for FY2018:

- **Impairment of Property, Plant and Equipment**

The ARC acknowledges that the impairment of Property, Plant and Equipment ("**PPE**") involves significant judgement. Towards this end, the ARC had developed a set of indicators to guide reviews and decisions on possible impairment to PPE. 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 PPE 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 FY2018. Please refer to page 78 of this Annual Report. The ARC concurs with the external auditor that no impairment charge is necessary.

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 22 June 2018 approved the financial statements.



CORPORATE GOVERNANCE REPORT

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 FY2018 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 FY2018	\$'000	% OF TOTAL FEES
Total Audit Fees	79	79
Total Non-Audit Fees	21	21
Total Fees Paid	100	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.



CORPORATE GOVERNANCE REPORT

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.

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 three 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 January 2016.

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 FY2018. 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.



CORPORATE GOVERNANCE REPORT

In FY2018, members of the ARC and the Board were also briefed by the Management on the application of SFRS(I) 1 (First-time Adoption of Singapore Financial Reporting Standards (International)) in the transition of the Group to Full IFRS Convergence, the implications of all the transition requirements in SFRS(I) 1, and the Group's process of preparing for Full IFRS Convergence in 2018. Full IFRS Convergence is to be adopted from 1 January 2018 with retrospective application, unless a specific exemption or relief is provided in SFRS(I) 1. The ARC and the Board were provided with an impact analysis of SFRS(I) 1 on the Group's financial statements, summarised below:

MANDATORY ADJUSTMENTS	STANDARDS FINANCIAL IMPACT
SFRS(I) 1-12 - Income Taxes	No significant impact
SFRS(I) 15 - Revenue from Contracts with Customers	No significant impact
SB-FRS116 - Leases	Impact on FY2019 Financial Statement
SFRS(I) 9 - Financial Instruments	No significant impact

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

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 (IIA Standards) issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan, which entails the review of the selected functions or business units of the Group, is developed and agreed by the ARC. Having reviewed the audit plan of YLA, the ARC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.



CORPORATE GOVERNANCE REPORT

Guideline 13.5

Adequacy and Effectiveness of the Internal Audit Function

The ARC reviews annually the adequacy of the internal function to ensure that the 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 reports and remedial actions implemented by Management to address any internal control inadequacies identified and was satisfied that the internal audit functions were adequate and effective.

The IA completed one review during FY2018 in accordance with the internal audit plan approved by the ARC. The Management has adopted the recommendations of the IA set out in the IA's report.

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>).



CORPORATE GOVERNANCE REPORT

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.



CORPORATE GOVERNANCE REPORT

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

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC and that the transactions are on an arm's length basis

As Mr Shigemitsu Katsuaki did not seek re-election and ceased to be a director of the Company at the conclusion of the Company's last annual general meeting held on 24 July 2017 ("**2017 AGM**"), the transactions between the Group and Shigemitsu Industry Co., Ltd ("**Shigemitsu Industry**") no longer constitute interested person transactions within the ambit of Chapter 9 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). Accordingly, the previous general mandate in respect of certain recurring transactions between the Group and Shigemitsu Industry was not renewed at the 2017 AGM and had since lapsed.



CORPORATE GOVERNANCE REPORT

The disclosure below relates to past transactions between the Group and Shigemitsu Industry during FY2018 (that is, from 1 April 2017 up to 23 July 2017 (being the date prior to the 2017 AGM)).

NAME OF INTERESTED PERSON	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS (INCLUDING TRANSACTIONS OF LESS THAN S\$100,000 EACH) DURING FY2018 (EXCLUDING TRANSACTIONS CONDUCTED UNDER SHAREHOLDERS' MANDATE PURSUANT TO RULE 920 OF THE CATALIST RULES) (S\$'000)	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS (INCLUDING TRANSACTIONS OF LESS THAN S\$100,000 EACH) CONDUCTED DURING FY2018 UNDER SHAREHOLDERS' MANDATE PURSUANT TO RULE 920 OF THE CATALIST RULES (S\$'000)
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Shigemitsu Industry Co., Ltd. ⁽¹⁾:

– Royalty, franchise and licence fees	127 ⁽²⁾	–
– Purchases of food ingredients		362 ⁽³⁾

Notes:

⁽¹⁾ Prior to 24 July 2017 (being the date of the 2017 AGM), Mr Shigemitsu Katsuaki was the Company's Non-executive Director. Mr Shigemitsu Katsuaki is also the president, chief executive officer and major shareholder of Shigemitsu Industry. Accordingly, transactions between the Group and Shigemitsu Industry which took place prior to 24 July 2017 were interested person transactions within the ambit of Chapter 9 of the Catalist Rules.

⁽²⁾ The royalty, franchise and licence fees paid to Shigemitsu Industry in FY2018 (that is from 1 April 2017 up to 23 July 2017, being the date prior to the 2017 AGM) comprised: (i) fees paid for the use of the "Ajisen Ramen" brand amounting to S\$116,000 (such fees relating to the "Ajisen Ramen" brand were deemed to have been specifically approved by shareholders at the time of the Company's initial public offering in February 2009 and were not subject to Rule 905 and Rule 906 of the Catalist Rules to the extent that there was no variation or amendment to the terms of the relevant franchise agreement), (ii) fees paid for the use of the "Keika Ramen" brand amounting to S\$5,000; and (iii) the right to use the technique for the production of noodles amounting to S\$6,000.

⁽³⁾ 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 general mandate which was valid until 24 July 2017 (being the date of the 2017 AGM).

Save as disclosed above, 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 FY2018 or if not subsisting, were entered into since 1 April 2018.

SPONSOR

No fees relating to non-sponsorship activities or services were paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, during FY2018.



DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The directors are pleased to present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2018 and the balance sheet of the Company as at 31 March 2018.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 81 to 133 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2018 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 73 to 74 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 2018	AT 1 APRIL 2017	AT 31 MARCH 2018	AT 1 APRIL 2017
The Company				
<u>(No. of ordinary shares)</u>				
Takahashi Kenichi	114,814,800	114,814,800	8,100,000	8,100,000
Wong Hin Sun, Eugene	-	-	9,487,000	9,487,000



DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- 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 2018 were the same as those as at 31 March 2018.

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



DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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.

During the financial year ended 31 March 2018, Awards comprising 520,000 shares were granted to certain key management personnel on 12 June 2017. 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 2018.

No performance shares were outstanding as at 31 March 2018.

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.



DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 2018 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 2018, the fees charged by the independent auditor for the provision of non-audit services amounted to \$21,050 (2017: \$18,050). 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.



DIRECTORS'
STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

22 June 2018



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 2018, 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, as set out on pages 81 to 133.

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 Financial Reporting Standards in Singapore (“FRSs”) 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 2018 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 2018. 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.



INDEPENDENT
AUDITOR'S REPORT
TO THE MEMBERS OF JAPAN FOODS HOLDING LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matter

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
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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\$9.28 million (2017: S\$9.86 million) which represents 21% (2017: 24%) of the Group's total assets as at 31 March 2018.

In accordance with FRS 36 – “Impairment of Assets”, an annual impairment review is performed on assets when there is 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 forecasted 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.



INDEPENDENT

AUDITOR'S REPORT

TO THE MEMBERS OF JAPAN FOODS HOLDING LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 FRSs, 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.
- 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.



INDEPENDENT
AUDITOR'S REPORT
TO THE MEMBERS OF JAPAN FOODS HOLDING LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Financial Statements

- 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
22 June 2018



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	NOTE	THE GROUP	
		2018 \$'000	2017 \$'000
Revenue	4	67,845	65,467
Cost of sales		(10,153)	(9,876)
Gross profit		57,692	55,591
Other income	5	971	996
Other losses	6	(11)	(11)
Expenses			
- Selling and distribution		(47,261)	(46,541)
- Administrative		(3,428)	(3,299)
- Other operating		(1,439)	(1,641)
Share of profit of associated companies	16	474	606
Profit before income tax		6,998	5,701
Income tax expense	9(a)	(1,223)	(1,045)
Total comprehensive income, representing net profit		5,775	4,656
Profit attributable to:			
Equity holders of the Company		5,775	4,656
Total comprehensive income attributable to:			
Equity holders of the Company		5,775	4,656
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
- Basic and diluted earnings per share	10	3.33	2.68

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



BALANCE SHEETS

AS AT 31 MARCH 2018

	NOTE	THE GROUP		THE COMPANY	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
ASSETS					
Current assets					
Cash and bank balances	11	21,887	20,227	2,510	2,052
Trade and other receivables	12	1,023	711	3,871	5,063
Inventories	13	656	595	-	-
Other current assets	14	2,059	2,246	47	44
		25,625	23,779	6,428	7,159
Non-current assets					
Investments in subsidiary corporations	15	-	-	5,727	5,727
Investments in associated companies	16	2,365	1,891	48	48
Loan to an associated company	17	248	248	248	248
Held-to-maturity financial assets	18	1,005	1,006	-	-
Plant and equipment	19	9,277	9,859	24	44
Intangible assets	20	135	169	-	-
Club membership	21	322	322	322	322
Long-term security deposits	22	4,285	3,502	-	-
		17,637	16,997	6,369	6,389
Total assets		43,262	40,776	12,797	13,548
LIABILITIES					
Current liabilities					
Trade and other payables	23	7,268	7,037	664	603
Current income tax liabilities	9(b)	1,531	1,231	7	-
		8,799	8,268	671	603
Non-current liability					
Deferred income tax liabilities	24	430	860	4	-
Total liabilities		9,229	9,128	675	603
NET ASSETS		34,033	31,648	12,122	12,945
EQUITY					
Share capital	25(a)	9,522	9,522	9,522	9,522
Treasury shares	25(b)	(424)	(559)	(424)	(559)
Capital reserves	25(c)	24	(8)	24	(8)
Retained profits	26	24,911	22,693	3,000	3,990
TOTAL EQUITY		34,033	31,648	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 IN 31 MARCH 2018

	NOTE	SHARE CAPITAL \$'000	TREASURY SHARES \$'000	CAPITAL RESERVES \$'000	RETAINED PROFITS \$'000	TOTAL EQUITY \$'000
The Group						
2018						
Beginning of financial year		9,522	(559)	(8)	22,693	31,648
Performance shares granted	25(b), 25(c)	-	210	32	-	242
Dividends relating to 2018 paid	27	-	-	-	(1,387)	(1,387)
Dividends relating to 2017 paid	27	-	-	-	(2,170)	(2,170)
Purchase of treasury shares	25(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
2017						
Beginning of financial year		9,522	(194)	-	21,525	30,853
Performance shares granted	25(b), 25(c)	-	190	(8)	-	182
Dividends relating to 2017 paid	27	-	-	-	(1,308)	(1,308)
Dividends relating to 2016 paid	27	-	-	-	(2,180)	(2,180)
Purchase of treasury shares	25(b)	-	(555)	-	-	(555)
Total comprehensive income for the financial year		-	-	-	4,656	4,656
End of financial year		9,522	(559)	(8)	22,693	31,648

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



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	THE GROUP	
	2018 \$'000	2017 \$'000
Cash flows from operating activities		
Net profit	5,775	4,656
Adjustments for:		
- Income tax expense	1,223	1,045
- Depreciation of plant and equipment	4,299	5,109
- Amortisation of intangible assets	65	64
- Amortisation of held-to-maturity financial assets	-*	-*
- Plant and equipment written-off	160	86
- Loss on disposal of plant and equipment	1	6
- Allowance for impairment of plant and equipment	-	259
- Allowance for impairment of intangible assets	66	-
- Employee performance shares expense	242	182
- Share of profit of associated companies	(474)	(606)
- Amortisation of government grants	(10)	(46)
- Interest income from bank deposits	(101)	(89)
	11,246	10,666
Changes in working capital:		
- Inventories	(60)	48
- Trade and other receivables	(313)	(18)
- Other current assets	187	563
- Long-term security deposits	(783)	(221)
- Trade and other payables	241	853
Cash generated from operations	10,518	11,891
Income tax paid	(1,353)	(722)
Interest received	101	89
Net cash provided by operating activities	9,266	11,258
Cash flows from investing activities		
Additions to intangible assets	(97)	-
Additions to plant and equipment	(3,879)	(3,514)
Purchases of financial assets, held-to-maturity	-	(502)
Proceeds from disposal of plant and equipment	2	-*
Dividends received from associated company	-	174
Net cash used in investing activities	(3,974)	(3,842)
Cash flows from financing activities		
Purchase of treasury shares	(75)	(555)
Increase in short-term bank deposits pledged	(20)	(301)
Dividends paid to equity holders of the Company	(3,557)	(3,488)
Net cash used in financing activities	(3,652)	(4,344)

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



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	THE GROUP	
	2018 \$'000	2017 \$'000
Net increase in cash and cash equivalents	1,640	3,072
Cash and cash equivalents		
Beginning of financial year	18,139	15,067
End of financial year (Note 11)	19,779	18,139

* The effects of amortisation of held-to-maturity financial assets, proceeds from disposal of plant and equipment and currency translation on cash and cash equivalents is less than \$1,000 respectively.

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 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 (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS 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.

Interpretations and amendments to published standards effective in 2018

On 1 April 2017, the Group adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. 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 adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for sale of goods and rendering of services in the ordinary course of the Group’s activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

2.2 Revenue recognition

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Restaurant sales*

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

(b) *Sales of food ingredients*

Sales of food ingredients represent the invoiced value of raw materials and sundry consumables, net of discounts and goods and services tax.

(c) *Franchise income*

Initial franchise income is recognised upon the grant of rights, completion of the designated phases of the franchise set-up and transfer of know-how to the franchisee in accordance with the terms stated in the franchise agreement. 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 recognised on an accrual basis in accordance with the substance of the relevant agreements.

(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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

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 but are considered an impairment indicator of the asset transferred. 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 corporation'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 corporation, 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 corporation 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 corporation measured at their fair values at the acquisition date.

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

2.4 Group accounting

(a) Subsidiary corporations

(ii) *Acquisitions*

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 corporation results in a loss of control over the subsidiary corporation, 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 and associated companies" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Associated companies

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%.

Investments in associated companies 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 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 represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

2.4 Group accounting

(b) Associated companies

(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' 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 are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, 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. If the associated company 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.

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

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company 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 and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

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.

(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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

2.5 Plant and equipment

(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 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 and associated companies

Investments in subsidiary corporations and associated companies 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.

2.9 Impairment of non-financial assets

Intangible assets

Club membership

Plant and equipment

Investments in subsidiary corporations and associated companies

Intangible assets, club membership, plant and equipment and investments in subsidiary corporations and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Intangible assets with indefinite useful life are tested for impairment annually and whenever there is indication that the intangible assets may be impaired.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

2.9 Impairment of non-financial assets

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 if, and 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) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables and held-to-maturity. The classification depends on the nature of the asset and 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.

(i) *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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

2.10 Financial assets

(a) *Classification*

(ii) 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.

(b) *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.

(c) *Initial measurement*

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

(d) *Subsequent measurement*

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

(e) *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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

2.10 Financial assets

(e) Impairment

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 the 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.

2.11 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 banking facilities 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.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporation's banking facilities, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

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.

2.15 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

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 and associated companies, 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

2.19 Employee compensation

(d) Performance share

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.

2.20 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 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

2.20 Currency translation

(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.

2.21 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 cash equivalents 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 equivalent.

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2 SIGNIFICANT ACCOUNTING POLICIES

2.23 Share capital and treasury shares

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 \$Nil (2017: \$259,000) 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 2018, the Group would have recognised a further impairment loss on plant and equipment of \$Nil (2017: \$117,000). Further details are provided in Note 19 to the financial statements.

The carrying amounts of plant and equipment are disclosed in Note 19 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

4 REVENUE

	THE GROUP	
	2018 \$'000	2017 \$'000
Restaurant sales	67,771	65,364
Sales of food ingredients	74	103
	67,845	65,467

5 OTHER INCOME

	THE GROUP	
	2018 \$'000	2017 \$'000
Royalty income	496	218
Franchise income	65	152
Interest income from bank deposits	101	89
Membership card sales	23	52
Government grants	226	368
Amortisation of government grants	10	46
Others	50	71
	971	996

6 OTHER LOSSES

	THE GROUP	
	2018 \$'000	2017 \$'000
Amortisation of held-to-maturity financial assets	-*	-*
Currency exchange losses - net	(10)	(5)
Loss on disposal of plant and equipment	(1)	(6)
	(11)	(11)

* The effects of amortisation of held-to-maturity financial assets is less than \$1,000.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7 EXPENSES BY NATURE

	THE GROUP	
	2018 \$'000	2017 \$'000
Purchases of inventories	10,214	9,828
Allowance for impairment of plant and equipment (Note 19)	-	259
Allowance for impairment of intangible assets (Note 20)	66	-
Amortisation of intangible assets (Note 20)	65	64
Consumables	829	735
Credit card and NETS commission	696	618
Depreciation of plant and equipment (Note 19)	4,299	5,109
Employee compensation (Note 8)	18,911	17,464
Fees on audit services paid/payable to:		
- Auditor of the Company	79	79
Fees on non-audit services paid/payable to:		
- Auditor of the Company	21	18
Inventories written-down (Note 13)	4	3
Plant and equipment written-off	160	86
Rental expense on operating leases	20,262	19,956
Repair and maintenance	957	1,015
Royalty fees	1,086	1,185
Sub-contractors	13	145
Utilities	2,448	2,364
Changes in inventories	(61)	48
Others	2,232	2,381
Total cost of sales, selling and distribution, administrative and other operating expenses	62,281	61,357

8 EMPLOYEE COMPENSATION

	THE GROUP	
	2018 \$'000	2017 \$'000
Wages and salaries	15,658	14,387
Directors' fees	115	119
Employer's contribution to Central Provident Fund	1,100	1,111
Employee performance shares	242	182
Other short-term benefits	1,796	1,665
	18,911	17,464



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

9 INCOME TAXES

(a) Income tax expense

	THE GROUP	
	2018 \$'000	2017 \$'000
Tax expense attributable to profit is made up of:		
Profit from current financial year:		
- Current income tax	1,455	1,286
- Deferred income tax (Note 24)	(237)	-
	1,218	1,286
Under/(over) provisions in prior financial years		
- Current income tax	198	(241)
- Deferred income tax (Note 24)	(193)	-
	1,223	1,045

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	
	2018 \$'000	2017 \$'000
Profit before income tax	6,998	5,701
Share of profit of associated companies, net of tax	(474)	(606)
Profit before tax and share of profit of associated companies	6,524	5,095
Tax calculated at a tax rate of 17% (2017: 17%)	1,109	866
Effects of:		
- Expenses not deductible for tax purposes	254	553
- Income not subject to tax	(32)	(40)
- Statutory tax exemption	(105)	(54)
- Under/(over) provisions in prior financial years	5	(241)
- Others	(8)	(39)
Tax charge	1,223	1,045

(b) Movements in current income tax liabilities

	THE GROUP		THE COMPANY	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Beginning of financial year	1,231	908	-	3
Income tax paid	(1,353)	(722)	(1)	(2)
Income tax expense	1,455	1,286	8	-
Under/(over) provisions in prior financial years	198	(241)	-	(1)
End of financial year	1,531	1,231	7	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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	
	2018	2017
Profit attributable to equity holders of the Company (\$'000)	5,775	4,656
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	173,512	174,023
Basic and diluted earnings per share (cents per share)	3.33	2.68

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

11 CASH AND BANK BALANCES

	THE GROUP		THE COMPANY	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank and on hand	13,743	13,187	364	998
Short-term bank deposits	8,144	7,040	2,146	1,054
	21,887	20,227	2,510	2,052

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

	THE GROUP	
	2018 \$'000	2017 \$'000
Cash and bank balances (as above)	21,887	20,227
Less: Bank deposits pledged	(2,108)	(2,088)
Cash and cash equivalents per consolidated statement of cash flows	19,779	18,139

Short-term bank deposits amounting to \$2,108,000 (2017: \$2,088,000) have been pledged to financial institutions as security for performance guarantees.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

12 TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade receivables				
- Non-related parties	1,005	706	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	3,871	5,063
- Non-related parties	18	5	-	-
	18	5	3,871	5,063
	1,023	711	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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Raw materials and consumables	656	595	-	-

The cost of raw materials recognised as an expense and included in “Cost of sales” amounted to \$10,153,000 (2017: \$9,876,000).

The Group recognised an expense of \$4,000 (2017: \$3,000) in respect to the write-down of inventories to net realisable value.

14 OTHER CURRENT ASSETS

	THE GROUP		THE COMPANY	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Refundable deposits	1,659	1,867	-	-
Prepayments	400	379	47	44
	2,059	2,246	47	44



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

15 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	THE COMPANY	
	2018 \$'000	2017 \$'000
Equity investments at cost		
Beginning of financial year	5,727	5,786
Additions	-	_*
	5,727	5,786
Less: Allowance for impairment	-	(59)
End of financial year	5,727	5,727

*The additions in the financial year ended 31 March 2017, represents the investment in a newly incorporated subsidiary corporation, which is less than \$1,000.

The Group had the following subsidiary corporations as at 31 March 2018 and 2017:

NAME OF SUBSIDIARY CORPORATIONS	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS/ INCORPORATION	PROPORTION OF ORDINARY SHARES DIRECTLY HELD BY PARENT AND THE GROUP	
			2018 %	2017 %
Bachmann Enterprises Pte Ltd ^(a)	Trading and management of franchisees and sub-franchisees	Singapore 19 July 1997	100	100
Bachmann Japanese Restaurant Pte Ltd ^(a)	Operating restaurants	Singapore 20 October 1997	100	100
Japan Foods Enterprises Pte. Ltd. ^(a)	Operating restaurants	Singapore 6 May 2005	100	100
Japan Foods Bridge Pte. Ltd. (formerly known as Katsuman Pte. Ltd.) ^(b)	Operating restaurants - Currently dormant	Singapore 10 March 2017	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) The subsidiary corporation liquidation process was completed on 7 September 2017.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

16 INVESTMENTS IN ASSOCIATED COMPANIES

	THE COMPANY	
	2018 \$'000	2017 \$'000
<i>Equity investments at cost</i>		
Beginning and end of financial year	48	48

	THE GROUP	
	2018 \$'000	2017 \$'000
Interests in associated companies		
Beginning of financial year	1,891	1,285
Share of results	474	606
End of financial year	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	
		2018	2017
ACJF Holding Limited ^(a)	Hong Kong/ British Virgin Islands	25	25
First Harmony Holdings Limited ^(a)	Hong Kong/ British Virgin Islands	30	30
Highly Yield Limited ^(a)	Hong Kong/ British Virgin Islands	20	20

^(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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

16 INVESTMENTS IN ASSOCIATED COMPANIES

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

The directors are of the opinion that the associated companies are not individually material to the Group as at 31 March 2018. 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	
	2018 \$'000	2017 \$'000
Total comprehensive income, representing net profit	1,398	2,240

In the financial year ended 31 March 2017, the Group has not recognised its share of loss of \$49,000 relating to Highly Yield Limited. The Group's cumulative share of unrecognised losses with respect to that associate was \$12,200 (2017: \$74,000) at the balance sheet date.

17 LOAN TO AN ASSOCIATED COMPANY

	THE GROUP		THE COMPANY	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Beginning and end of financial year	248	248	248	248

For the financial years ended 31 March 2018 and 2017, the loan to an associated company is unsecured, interest-free. Management has indicated that their intention not 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		THE COMPANY		BORROWING RATE	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 %	2017 %
Loan to an associated company	223	223	223	223	5.3	5.3



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

	THE GROUP	
	2018 \$'000	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	
	2018 \$'000	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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19 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						
<i>Cost</i>						
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
<i>Accumulated depreciation and impairment losses</i>						
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						
End of financial year	42	2,167	6,707	45	316	9,277
2017						
<i>Cost</i>						
Beginning of financial year	1,068	8,796	20,745	372	3,192	34,173
Additions	19	883	2,402	-	210	3,514
Written-off	(1)	(13)	(983)	-	(40)	(1,037)
Disposals	-	(13)	(2)	-	-	(15)
End of financial year	1,086	9,653	22,162	372	3,362	36,635
<i>Accumulated depreciation and impairment losses</i>						
Beginning of financial year	873	6,016	13,101	249	2,129	22,368
Depreciation charge (Note 7)	67	1,112	3,083	48	799	5,109
Impairment (Note 7)	-	-	259	-	-	259
Written-off	(1)	(8)	(903)	-	(39)	(951)
Disposals	-	(7)	(2)	-	-	(9)
End of financial year	939	7,113	15,538	297	2,889	26,776
Net book value						
End of financial year	147	2,540	6,624	75	473	9,859



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19 PLANT AND EQUIPMENT

	2018 \$'000	2017 \$'000
<u>The Company</u>		
Computer and office equipment		
<i>Cost</i>		
Beginning of financial year	61	24
Additions	-	37
End of financial year	61	61
<i>Accumulated depreciation</i>		
Beginning of financial year	17	-*
Depreciation charge	20	17
End of financial year	37	17
<i>Net book value</i>		
End of financial year	24	44

* The effect of depreciation charge is less than \$1,000.

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 \$160,000 (2017: \$86,000).

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.

(i) *Financial year ended 31 March 2017*

The Group has plan to convert an existing restaurant to another brand, subjected to approval from the landlord, in the financial year ended 31 March 2018. The current renovation cost will not be fully recovered by the time of conversion. Another restaurant closed in December 2017 due to persistent losses, the plant and equipment of this 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, Bachmann Japanese Restaurant Pte Ltd carried out a review of the recoverable amount of its plant and equipment. An impairment loss of \$259,000 representing the write-down of these assets to its recoverable amount was recognised in "Other operating expenses" (Note 7) for the financial year ended 31 March 2017.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19 PLANT AND EQUIPMENT

Impairment of plant and equipment

(ii) Financial year ended 31 March 2018

The Group have no plan for any change to the existing restaurants. Thus, no impairment loss was recognised for the financial year ended 31 March 2018.

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.

20 INTANGIBLE ASSETS

	THE GROUP	
	2018 \$'000	2017 \$'000
Trademarks and franchise rights		
<i>Cost</i>		
Beginning of financial year	601	601
Additions	97	-
End of financial year	698	601
<i>Accumulated amortisation and impairment loss</i>		
Beginning of financial year	432	368
Amortisation charge (Note 7)	65	64
Impairment (Note 7)	66	-
End of financial year	563	432
Net book value		
End of financial year	135	169

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.

During the current financial year, 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

21 CLUB MEMBERSHIP

	THE GROUP AND THE COMPANY	
	2018 \$'000	2017 \$'000
Club membership at cost		
Beginning and end of financial year	322	322

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

	THE GROUP AND THE COMPANY	
	2018 \$'000	2017 \$'000
Club membership	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.

22 LONG-TERM SECURITY DEPOSITS

	THE GROUP	
	2018 \$'000	2017 \$'000
Refundable security deposits	4,285	3,502

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.

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		BORROWING RATE	
	2018 \$'000	2017 \$'000	2018 %	2017 %
Long-term security deposits	3,810	3,122	5.3	5.3



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

23 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade payables				
- Non-related parties	1,408	1,126	-	-
Non-trade payables				
- Non-related parties	1,386	1,321	99	91
Accruals for operating expenses	4,421	4,537	565	512
Franchise deposits	53	53	-	-
	7,268	7,037	664	603

24 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 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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Deferred income tax liabilities, representing accelerated tax depreciation				
- To be settled after one year	430	860	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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Beginning of financial year	860	860	-	-
Tax credited to profit or loss (Note 9(a))	(430)	-	4	-
Beginning and end of financial year	430	860	4	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

25 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES

(a) Share capital

	2018		2017	
	NUMBER OF	AMOUNT	NUMBER OF	AMOUNT
	ORDINARY SHARES '000	\$'000	ORDINARY SHARES '000	\$'000
<u>The Group and the Company</u>				
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.

(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, Independent Director)
Tan Lye Huat	(Member, Lead 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

25 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES

(a) Share capital

(i) Japan Foods Performance Share Plan

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.

The details of the performance shares granted under the JF PSP as at 31 March 2018 are as follows:

	BEGINNING OF FINANCIAL YEAR	GRANTED DURING FINANCIAL YEAR	END OF FINANCIAL YEAR	VESTING PRICE	VESTING DATE
2018					
2017 JF PSP	1,700,000	520,000	2,220,000	\$0.46	12.06.2017*
2017					
2016 JF PSP	1,210,000	490,000	1,700,000	\$0.37	7.7.2016*

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

25 SHARE CAPITAL, TREASURY SHARES AND CAPITAL RESERVES

(b) Treasury shares

	2018		2017	
	NUMBER OF ORDINARY SHARES '000	AMOUNT \$'000	NUMBER OF ORDINARY SHARES '000	AMOUNT \$'000
<u>The Group and the Company</u>				
Beginning of financial year	1,393	559	500	194
Treasury shares purchased	175	75	1,383	555
Less: Treasury shares granted	(520)	(210)	(490)	(190)
End of financial year	1,048	424	1,393	559

On 12 June 2017, 520,000 (2017: 490,000) 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 \$242,000 (2017: \$182,000) based on the market price of the Company's share at the grant date.

The Company acquired 175,600 (2017: 1,382,500) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was \$75,000 (2017: \$555,000) and this was presented as a component within shareholders' equity. After these share buy-backs, the Company held 1,048,100 (2017: 1,392,500) treasury shares as at 31 March 2018 and the total number of issued shares (excluding treasury shares and subsidiary holdings) was 173,387,900 (2017: 173,043,500) Shares.

(c) Capital reserves

	THE GROUP AND THE COMPANY	
	2018 \$'000	2017 \$'000
Beginning of financial year	(8)	-
Performance shares granted/(issued)	32	(8)
End of financial year	24	(8)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

26 RETAINED PROFITS

- (a) Retained profits of the Group are distributable except for cumulative share of profit of associated companies amounting to \$2,365,000 (2017: \$1,891,000).
- (b) Movement in retained profits for the Company is as follows:

	THE COMPANY	
	2018 \$'000	2017 \$'000
Beginning of financial year	3,990	3,416
Net profit	2,567	4,062
Dividend paid (Note 27)	(3,557)	(3,488)
End of financial year	3,000	3,990

27 Dividends

	THE GROUP	
	2018 \$'000	2017 \$'000
<i>Ordinary dividends paid</i>		
Final exempt dividend paid in respect of the previous financial year of 1.25 cents (2017: 1.25 cents) per share	2,170	2,180
Interim exempt dividend paid in respect of the current financial year of 0.80 cents (2017: 0.75 cents) per share	1,387	1,308
	3,557	3,488

At the forthcoming Annual General Meeting on 23 July 2018, a final exempt (one-tier) dividend of 1.30 cents per share amounting to a total \$2,263,000 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.

28 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

29 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	
	2018 \$'000	2017 \$'000
Not later than one year	18,593	16,962
Between one and five years	21,417	19,383
	40,010	36,345

30 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 2018 are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12, 17 and 23 to the financial statements respectively.
- (b) Key management personnel compensation

	THE GROUP	
	2018 \$'000	2017 \$'000
Wages and salaries	1,213	1,114
Directors' fees	115	119
Employer's contribution to Central Provident Fund	62	62
Employee performance shares	239	182
	1,629	1,477

Included in the above is total compensation to directors of the Company amounting to \$757,000 (2017: \$707,000).

31 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

31 FINANCIAL RISK MANAGEMENT

(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
At 31 March 2018					
Financial assets					
Cash and cash equivalents	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/(liabilities)	33,513	(109)	284	345	34,033
Currency profile including non-financial assets/(liabilities)	33,513	(109)	284	345	34,033
Currency exposure of financial assets net of those denominated in the respective entities' functional currency	-	(109)	284	345	520



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

31 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
At 31 March 2017					
Financial assets					
Cash and cash equivalents	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 respective entities' functional currency	-	50	359	255	664



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

31 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
At 31 March 2018					
Financial assets					
Cash and cash equivalents	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					
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 Company's functional currency					
	-	284	(4)	*	280



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

31 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
At 31 March 2017					
Financial assets					
Cash and cash equivalents	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					
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 Company's functional currency					
	-	359	(4)	*	355



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

31 FINANCIAL RISK MANAGEMENT

(a) Market risk

(i) Currency risk

Sensitivity analysis

If the JPY, HKD and USD change against the SGD by 1% (2017: 4%), 8% (2017: 3%) and 6% (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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
The Group				
JPY against SGD				
- Strengthened	1	2	-	-
- Weakened	(1)	(2)	-	-
HKD against SGD				
- Strengthened	(18)	10	18	24
- Weakened	18	(10)	(18)	(24)
USD against SGD				
- Strengthened	(17)	8	*	*
- Weakened	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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

31 FINANCIAL RISK MANAGEMENT

(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.

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 COMPANY	
	2018 \$'000	2017 \$'000
Corporate guarantee provided to banks on subsidiary corporation's performance guarantee	1,539	1,539

There are no significant concentrations of credit risk within the Group.

There are no financial assets that are past due and/or impaired as at each of the balance sheet dates.

(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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Less than one year</u>				
Trade and other payables	7,268	7,037	664	603
Financial guarantee contracts	-	-	1,539	1,539

Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

31 FINANCIAL RISK MANAGEMENT

(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.

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 bank balances. Total capital is calculated as total equity plus net debt.

	THE GROUP		THE COMPANY	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net debt	(14,619)	(13,190)	(1,846)	(1,449)
Total equity	34,033	31,648	12,122	12,945
Total capital	19,414	18,458	10,276	11,496
Gearing ratio	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 2018 and 2017.

(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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Loans and receivables	29,102	26,555	6,629	7,363
Financial liabilities at amortised cost	7,268	7,037	664	603



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

32 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 \$'000	FRANCHISED OPERATION \$'000	TOTAL REPORTABLE SEGMENTS \$'000
<u>The Group</u>			
2018			
Revenue			
Total segment revenue	67,771	811	68,582
Inter-segment revenue	-	(737)	(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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

32 SEGMENT INFORMATION

	← SINGAPORE →		
	RESTAURANT SALES \$'000	FRANCHISED OPERATION \$'000	TOTAL REPORTABLE SEGMENTS \$'000
The Group			
2017			
Revenue			
Total segment revenue	65,364	408	65,772
Inter-segment revenue	-	(305)	(305)
External revenue	65,364	103	65,467
Segment results	4,861	145	5,006
Depreciation and amortisation	5,109	64	5,173
Allowance for impairment of plant and equipment	259	-	259
Plant and equipment written-off	86	-	86
Loss on disposal of plant and equipment	6	-	6
Inventories written-down	3	-	3
Share of profit of associated companies	606	-	606
Segment assets	30,923	1,807	32,730
Segment assets includes:			
Additions to plant and equipment	3,514	-	3,514
Loan to an associated company	248	-	248
Segment liabilities	5,822	1,215	7,037

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

32 SEGMENT INFORMATION

Reconciliations

(i) Segment profits

A reconciliation of reported segment results to profit before tax is provided as follows:

	THE GROUP	
	2018 \$'000	2017 \$'000
Reported segments	6,423	5,006
Interest income	101	89
Share of profit of associated companies	474	606
Profit before income tax	6,998	5,701

(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	
	2018 \$'000	2017 \$'000
Segment assets for reportable segments	34,113	32,730
Unallocated:		
Short-term bank deposits	8,144	7,040
Held-to-maturity financial assets	1,005	1,006
	43,262	40,776



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

32 SEGMENT INFORMATION

Reconciliations

(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	
	2018 \$'000	2017 \$'000
Segment liabilities for reportable segments	7,268	7,037
Unallocated:		
Current income tax liabilities	1,531	1,231
Deferred income tax liabilities	430	860
	9,229	9,128

33 EVENTS OCCURRING AFTER BALANCE SHEET DATE

- a) On 17 May 2018, 700,000 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 \$339,500 based on the market price of the Company's share at the grant date.

This transaction would have changed the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period. Following the transfer of the treasury shares, the total issued share capital of the company (excluding treasury shares) will increase to 174,087,900 shares.

However, earnings per share amounts are not adjusted for this transaction occurring after the reporting period because this transaction do not affect the amount of capital used to produce profit or loss for the financial year ended 31 March 2018.

- (b) On 14 February 2018, the Company entered into an agreement with PT Arena Gourmet ("AG") and PT Menya Musashi Indonesia ("MMI") by way of subscription ("Share Subscription") of an aggregate of 1,500 new ordinary shares in MMI for a cash consideration of IDR1,500,000,000 (equivalent of \$146,259). The agreement is set up in relation to the operation of Japanese ramen restaurant(s) under the "Menya Musashi" trademark in Indonesia. Following the completion of the Share Subscription on 25 May 2018, the Company owns 30% equity interest in MMI.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

34 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 2018 or later periods and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 : Leases
- Amendments to FRS 28 - *Long-term Interests in Associates and Joint Ventures*
- Amendments to FRS 109 - *Prepayment Features with Negative Compensation*
- INT FRS 123 - *Uncertainty over Income Tax Treatments*
- Amendments to FRS 103 - *Business Combinations*
- Amendments to FRS 111 - *Joint Arrangements*
- Amendments to FRS 12 - *Income Taxes*
- Amendments to FRS 23 - *Borrowing Costs*

Effective date of the following standard had been revised from 1 January 2016 to a date to be determined by Accounting Standards Council

- Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Effective date of the amendments permitting the temporary exemption is for annual periods beginning on or after 1 January 2018. The amendments allowing the overlay approach are applicable when an entity first apply FRS 109.

- Amendments to FRS 104 - *Applying FRS 109 - Financial Instruments with FRS 104 Insurance Contracts*

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for the following:

FRS 116 - *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an 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.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 35). The new accounting framework has similar requirements of FRS 116 and management has assessed that there would not be significant impact on the adoption of the equivalent FRS 116.

The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit or classification of cash flows. As at the reporting date, the Group has non-cancellable operating lease commitments of \$40,010,000 (Note 29).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

35 ADOPTION OF SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as "Singapore IFRS - Identical Financial Reporting Standards" ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ending 31 March 2018 in April 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 - *First-time Adoption of IFRS*. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers*. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 March 2018), subject to the mandatory exceptions and optional exemptions under IFRS 1. The Group do not elect any of the relevant optional exemptions.

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 22 June 2018.



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)	: 174,087,900
Number/Percentage of Treasury Shares	: 348,100 (0.20%)
Number/Percentage of Subsidiary Holdings:	: Nil
Voting rights (excluding Treasury Shares)	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 21 JUNE 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	4	0.70	107	0.00
100 – 1,000	80	13.99	47,093	0.03
1,001 – 10,000	271	47.38	1,493,750	0.83
10,001 – 1,000,000	208	36.36	14,788,950	8.49
1,000,001 and above	9	1.57	157,812,000	90.65
Total	572	100.00	174,087,900	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 21 JUNE 2018

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	Kenichi Takahashi	114,814,800	65.95
2	DBS Nominees Pte Ltd	8,283,500	4.76
3	Chan Chau Mui	8,100,000	4.65
4	HSBC (Singapore) Nominees Pte Ltd	7,884,000	4.53
5	Sirius Venture Capital Pte Ltd	7,165,800	4.12
6	Nomura Singapore Limited	3,360,600	1.93
7	Shigemitsu Industry Co. Ltd.	3,360,600	1.93
8	Tan Kay Toh or Yu Hea Ryeong	2,521,500	1.45
9	Chin May Yee Emily	2,321,200	1.33
10	Tan Bin Cheng Guy	854,000	0.49
11	CGS-CIMB Securities (S) Pte Ltd	783,850	0.45
12	Teng Chai Hai	565,000	0.32
13	DBS Vickers Securities (S) Pte Ltd	514,900	0.30
14	Ho Juat Keng	419,800	0.24
15	Citibank Nominees Singapore Pte Ltd	393,200	0.23
16	Christella Chuah Poh Choo	390,000	0.22
17	James Alvin Low Yiew Hock	345,000	0.20
18	Yap Kwok Khuen or Goh Poh Lian	334,000	0.19
19	Yeo Wei Huang	330,000	0.19
20	UOB Kay Hian Pte Ltd	327,500	0.19
Total:		163,069,450	93.67



STATISTICS OF SHAREHOLDINGS

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 21 June 2018, approximately 23.95 % 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 Catalyst is complied with.

SUBSTANTIAL SHAREHOLDERS

NAME OF SHAREHOLDER	NO. OF SHARES (DIRECT INTEREST)	%	NO. OF SHARES (DEEMED INTEREST)	%
Takahashi Kenichi ⁽¹⁾	114,814,800	65.95%	8,100,000	4.65%
Wong Hin Sun, Eugene ⁽²⁾	–	–	9,487,000	5.45%

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 Imagination Room, Level 5, National Library Building, Singapore 188064 on Monday, 23 July 2018 at 10.00 a.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 2018 together with the Independent Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final tax-exempt one-tier dividend of 1.30 Singapore cents per ordinary share for the financial year ended 31 March 2018. **(Resolution 2)**
3. To approve the payment of S\$114,671 as fees to the directors of the Company (“**Directors**”) for the financial year ended 31 March 2018. (2017: S\$119,000) **(Resolution 3)**
4. To re-elect Madam Lee Sok Koon, Constance, who is retiring under Regulation 98 of the Company’s Constitution, and who, being eligible, offers herself 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 Catalyst (“**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



NOTICE OF

ANNUAL GENERAL MEETING

- (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 shares 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



NOTICE OF ANNUAL GENERAL MEETING

- (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) 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:



NOTICE OF

ANNUAL GENERAL MEETING

- (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



NOTICE OF ANNUAL GENERAL MEETING

- (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 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

6 July 2018

Explanatory Notes:

- (a) Madam Lee Sok Koon, Constance, the Lead Independent Director of the Company, will upon re-election as a Director, remain as a member of the Audit and Risk Committee, the Chairperson of the Nominating Committee and the Remuneration Committee, and will be considered non-executive and independent for 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 24 July 2017 (the “2017 AGM”) offered himself for re-election as a Director of the Company and was duly re-elected at the 2017 AGM. As at 31 March 2018 (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 the Remuneration Committee of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

- (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



NOTICE OF ANNUAL GENERAL MEETING

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 2018, 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 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.
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.



NOTICE OF ANNUAL GENERAL MEETING

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 2018 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 1.30 cents per ordinary share ("**2018 Dividend**") for the financial year ended 31 March 2018, the Share Transfer Books and Register of Members of the Company will be closed on 2 August 2018 for the purpose of determining Shareholders' entitlements to the 2018 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 1 August 2018 will be registered to determine Shareholders' entitlements to the 2018 Dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Shares as at 5.00 p.m. on 1 August 2018 will be entitled to the 2018 Dividend.

Payment of the 2018 Dividend, if approved by Shareholders at the AGM of the Company, will be made on 17 August 2018.

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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 6 July 2018.

I/We, _____ (Name)
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 Imagination Room, Level 5, National Library Building, Singapore 188064 on Monday, 23 July 2018 at 10.00 a.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 2018, together with the Independent Auditors’ Report thereon.		
2.	Payment of proposed final tax-exempt one-tier dividend of 1.30 cents per ordinary share for the financial year ended 31 March 2018.		
3.	Approval of Directors’ fees of S\$114,671 for the financial year ended 31 March 2018. (2017: S\$119,000)		
4.	Re-election of Madam Lee Sok Koon, Constance 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 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 _____, 2018

Signature of Shareholder(s)/Common Seal of
Corporate Shareholder

IMPORTANT
Please read notes overleaf
**Delete where inapplicable*

TOTAL NUMBER OF SHARES IN:	NO. OF SHARES
CDP Register	
Register of Members	

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.



STABLE
PROGRESSION

SOLID
PERFORMANCE

ANNUAL REPORT 2018
JAPAN FOODS HOLDING LTD.

INCORPORATED IN
THE REPUBLIC OF SINGAPORE
ON 3 DECEMBER 2007
(UEN: 200722314M)

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