

JAPAN FOODS HOLDING LTD.

(Company Registration No.: 200722314M)
420 North Bridge Road
#02-01 North Bridge Centre
Singapore 188727
Tel: (65) 6333 9781 Fax: (65) 6333 9782

Japan Foods achieves 33.1% rise in net profit to S\$2.4 million in 1H2016

- Continues earnings uptrend despite a slowdown in the Singapore economy and global economic uncertainties because of a compelling portfolio of brands.
- Declares tax-exempt, one-tier interim cash dividend of 0.75 Singapore cents per ordinary share.

Financial Highlights (S\$' million)	Second quarter ended 30 September		Change (%)	Six (6) months ended 30 September		Change (%)
	2015	2014		2015	2014	
Revenue	15.9	15.5	2.5	31.7	31.2	1.6
Gross profit	13.4	12.7	5.4	26.6	25.7	3.5
Profit before income tax	1.6	1.1	39.4	2.9	2.1	34.6
Net profit	1.3	1.0	36.8	2.4	1.8	33.1
Basic earnings per share ("EPS") (Singapore cents) ¹	0.77	0.57	35.1	1.38	1.04	32.7
Net asset value ("NAV") per share (Singapore cents) ²	17.76 (as at 30 Sep 2015)			17.57 (as at 31 Mar 2015)		

¹ EPS was computed based on the weighted average number of shares of 174,267,739 shares and 174,006,000 shares in 2Q2016 and 2Q2015 respectively; and 174,137,585 shares and 173,823,049 shares in 1HY2016 and 1HY2015 respectively.

² NAV was computed based on 174,436,000 shares as at 30 September 2015 and 174,006,000 shares as at 31 March 2015 respectively.

SINGAPORE, 6 November 2015 – Japan Foods Holding Ltd. ("Japan Foods" and together with its subsidiaries, the "**Group**"), a leading Japanese restaurant chain, has achieved a 33.1% increase in net profit to S\$2.4 million on the back of a 1.6% growth in revenue to S\$31.7 million for the six (6) months ended 30 September 2015 ("**1H2016**").

On a quarterly basis, the Group's net profit rose 36.8% to S\$1.3 million on the back of a 2.5% increase in revenue to S\$15.9 million for the second quarter from 1 July 2015 to 30 September 2015 ("**2Q2016**").

The improvement in Japan Foods' performance in 1H2016 was mainly due to higher combined revenue from its other brands. As a result of continuing efforts to control raw material costs and usage and strategic menu pricing, the Group's gross profit margin rose a further 1.5 percentage points to 83.9% in 1H2016, compared to 82.4% for the six (6) months ended 30 September 2014 ("**1H2015**").

NAV per share as at 30 September 2015 was 17.76 Singapore cents as compared to 17.57 Singapore cents as at 31 March 2015. The Group also saw its cash position strengthened with cash and cash equivalents rising from S\$15.9 million as at 31 March 2015 to S\$17.8 million as at 30 September 2015, with no borrowings.

Mr Takahashi Kenichi, Executive Chairman and CEO of Japan Foods, said: *"With the Singapore economy experiencing a slowdown and the global economy facing uncertain times, I am heartened that our earnings performance has continued on the uptrend and we were able to maintain our gross profit margin. I attribute this to the portfolio of compelling brands we have, our attractive price points and our conveniently located restaurants that continue to draw in diners. We have also maintained our culture of tight cost control, which has tide us through many economic cycles."*

Buoyed by the healthy performance, the Group has declared a tax-exempt, one-tier interim cash dividend of 0.75 Singapore cents per ordinary share to be paid on 9 December 2015. This is 0.02 Singapore cents more than the 0.73 cents per ordinary share declared in the previous corresponding period, and represents a dividend payout of 54.6% of net profit attributable to equity holders of the company in 1H2016.

1HY2016 Business Review

Singapore Network

Restaurant Brands	As at 30 Sep 2015	As at 30 Sep 2014
Ajisen Ramen	16	18
Botejyu	1	1
Fruit Paradise	4	5
Hanamidori	1	-
Japanese Gourmet Town	1	1
Kazokutei	3	2
Keika Ramen	1	-
Menya Musashi	8	9
Menzo Butao	1	1
Osaka Ohsho	7 ⁽¹⁾	6 ⁽¹⁾
Yonehachi	1	1
TOTAL RESTAURANTS	44	44
Food Court Outlet	As at 30 Sep 2015	As at 30 Sep 2014
Ajisen Ramen	1	1
TOTAL RESTAURANTS AND FOOD COURT OUTLET	45	45

The Group's flagship brand and main revenue generator "Ajisen Ramen" recorded a net year-on-year ("YOY") decrease in revenue of S\$0.3 million to S\$6.7 million in 2Q2016 due to the closure of two (2) restaurants located 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. Likewise, revenue for 1H2016 recorded a net YOY decrease in revenue of S\$0.5 million to S\$13.6 million as a result of the above mentioned reasons as well as the additional closure of one (1) restaurant located at Parkway Parade in April 2014 due to the expiry of its lease.

As a result of more stores opening under the Group's other brands including the newly launched "Hanamidori" (May 2015) and "Keika Ramen" (February 2015) brands as well as new restaurants under the "Kazokutei" and "Osaka Ohsho" brands and higher sales generated by restaurants operating under the "Japanese Gourmet Town" and "Botejyu" brands, the Group's other brands generated a S\$0.7 million YOY increase in combined

⁽¹⁾ Includes 1 "Gyoza Bo" branded restaurant and 1 "Kotsujiru Nabe" branded restaurant, which are both brand extensions of the "Osaka Ohsho" brand.

revenue to S\$9.2 million for 2Q2016 and a S\$1.1 million YOY increase in combined revenue to S\$18.1 million for 1H2016.

Overseas Network

Restaurant Brands	As at 30 Sep 2015	As at 30 Sep 2014
Ajisen Ramen (operated by sub-franchisees)		
• Malaysia	6	6
• Vietnam	3	2
Menya Musashi (interests via associated companies)		
• Hong Kong	10	8
• China	5	3
TOTAL RESTAURANTS	24	19

The Group's overseas network has expanded substantially, from 19 restaurants in 1HY2015 to 24 restaurants in 1HY2016. The growth was driven by the Group's associated companies opening of restaurants under the "Menya Musashi" brand in Hong Kong and various cities in China.

Business Outlook

For the 12 months ahead, Japan Foods expects the operating environment in the local F&B scene to remain challenging due to tight labour supply, stiff competition as well as rising labour and rental costs.

Besides ongoing efforts to control raw material costs, improve operational efficiency, practise good restaurant portfolio management as well as closely monitor market demands and the performance of individual restaurants, the Group will continue to explore opportunities to expand its presence in the ASEAN region by way of joint-ventures, acquisitions and/or sub-franchising of its brands.

Mr Takahashi said: *"Looking ahead, the Group is keen to further develop its overseas expansion strategy particularly in the ASEAN region. We will do our due diligence to look for like-minded partners with the right fit."*

Barring unforeseen circumstances and subject to suitable opportunities, the Group also expects its associated companies to continue to expand the “Menya Musashi” restaurant network in Hong Kong and China.

About Japan Foods

Established in Singapore in 1997 and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited in February 2009, Japan Foods is one of the leading Japanese restaurant chains in Singapore. As at 30 September 2015, the Group operates 44 restaurants in Singapore under various brands, such as “Ajisen Ramen”, “Osaka Ohsho” and “Menya Musashi”, and 1 outlet located in a food court.

Over the years, Japan Foods has successfully expanded its restaurant network of the “Ajisen Ramen” brand and has also created its own “Fruit Paradise” and “Japanese Gourmet Town” brands. The Group is focused on innovation and aims to continuously refresh the dining experience of its customers.

The Group has expanded beyond Singapore. As at 30 September 2015, there are 6 restaurants in Malaysia and 3 restaurants in Vietnam operated by the Group’s sub-franchisees under the “Ajisen Ramen” brand. The Group also has interests in 10 restaurants in Hong Kong and 5 restaurants in China operated by its associated companies under the “Menya Musashi” brand.

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August Consulting Pte Ltd

Tel: (65) 6733 8873 Fax: (65) 6733 9913

Wrisney Tan – wrisneytan@august.com.sg

Serene Chia – serenechia@august.com.sg

*This news release has been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (the “**Sponsor**”) for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this news release. This news release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this news release. 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.*