



BEST WORLD INTERNATIONAL LTD

(Company Registration: 199006030Z)
Incorporated in the Republic of Singapore

Financial Statements

**And Related Announcement
For the year ended 31 December 2017**

BEST WORLD INTERNATIONAL LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 December 2017

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts expressed in Singapore dollars)

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.

	3 months Ended 31.12.17 \$'000	3 months Ended 31.12.16 \$'000	Change %	12 months Ended 31.12.17 \$'000	12 months Ended 31.12.16 \$'000	Change %
Revenue	74,068	61,817	19.8	220,875	200,764	10.0
Cost of Sales	<u>(23,786)</u>	<u>(17,400)</u>	36.7	<u>(68,279)</u>	<u>(53,797)</u>	26.9
Gross Profit	50,282	44,417	13.2	152,596	146,967	3.8
<u>Other Items of Income</u>						
Interest Income	129	107	20.6	428	335	27.8
Other Operating Income	207	40	417.5	5,624	3,712	51.5
<u>Other Items of Expense</u>						
Distribution Costs	(16,234)	(21,498)	(24.5)	(48,420)	(66,358)	(27.0)
Administrative Expenses	(12,267)	(8,008)	53.2	(38,615)	(35,883)	7.6
Finance Costs	(48)	(35)	37.1	(156)	(59)	164.4
(Other Losses) Other Gains, Net	<u>(1,924)</u>	<u>3,418</u>	NM	<u>(3,700)</u>	<u>2,216</u>	NM
Profit Before Tax from Continuing Operations	20,145	18,441	9.2	67,757	50,930	33.0
Income Tax Credit (Expense)	<u>1,505</u>	<u>(6,188)</u>	NM	<u>(12,611)</u>	<u>(16,525)</u>	(23.7)
Profit from Continuing Operations, Net of Tax	<u>21,650</u>	<u>12,253</u>	76.7	<u>55,146</u>	<u>34,405</u>	60.3
 Profit, Net of Tax Attributable to:						
- Owners of the Parent Company	21,803	12,304	77.2	55,673	34,569	61.0
- Non-Controlling Interests	(153)	(51)	200.0	(527)	(164)	221.3
	<u>21,650</u>	<u>12,253</u>	76.7	<u>55,146</u>	<u>34,405</u>	60.3
 Additional notes:						
Gross Profit Margin	67.9%	71.9%		69.1%	73.2%	
Net Profit Margin	29.4%	19.9%		25.2%	17.2%	
Earnings Per Share (cents)	3.96	2.24		10.12	6.28	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of Comprehensive Income for the year ended 31 December 2017:

	Group			Group		
	3 months Ended 31.12.17 \$'000	3 months Ended 31.12.16 \$'000	Change %	12 months Ended 31.12.17 \$'000	12 months Ended 31.12.16 \$'000	Change %
Profit for the Period, Net of Tax	21,650	12,253	76.7	55,146	34,405	60.3
<u>Other Comprehensive Income</u>						
Exchange Differences on Translating Foreign Operations	5	895	(99.4)	309	2	NM
Other Comprehensive Income for the Period, Net of Tax	5	895	(99.4)	309	2	NM
Total Comprehensive Income for the Period	<u>21,655</u>	<u>13,148</u>	64.7	<u>55,455</u>	<u>34,407</u>	61.2
Attributable to:						
Owners of the Parent Company	21,761	13,211	64.7	55,828	34,616	61.3
Non-Controlling Interests	(106)	(63)	68.3	(373)	(209)	78.5
Total Comprehensive Income for the Period	<u>21,655</u>	<u>13,148</u>	64.7	<u>55,455</u>	<u>34,407</u>	61.2

1(a)(ii). Profit before Income tax is determined after charging (crediting):

	Group	
	31.12.17 \$'000	31.12.16 \$'000
Depreciation of Property, Plant and Equipment and Non-Current Other Assets	3,560	1,771
Depreciation of an Investment Property	18	18
Amortisation of Intangible Assets	972	958
Inventories Written Off	41	169
Allowance for Impairment on Product License	65	307
Allowance for Impairment on Inventories	406	245
Fair Value Gain on Other Financial Assets	(53)	-
(Reversal of) Allowance for Impairment on Trade Receivables	(412)	1,865
Allowance for Impairment on Other Receivables	42	44
Foreign Exchange Adjustment, Net Losses (Gains)	3,725	(4,676)
Gain on Disposal of Property, Plant and Equipment	(73)	(1)
Interest Income	(428)	(335)
Interest Expense	156	59

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(Amounts expressed in Singapore dollars)

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.

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	\$'000	\$'000	\$'000	\$'000
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	7,560	8,122	3,072	2,788
Investment Property	1,164	1,182	-	-
Intangible Assets	5,186	6,216	7	14
Investment in Subsidiaries	-	-	3,664	3,293
Deferred Tax Assets	830	582	-	-
Other Receivables	-	-	21,937	16,295
Other Assets	8,257	8,643	-	-
Other Financial Assets	805	2,034	805	2,034
Total Non-Current Assets	<u>23,802</u>	<u>26,779</u>	<u>29,485</u>	<u>24,424</u>
CURRENT ASSETS				
Inventories	28,194	42,953	19,384	24,569
Trade and Other Receivables	45,127	23,430	48,465	45,749
Other Assets	6,299	12,089	4,612	9,184
Other Financial Assets	10,126	-	10,126	-
Cash and Cash Equivalents	82,228	54,933	40,153	23,310
Total Current Assets	<u>171,974</u>	<u>133,405</u>	<u>122,740</u>	<u>102,812</u>
TOTAL ASSETS	<u><u>195,776</u></u>	<u><u>160,184</u></u>	<u><u>152,225</u></u>	<u><u>127,236</u></u>
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	19,738	20,169	19,738	20,169
Retained Earnings	108,002	68,855	96,434	73,905
Other Reserve	1,760	1,563	-	-
Equity, Attributable to Owners of the Parent	<u>129,500</u>	<u>90,587</u>	<u>116,172</u>	<u>94,074</u>
Non-Controlling Interests	<u>(2,710)</u>	<u>(1,924)</u>	<u>-</u>	<u>-</u>
Total Equity	<u>126,790</u>	<u>88,663</u>	<u>116,172</u>	<u>94,074</u>
NON-CURRENT LIABILITIES				
Deferred Tax Liabilities	3,902	2,826	138	429
Other Financial Liabilities	2,037	4,723	-	-
Total Non-Current Liabilities	<u>5,939</u>	<u>7,549</u>	<u>138</u>	<u>429</u>
CURRENT LIABILITIES				
Income Tax Payable	10,799	16,485	8,656	11,626
Trade and Other Payables	45,926	43,888	23,703	20,225
Other Financial Liabilities	5,361	2,638	2,674	-
Other Liabilities	961	961	882	882
Total Current Liabilities	<u>63,047</u>	<u>63,972</u>	<u>35,915</u>	<u>32,733</u>
Total Liabilities	<u>68,986</u>	<u>71,521</u>	<u>36,053</u>	<u>33,162</u>
TOTAL EQUITY AND LIABILITIES	<u><u>195,776</u></u>	<u><u>160,184</u></u>	<u><u>152,225</u></u>	<u><u>127,236</u></u>

BORROWINGS AND DEBT SECURITIES

(Amounts expressed in Singapore dollars)

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

Amount Repayable in One Year or less, or on Demand

As at 31.12.17		As at 31.12.16	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
5,361	-	2,638	-

Amount Repayable after One Year

As at 31.12.17		As at 31.12.16	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
2,037	-	4,723	-

Details of any collateral

Certain leasehold properties and non-current other assets of subsidiaries at carrying value of \$8,675,000 as at 31 December 2017 (31 December 2016: \$10,640,000) and an investment property of a subsidiary at carrying value of \$1,164,000 as at 31 December 2017 (31 December 2016: \$1,182,000) are mortgaged to bank to secure bank facilities granted by the banks.

Plant and equipment with carrying value of \$20,000 as at 31 December 2017 (31 December 2016: \$26,000) were acquired under finance lease arrangements. The obligations under finance leases are secured by the lessor's charge over the leased assets.

Certain fixed deposits of the group are pledged to banks for facilities granted. See 1(c) for pledged details.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts expressed in Singapore dollars)

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

	Group		Group	
	3 Months Ended 31.12.17	3 Months Ended 31.12.16	12 Months Ended 31.12.17	12 Months Ended 31.12.16
	\$'000	\$'000	\$'000	\$'000
Operating Activities:				
Profit before Tax	20,145	18,441	67,757	50,930
Interest Income	(129)	(107)	(428)	(335)
Interest Expense	48	35	156	59
Depreciation of Property, Plant and Equipment and Non-Current Other Assets	2,090	517	3,560	1,771
Depreciation of an Investment Property	4	4	18	18
Amortisation of Intangible Assets	242	239	972	958
Loss (Gain) on Disposal of Property, Plant and Equipment	-	1	(73)	(1)
Allowance for Impairment of Product Licenses	65	307	65	307
Fair Value Gain on Other Financial Assets	(25)	-	(53)	-
Unrealised Exchange Losses (Gains)	302	(1,821)	4,385	(2,416)
Net Effect of Exchange Rate Changes in Consolidating Foreign Subsidiaries	(137)	885	226	293
Operating Cash Flows before Changes in Working Capital	<u>22,605</u>	<u>18,501</u>	<u>76,585</u>	<u>51,584</u>
Inventories	11,767	(11,317)	14,759	(31,438)
Trade and Other Receivables	(762)	(1,412)	(22,609)	(12,536)
Other Assets	4,219	6,617	4,959	(4,839)
Trade and Other Payables	3,623	6,236	91	21,634
Net Cash Flows from Operations before Tax	<u>41,452</u>	<u>18,625</u>	<u>73,785</u>	<u>24,405</u>
Income Tax Refunded (Paid)	848	346	(16,574)	(4,203)
Net Cash Flows from Operating Activities	<u>42,300</u>	<u>18,971</u>	<u>57,211</u>	<u>20,202</u>
Investing Activities:				
Purchase of Property, Plant and Equipment	(1,128)	(887)	(2,553)	(3,013)
Purchase of Non-Current Other Assets	-	-	-	(8,737)
Disposal of Property, Plant and Equipment	-	22	4	24
Increase in Intangible Assets	(21)	(531)	(34)	(538)
Consideration paid for acquisition of Non-Controlling Interests	(371)	-	(371)	-
Increase in Other Financial Assets	(6,513)	-	(9,213)	-
Interest Received	129	107	428	335
Net Cash Flows used in Investing Activities	<u>(7,904)</u>	<u>(1,289)</u>	<u>(11,739)</u>	<u>(11,929)</u>
Financing Activities:				
Dividends paid	-	-	(16,508)	(7,707)
Purchase of Treasury Shares	-	-	(431)	-
Bonus Share Issue Expenses	-	-	-	(22)
Share Split Related Expenses	-	-	(18)	-
Increase in Other Financial Liabilities	-	-	2,732	8,000
Repayment of Borrowings	(660)	(650)	(2,627)	(650)
Finance Lease Repayment	(2)	(2)	(9)	(7)
Interest Paid	(48)	(35)	(156)	(59)
(Increase) Decrease in Cash Restricted in Use	(12)	(84)	(3,033)	223
Net Cash Flows used in Financing Activities	<u>(722)</u>	<u>(771)</u>	<u>(20,050)</u>	<u>(222)</u>
Net increase in Cash and Cash Equivalents	33,674	16,911	25,422	8,051
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(265)	(192)	(1,160)	(142)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	<u>39,574</u>	<u>32,002</u>	<u>48,721</u>	<u>40,812</u>
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance Note A	<u><u>72,983</u></u>	<u><u>48,721</u></u>	<u><u>72,983</u></u>	<u><u>48,721</u></u>

Note A:

	Group		Group	
	As at 31.12.17	As at 31.12.16	As at 31.12.17	As at 31.12.16
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	82,228	54,933	82,228	54,933
Less: Cash pledged	(9,245)	(6,212)	(9,245)	(6,212)
Cash and Cash Equivalents in the Consolidated Cash Flow Statement	<u><u>72,983</u></u>	<u><u>48,721</u></u>	<u><u>72,983</u></u>	<u><u>48,721</u></u>

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts expressed in Singapore dollars)

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

	Attributable to Owners of the Parent Company							
	Total	Foreign						Non-
	Equity	Total	Share	Treasury	Retained	Translation	Other	Controlling
	\$ '000	\$ '000	Capital	Shares	Earnings	Reserve	Reserve	Interests
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Group								
Balance at 1 January 2017	88,663	90,587	20,618	(449)	68,855	1,563	-	(1,924)
<u>Movements in Equity</u>								
Total Comprehensive Income (Expense) for the Period	9,075	9,207	-	-	9,723	(516)	-	(132)
Balance at 31 March 2017	97,738	99,794	20,618	(449)	78,578	1,047	-	(2,056)
<u>Movements in Equity</u>								
Total Comprehensive Income (Expense) for the Period	12,143	12,228	-	-	11,965	263	-	(85)
Dividends	(8,257)	(8,257)	-	-	(8,257)	-	-	-
Balance at 30 June 2017	101,624	103,765	20,618	(449)	82,286	1,310	-	(2,141)
<u>Movements in Equity</u>								
Total Comprehensive Income (Expense) for the Period	12,582	12,632	-	-	12,182	450	-	(50)
Share Buy Back - Held as Treasury Shares	(431)	(431)	-	(431)	-	-	-	-
Share Split Related Expenses	(18)	(18)	-	-	(18)	-	-	-
Dividends	(8,251)	(8,251)	-	-	(8,251)	-	-	-
Balance at 30 September 2017	105,506	107,697	20,618	(880)	86,199	1,760	-	(2,191)
<u>Movements in Equity</u>								
Acquisition of non-controlling interests without a change in control	(371)	42	-	-	-	-	42	(413)
Total Comprehensive Income (Expense) for the Period	21,655	21,761	-	-	21,803	(42)	-	(106)
Balance at 31 December 2017	<u>126,790</u>	<u>129,500</u>	<u>20,618</u>	<u>(880)</u>	<u>108,002</u>	<u>1,718</u>	<u>42</u>	<u>(2,710)</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Attributable to Owners of the Parent Company						Non-Controlling Interests
	Total Equity	Total	Share Capital	Treasury Shares	Retained Earnings	Foreign Currency Translation Reserve	
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 January 2016	61,985	63,700	20,618	(449)	42,015	1,516	(1,715)
<u>Movements in Equity</u>							
Total Comprehensive Income (Expense) for the Period	5,061	5,125	-	-	5,963	(838)	(64)
Balance at 31 March 2016	67,046	68,825	20,618	(449)	47,978	678	(1,779)
<u>Movements in Equity</u>							
Total Comprehensive Income (Expense) for the Period	6,758	6,790	-	-	7,369	(579)	(32)
Dividends	(3,303)	(3,303)	-	-	(3,303)	-	-
Balance at 30 June 2016	70,501	72,312	20,618	(449)	52,044	99	(1,811)
<u>Movements in Equity</u>							
Total Comprehensive Income (Expense) for the Period	9,440	9,490	-	-	8,933	557	(50)
Bonus Share Issue Expenses	(22)	(22)	-	-	(22)	-	-
Dividends	(4,404)	(4,404)	-	-	(4,404)	-	-
Balance at 30 September 2016	75,515	77,376	20,618	(449)	56,551	656	(1,861)
<u>Movements in Equity</u>							
Total Comprehensive Income (Expense) for the Period	13,148	13,211	-	-	12,304	907	(63)
Balance at 31 December 2016	88,663	90,587	20,618	(449)	68,855	1,563	(1,924)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Company	<u>Attributable to Owners of the Parent Company</u>			
	<u>Total Equity</u>	<u>Share Capital</u>	<u>Treasury Shares</u>	<u>Retained Earnings</u>
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	94,074	20,618	(449)	73,905
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	6,730	-	-	6,730
Balance as at 31 March 2017	100,804	20,618	(449)	80,635
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	7,296	-	-	7,296
Dividends	(8,257)	-	-	(8,257)
Balance as at 30 June 2017	99,843	20,618	(449)	79,674
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	8,398	-	-	8,398
Share Buy Back - Held as Treasury Shares	(431)	-	(431)	-
Share Split Related Expenses	(18)	-	-	(18)
Dividends	(8,251)	-	-	(8,251)
Balance as at 30 September 2017	99,541	20,618	(880)	79,803
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	16,631	-	-	16,631
Balance as at 31 December 2017	<u>116,172</u>	<u>20,618</u>	<u>(880)</u>	<u>96,434</u>
Balance at 1 January 2016	50,531	20,618	(449)	30,362
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	5,048	-	-	5,048
Balance as at 31 March 2016	55,579	20,618	(449)	35,410
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	6,549	-	-	6,549
Dividends	(3,303)	-	-	(3,303)
Balance as at 30 June 2016	58,825	20,618	(449)	38,656
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	17,747	-	-	17,747
Bonus Share Issue Expenses	(22)	-	-	(22)
Dividends	(4,404)	-	-	(4,404)
Balance as at 30 September 2016	72,146	20,618	(449)	51,977
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	21,928	-	-	21,928
Balance as at 31 December 2016	<u>94,074</u>	<u>20,618</u>	<u>(449)</u>	<u>73,905</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(Amounts expressed in Singapore dollars)

SHARE CAPITAL

- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

(a) Share Capital

	Group and Company		Group and Company	
	Issued ordinary shares		Issued and fully paid up capital	
	No. of shares		\$'000	
	2017	2016	2017	2016
At 1 January and 31 March	275,229,757	220,183,864	20,169	20,169
Share Split	275,229,757	--	--	--
At 30 June	550,459,514	220,183,864	20,169	20,169
Bonus share issued	--	55,045,893	--	--
Share buy back - held as Treasury Shares	(371,000)	--	(431)	--
At 30 September and 31 December	550,088,514	275,229,757	19,738	20,169

(b) Treasury Shares

	Group and Company		Group and Company	
	No. of shares		\$'000	
	2017	2016	2017	2016
At 1 January and 31 March	1,966,250	1,573,000	449	449
Share Split	1,966,250	--	--	--
At 30 June	3,932,500	1,573,000	449	449
Bonus share issued	--	393,250	--	--
Share buy back - held as Treasury Shares	371,000	--	431	--
At 30 September and 31 December	4,303,500	1,966,250	880	449

On 25 May 2017, the company issued a total of 277,196,007 new ordinary shares (including 1,966,250 treasury shares) by way of share split of each share into two new shares.

On 16 September 2016, the company issued 55,439,143 new ordinary shares by way of a bonus issue on the basis of one bonus share for every four existing ordinary shares.

No new shares were issued pursuant to the Performance Share Scheme.

- (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.**

The total number of issued ordinary shares excluding treasury shares as at 31 December 2017 and 31 December 2016 was 550,088,514 and 275,229,757 respectively.

The total number of treasury shares as at 31 December 2017 and 31 December 2016 was 4,303,500 and 1,966,250 respectively.

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

Not applicable.

AUDIT

- 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 Company's auditors.

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

Not applicable.

ACCOUNTING POLICIES

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current year as compared with those used in the audited financial statements for the financial year ended 31 December 2016.

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 adoption of new and revised FRS that are effective for current periods beginning on 1 January 2017 does not have a significant impact on the Group.

EARNINGS PER SHARE

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.**

	GROUP					
	3 months ended 31.12.17	3 months ended 31.12.16	Change %	12 months ended 31.12.17	12 months ended 31.12.16	Change %
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	3.96	2.24	76.8	10.12	6.28	61.1
(b) On a fully diluted basis (cts)	3.96	2.24	76.8	10.12	6.28	61.1

For comparative purposes, the earnings per ordinary shares for the 3 months ended 31 December 2017 and 31 December 2016 are calculated based on the profit for the period of approximately \$21.8 million and \$12.3 million respectively. The earnings per ordinary shares for the year ended 31 December 2017 and 31 December 2016 are calculated based on the profit for the year of approximately \$55.7 million and \$34.6 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the 3 months ended 31 December 2017 is 550,088,514 (3 months ended 31 December 2016: 550,459,514). The weighted average number of ordinary shares (excluding treasury shares) for the year ended 31 December 2017 is 550,321,559 (for the year ended 31 December 2016: 550,459,514).

For comparative purposes, the earnings per ordinary shares for the prior corresponding periods are adjusted retrospectively pursuant to the share split of every one existing ordinary share into two ordinary shares on 25 May 2017.

NET ASSET VALUE PER SHARE

7. Net asset value (for the Issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and

(b) immediately preceding financial year.

	GROUP		COMPANY	
	31.12.17	31.12.16	31.12.17	31.12.16
Net asset value per ordinary shares (cents)	23.54	32.91	21.12	34.18

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 31 December 2017 and 31 December 2016 was 550,088,514 and 275,229,757 respectively.

For purpose of comparison, assuming the share split of every one share into two ordinary shares was effected in the previous year, the net asset value per ordinary share would be as follows:

	GROUP		COMPANY	
	31.12.17	31.12.16	31.12.17	31.12.16
Net asset value per ordinary shares (cents)	23.54	16.46	21.12	17.09

REVIEW OF THE PERFORMANCE OF THE GROUP

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.**

Overview

For the year ended 31 December 2017, the Group recorded revenue of \$220.9 million, up 10.0% from the revenue of \$200.8 million in FY2016. The full year increase was due to a year on year growth from the Export Segment as well as improvement from Singapore and other markets, offsetting a slowdown in revenue generation from Taiwan. Profit Attributable to Owners of the Parent Company for FY2017 improved 61.0% from \$34.6 million in FY2016 to \$55.7 million.

Key points to note for the Group's performance for this reporting period include:

- With increased contribution from the Export segment which offers a lower Gross Profit Margin compared to the Direct Selling Segment, the Group registered Gross Profit Margin of 69.1% in FY2017 compared to 73.2% for FY2016;
- Interest Income increased 27.8% in FY2017 due to higher interest from Other Financial Assets, interest bearing funds as well as fixed deposits;
- Other Operating Income increased 417.5% in 4Q2017 as compared to 4Q2016 due to lower Other Operating Income of \$40,000 recorded in 4Q2016 as a result of adjustments made to reflect the actual service fee for FY2016. Other Operating Income increased from \$3.7 million in FY2016 to \$5.6 million in FY2017, mainly due to higher service fees received from the Group's Export Agent;
- Distribution Costs, which comprise of freelance commissions and other sales related expenses, declined 27.0% from \$66.4 million in FY2016 to \$48.4 million, as a result of lower sales from Direct Selling in FY2017;
- Administrative Expenses increased by 53.2% for 4Q2017 compared to 4Q2016, mainly due to higher management and staff costs, depreciation as well as higher rental expenses incurred in FY2017 as a result of relocation of our Taipei Regional Centre ("RC") in 2Q2017. For the full year ended 31 December 2017, Administrative Expenses increased by 7.6%;
- Finance Costs in FY2017 increased 164.4% due to the full year effect of bank borrowings related to our Tuas facility drawn down since 3Q2016 and the increase in short term borrowings for the financial year;
- For FY2017, the Group recorded Net Other Losses of \$3.7 million mainly attributable to foreign exchange adjustment losses due to translation of cash and cash equivalents and financial assets denominated in US dollars;

- The Group experienced Income Tax Credit in 4Q2017 of \$1.5m due to adequate provision of Income Tax for FY2017 during the first three quarters as well as a tax refund in 4Q2017. For FY2017, the Group incurred Income Tax Expenses of \$12.6 million due to certain subsidiaries in the Group being profitable for the year.

Revenue by Business Segments

For Quarter: 4Q2017 Vs 4Q2016

Business Segment	3 months ended 31.12.17 Revenue		3 months ended 31.12.16 Revenue		Change %
	\$'000	%	\$'000	%	
Direct Selling	37,608	50.8	45,867	74.2	(18.0)
Export	35,100	47.4	14,358	23.2	144.5
Manufacturing/Wholesale	1,360	1.8	1,592	2.6	(14.6)
Total	74,068	100.0	61,817	100.0	19.8

For The Year Ended: 2017 Vs 2016

Business Segment	12 months ended 31.12.17 Revenue		12 months ended 31.12.16 Revenue		Change %
	\$'000	%	\$'000	%	
Direct Selling	109,890	49.7	142,308	70.9	(22.8)
Export	106,450	48.2	53,793	26.8	97.9
Manufacturing/Wholesale	4,535	2.1	4,663	2.3	(2.7)
Total	220,875	100.0	200,764	100.0	10.0

For 4Q2017, the Group generated \$37.6 million of its total revenue from Direct Selling, compared to \$45.9 million generated through the same segment in 4Q2016. This decline is mainly attributable to the decline of the Group's market of Taiwan and Singapore offsetting the improvement from Indonesia and other markets.

Due to the growing market demand for the Group's proprietary skincare line DR's Secret, and in anticipation of the long Chinese New Year holidays in February, our China Export Agent placed their orders for the next three to six months in 4Q2017. As a result, revenue from Export Segment increased by 144.5% to \$35.1 million for 4Q2017.

For FY2017, Manufacturing/Wholesale segment which makes up 2.1% of the Group's total revenue maintained a revenue of \$4.5 million as compared to \$4.7 million in FY2016.

As at 31 December 2017, total membership for the Group's Direct Selling business increased 2.2% to 490,041 members, when compared to 30 September 2017. Active distributors, which refers to members who have received commission over the last 12 months stands at 8.7% of total membership.

Revenue by Geographical Locations

For Quarter: 4Q2017 Vs 4Q2016

Geographical Locations	3 months ended 31.12.17 Revenue		3 months ended 31.12.16 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	1,953	2.6	2,250	3.6	(13.2)
China	36,305	49.0	15,841	25.7	129.2
Taiwan	31,271	42.2	40,080	64.8	(22.0)
Indonesia	1,690	2.3	1,527	2.5	10.7
Others	2,849	3.9	2,119	3.4	34.5
Total	74,068	100.0	61,817	100.0	19.8

For The Year Ended: 2017 Vs 2016

Geographical Locations	12 months ended 31.12.17 Revenue		12 months ended 31.12.16 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	7,678	3.5	7,053	3.5	8.9
China	110,462	50.0	57,861	28.8	90.9
Taiwan	87,961	39.8	122,959	61.2	(28.5)
Indonesia	5,317	2.4	5,440	2.7	(2.3)
Others	9,457	4.3	7,451	3.8	26.9
Total	220,875	100.0	200,764	100.0	10.0

Singapore

Overall for FY2017, revenue from Singapore improved by 8.9% to \$7.7 million due to positive response from the marketing campaigns conducted during earlier quarters of the year, resulting in an increase of new members.

Management shall engage new and existing members by implementing marketing activities to further encourage network building and launching new products in the coming quarters to continue the market's steady growth momentum.

China

In line with management's expectation, China registered a total revenue of \$110.5 million in FY2017 vis-à-vis \$57.9 million in FY2016, as demand for DR's Secret in the existing cities which are represented by DR's Secret Experience Centres continue to increase.

As mentioned previously, the Group is in preparation for the conversion of the Export segment to Direct Selling which will be carried out in phases and will have minimal impact on the Group's profitability. Barring any unforeseen circumstances, management is optimistic that China market will continue to contribute positively to the Group moving forward.

Taiwan

Revenue from Taiwan declined 28.5% from \$123.0 million in FY2016 to \$88.0 million in FY2017. This was due to changes in strategies implemented since the beginning of FY2017, coupled with stiff market competition as well as frequent online discounting. The change in strategies was to focus on improving sales per member as well as to attract more new customers' membership.

On a positive note, revenue increased from \$14.9 million in 3Q2017 to \$31.3 million in 4Q2017 which represents 110% increase from the previous quarter.

Indonesia

For FY2017, revenue from Indonesia decreased marginally by 2.3% to \$5.3 million as compared to FY2016 due to the negative exchange rate movement between IDR and SGD. In local currency terms, the decline was marginal at 1.1%.

In the second half of the year, the strategy implemented by the management continued its momentum, resulting in a 10.7% increase in revenue to \$1.7 million for 4Q2017 from \$1.5 million in 4Q2016.

Others

Revenue from Other Markets increased by 34.5% in the current quarter as compared to the same period last year primarily due to the increase in revenue from Hong Kong, Vietnam, Korea and Malaysia, offsetting decline from Philippines and Thailand.

Financial Position and Cash Flow

Non-current assets of the Group decreased from \$26.8 million as at 31 December 2016 to \$23.0 million as at 31 December 2017, mainly due to depreciation of Property, Plant and Equipment and Non-Current Other Assets, amortisation of Intangible Assets and the reclassification of certain financial assets to current assets.

Inventory decreased from \$43.0 million as at 31 December 2016 to \$28.0 million as at 31 December 2017 due to higher orders from our Export Agent in 4Q2017 as well as control on the inventory levels as the Group has sufficient buffer to sustain growth moving forward.

In line with higher revenue generated from the Export Segment, Trade and Other Receivables increased from \$23.4 million as at 31 December 2016 to \$45.1 million as at 31 December 2017.

Other Assets decreased from \$12.1 million as at 31 December 2016 to \$6.3 million as at 31 December 2017 mainly due to lower deposits paid to suppliers in line with the decreased orders made to suppliers as the Group currently maintains a sufficient level of inventory.

Total Other Financial Assets increased from \$2.0 million as at 31 December 2016 to \$10.9 million as at 31 December 2017 mainly due to increased investment in quoted securities.

Trade and Other Payables increased by \$2.0 million to \$45.9 million as at 31 December 2017 mainly due to increase in accruals of staff and management incentive offsetting decrease in accruals of commissions due to lower sales from Direct Selling segment.

Other Liabilities were maintained at \$1.0 million as at 31 December 2017 vis-à-vis 31 December 2016.

Income Tax Payable decreased from \$16.5 million as at 31 December 2016 to \$10.8 million as at 31 December 2017 due to settlements of Income Tax Payable during the year as well as lower Income Tax Payable from one of our subsidiaries.

As at 31 December 2017, the Group generated net cash flow from operating activities of \$57.2 million. Net cash flow used in investing activities of \$11.7 million was mainly due to increase in other financial assets during the year. Net cash flows used in financing activities in FY2017 of \$20.1 million was mainly due to dividends paid during the year.

As at 31 December 2017, the Group maintained a strong balance sheet and working capital position, with approximately \$82.2 million of cash and cash equivalents.

COMMENTARY ON THE CURRENT PERIOD'S PROSPECTS

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

The results are in line with section 10 of the last quarter's results announcement.

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.

As management expects growth momentum to continue from the Group's business in China, barring unforeseen circumstances, management expects improvement in both top and bottom line for FY2018 when compared to FY2017.

Factors that may affect the Group's performance in the next reporting period and for the next 12 months are as follows:

- To set the Group's growth path moving forward, management constantly explores M&A opportunities. In the course of assessing these opportunities, regardless of success or not, professional fees and other related expenses may be incurred;
- Compared to the last financial year, management expects higher Administrative Expenses due to increase in management and staff to cater to business growth, and depreciation expenses related to the Group's Tuas manufacturing facility and our Changsha RC which was officially opened in 4Q2017;

- To ensure that Tuas facilities' manufacturing capacity is sufficient to meet the Group's future needs, Alteration and Additional works has to be undertaken to the current building. Professional fees and depreciation as well as other related expenses may be incurred moving forward;
- As the strategies implemented in Taiwan are not expected to gain traction any sooner, management expects sales to be stable for the market in FY2018, led primarily by events and campaigns to be held in 2H2018. Despite this, Taiwan still remains to be the Group's second largest market and most profitable subsidiary;
- As previously announced, conversion of the Export business to Direct Selling shall be implemented in phases. Management expects first phase conversion to commence during the first half of FY2018. Revenue from the Export Segment may decline during the course of conversion, as the Group will concurrently export to the Export Agent and our China subsidiary;
- As Export Agent had placed their orders for the next three to six months in 4Q2017, there is a possibility that 1Q2018 may be weaker than 1Q2017;
- For 1H2018, exports to China may be categorised as China Wholesale as we will be importing China orders through our China subsidiary, Best World (China) Pharmaceutical Co., Ltd (formerly known as Best World (Zhejiang) Pharmaceutical Co., Ltd.);
- Upon full conversion of the Export Business to Direct Selling, some or all of the following items, amongst others may be affected:
 1. Increase in Revenue and Gross Profit as a result of revenue recognition at a price higher than export price;
 2. Decline in Other Operating Income due to lower service fees that the Group will be receiving from the Group's Export Agent; and
 3. Increase in Distribution Expenses mainly attributable to commissions paid to distributors.
- The Group's effort to widen the coverage of our direct selling license beyond Hangzhou to include other cities generating substantial sales is proceeding as planned. The expansion application has already commenced since 3Q2016 and shall cover key cities of at least 7 provinces to be approved by the end of FY2018; and
- Currency fluctuation against the SGD may positively or negatively impact the Group's performance. Management will undertake measures to mitigate any currency risks the Group is exposed to.

Other ongoing factors that affect the Group include, timeline required for product registration in various markets, natural disasters, local direct selling regulations, product registration regulations and market competition.

DIVIDENDS

11. (a) (i) Current Financial Period Reported On

The directors are pleased to recommend a final one-tier tax-exempt dividend of 2.6 cents per share in respect of the financial year ended 31 December 2017.

(ii) Corresponding Period of the immediately Preceding Financial Year

For the corresponding preceding period, the Company paid a final one-tier tax-exempt dividend of 3.0 cents per share in respect of financial year ended 31 December 2016.

(b) Date payable for dividend

To be advised

(c) Book closure date for dividend

To be advised

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 IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for Interested Person Transactions.

14. Confirmation Pursuant to Rule 720(1) of the Listing Manual

Best World International Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding year.

Business Segments

2017

Group

	<u>Direct selling</u> \$ '000	<u>Export</u> \$ '000	<u>Manufactur- ing/ Wholesale</u> \$ '000	<u>Unallocated</u> \$ '000	<u>Total</u> \$ '000
External Sales and Services	109,890	106,450	4,535	-	220,875
Recurring EBITDA	28,234	44,571	(884)	114	72,035
Interest Income	15	282	131	-	428
Interest Expense	(6)	(33)	-	(117)	(156)
Depreciation	(761)	(696)	(134)	(1,987)	(3,578)
Amortisation	(12)	(6)	(954)	-	(972)
Profit (Loss) before Tax from Continuing Operations	27,470	44,118	(1,841)	(1,990)	67,757
Income Tax Expense					(12,611)
Profit from Continuing Operations					55,146
<u>Other Segment items</u>					
Additions to Property, Plant and Equipment	1,610	944	119	-	2,673
Additions to Intangible Assets	4		30	-	34
<u>Assets and Liabilities</u>					
Total Assets for reportable segments	53,634	95,045	15,032	-	163,711
Unallocated:					
Deferred Tax Assets	-	-	-	830	830
Non-Current Other Assets	-	-	-	8,257	8,257
Investment Property	-	-	-	1,164	1,164
Other Financial Assets	-	-	-	10,931	10,931
Other Assets	-	-	-	6,299	6,299
Other Unallocated Amounts	-	-	-	4,584	4,584
Total Group Assets	53,634	95,045	15,032	32,065	195,776
Total Liabilities for reportable segments	(24,010)	(23,790)	(1,763)	-	(49,563)
Unallocated:					
Other Financial Liabilities	-	-	-	(4,722)	(4,722)
Deferred Tax Liabilities	-	-	-	(3,902)	(3,902)
Income Tax Payable	-	-	-	(10,799)	(10,799)
Total Group Liabilities	(24,010)	(23,790)	(1,763)	(19,423)	(68,986)

Business Segments**2016****Group**

	<u>Direct</u> <u>selling</u> \$ '000	<u>Export</u> \$ '000	<u>Manufactur-</u> <u>ing/</u> <u>Wholesale</u> \$ '000	<u>Unallocated</u> \$ '000	<u>Total</u> \$ '000
External Sales and Services	142,308	53,793	4,663	-	200,764
Recurring EBITDA	29,108	24,233	(45)	105	53,401
Interest Income	117	71	147	-	335
Interest Expense	(11)	(6)	-	(42)	(59)
Depreciation	(1,173)	(339)	(148)	(129)	(1,789)
Amortisation	(69)	(12)	(877)	-	(958)
Profit (Loss) before Tax from Continuing Operations	27,972	23,947	(923)	(66)	50,930
Income Tax Expense					(16,525)
Profit from Continuing Operations					34,405
<u>Other Segment items</u>					
Additions to Property, Plant and Equipment	1,162	46	205	1,600	3,013
Additions to Non-Current Other Assets	-	-	-	8,737	8,737
Additions to Intangible Assets	20	2	516	-	538
<u>Assets and Liabilities</u>					
Total Assets for reportable segments	74,943	37,827	17,852	-	130,622
Unallocated:					
Deferred Tax Assets	-	-	-	582	582
Property, Plant and Equipment	-	-	-	1,583	1,583
Non Current Other Assets	-	-	-	8,643	8,643
Investment Property	-	-	-	1,182	1,182
Other Financial Assets	-	-	-	2,034	2,034
Other Assets	-	-	-	12,089	12,089
Other Unallocated Amounts	-	-	-	3,449	3,449
Total Group Assets	74,943	37,827	17,852	29,562	160,184
Total Liabilities for reportable segments	(34,716)	(8,352)	(1,792)	-	(44,860)
Unallocated:					
Other Financial Liabilities	-	-	-	(7,350)	(7,350)
Deferred Tax Liabilities	-	-	-	(2,826)	(2,826)
Income Tax Payable	-	-	-	(16,485)	(16,485)
Total Group Liabilities	(34,716)	(8,352)	(1,792)	(26,661)	(71,521)

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please see section 8 for explanation.

17. A breakdown of sales

	Group		
	2017 (\$'000)	2016 (\$'000)	% Increase/ (Decrease)
(a) Sales reported for the first half year	100,027	86,794	15.2
(b) Operating profit after tax before deducting minority interests reported for the first half year	21,423	13,225	62.0
(c) Sales reported for second half year	120,848	113,970	6.0
(d) Operating profit after tax before deducting minority interest reported for second half year	33,723	21,180	59.2

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Type of dividend	2017 (\$'000)	2016 (\$'000)
Interim paid	8,251	4,404
Final (proposed)	14,302	8,257
Total	22,553	12,661

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Financial Year Ended: 31 December 2017

Name	Age	Family relationship with any director, CEO or substantial shareholder	Current position and duties, and the year the position was held	Details if changes in duties and position held, if any, during the year
Tang Boon Leong, Jansen	40	Nephew of Group Co-Chairman, Group CEO/ Managing Director – Dr. Dora Hoan Beng Mui	<p>Group Manager, Regional Membership and Commission</p> <ul style="list-style-type: none"> - Handles regional membership related matters such as distributors' bonus payments and processing new memberships - Position promoted since 1 March 2015 <p>Country Manager, Best World Lifestyle (HK) Company Ltd</p> <ul style="list-style-type: none"> - Overall management & operation of BWL(HK) and China market development - Position held since 1 January 2015 	NA
Tan Hui Keng, Phyllis	47	Sister-in-law of Co-Chairman, Group CEO/ Managing Director – Dr. Dora Hoan Beng Mui	<p>Group Manager, Logistic</p> <ul style="list-style-type: none"> - Handles all matters relating to inventory planning, purchasing, export and import. - Position promoted since 1 March 2015 	NA

On behalf of the Board of Directors

Dr. Dora Hoan Beng Mui
Co-Chairman, Group CEO/ Managing Director

Dr. Doreen Tan Nee Moi
Co-Chairman, President

26 February 2018