

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020

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 ----->		
	Half Year Ended 30 September		
	2020	2019	Increase/ (Decrease)
	(\$'000)	(\$'000)	(%)
Revenue	18,530	36,116	(48.7)
Cost of sales	(2,875)	(5,539)	(48.1)
Gross profit	15,655	30,577	(48.8)
Other income	8,241	207	3,881.2
Interest income from bank	59	95	(37.9)
Other gain/(losses) – net	(16)	(13)	23.1
Selling and distribution expenses	(21,144)	(25,913)	(18.4)
Administrative expenses	(1,420)	(1,766)	(19.6)
Other operating expenses	(473)	(753)	(37.2)
Lease interest expenses	(532)	(446)	19.3
Profit from operations	370	1,988	(81.4)
Share of results of associated companies	35	(46)	N.M ⁽¹⁾
Share of results of joint venture	(30)	(17)	76.5
Profit before tax	375	1,925	(80.5)
Income tax expenses	(75)	(407)	(81.6)
Total comprehensive income for the period attributable to equity holders of the company	300	1,518	(80.2)

Note:

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

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

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

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

	<----- Group ----->		
	Half Year Ended		
	30 September		
	2020	2019	Increase /
	(S\$'000)	(S\$'000)	(Decrease)
			(%)
Interest income from banks	(59)	(95)	(37.9)
Royalty and franchise income	(91)	(127)	(28.3)
Insurance claims	(2)	(3)	(33.3)
Government grants ⁽²⁾	(2,856)	(58)	4,824.1
Rent concession ⁽³⁾	(5,276)	-	N.M ⁽¹⁾
Other income ⁽⁴⁾	(16)	(19)	(15.8)
Depreciation of plant and equipment	1,805	2,001	(9.8)
Depreciation of right-of-use assets	9,747	6,959	40.1
Amortisation of intangible assets	32	32	-
Plant and equipment written off	3	62	(95.2)
Currency exchange (gain)/loss - net	16	13	23.1

Notes:

- (1) "N.M." denotes not meaningful.
- (2) Government grants refer mainly to grants under the Jobs Support Scheme, Temporary Employment Credit Scheme and the Special Employment Credit Scheme.
- (3) Rent concession refers to one-off rebates granted by landlords pursuant to Rental Relief Framework provided under the COVID-19 (Temporary Measures) (Amendment) Act.
- (4) Other income refers mainly to sales of scrap materials and marketing subsidy.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

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

Statement of financial position

	<----- Group ----->		<----- Company----->	
	As at		As at	
	30.09.2020	31.03.2020	30.09.2020	31.03.2020
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
ASSETS				
Current assets				
Cash and bank balances	22,574	20,443	3,015	3,242
Trade receivables	736	643	-	-
Other receivables	33	1,605	575	-
Inventories	554	780	-	-
Amounts owing from subsidiary corporations	-	-	1,000	1,054
Other current assets	1,968	2,030	42	52
	25,865	25,501	4,632	4,348
Non-current assets				
Plant and equipment	7,890	9,262	13	15
Investment in subsidiary corporations	-	-	5,772	5,772
Investment in associated companies	2,146	2,111	212	212
Investment in joint ventures	61	91	100	100
Loan to an associated company	248	248	248	248
Loan to a joint venture	470	320	470	320
Other investment at amortised cost	753	753	-	-
Intangible assets	292	324	-	-
Right-of-use assets	30,620	35,549	253	262
Club membership	322	322	322	322
Long-term security deposits	3,903	3,634	46	34
	46,705	52,614	7,436	7,285
Total Assets	72,570	78,115	12,068	11,633
LIABILITIES				
Current liabilities				
Trade payables	1,470	1,516	-	-
Other payables and accruals	7,418	7,838	343	410
Current income tax liabilities	421	593	3	5
Lease liabilities	16,251	17,212	171	139
	25,560	27,159	517	554
Non-current liability				
Deferred income tax liabilities	216	216	2	2
Lease liabilities	15,591	19,367	87	126
	15,807	19,583	89	128
Total Liabilities	41,367	46,742	606	682
Net assets	31,203	31,373	11,462	10,951
EQUITY				
Share capital	9,522	9,522	9,522	9,522
Treasury shares	(225)	(181)	(225)	(181)
Capital reserves	73	73	73	73
Retained earnings	21,833	21,959	2,092	1,537
Total Equity	31,203	31,373	11,462	10,951

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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(UEN.: 200722314M)

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

Amount repayable in one year or less, or on demand

As at 30 September 2020		As at 31 March 2020	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Amount repayable after one year

As at 30 September 2020		As at 31 March 2020	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Details of any collateral

Nil

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

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

Consolidated statement of cash flows

	<----- Group ----->	
	Half Year Ended	
	30 September	
	2020	2019
	(S\$'000)	(S\$'000)
Cash flows from operating activities:		
Net profit	300	1,518
Adjustments for:		
Income tax expenses	75	407
Depreciation of property, plant and equipment	1,805	2,001
Depreciation of right-of-use	9,747	6,959
Amortisation of intangible assets	32	32
Property, plant and equipment written off	3	62
Share of results of associated companies	(35)	46
Share of result of joint venture	30	17
Interest on leases	532	446
Interest income from bank deposits	(59)	(95)
Amortisation of government grants	-	(2)
Employee performance shares expenses	-	213
	12,430	11,604
Changes in working capital:		
Inventories	226	(158)
Trade and other receivables	1,489	267
Other current assets	62	385
Long-term security deposits	(269)	(175)
Trade and other payables	(465)	906
Cash generated from operations	13,473	12,829
Interest income received	49	85
Income tax paid	(248)	(501)
Net cash provided by operating activities	13,274	12,413
Cash flows from investing activities:		
Additions to property, plant and equipment	(443)	(2,677)
Additions to associated company	-	(21)
Loan to a joint venture	(150)	-
Proceed from disposal of plant and equipment	8	-
Net cash used in investing activities	(585)	(2,698)

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

Consolidated statement of cash flows (cont'd)

	<----- Group ----->	
	Half Year Ended 30 September	
	2020	2019
	(S\$'000)	(S\$'000)
Cash flows from financing activities:		
Decrease/(Increase) in short-term bank deposits pledged	294	(5)
Repayment of lease liabilities	(9,556)	(6,626)
Interest on leases	(532)	(446)
Purchase of treasury shares	(44)	-
Dividend paid to equity holders of the Company	(426)	(1,910)
Net cash used in financing activities	(10,264)	(8,987)
Net decrease in cash and cash equivalents	2,425	728
Cash and cash equivalents		
Beginning of financial period	17,643	19,511
End of financial period ⁽¹⁾	20,068	20,239

Note:

- (1) This excludes bank deposits of S\$2.5 million as at 30 September 2020 (S\$2.5 million as at 30 September 2019) pledged as security for bank facilities granted by financial institution(s) to the Group.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

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

Statement of changes in equity

Group	Share capital (S\$'000)	Treasury shares (S\$'000)	Capital reserves (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2020	9,522	(181)	73	21,959	31,373
Dividend paid	-	-	-	(426)	(426)
Purchase of treasury shares	-	(44)	-	-	(44)
Total comprehensive income for the period	-	-	-	300	300
Balance as at 30 September 2020	9,522	(225)	73	21,833	31,203
Balance as at 1 April 2019	9,522	(376)	80	24,593	33,819
Performance shares granted	-	220	(7)	-	213
Dividend paid	-	-	-	(1,910)	(1,910)
Total comprehensive income for the period	-	-	-	1,518	1,518
Balance as at 30 September 2019	9,522	(156)	73	24,201	33,640

Company	Share capital (S\$'000)	Treasury shares (S\$'000)	Capital reserves (S\$'000)	Retained earnings (S\$'000)	Total (S\$'000)
Balance as at 1 April 2020	9,522	(181)	73	1,537	10,951
Dividend paid	-	-	-	(426)	(426)
Purchase of treasury shares	-	(44)	-	-	(44)
Total comprehensive income for the period	-	-	-	981	981
Balance as at 30 September 2020	9,522	(225)	73	2,092	11,462
Balance as at 1 April 2019	9,522	(376)	80	3,642	12,868
Performance shares granted	-	220	(7)	-	213
Dividend paid	-	-	-	(1,910)	(1,910)
Total comprehensive income for the period	-	-	-	1,516	1,516
Balance as at 30 September 2019	9,522	(156)	73	3,248	12,687

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)

(UEN.: 200722314M)

- (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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

As at 31 March 2020, the Company held 428,800 treasury shares and the total number of ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares) was 174,007,200 Shares.

The Company had on 3 April 2020, 6 August 2020 and 7 August 2020 purchased an aggregate of 150,000 Shares by way of market acquisitions. After these share buy-backs and as at 30 September 2020, the Company held 578,800 treasury shares and the total number of issued Shares (excluding treasury shares) was 173,857,200 Shares.

Save for the above, there were no other changes in the Company's share capital between 31 March 2020 and 30 September 2020.

As at 30 September 2020 and as at 30 September 2019, the Company did not have any outstanding options or convertibles.

As at 30 September 2020, the Company did not have any subsidiary holdings and held 578,800 treasury shares which represented approximately 0.3% of the total issued Shares (excluding treasury shares and subsidiary holdings) comprising 173,857,200 shares. As at 30 September 2019, the Company did not have any subsidiary holdings and held 343,100 treasury shares which represented approximately 0.2% of the total issued Shares (excluding treasury shares and subsidiary holdings) comprising 174,092,900 shares.

- 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 2020	As at 31 March 2020
Total number of issued Shares	174,436,000	174,436,000
Less: Treasury shares	(578,800)	(428,800)
Total number of issued Shares, excluding treasury shares	<u>173,857,200</u>	<u>174,007,200</u>

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

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

	Half Year Ended 30 September 2020
Treasury shares:	
Balance at beginning of financial period	428,800
Transferred on award of PSP Shares	-
Purchase of treasury shares	150,000
Balance at end of financial period	<u>578,800</u>

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company did not have any subsidiary holdings.

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

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

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) Updates on effort taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the Company's financial statements are not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

JAPAN FOODS HOLDING LTD

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(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

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

Save as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and methods of computation in the unaudited consolidated financial statements for the half year ended 30 September 2020 compared to its most recently audited annual financial statements for the financial year ended 31 March 2020.

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 (International) ("**SFRS(I)**") and Interpretations of SFRS(I) ("**INT SFRS(I)**") that are effective for annual periods beginning on or after 1 January 2020 and are relevant to its operations.

The adoption of these new/revised SFRS(I) and INT SFRS(I) does not result in any material changes to the Group's accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recently audited financial statements as at 31 March 2020 except as described below:-

Amendment to SFRS(I) 16: Covid-19 Related Rent Concessions

The Group has elected to early adopt the Amendment to SFRS(I) 16: Covid-19 Related Rent Concessions ("**Amendment**") which is effective from 1 June 2020. Under the Amendment, as a practical expedient, the Group may elect to account for any change in lease payments resulting from rent concession as if the changes were not a lease modification. As a result of this election, the Group has recognized rent concessions of S\$5.3 million under other income in respect of the half year ended 30 September 2020.

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 -----> Half Year Ended 30 September	
	2020	2019
Earnings attributable to equity holders of the Company (S\$'000)	300	1,518
Weighted average number of Shares used in computation of basic EPS	173,864,729	173,731,425
Basic EPS attributable to equity holders of the Company (cents) ⁽¹⁾	0.17	0.87
Fully diluted EPS attributable to equity holders of the Company (cents) ⁽²⁾	0.17	0.87

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

<----- Group ----->
Half Year Ended
30 September
2020 2019

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 periods.
- (2) Fully diluted EPS is the same as the basic EPS for the financial periods presented in the table above as the Company did not have any outstanding instruments convertible into rights to subscribe for, and options in respect of its Shares during these 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 -----> As at		<----- Company -----> As at	
	30 September 2020	31 March 2020	30 September 2020	31 March 2020
NAV per Share (cents)	17.95	18.03	6.02	6.29
Number of Shares used in computation of NAV per Share	173,857,200	174,007,200	173,857,200	174,007,200

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 2020, the Group had a total of 59 restaurants in operation comprising 16 "Ajisen Ramen" restaurants, 2 "Afuri Ramen", 2 "Shoryo Ramen" restaurants, 6 "Akimitsu" restaurants, 2 "Fruit Paradise" restaurants, 8 "Konjiki Hototogisu" restaurants, 8 "Menya Musashi" restaurants, 2 "Yonehachi" restaurants, 5 "Osaka Ohsho" restaurants, 2 "Kagurazaka Saryo" restaurants and 6 restaurants operating under various other brands, namely, "Curry is Drink", "Ichiro Ramen", "Japanese Gourmet Town", "Kazokutei", "New ManLee Bak Kut Teh" and "Menzo Butao". As at 30 September 2020, the Group had 250,000 members under the royalty program known as JFH Rewards.

JAPAN FOODS HOLDING LTD

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(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

As at 30 September 2019, the Group had a total of 58 restaurants in operation comprising 16 “Ajisen Ramen” restaurants, 2 “Karamen” restaurants, 7 “Akimitsu” restaurants, 2 “Fruit Paradise” restaurants, 5 “Konjiki Hototogisu” restaurants, 11 “Menya Musashi” restaurants, 2 “Menzo Butao” restaurants, 5 “Osaka Ohsho” restaurants, 2 “Kagurazaka Saryo” restaurants and 6 restaurants operating under various other brands, namely, “Afuri Ramen”, “Curry is Drink”, “Japanese Gourmet Town”, “Kazokutei”, “New ManLee Bak Kut Teh” and “Yonehachi”. As at 30 September 2019, the Group had 180,000 members under the royalty program known as JFH Rewards.

Review of financial performance

Revenue

The Group’s revenue decreased by S\$17.6 million or 48.7% from S\$36.1 million in the half year ended 30 September 2019 (“HY2020”) to S\$18.5 million in the half year ended 30 September 2020 (“HY2021”), mainly due to the impact on the Group’s business arising from the Covid-19 pandemic.

In the month of April 2020, the Group maintained a skeletal operational model and a maximum of 13 of its restaurants located within malls in residential areas were kept open for takeaways and deliveries. Dining in the Group’s restaurants was totally ceased. In the month of May 2020, when the Circuit Breaker were extended to 1 June 2020, the Group progressively resumed the operation of more of its restaurants. When Singapore moved into Phase 2 of the Circuit Breaker on 19 June 2020, all of the Group’s restaurants resumed operations. However, the Group’s revenue did not recover to pre-Covid 19 level due to lower footfall in shopping malls, especially for those restaurants located in the Central Business District areas. The implementation of social distancing measures, travel restrictions, work-from-home arrangements and the onset of an economic downturn contributed to the drop in revenue.

Consequently, the Group’s revenue dropped as follows:

- (i) a decrease in revenue of S\$4.8 million from the restaurants operating under the “Ajisen Ramen” brands;
- (ii) a decrease in revenue of S\$5.0 million from the restaurants operating under “Menya Musashi” brand;
- (iii) a decrease in revenue of S\$1.9 million from the restaurants operating under “Osaka Ohsho” brand;
- (iv) a decrease in revenue of S\$1.4 million from the restaurants operating under the “Shitamachi Tendon Akitmitsu” brand;
- (v) a decrease in revenue of S\$5.1 million from the restaurants operating under other brands; and
- (vi) the impact of JFH Rewards where reward points known as J\$ earned by members (net of expired points of approximately S\$0.3 million) amounting to S\$0.1 million was deducted from the corresponding revenue recognised in HY2021 in accordance with the relevant accounting standard (as compared to S\$0.7 million in HY2020).

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

Gross profit

The Group's gross profit decreased by S\$14.9 million or 48.8% from S\$30.6 million in HY2020 to S\$15.7 million in HY2021, generally in line with the decrease in the Group's revenue. The Group maintained its overall gross profit margin at 84.5% in HY2021 as compared to 84.6% in HY2020.

Other income

The Group's other income increased by S\$8.0 million or 3,881.2% from S\$0.2 million in HY2020 to \$8.2 million in HY2021 mainly due to additional government grants amounting to S\$2.8 million arising from the Jobs Support Scheme and foreign workers' levy rebates and receipt of rental concessions of S\$5.3 million.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by S\$4.8 million or 18.4% from S\$25.9 million in HY2020 to S\$21.1 million in HY2021 due to reduced overheads as a result of lower business activities during the period of the Circuit Breaker. The reduction in overheads was mainly due to lower manpower cost arising from a reduction of part-timers and casual workers employed, lower overtime claims, bonus and incentives, and lower utilities usage as well as a decrease in other variable costs.

Administrative expenses

The Group's administrative expenses decreased by S\$0.3 million or 19.6% from S\$1.7 million in HY2020 to S\$1.4 million in HY2021 mainly due to lower manpower cost and travelling expenses.

Other operating expenses

The Group's other operating expenses decreased by S\$280,000 or 37.2% from S\$753,000 in HY2020 to S\$473,000 in HY2021 mainly due to a reduction in royalty fees paid to franchisors during the period of the Circuit Breaker.

Lease interest expenses

Lease interest expenses increased by S\$86,000 or 19.3% from S\$446,000 in HY2020 to S\$532,000 in HY2021 as the Group had more leases accountable for under FRS 16 during HY2021 as compared to HY2020.

Share of results of associated companies and joint venture company

The Group recorded its share of profit of its associated companies of S\$35,000 in HY2021 as compared to its share of loss of S\$46,000 in HY2020. The associated companies operating the "Menya Musashi" brand restaurants in China and "Hototogisu" brand restaurant in Hong Kong had generated profits during HY2021. This profit was partially offset by the Group's share of loss incurred at "Menya Musashi" brand restaurants in Hong Kong and Indonesia.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

The Group recorded its share of loss of its joint venture company of S\$30,000 in HY2021. As at 30 September 2020, the joint venture company, Dining Collective Pte Ltd, had not commenced operations and the loss was due to general overhead and administrative costs incurred during HY2021.

Income tax expenses

The Group's income tax expenses decreased by S\$332,000 or 81.6% from S\$407,000 in HY2020 to S\$75,000 in HY2021, in line with lower taxable profit.

Net profit

As a result of the reasons mentioned above, the Group's net profit attributable to equity holders of the Company decreased by S\$1.2 million or 80.2% from S\$1.5 million in HY2020 to S\$0.3 million in HY2021.

Review of financial position of the Group as at 30 September 2020

Current assets

The Group's total current assets increased by S\$0.4 million, from S\$25.5 million as at 31 March 2020 to S\$25.9 million as at 30 September 2020. This was mainly due to an increase in cash and bank balances of S\$2.1 million which was partially offset by the decreases in inventories of S\$0.2 million and other receivables of S\$1.5 million.

Non-current assets

The Group's total non-current assets decreased by S\$5.9 million, from S\$52.6 million as at 31 March 2020 to S\$46.7 million as at 30 September 2020.

This was mainly due to the decreases in net book value of plant and equipment and right-of-use assets of S\$1.4 million and S\$4.9 million respectively. These decreases were partially offset by an increase in long-term security deposits of S\$0.3 million and an increase in loan to the joint venture company of S\$0.2 million.

Current liabilities

The Group's total current liabilities decreased by S\$1.6 million, from S\$27.2 million as at 31 March 2020 to S\$25.6 million as at 30 September 2020, mainly due to lower other payables and accruals of S\$0.4 million, current portion of lease liabilities of S\$1.0 million and current income tax liabilities of S\$0.2 million.

Non-current liabilities

The Group's total non-current liabilities decreased by S\$3.8 million, from S\$19.6 million as at 31 March 2020 to S\$15.8 million as at 30 September 2020 due to the decrease in long-term portion of lease liabilities.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

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(UEN.: 200722314M)

Shareholders' equity

The Group's shareholders' equity decreased by S\$0.2 million, from S\$31.4 million as at 31 March 2020 to S\$31.2 million as at 30 September 2020. The decrease was mainly due to the distribution of final dividend in respect of FY2020 and the purchase of treasury shares amounting to S\$0.5 million in aggregate. Such decrease was partially offset by the net profit achieved by the Group in HY2021 of S\$0.3 million.

Review of cash flow statement for HY2021

The Group's net cash generated from operating activities in HY2021 was S\$13.2 million. This was mainly due to operating profit after working capital changes of S\$13.4 million offset by the payment of income tax of S\$0.2 million.

The Group's net cash used in investing activities in HY2021 was S\$0.6 million arising from addition of plant and equipment and a loan of S\$0.2 million to the joint venture company.

The Group's net cash used in financing activities in HY2021 was S\$10.2 million due to dividend payment of S\$0.4 million, repayment of lease liabilities of S\$9.6 million and interest on leases of S\$0.5 million. These outflows were partially offset by an inflow from the release of a short-term deposit pledged of S\$0.3 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 for the food and beverage industry in Singapore has been challenging due to intense competition, difficult manpower environment, rising business costs and uncertain economic outlook. The continuing safe distancing measures to contain the Covid-19 pandemic since January 2020 presented additional challenges.

The Group's revenue has improved after Singapore moved into Phase 2 of the Circuit Breaker on 19 June 2020 but has yet to recover fully to the pre-Covid-19 level. This was due to lower footfall in shopping malls, especially for those restaurants located in Central Business District areas, the implementation of social distancing measures, travel restrictions, work-from-home arrangements and the onset of an economic downturn. The operating environment of the food and beverage industry in Singapore is expected to remain challenging in the next 12 months.

Against this backdrop, the Group will intensify its efforts to control costs, negotiate with landlords on lease terms owing to reduced seating capacity and mall traffic and improve operational efficiency. The Group has also adopted a cautious and prudent approach in managing capital expenditure in Singapore while looking for ways to reinvigorate its restaurant portfolio management. The Group believes its operational track record and healthy balance sheet will enable it to ride through this challenging period.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

The Company and Minor Food Group (Singapore) Pte. Ltd. (“**MS**”) had established a joint venture to conduct the business of franchising and operating existing restaurant brands owned by the Company and MS in Japan, Thailand and China. The Covid-19 pandemic has caused disruption in the progress of store openings in Japan and commencement of business is expected to be delayed. The Group had executed a tenancy agreement in Tokyo and, barring unforeseen circumstances, plans to commence operation of this joint venture by March 2021.

The Group is currently in the process of converting an existing restaurant at Tampines Mall to a Halal concept outlet. It has plans to establish a new restaurant concept at Vivo City in collaboration with MS. Barring unforeseen circumstances and subject to adverse developments arising from the pandemic, these 2 new restaurants are expected to commence business in November 2020.

As at 30 September 2020 and as at the date hereof, the Group’s associated companies operated 6 restaurants in Hong Kong, 9 restaurants in China and 1 restaurant in Indonesia under the “Menya Musashi” brand. The Group’s associated company also operated 1 restaurant under the “Konjiki Hototogisu” brand in Hong Kong.

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 cent per ordinary share

(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)	1.00 cent per ordinary share

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

Tax exempt (one-tier)

(d) Date payable

The payment date for the interim dividend in respect of HY2021 (the “**Interim Dividend**”) is on 4 December 2020.

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

(e) Books closure date

Registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, up to 5.00 p.m. on 19 November 2020 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 2020 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.

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

During HY2021, the Company did not have any interested person transaction of an amount of S\$100,000 and above. The Company did not obtain any general mandate from its shareholders in respect of any interested person transaction.

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 half year ended 30 September 2020 to be false or misleading in any material aspect.

On behalf of the board of Directors

Takahashi Kenichi
Executive Chairman and CEO

Eugene Wong Hin Sun
Non-Executive Vice Chairman

JAPAN FOODS HOLDING LTD

JAPAN FOODS HOLDING LTD.

(Incorporated in the Republic of Singapore on 3 December 2007)
(UEN.: 200722314M)

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

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

BY ORDER OF THE BOARD

Takahashi Kenichi
Executive Chairman and CEO

4 November 2020

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist (the "Catalist Rules"). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.