

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2015

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

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

Consolidated statement of comprehensive income

	<----- Group -----> Second Quarter Ended 30 September			<----- Group -----> Six (6) Months Ended 30 September		
	2015 (\$'000)	2014 (\$'000)	Increase/ (Decrease) (%)	2015 (\$'000)	2014 (\$'000)	Increase/ (Decrease) (%)
Revenue	15,894	15,505	2.5	31,712	31,199	1.6
Cost of Sales	(2,499)	(2,796)	(10.6)	(5,094)	(5,491)	(7.2)
Gross Profit	13,395	12,709	5.4	26,618	25,708	3.5
Other Income	259	183	41.5	530	407	30.2
Other gains - net	-	19	N.M. ⁽¹⁾	-	27	N.M. ⁽¹⁾
Selling and distribution expenses	(11,011)	(10,924)	0.8	(22,239)	(21,957)	1.3
Administrative expenses	(828)	(757)	9.4	(1,551)	(1,548)	0.2
Other operating expenses	(404)	(287)	40.8	(768)	(726)	5.8
Profit from operations	1,411	943	49.6	2,590	1,911	35.5
Share of results of associated companies	188	204	(7.8)	274	216	26.9
Profit before tax	1,599	1,147	39.4	2,864	2,127	34.6
Income tax expenses	(252)	(162)	55.6	(466)	(326)	42.9
Total comprehensive income for the period attributable to equity holders of the company	1,347	985	36.8	2,398	1,801	33.1

Note:

- (1) "N.M." denotes not meaningful.

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

The Group's profit before income tax is arrived at after charging / (crediting) the following:

	<----- Group -----> Second Quarter Ended 30 September			<----- Group -----> Six (6) Months Ended 30 September		
	2015 (S\$'000)	2014 (S\$'000)	Increase / (Decrease) (%)	2015 (S\$'000)	2014 (S\$'000)	Increase / (Decrease) (%)
Interest income	(28)	(23)	21.7	(47)	(35)	34.3
Royalty and franchise income	(85)	(80)	6.3	(290)	(274)	5.8
Membership card sales	(10)	(13)	(23.1)	(20)	(28)	(28.6)
Insurance claims	(1)	(3)	(66.7)	(5)	(3)	66.7
Other income ⁽²⁾	(135)	(64)	110.9	(168)	(67)	150.7
Depreciation of plant and equipment	1,321	1,214	8.8	2,633	2,305	14.2
Amortisation of intangible assets	16	16	-	29	32	(9.4)
Inventories written off	1	1	-	1	1	-
Plant and equipment written off	104	76	36.8	104	175	(40.6)
Loss on disposal of plant and equipment	8	1	700.0	8	1	700.0
Currency translation (gain)/loss - net	24	(19)	N.M. ⁽¹⁾	27	(27)	N.M. ⁽¹⁾

Notes:

(1) "N.M." denotes not meaningful.

(2) Other income refers mainly to the grant by the Singapore government under the Enhanced Special Employment Credit Scheme, sales of scrap materials and amortisation of government grants received.

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

Consolidated statement of financial position

	<----- Group ----->		<----- Company----->	
	As at 30.09.2015 (S\$'000)	As at 31.03.2015 (S\$'000)	As at 30.09.2015 (S\$'000)	As at 31.03.2015 (S\$'000)
ASSETS				
Current assets				
Cash and cash equivalents	17,767	15,913	1,579	1,085
Trade receivables	707	590	-	-
Other receivables	12	1	-	-
Inventories	618	636	-	-
Amounts owing by subsidiary companies	-	-	4,385	7,062
Other current assets	2,173	1,942	37	40
	21,277	19,082	6,001	8,187
Non-current assets				
Property, plant and equipment	11,811	13,204	-	-
Investment in subsidiaries	-	-	5,278	5,278
Investment in associates	1,146	872	48	48
Loan to an associated company	248	248	248	248
Financial assets, held-to-maturity	504	505	-	-
Intangible assets	248	193	-	-
Club membership	259	259	259	259
Long term security deposits	3,767	3,836	-	-
	17,983	19,117	5,833	5,833
Total Assets	39,260	38,199	11,834	14,020
LIABILITIES				
Current liabilities				
Trade payables	1,428	1,604	-	-
Other payables and accruals	5,354	4,834	288	504
Amounts owing to subsidiary companies	-	-	-	-
Current income tax liabilities	640	326	2	4
	7,422	6,764	290	508
Non-current liabilities				
Deferred income tax liabilities	860	860	-	-
	860	860	-	-
Total Liabilities	8,282	7,624	290	508
Net Assets	30,978	30,575	11,544	13,512
EQUITY				
Share capital	9,522	9,307	9,522	9,307
Retained earnings	21,456	21,268	2,022	4,205
Total Equity	30,978	30,575	11,544	13,512

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

Amount repayable in one year or less, or on demand

As at 30 September 2015		As at 31 March 2015	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Amount repayable after one year

As at 30 September 2015		As at 31 March 2015	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Details of any collateral

Nil

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

Consolidated statement of cash flows

	<----- Group -----> Second Quarter ended 30 September		<----- Group -----> Six (6) Months Ended 30 September	
	2015 (S\$'000)	2014 (S\$'000)	2015 (S\$'000)	2014 (S\$'000)
Cash flows from operating activities:				
Net profit	1,347	985	2,398	1,801
Adjustments for:				
Income tax expenses	252	162	466	326
Depreciation of plant and equipment	1,321	1,214	2,633	2,305
Amortisation of intangible assets	16	16	29	32
Plant and equipment written off	104	76	104	175
Share of profits of associated companies	(188)	(204)	(274)	(216)
Loss on disposal of plant and equipment	8	1	8	1
Inventories written off	1	1	1	1
Interest income	(28)	(23)	(47)	(35)
Amortisation of government grants	(57)	-	(82)	-
Employee Performance Shares expenses	215	-	215	348
	2,991	2,228	5,451	4,738
Changes in working capital:				
Inventories	(26)	57	18	76
Trade and other receivables	41	152	(127)	120
Other current assets and security deposits ⁽¹⁾	(129)	105	(162)	(164)
Trade and other payables	88	(1,031)	426	229
Cash generated from operations	2,965	1,511	5,606	4,999
Interest income received	32	23	46	35
Income tax paid	(152)	(699)	(152)	(699)
Net cash provided by operating activities	2,845	835	5,500	4,335
Cash flows from investing activities:				
Additions to plant and equipment	(267)	(2,119)	(1,353)	(4,943)
Additions to intangible assets	(16)	(63)	(83)	(63)
Proceeds from disposal of plant and equipment	-	31	-	31
Net cash used in investing activities	(283)	(2,151)	(1,436)	(4,975)

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Consolidated statement of cash flows (cont'd)

	<----- Group ----->		<----- Group ----->	
	Second Quarter ended 30 September		Six (6) Months Ended 30 September	
	2015	2014	2015	2014
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Cash flows from financing activities:				
Increase/(Decrease) in short-term bank deposits pledged	(63)	101	(63)	(89)
Dividend paid to equity holders of the Company	(2,210)	(2,610)	(2,210)	(2,610)
Net cash used in financing activities	(2,273)	(2,509)	(2,273)	(2,699)
Net increase/decrease in cash and cash equivalents	289	(3,825)	1,791	(3,339)
Cash and cash equivalents				
Beginning of financial period	15,692	17,254	14,190	16,768
End of financial period ⁽²⁾	15,981	13,429	15,981	13,429

Notes:

- (1) This change in working capital relating to other current assets and security deposits takes into account the security deposits (both short term and long term) amounting to approximately S\$5.5 million as at 30 September 2015 (30 September 2014: S\$5.6 million) placed with lessors in respect of the Group's leases which are recoverable upon expiry of the lease tenure.
- (2) This excludes bank deposits of \$1.8 million as at 30 September 2015 (as at 30 September 2014: S\$2.3 million) pledged as security for bank facilities granted by financial institution(s) to the Group.

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

Statement of changes in equity

Group	Share capital (S\$'000)	Foreign currency translation reserve (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2015	9,307	-	21,268	30,575
Total comprehensive income for the period	-	-	1,051	1,051
Balance as at 30 June 2015	9,307	-	22,319	31,626
Dividend paid	-	-	(2,210)	(2,210)
Award of performance shares	215	-	-	215
Total comprehensive income for the period	-	-	1,347	1,347
Balance as at 30 September 2015	9,522	-	21,456	30,978
Balance as at 1 April 2014	8,959	-	20,412	29,371
Award of performance shares	348	-	-	348
Total comprehensive income for the period	-	-	816	816
Balance as at 30 June 2014	9,307	-	21,228	30,535
Dividend paid	-	-	(2,610)	(2,610)
Total comprehensive income for the period	-	-	985	985
Balance as at 30 September 2014	9,307	-	19,603	28,910

Company

	Share capital (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2015	9,307	4,205	13,512
Profit for the period	-	13	13
Balance as at 30 June 2015	9,307	4,218	13,525
Dividend paid	-	(2,210)	(2,210)
Award of performance shares	215	-	215
Profit for the period	-	14	14
Balance as at 30 September 2015	9,522	2,022	11,544
Balance as at 1 April 2014	8,959	3,534	12,493
Award of performance shares	348	-	348
Loss for the period	-	(224)	(224)
Balance as at 30 June 2014	9,307	3,310	12,617
Dividend paid	-	(2,610)	(2,610)
Profit for the period	-	1,752	1,752
Balance as at 30 September 2014	9,307	2,452	11,759

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

At an extraordinary general meeting held on 21 July 2015, the Company's shareholders approved a share buy-back mandate which authorises the Company's directors to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**"). Since the approval of the share buy-back mandate on 21 July 2015 to the date hereof, the Company has not bought or acquired any Shares.

On 6 August 2015, the Company issued and allotted 430,000 new ordinary shares in the capital of the Company ("**PSP Shares**") under the Japan Foods Performance Share Scheme to certain employees of the Group. Following the issuance of the PSP Shares, the total issued share capital of the Company increased from 174,006,000 Shares as at 31 March 2015 to 174,436,000 Shares as at 30 September 2015.

As at 30 September 2015 and as at 31 March 2015, the Company did not have any outstanding options or convertibles.

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

	As at 30 September 2015	As at 31 March 2015
Total number of issued Shares (excluding treasury shares)	174,436,000	174,006,000

The Company did not have any treasury shares as at 30 September 2015 and as at 31 March 2015.

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

Not applicable as the Company did not have any treasury shares as at 30 September 2015 and as at 31 March 2015.

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

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

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

Not applicable.

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

Saved as disclosed in Paragraph 5 below, the Company and its subsidiaries (the "Group") have adopted the same accounting policies and methods of computation in the unaudited consolidated financial statements for the six (6) months ended 30 September 2015 compared to its most recently audited annual financial statements for the financial year ended 31 March 2015.

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 April 2015 and are relevant to its operations. The adoption of these new and revised FRS and INT FRS did not result in any material change to the Group's accounting policies nor have any significant impact on the Group's financial statements for the six (6) months ended 30 September 2015.

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

Earnings per share ("EPS")

	<----- Group ----->		<----- Group ----->	
	Second Quarter Ended		Six (6) Months Ended	
	30 September		30 September	
	2015	2014	2015	2014
Earnings attributable to equity holders of the Company (S\$'000)	1,347	985	2,398	1,801
Weighted average number of Shares used in computation of basic EPS	174,267,739	174,006,000	174,137,585	173,823,049
Basic EPS attributable to equity holders of the Company (cents) ⁽¹⁾	0.77	0.57	1.38	1.04
Fully diluted EPS attributable to equity holders of the Company (cents) ⁽²⁾	0.77	0.57	1.38	1.04

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Notes:

- (1) Basic EPS is computed by dividing the Group's earnings attributable to the equity holders of the Company in each financial period by the weighted average number of Shares outstanding during the respective financial period.
- (2) Fully diluted EPS are the same as the basic EPS for 2Q2015 and 2Q2016 as well as for 1H2015 and 1H2016 as the Company did not have any outstanding instruments convertible into rights to subscribe for, and options in respect of its Shares during the respective financial periods.

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

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

Net asset value ("NAV")

	<----- Group ----->		<----- Company ----->	
	As at 30 September 2015	As at 31 March 2015	As at 30 September 2015	As at 31 March 2015
NAV per Share (cents)	17.76	17.57	6.62	7.76
Number of Shares used in computation of NAV per Share	174,436,000	174,006,000	174,436,000	174,006,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

As at 30 September 2015, the Group had a total of 44 restaurants in operation comprising 16 "Ajisen Ramen" restaurants, 4 "Fruit Paradise" restaurants, 8 "Menya Musashi" restaurants, 3 "Kazokutei" restaurants, 7 "Osaka Ohsho" restaurants and 6 restaurants operating under various other brands (namely, "Botejyu", "Hanamidori", "Keika Ramen", "Menzo Butao", "Japanese Gourmet Town" and "Yonehachi" brands). As at 30 September 2015, the Group had 1 "Ajisen Ramen" outlet located in Marina Bay Sands Shoppes Premium Food Precinct.

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In comparison, as at 30 September 2014, the Group had a total of 44 restaurants in operation comprising 18 “Ajisen Ramen” restaurants, 5 “Fruit Paradise” restaurants, 9 “Menya Musashi” restaurants, 2 “Kazokutei” restaurants, 6 “Osaka Ohsho” restaurants and 4 restaurants operating under various other brands (namely “Botejyu”, “Menzo Butao”, “Japanese Gourmet Town”, and “Yonehachi” brands). As at 30 September 2014, the Group had 1 “Ajisen Ramen” outlet located in Marina Bay Sands Shoppes Premium Food Precinct.

Review of income statements of the Group for 2Q2016 compared to 2Q2015

Revenue

The Group’s revenue increased by S\$0.4 million or 2.5% from S\$15.5 million in the second quarter from 1 July 2014 to 30 September 2014 (“**2Q2015**”) to S\$15.9 million in the second quarter from 1 July 2015 to 30 September 2015 (“**2Q2016**”). The increase in the Group’s revenue was a result of the following:

- (i) *a net decrease in revenue of S\$0.3 million from restaurants operating under the “Ajisen Ramen” brand*

The Group’s revenue from restaurants operating under the “Ajisen Ramen” brand decreased from S\$7.0 million in 2Q2015 to S\$6.7 million in 2Q2016, mainly attributable to the closure of two (2) restaurants at Compass Point in September 2015 due to mall renovation works and at Jurong Point Shopping Centre in November 2014 due to the expiry of its lease.

- (ii) *a net increase in revenue of S\$0.7 million from the restaurants operating under other brands*

The Group’s restaurant’s operating under other brands, namely “Hanamidori”, “Keika Ramen”, “Kazokutei”, “Osaka Ohsho”, “Japanese Gourmet Town” and “Botejyu” recorded an increase in revenue from S\$8.5 million in 2Q2015 to S\$9.2 million in 2Q2016. This was mainly due to: (a) new restaurants operating under the “Hanamidori”, “Keika Ramen”, “Kazokutei” and “Osaka Ohsho” brands; and (b) higher sales from restaurants operating under the “Japanese Gourmet Town” and “Botejyu” brands, which together accounted for an increase of S\$1.4 million in aggregate.

The increase in revenue was however partially offset by a decrease in revenue of S\$0.7 million due to: (a) lower sales recorded by restaurants under the “Fruit Paradise” and “Menzo Butao” brands; (b) the closure of “Udon King” restaurant at AMK Hub in September 2014; and (c) the closure of “Menya Musashi” restaurant at ION Orchard in August 2015.

- (iii) *a marginal decrease of S\$62,000 from sales of food ingredients*

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

Gross profit

The Group’s gross profit increased by S\$0.7 million or 5.4% from S\$12.7 million in 2Q2015 to S\$13.4 million in 2Q2016, generally in line with the increase in the Group’s revenue.

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The Group's overall gross profit margin increased from 82.0% in 2Q2015 to 84.3% in 2Q2016 due to the Group's constant effort in raw material costs control, material usage efficiency and product pricing strategy.

Selling and distribution expenses

The Group's selling and distribution expenses increased marginally by S\$0.1 million or 0.8% from S\$10.9 million in 2Q2015 to S\$11.0 million in 2Q2016. This increase was in line with the higher number of outlets in operation during 2Q2016 which resulted in higher manpower cost, rental expenses and depreciation charges.

Administrative expenses

The Group's administrative expenses increased by S\$71,000 or 9.4% from S\$757,000 in 2Q2015 to S\$828,000 in 2Q2016. The increase in administrative expenses was mainly due to higher manpower cost and other administrative expenses in line with the Group's expanded restaurant network and brands.

Other operating expenses

The Group's other operating expenses increased by S\$0.1 million or 40.8% from S\$0.3 million in 2Q2015 to S\$0.4 million in 2Q2016 mainly due to the increase in foreign currency exchange loss and higher royalty fee expenses.

Share of results of associated companies

The Group's share of results of its associated companies decreased marginally by S\$16,000 or 7.8% from S\$204,000 in 2Q2015 to S\$188,000 in 2Q2016.

Income tax expenses

The Group's income tax expenses increased by S\$90,000 or 55.6% from S\$162,000 in 2Q2015 to S\$252,000 in 2Q2016, in line with the increase in the Group's profit before income tax.

Net profit

As a result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company increased by S\$0.4 million or 36.8% from S\$1.0 million in 2Q2015 to S\$1.4 million in 2Q2016.

Review of income statements of the Group for 1H2016 compared to 1H2015

Revenue

The Group's revenue increased by S\$0.5 million or 1.6% from S\$31.2 million in the six (6) months ended 30 September 2014 ("1H2015") to S\$31.7 million in the six (6) months ended 30 September 2015 ("1H2016"). The increase in the Group's revenue was a result of the following:

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- (i) *a net decrease in revenue of S\$0.5 million from restaurants operating under the “Ajisen Ramen” brand*

The Group’s revenue from restaurants operating under the “Ajisen Ramen” brand decreased from S\$14.1 million in 1H2015 to S\$13.6 million in 1H2016, mainly attributable to the closure of three (3) restaurants at Compass Point in September 2015 due to mall renovation works, at Parkway Parade in April 2014 and at Jurong Point Shopping Centre in November 2014 both due to the expiry of their leases.

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

The Group’s restaurant’s operating under other brands, namely “Hanamidori”, “Keika Ramen”, “Kazokutei”, “Osaka Ohsho”, “Japanese Gourmet Town” and “Boteyju” recorded an increase in revenue from S\$17.0 million in 1H2015 to S\$18.1 million in 1H2016. This was mainly due to (a) new restaurants operating under the “Hanamidori” (a new brand introduced in May 2015), Keika Ramen” (a new brand introduced in February 2015), “Kazokutei” and “Osaka Ohsho” brands; and (b) higher sales from restaurants operating under the “Japanese Gourmet Town” and “Boteyju” brands, together which accounted for an increase of S\$2.3 million in aggregate.

The increase in revenue was however partially offset by a decrease in revenue of S\$1.2 million due to: (a) lower sales recorded by restaurants under the “Fruit Paradise” and “Menzo Butao” brands; (b) the closure of “Udon King” restaurant at AMK Hub in September 2014; and (c) the closure of “Menya Musashi” restaurant at ION Orchard in August 2015.

- (iii) *a marginal decrease of S\$90,000 from sales of food ingredients*

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

Gross profit

The Group’s gross profit increased by S\$0.9 million or 3.5% from S\$25.7 million in 1H2015 to S\$26.6 million in 1H2016, generally in line with the increase in the Group’s revenue.

The Group’s overall gross profit margin increased from 82.4% in 1H2015 to 83.9% in 1H2016 due to the Group’s constant effort in raw material costs control, material usage efficiency and product pricing strategy.

Selling and distribution expenses

The Group’s selling and distribution expenses increased by S\$0.3 million or 1.3% from S\$21.9 million in 1H2015 to S\$22.2 million in 1H2016. The increase was in line with the higher number of outlets in operation during the period which resulted in higher rental expenses and depreciation charges. The increase was partially offset by lower labour cost of S\$0.2 million as there was a one-off incentive bonus to staff in 1QFY2015.

Administrative expenses

The Group’s administrative expenses remain approximately the same at S\$1.5 million in 1H2016 as compare to 1HFY2015.

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Other operating expenses

The Group's other operating expenses increased by S\$42,000 or 5.8% from S\$0.7 million in 1H2015 to S\$0.7 million in 1H2016 mainly due to the increase in foreign currency exchange loss and higher royalty fee expenses.

Share of results of associated companies

The Group's share of results of its associated companies increased by S\$0.1 million or 26.9% from S\$0.2 million in 1H2015 to S\$0.3 million in 1H2016.

Income tax expenses

The Group's income tax expenses increased by S\$140,000 or 42.9% from S\$326,000 in 1H2015 to S\$466,000 in 1H2016, in line with the increase in the Group's profit before income tax.

Net profit

As a result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company increased by S\$0.6 million or 33.1% from S\$1.8 million in 1H2015 to S\$2.4 million in 1H2016.

Review of financial position of the Group as at 30 September 2015

Current assets

The Group's total current assets increased by S\$2.2 million, from S\$19.1million as at 31 March 2015 to S\$21.3 million as at 30 September 2015.

This was mainly a result of an increase in cash and cash equivalent of S\$1.9 million, trade receivables of S\$0.1 million and other current assets of S\$0.2 million.

Non-current assets

The Group's total non-current assets decreased by S\$1.1 million, from S\$19.1 million as at 31 March 2015 to S\$18.0 million as at 30 September 2015, due to a decrease in the net book value of plant and equipment of S\$1.4 million partially offset by an increase in investment in associated companies of S\$0.3 million.

Current liabilities

The Group's total current liabilities increased by S\$0.6 million, from S\$6.8 million as at 31 March 2015 to S\$7.4 million as at 30 September 2015, mainly due to higher current tax provision of S\$0.3 million and trade and other payables of S\$0.3 million.

Non-current liabilities

The Group's total non-current liabilities remained unchanged at S\$0.9 million as at 30 September 2015.

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Shareholders' equity

The Group's shareholders' equity increased by S\$0.4 million, from S\$30.6 million as at 31 March 2015 to S\$31.0 million as at 30 September 2015. The increase was mainly due to the net profit achieved by the Group in 1H2016 of S\$2.4 million and the issuance of the PSP Shares on August 2015 of S\$0.2 million, partially offset by the distribution of final dividend of S\$2.2 million in respect of the financial year ended 31 March 2015.

Review of cash flow statement for 1H2016

The Group's net cash generated from operating activities in 1H2016 was S\$5.5 million. This was mainly due to operating profit before working capital changes of S\$5.5 million and working capital inflow of S\$0.2 million being offset by payment of income tax of S\$0.2 million.

The Group's net cash used in investing activities in 1H2016 was S\$1.4 million mainly due to renovation cost, purchase of equipment for the Group's new restaurants and purchase of intangible assets relating to new franchise right.

The Group's net cash used in financing activities in 1H2016 was S\$2.3 million mainly due to dividend payment of S\$2.2 million and fixed deposits pledged with banks for issuance of banker's guarantees in lieu of rental deposit of S\$0.1 million.

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

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

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

The operating environment in the local food and beverage industry is expected to remain challenging in the next 12 months due to stiff competition, tight labour supply and rising labour and rental costs.

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

As at 30 September 2015, the Group's associated companies operated 10 restaurants in Hong Kong and 5 restaurants in the PRC under the "Menya Musashi" brand. Barring unforeseen circumstances, the Group's associated companies will seek to expand the "Menya Musashi" restaurant network in Hong Kong and the PRC.

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

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11. Dividend

(a) Current Financial Period Reported On

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

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	0.75 cents per ordinary share
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	0.73 cents per ordinary share
Tax rate	Tax exempt (one-tier)

(c) Date payable

The payment date for the interim dividend in respect of 1H2016 (the “Interim Dividend”) is 9 December 2015.

(d) Books closure date

Registrable transfers received by the Company’s Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, up to 5.00 p.m. on 19 November 2015 will be registered before entitlements to the Interim Dividend are determined and the Share Transfer Books and the Register of Members of the Company will be closed on 20 November 2015 for the purposes of determining shareholders’ entitlement to the Interim Dividend.

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

Not applicable.

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

The Company had, at its last annual general meeting on 21 July 2015, obtained the approval of its shareholders for the renewal of the general mandate in respect of purchases of soup base and such other ingredients necessary for the “Ajisen Ramen” business by the Group from Shigemitsu Industry Co., Ltd (the “**IPT Mandate**”). The IPT Mandate is subject to annual renewal and will continue in force until the Company’s next annual general meeting.

Name of Interested person	Aggregate value of all interested person transactions (including transactions of less than S\$100,000 each) during 1H2016 (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 1H2016 under shareholders’ mandate pursuant to Rule 920 of the Catalist Rules (S\$’000)
Royalty fees paid to Shigemitsu Industry Co., Ltd. ⁽¹⁾	211 ⁽²⁾	-
Purchases of food ingredients from Shigemitsu Industry Co., Ltd. ⁽¹⁾	4 ⁽³⁾	351 ⁽⁴⁾

Note:

- (1) Shigemitsu Katsuaki, the Company’s Non-executive Director, is the president, chief executive officer and major shareholder of Shigemitsu Industry. Accordingly, transactions between the Group and Shigemitsu Industry are interested person transactions within the ambit of Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).
- (2) The royalty, franchise and licence fees paid to Shigemitsu Industry in 1H2016 comprise: (i) fees paid for the use of the “Ajisen Ramen” brand amounting to S\$185,000 (such fees relating to the “Ajisen Ramen” brand are deemed to have been specifically approved by shareholders at the time of the Company’s initial public offering in February 2009 and are not subject to Rule 905 and Rule 906 of the Catalist Rules to the extent that there is no variation or amendment to the terms of the relevant franchise agreement); (ii) fees paid relating to the “Keika Ramen” brand amounting to S\$17,000; and (iii) the right to use the technique for the production of noodles amounting to S\$9,000.
- (3) This amount relates to the Group’s purchases of soup base for the “Keika Ramen” business from Keika Ramen Co., Ltd (a subsidiary of Shigemitsu Industry).
- (4) This amount relates to the Group’s purchases of soup base and such other ingredients necessary for the “Ajisen Ramen” business (including transactions less than S\$100,000 each) from Shigemitsu Industry pursuant to the IPT Mandate.

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14. Negative confirmation pursuant to Rule 705(5)

We, Takahashi Kenichi and Eugene Wong Hin Sun, being directors of the Company ("**Directors**"), hereby confirm on behalf of the board of Directors that, to the best of the Directors' knowledge, nothing has come to the attention of the board of Directors which may render the unaudited consolidated financial statements of the Group for the six months ended 30 September 2015 to be false or misleading in any material aspect.

On behalf of the board of Directors

Takahashi Kenichi
Director

Eugene Wong Hin Sun
Director

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

The Company hereby confirms that it has already procured undertakings from all of its Directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

TAKAHASHI KENICHI
Executive Chairman and CEO

6 November 2015

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