

JAPAN FOODS HOLDING LTD.

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Japan Foods off to a good start with double digit net profit growth in 1Q2016 to S\$1.1m

- Kicks off quarterly reporting for the financial year ending 31 March 2016 as the Group's market capitalisation crosses the S\$75.0 million threshold.
- Underlining the healthy performance is the year-on-year increase in the number of stores and growing revenue contributed by newer brands.

Financial Highlights (S\$' million)	Three (3) months ended 30 June		Change (%)
	2015	2014	
Revenue	15.8	15.7	0.8
Gross profit	13.2	13.0	1.7
Profit before income tax	1.3	1.0	29.1
Net profit	1.1	0.8	28.8
Basic earnings per share ("EPS") (Singapore cents) ¹	0.60	0.47	27.7
Net asset value ("NAV") per share (Singapore cents) ²	18.18 (as at 30 June 2015)	17.57 (as at 31 March 2015)	3.5

¹ EPS was computed based on the weighted average number of shares of 174,006,000 shares and 173,638,088 shares in 1Q2016 and 1Q2015 respectively.

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

SINGAPORE, 4 August 2015 – Japan Foods Holding Ltd. ("Japan Foods" and together with its subsidiaries, the "**Group**"), a leading Singapore-based Japanese restaurant chain, has achieved 28.8% growth in net profit to S\$1.1 million on the back of a 0.8% growth in revenue to S\$15.8 million for the three months ended 30 June 2015 ("**1Q2016**").

Having crossed the S\$75.0 million mark in its market capitalisation, the Group is required to report its performance quarterly starting from 1Q2016.

The improvement in the Group's performance in 1Q2016 was a result of higher revenue from an increased number of stores (as at 30 June 2014: 43 stores; as at 30 June 2015: 47 stores) as well as better gross profit margin which rose 0.8 percentage points from 82.8% to 83.6%.

Despite having more stores, the Group was also able to maintain its operating expenses at the same level year-on-year mainly due to the absence of a one-off incentive bonus payment to the Group's employees during 1Q2015.

NAV per share as at 30 June 2015 was 18.18 Singapore cents as compared to 17.57 Singapore cents as at 31 March 2015. The Group also saw its cash position strengthen with cash and cash equivalents rising from S\$15.9 million as at 31 March 2015 to S\$17.4 million as at 30 June 2015, with no borrowings.

Mr Takahashi Kenichi, Executive Chairman and CEO of Japan Foods, said: *"I am very pleased that the Group is able to report a strong set of numbers in its maiden quarterly report. Our new brands continue to yield encouraging results and we hope to keep up this momentum for the rest of the current financial year."*

1Q2016 Business Review

Singapore Network

Restaurant Brands	As at 30 June 2015	As at 30 June 2014
Ajisen Ramen	17	18
Botejyu	1	1
Fruit Paradise	5	4
Hanamidori	1	-
Japanese Gourmet Town	1	1
Kazokutei	3	3
Keika Ramen	1	-
Menya Musashi	9	8
Menzo Butao	1	1
Osaka Ohsho	7	5
Udon King	-	1
Yonehachi	1	1
TOTAL RESTAURANTS	47	43

Food Court Outlet	As at 30 June 2015	As at 30 June 2014
Ajisen Ramen	1	1
TOTAL FOOD COURT OUTLET	1	1
TOTAL RESTAURANTS AND FOOD COURT OUTLET	48	44

The Group's flagship brand and main revenue generator "Ajisen Ramen" recorded a net decrease in revenue of S\$0.2 million to S\$6.7 million in 1Q2016 due to the closure of two restaurants located at Parkway Parade and Jurong Point Shopping Centre upon the expiry of their leases. However, this decrease in sales was partially offset by an increase in revenue generated by other existing restaurants.

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), the Group's other brands generated a S\$0.3 million increase in revenue to S\$8.7 million in 1Q2016 as compared to the corresponding quarter last year.

Mr Takahashi said: *"We continue to be encouraged by the performance of the newer brands that were introduced in the last two to three years and we are optimistic that at least one of them will grow to become the Group's second flagship brand."*

Overseas Network

Restaurant Brands	As at 30 June 2015	As at 30 June 2014
Ajisen Ramen (operated by sub-franchisees)		
• Malaysia	6	6
• Indonesia	-	1
• Vietnam	3	2
Menya Musashi (interests via associated companies)		
• Hong Kong	10	7
• China	5	3
TOTAL RESTAURANTS	24	19

The Group's overseas network has expanded substantially, from 19 restaurants in 1Q2015 to 24 restaurants in 1Q2016. 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

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, practice good restaurant portfolio management as well as closely monitor market demands and the performance of individual restaurants, the Group will also seek 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: *“It is an exciting time to be a restaurateur. The dining scene both locally and regionally have become very vibrant as cities become more cosmopolitan and consumers attain increasingly adventurous palettes through their travels and exposure to food shows on TV that introduce different cuisines. To stay ahead of new dining trends, we are constantly exploring new brands and new concepts to introduce locally. At the same time, we are on constant lookout for suitable store space to open new restaurants under various brands in Singapore.”*

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

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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 June 2015, the Group operates 47 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 June 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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*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.*