



BEST WORLD INTERNATIONAL LTD

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

Financial Statements And Related Announcement For the 6 months ended 30 June 2016

BEST WORLD INTERNATIONAL LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(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 30.06.16 \$'000	3 months Ended 30.06.15 \$'000	Change %	6 months Ended 30.06.16 \$'000	6 months Ended 30.06.15 \$'000	Change %
Revenue	51,568	21,029	145.2	86,794	34,536	151.3
Cost of Sales	(12,974)	(5,094)	154.7	(21,611)	(8,485)	154.7
Gross Profit	38,594	15,935	142.2	65,183	26,051	150.2
<u>Other Items of Income</u>						
Interest Income	69	88	(21.6)	142	110	29.1
Other Operating Income	1,479	543	172.4	2,637	918	187.3
<u>Other Items of Expense</u>						
Distribution Costs	(19,634)	(7,512)	161.4	(31,141)	(12,544)	148.3
Administrative Expenses	(10,031)	(6,031)	66.3	(17,101)	(11,322)	51.0
Finance Costs	(8)	(14)	(42.9)	(8)	(43)	(81.4)
Other Gains (Other Losses), Net	609	(514)	NM	(1,028)	(224)	358.9
Profit Before Tax from Continuing Operations	11,078	2,495	344.0	18,684	2,946	534.2
Income Tax Expense	(3,714)	(523)	610.1	(5,459)	(751)	626.9
Profit from Continuing Operations, Net of Tax	<u>7,364</u>	<u>1,972</u>	273.4	<u>13,225</u>	<u>2,195</u>	502.5
Profit, Net of Tax Attributable to:						
- Owners of the Parent Company	7,369	2,106	249.9	13,332	2,355	466.1
- Non-Controlling Interests	(5)	(134)	(96.3)	(107)	(160)	(33.1)
	<u>7,364</u>	<u>1,972</u>	273.4	<u>13,225</u>	<u>2,195</u>	502.5
Additional notes:						
Gross Profit Margin	74.8%	75.8%		75.1%	75.4%	
Net Profit Margin	14.3%	10.0%		15.4%	6.8%	
Earnings Per Share (cents)	3.35	0.96		6.05	1.07	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2016

Statement of Comprehensive Income for the six months ended 30 June 2016:

	Group			Group		
	3 months Ended 30.06.16 \$'000	3 months Ended 30.06.15 \$'000	Change %	6 months Ended 30.06.16 \$'000	6 months Ended 30.06.15 \$'000	Change %
Profit for the Period, Net of Tax	7,364	1,972	273.4	13,225	2,195	502.5
<u>Other Comprehensive (Expense) Income</u>						
Exchange Differences on Translating Foreign Operations	(599)	(1,020)	(41.3)	(1,399)	334	NM
Other Comprehensive (Expense) Income for the Period, Net of Tax	(599)	(1,020)	(41.3)	(1,399)	334	NM
Total Comprehensive Income for the Period	<u>6,765</u>	<u>952</u>	610.6	<u>11,826</u>	<u>2,529</u>	367.6
Attributable to:						
Owners of the Parent Company	6,797	1,090	523.6	11,922	2,685	344.0
Non-Controlling Interests	(32)	(138)	(76.8)	(96)	(156)	(38.5)
Total Comprehensive Income for the Period	<u>6,765</u>	<u>952</u>	610.6	<u>11,826</u>	<u>2,529</u>	367.6

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

	Group	
	6 months Ended	
	30.06.16 \$'000	30.06.15 \$'000
Depreciation of Property, Plant and Equipment	840	886
Depreciation of an Investment Property	9	9
Amortisation of Intangible Assets	482	527
Inventories Written Off	90	123
Fair Value Loss on Forward Contract	391	-
Reversal of Impairment Allowance on Trade Receivables	(3)	-
Unrealized Foreign Exchange Losses, Net	166	1,013
Realized Foreign Exchange Losses (Gains), Net	476	(782)
(Gain) Loss on Disposal of Property, Plant and Equipment	(2)	16
Enhanced Special Employment Credit	-	(23)
Interest Income	(142)	(110)
Interest Expense	8	43

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2016

(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	
	30.06.16	31.12.15	30.06.16	31.12.15
	\$'000	\$'000	\$'000	\$'000
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	6,499	6,847	3,147	3,531
Investment Property	1,191	1,200	-	-
Intangible Assets	6,436	7,018	24	41
Investment in Subsidiaries	-	-	4,021	4,021
Deferred Tax Assets	686	749	-	-
Other Receivables	-	-	16,295	16,295
Other Financial Assets	1,895	1,990	1,895	1,990
Total Non-Current Assets	<u>16,707</u>	<u>17,804</u>	<u>25,382</u>	<u>25,878</u>
CURRENT ASSETS				
Inventories	15,832	11,515	11,139	8,309
Trade and Other Receivables	15,915	10,587	27,185	12,876
Other Assets	16,434	7,250	12,096	4,445
Cash and Cash Equivalents	48,276	47,247	5,026	12,609
Total Current Assets	<u>96,457</u>	<u>76,599</u>	<u>55,446</u>	<u>38,239</u>
TOTAL ASSETS	<u>113,164</u>	<u>94,403</u>	<u>80,828</u>	<u>64,117</u>
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	20,169	20,169	20,169	20,169
Retained Earnings	52,044	42,015	38,656	30,362
Other Reserve	99	1,516	-	-
Equity, Attributable to Owners of the Parent	<u>72,312</u>	<u>63,700</u>	<u>58,825</u>	<u>50,531</u>
Non-Controlling Interests	(1,811)	(1,715)	-	-
Total Equity	<u>70,501</u>	<u>61,985</u>	<u>58,825</u>	<u>50,531</u>
NON-CURRENT LIABILITIES				
Deferred Tax Liabilities	2,249	2,310	429	429
Other Financial Liabilities	7	11	-	-
Total Non-Current Liabilities	<u>2,256</u>	<u>2,321</u>	<u>429</u>	<u>429</u>
CURRENT LIABILITIES				
Income Tax Payable	7,428	4,624	5,264	2,313
Trade and Other Payables	29,511	24,505	12,928	9,962
Other Financial Liabilities	2,507	7	2,500	-
Other Liabilities	961	961	882	882
Total Current Liabilities	<u>40,407</u>	<u>30,097</u>	<u>21,574</u>	<u>13,157</u>
Total Liabilities	<u>42,663</u>	<u>32,418</u>	<u>22,003</u>	<u>13,586</u>
TOTAL EQUITY AND LIABILITIES	<u>113,164</u>	<u>94,403</u>	<u>80,828</u>	<u>64,117</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 30.06.16		As at 31.12.15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
2,507	-	7	-

Amount Repayable after One Year

As at 30.06.16		As at 31.12.15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
7	-	11	-

Details of any collateral

Certain leasehold properties of a subsidiary at carrying value of \$434,000 as at 30 June 2016 (31 December 2015: \$428,000) and an investment property of a subsidiary at carrying value of \$1,191,000 as at 30 June 2016 (31 December 2015: \$1,200,000) are mortgaged to bank to secure bank facilities granted by the banks.

Plant and equipment with carrying value of \$26,000 as at 30 June 2016 (31 December 2015: \$28,000) 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 SIX MONTHS ENDED 30 JUNE 2016

(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 30.06.16	3 Months Ended 30.06.15	6 Months Ended 30.06.16	6 Months Ended 30.06.15
	\$'000	\$'000	\$'000	\$'000
Cash flows from Operating Activities:				
Profit before Tax	11,078	2,495	18,684	2,946
Interest Income	(69)	(88)	(142)	(110)
Interest Expense	8	14	8	43
Depreciation of Property, Plant and Equipment	422	440	840	886
Depreciation of an Investment Property	4	4	9	9
Amortisation of Intangible Assets	238	263	482	527
(Gain) Loss on Disposal of Property, Plant and Equipment	(2)	16	(2)	16
Fair Value (Gain) Loss on Forward Contract	(338)	-	391	-
Net Effect of Exchange Rate Changes in Consolidating Foreign Subsidiaries	(495)	(689)	(1,045)	276
Operating Cash Flows before Changes in Working Capital	<u>10,846</u>	<u>2,455</u>	<u>19,225</u>	<u>4,593</u>
Inventories	(2,992)	431	(4,317)	(839)
Trade and Other Receivables	(1,503)	(1,411)	(5,328)	(71)
Other Assets	(7,026)	226	(9,184)	(353)
Trade and Other Payables	5,958	(1,844)	4,616	(3,408)
Net Cash Flows from (used in) Operations before Tax	<u>5,283</u>	<u>(143)</u>	<u>5,012</u>	<u>(78)</u>
Income Tax Paid	(2,632)	(852)	(2,690)	(852)
Net Cash Flows from (used in) Operating Activities	<u>2,651</u>	<u>(995)</u>	<u>2,322</u>	<u>(930)</u>
Cash flows from Investing Activities:				
Purchase of Property, Plant and Equipment	(280)	(137)	(618)	(245)
Disposal of Property, Plant and Equipment	2	69	2	74
Increase in Intangible Assets	(4)	(9)	(4)	(9)
Decrease in Other Financial Assets	-	259	-	259
Interest Received	69	88	142	110
Net Cash Flows (used in) from Investing Activities	<u>(213)</u>	<u>270</u>	<u>(478)</u>	<u>189</u>
Cash flows from Financing Activities:				
Dividends paid	(3,303)	(1,101)	(3,303)	(1,101)
Increase in Other Financial Liabilities	2,500	-	2,500	-
Repayment of Borrowings	-	(2,831)	-	(4,332)
Finance Lease Repayment	(2)	(108)	(4)	(215)
Interest Paid	(8)	(14)	(8)	(43)
Decrease (Increase) in Cash Restricted in Use	131	73	343	(4,424)
Net Cash Flows used in Financing Activities	<u>(682)</u>	<u>(3,981)</u>	<u>(472)</u>	<u>(10,115)</u>
Net increase (decrease) in Cash and Cash Equivalents	1,756	(4,706)	1,372	(10,856)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	40,428	33,070	40,812	39,220
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance Note A	<u>42,184</u>	<u>28,364</u>	<u>42,184</u>	<u>28,364</u>

Note A :

	Group		Group	
	3 Months Ended 30.06.16	3 Months Ended 30.06.15	6 Months Ended 30.06.16	6 Months Ended 30.06.15
	\$ '000	\$ '000	\$ '000	\$ '000
Cash and bank balances	48,276	34,543	48,276	34,543
Less: Cash pledged	(6,092)	(6,179)	(6,092)	(6,179)
Cash and Cash Equivalents in the Consolidated Cash Flow Statement	<u>42,184</u>	<u>28,364</u>	<u>42,184</u>	<u>28,364</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016

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						Non-Controlling Interests
	Total Equity	Total	Share Capital	Treasury Shares	Retained Earnings	Foreign Currency Translation Reserve	
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Group							
Balance at 1 January 2016	61,985	63,700	20,618	(449)	42,015	1,516	(1,715)
Movements in Equity							
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)
Movements in Equity							
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	<u>70,501</u>	<u>72,312</u>	<u>20,618</u>	<u>(449)</u>	<u>52,044</u>	<u>99</u>	<u>(1,811)</u>
Balance at 1 January 2015	55,457	56,305	20,618	(449)	34,113	2,023	(848)
Movements in Equity							
Total Comprehensive Income (Expense) for the Period	1,577	1,595	-	-	249	1,346	(18)
Balance at 31 March 2015	57,034	57,900	20,618	(449)	34,362	3,369	(866)
Movements in Equity							
Total Comprehensive Income (Expense) for the Period	952	1,090	-	-	2,106	(1,016)	(138)
Dividends	(1,101)	(1,101)	-	-	(1,101)	-	-
Balance at 30 June 2015	<u>56,885</u>	<u>57,889</u>	<u>20,618</u>	<u>(449)</u>	<u>35,367</u>	<u>2,353</u>	<u>(1,004)</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016

Company	<u>Attributable to Owners of the Parent Company</u>			
	<u>Total Equity</u> \$'000	<u>Share Capital</u> \$'000	<u>Treasury Shares</u> \$'000	<u>Retained Earnings</u> \$'000
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	<u>58,825</u>	<u>20,618</u>	<u>(449)</u>	<u>38,656</u>
Balance at 1 January 2015	44,881	20,618	(449)	24,712
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	35	-	-	35
Balance as at 31 March 2015	44,916	20,618	(449)	24,747
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	861	-	-	861
Dividends	(1,101)	-	-	(1,101)
Balance as at 30 June 2015	<u>44,676</u>	<u>20,618</u>	<u>(449)</u>	<u>24,507</u>

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(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

	<u>Group and Company</u>		<u>Group and Company</u>	
	<u>Issued ordinary shares</u>		<u>Issued and fully paid up capital</u>	
	<u>No. of shares</u>		<u>\$'000</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
At 1 January, 31 March and 30 June	<u>220,183,864</u>	<u>220,183,864</u>	<u>20,169</u>	<u>20,169</u>

(b) Treasury Shares

	<u>Group and Company</u>		<u>Group and Company</u>	
	<u>No. of shares</u>		<u>\$'000</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
At 1 January, 31 March and 30 June	<u>1,573,000</u>	<u>1,573,000</u>	<u>449</u>	<u>449</u>

For the six months ended 30 June 2016 and 30 June 2015, the company did not purchase its ordinary shares to be held as treasury 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 30 June 2016 and 31 December 2015 was 220,183,864.

The total number of treasury shares as at 30 June 2016 and 31 December 2015 was 1,573,000.

- (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 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 period as compared with those used in the audited financial statements for the financial year ended 31 December 2015.

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

The adoption of new and revised FRS 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 30.06.16	3 months ended 30.06.15	Change %	6 months ended 30.06.16	6 months ended 30.06.15	Change %
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	3.35	0.96	249.0	6.05	1.07	465.4
(b) On a fully diluted basis (cts)	3.35	0.96	249.0	6.05	1.07	465.4

For comparative purposes, the earnings per ordinary shares for the 3 months ended 30 June 2016 and 30 June 2015 are calculated based on the profit for the period of approximately \$7.4 million and \$2.1 million respectively. The earnings per ordinary shares for the 6 months ended 30 June 2016 and 30 June 2015 are calculated based on the profit for the period of approximately \$13.3 million and \$2.4 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the 3 months ended 30 June 2016 and 30 June 2015 is 220,183,864. The weighted average number of ordinary shares (excluding treasury shares) for the 6 months ended 30 June 2016 and 30 June 2015 is 220,183,864.

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	
	30.06.16	31.12.15	30.06.16	31.12.15
Net asset value per ordinary shares (cents)	32.84	28.93	26.72	22.95

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 30 June 2016 and 31 December 2015 was 220,183,864.

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 reporting period ended 30 June 2016, the Group reported a 151.3% increase in revenue and a 466.1% increase in Profit Attributable to Owners of the Parent Company of \$13.3 million vis-a-vis \$2.4 million for the same period last year, as a result of contribution from the Group's 3 key markets of Taiwan, China and Indonesia. Other points to note pertaining to the Group's performance for the six months ended 30 June 2016 include:

- Group's Gross profit margin for 1H2016 was maintained at 75.1% vis-a-vis 75.4% in 1H2015;
- Interest Income increased to \$0.1 million in 1H2015 due to interest from Other Financial Assets, interest bearing funds and fixed deposits by certain subsidiaries of the Group. In 2Q2016, Interest Income decreased by 21.6% due to maturity of a term deposit by a certain subsidiary;
- Other Operating Income increased by 187.3% mainly due to higher service fees received from the Group's overseas Export Agent in 1H2016;
- Distribution Costs, which comprise of freelance commissions and other sales related expenses increased by 148.3% from \$12.5 million in 1H2015 to \$31.1 million in 1H2016 due to higher accruals of commissions as a result of higher revenue achieved and accruals of convention expenses. As a percentage of revenue, the Group's Distribution Cost was maintained at 35.9%, compared to 36.3% in the corresponding period last year;
- Administrative Expenses for the Group increased 51.0% in 1H2016 from \$11.3 million in 1H2015 to \$17.1 million in 1H2016 as a result of higher management and staff costs and set up costs for the expansion in the Taiwan market such as the Kaohsiung Regional Centre earlier this year. Higher professional fees related to new projects incurred during the period contributed to the increase of Administrative Expenses as well;
- Net Other Losses of \$1.0 million in 1H2016 was mainly due to exchange losses which were realised due to settlement of US dollar receivables by our export agent at a weaker US dollar rate. Fair value loss from a forward contract for hedging purposes and revaluation of financial assets denominated in US dollar also contributed to the Net Other Losses for the Group;
- The Group incurred Income Tax Expenses of \$5.5 million due to certain subsidiaries in the Group being profitable for the period.

Revenue by Business Segments

For Quarter: 2Q2016 Vs 2Q2015

Business Segment	3 months ended 30.06.16 Revenue		3 months ended 30.06.15 Revenue		Change %
	\$'000	%	\$'000	%	
Direct Selling	39,580	76.8	15,275	72.6	159.1
Export	10,952	21.2	3,802	18.1	188.1
Manufacturing/Wholesale	1,036	2.0	1,952	9.3	(46.9)
Total	51,568	100.0	21,029	100.0	145.2

For Year-to-Date: 1H2016 Vs 1H2015

Business Segment	6 months ended 30.06.16 Revenue		6 months ended 30.06.15 Revenue		Change %
	\$'000	%	\$'000	%	
Direct Selling	64,013	73.8	25,289	73.2	153.1
Export	20,788	24.0	5,599	16.2	271.3
Manufacturing/Wholesale	1,993	2.2	3,648	10.6	(45.4)
Total	86,794	100.0	34,536	100.0	151.3

Revenue from the Group's core business of Direct Selling contributed 73.8% of the Group's total revenue in 1H2016. Comparing half-on-half, the Group's revenue from this segment registered an increase of 153.1% primarily due to increase demand for the Group's Dr's Secret line of skin care products in the key markets of Taiwan and Indonesia.

Revenue from the Export segment continued to gain traction which saw an increase of 271.3% from \$5.6 million in 1H2015 to \$20.8 million in 1H2016, largely due to stronger demand for our products in China.

The Manufacturing/Wholesale segment recorded revenue of \$2.0 million in 1H2016, a decrease of 45.4% compared to 1H2015 mainly due to postponement of a product launch and brand awareness campaign due to delayed product license approval.

As at 30 June 2016, total membership for the Group's direct selling business increased 2.0% to 421,208 members, when compared to 31 March 2016. Lifestyle Centres for the Group's Direct Selling business decreased from 66 as at 31 March 2016 to 58 as at 30 June 2016 due to closure of some of our Lifestyle Centres in certain subsidiaries. This is in line with Management's strategy to gradually shift customers' order placement and fulfilment with the LC to our online store. This will allow our LC owners to have more time to focus on their network business instead of operational matters.

Revenue by Geographical Locations

For Quarter: 2Q2016 Vs 2Q2015

Geographical Locations	3 months ended 30.06.16 Revenue		3 months ended 30.06.15 Revenue		Change %
	\$'000	%	\$'000	%	
Singapore	1,675	3.2	1,958	9.3	(14.5)
China	11,813	23.0	5,366	25.5	120.1
Taiwan	35,056	68.0	10,244	48.7	242.2
Indonesia	1,301	2.5	745	3.5	74.6
Others	1,723	3.3	2,716	13.0	(36.6)
Total	51,568	100.0	21,029	100.0	145.2

For Year-to-Date: 1H2016 Vs 1H2015

Geographical Locations	6 months ended 30.06.16 Revenue		6 months ended 30.06.15 Revenue		Change %
	\$'000	%	\$'000	%	
Singapore	3,069	3.5	3,916	11.3	(21.6)
China	22,379	25.8	8,454	24.5	164.7
Taiwan	55,277	63.7	14,709	42.6	275.8
Indonesia	2,701	3.1	1,212	3.5	122.9
Others	3,368	3.9	6,245	18.1	(46.1)
Total	86,794	100.0	34,536	100.0	151.3

Singapore

Revenue from Singapore for 1H2016 declined 21.6% to \$3.1 million. Management will continue to embark on a series of marketing activities during the second half of the year to maintain market share while managing its costs. With continuous operational reviews and improvements, new product launches and refinement of new and existing promotional activities, management is cautiously optimistic that results for 2H2016 will be better than 2H2015.

China

In 1H2016, revenue from China has grown 164.7% to \$22.4 million from \$8.5 million compared to the same period last year. This increase is primarily due to higher export orders from our China agent. For our direct selling license to become effective, management will complete the setup of 9 service centres in Hangzhou city and its necessary verification by Hangzhou Bureau of Commerce before the end of FY2016. During this period, the Group shall continue to build brand awareness and drive market demand for our product lines throughout China via the Export Segment.

Taiwan

With the new contribution from the launch of the online store and opening of the third RC in Kaohsiung during the first quarter of the year, Taiwan market continued to gain traction in 1H2016. Revenue from Taiwan increased by \$40.6 million in 1H2016 mainly due to the following:

- Online platform contributed \$16.4 million;
- Our Kaohsiung RC, which was opened in January this year contributed \$12.1 million;
- Taichung RC and Taipei RC registered \$12.1 million increase in sales.

This was mainly due to successful marketing activities held during the period which spur demand for our skin care line of products.

Indonesia

Revenue from Indonesia increased 122.9% from \$1.2 million in 1H2015 to \$2.7 million in 1H2016. The increase is mainly attributable to the success of attracting new distributors through successful marketing campaigns. On top of the success of our weight management line in this market, the skin care line of products also garnered increased demand in 1H2016.

Others

Sales in Other Markets declined by 46.1% from \$6.2 million in 1H2015 to \$3.4 million in 1H2016 primarily due to the decline in Philippines and Malaysia offsetting improvement from Hong Kong, Vietnam and Korea.

Financial Position and Cash Flow

Non-current assets of the Group decreased from \$17.8 million as at 31 December 2015 to \$16.7 million as at 30 June 2016, mainly due to depreciation of Property, Plant and Equipment as well as amortisation of Intangible Assets.

Inventory increased from \$11.5 million as at 31 December 2015 to \$15.8 million as at 30 June 2016 in anticipation of higher orders from our export agent. In addition, one of our subsidiary saw an increase in Inventory as a result of stock shortage mitigating measures in the second half of the year.

In line with higher revenue generated, Trade and Other Receivables increased to \$15.9 million as at 30 June 2016.

Other Assets increased from \$7.3 million as at 31 December 2015 to \$16.4 million as at 30 June 2016 mainly due to higher deposits paid to suppliers due to increased orders as well as deposits paid for the newly acquired factory facility in 1 Tuas Basin Link.

Trade and Other Payables increased from \$24.5 million as at 31 December 2015 to \$29.5 million as at 30 June 2016 due to higher accruals of freelance commissions and higher accruals for management and staff costs during the period.

Total Other Financial Liabilities increased to \$2.5 million as at 30 June 2016 was due to short term borrowings for operating needs.

Other Liabilities were maintained at \$1.0 million as at 30 June 2016 vis-à-vis 31 December 2015.

In line with higher profits experienced by the Company and certain subsidiaries of the Group, Income Tax Payable increased from \$4.6 million as at 31 December 2015 to \$7.4 million as at 30 June 2016.

Net cash flows from operating activities of \$2.3 million in 1H2016 is mainly attributable to the Group's net profit before tax in 1H2016 amounting to \$18.7 million. As a result, Cash and Cash Equivalents in the consolidated statement of cash flows increased to \$42.2 million as at 30 June 2016.

As at 30 June 2016, the Group maintained a strong balance sheet and working capital position, with approximately \$48.3 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.

Barring any unforeseen circumstances, management is cautiously optimistic of the Group's performance for the remaining half of FY2016, in anticipation of continuous growth from the Group's key markets of Taiwan, China and Indonesia.

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

- While management continues to focus on organic growth from the Group's core business of direct selling, the Group constantly explores other inorganic growth opportunities which would allow the Group to gain access into new markets, acquire new distribution channels, attain exclusivity to new products/services and/or tap into upstream value chain of synergistic businesses etc. In the course of exploring these opportunities, professional fees and other related expenses may be incurred;
- A weaker SGD against the USD or any currencies that the Group frequently trades in may lead to higher cost of goods for the Group;
- Higher Administrative expenses compared to FY2015 as a result of higher expenses and depreciation costs related to the new joint venture with Prolife Biobank Pte. Ltd as well as depreciation of the newly acquired Tuas property and machineries for the factory facilities;
- Higher software license fees and implementation costs as a result of the Group's effort to improve our customers' online shopping experience and after sales services;
- Fluctuating currencies of key markets which the Group operates in against the SGD may positively or negatively impact the Group's performance. Management will monitor the movement of volatile currencies and undertake relevant measures to mitigate any potential risks to the Group's performance;
- While the Group expects the completion of setting up the 9 service centres in Hangzhou city and verification before end of FY2016, we do not expect the capital expenditure to have any material impact on the Group's performance;

- While management is pleased to obtain the Direct Selling License in China, conversion of the Export business to Direct Selling shall be implemented in several phases. As such, the Group does not expect our Direct Selling License to have any material impact to the Group's financials in the remaining quarters of FY2016.

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

DIVIDENDS

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

The Directors are pleased to recommend an interim one tier tax-exempt dividend of 2.0 cents per share in respect of the financial period ended 30 June 2016.

(ii) Corresponding Period of the immediately Preceding Financial Year

For the corresponding period of the immediately preceding financial year, the Company paid an interim one tier tax-exempt dividend of 0.5 cents per share in respect of the financial period ended 30 June 2015.

(b) Date payable for dividend

Date payable for dividend: 8th September 2016

(c) Book closure date for dividend

Book closure date for dividend: 24th August 2016

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. Board Negative Assurance Confirmation for Interim Financial Results

We, Dr. Dora Hoan Beng Mui and Dr. Doreen Tan Nee Moi, being two directors of Best World International Limited (the "Company"), do hereby confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the six months ended 30 June 2016 to be false or misleading.

15. 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.

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

4 August 2016