



BEST WORLD INTERNATIONAL LTD

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

Financial Statements And Related Announcement For the 9 months ended 30 September 2019

BEST WORLD INTERNATIONAL LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

(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.

	Group			Group		
	3 months Ended 30.09.19 \$'000	3 months Ended 30.09.18 \$'000	Change %	9 months Ended 30.09.19 \$'000	9 months Ended 30.09.18 \$'000 (restated)	Change %
Revenue	114,345	80,999	41.2	266,016	138,630	91.9
Cost of Sales	(35,569)	(14,809)	140.2	(70,451)	(30,921)	127.8
Gross Profit	78,776	66,190	19.0	195,565	107,709	81.6
<u>Other Items of Income</u>						
Interest Income	439	211	108.1	1,207	517	133.5
Other Operating Income	57	9,061	(99.4)	686	17,380	(96.1)
<u>Other Items of Expense</u>						
Distribution Costs	(31,105)	(21,639)	43.7	(68,776)	(39,095)	75.9
Administrative Expenses	(16,531)	(16,535)	(0.0)	(46,907)	(31,928)	46.9
Finance Costs	(83)	(24)	245.8	(260)	(73)	256.2
Other Gains (Other Losses), Net	121	(1,503)	NM	(151)	(810)	(81.4)
Share of Results of an Associate	(75)	-	NM	(177)	-	NM
Profit Before Tax	31,599	35,761	(11.6)	81,187	53,700	51.2
Income Tax Expense	(6,717)	(5,993)	12.1	(19,309)	(9,166)	110.7
Profit For the Period	<u>24,882</u>	<u>29,768</u>	(16.4)	<u>61,878</u>	<u>44,534</u>	38.9
Profit Attributable to:						
- Owners of the Parent Company	24,836	29,887	(16.9)	61,910	44,786	38.2
- Non-Controlling Interests	46	(119)	NM	(32)	(252)	(87.3)
Profit For the Period	<u>24,882</u>	<u>29,768</u>	(16.4)	<u>61,878</u>	<u>44,534</u>	38.9
Additional notes:						
Gross Profit Margin	68.9%	81.7%		73.5%	77.7%	
Net Profit Margin	21.7%	36.9%		23.3%	32.3%	
Earnings Per Share (cents)	4.56	5.44		11.33	8.15	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

Statement of Comprehensive Income for the nine months ended 30 September 2019:

	Group			Group		
	3 months Ended 30.09.19 \$'000	3 months Ended 30.09.18 \$'000	Change %	9 months Ended 30.09.19 \$'000	9 months Ended 30.09.18 \$'000	Change %
Profit for the Period, Net of Tax	24,882	29,768	(16.4)	61,878	44,534	38.9
<u>Other Comprehensive Income</u>						
Exchange Differences on Translating Foreign Operations	(87)	534	NM	(547)	1,057	NM
Other Comprehensive Expense for the Period, Net of Tax	(87)	534	NM	(547)	1,057	NM
Total Comprehensive Income for the Period	<u>24,795</u>	<u>30,302</u>	(18.2)	<u>61,331</u>	<u>45,591</u>	34.5
Attributable to:						
Owners of the Parent Company	24,787	30,360	(18.4)	61,386	45,722	34.3
Non-Controlling Interests	8	(58)	NM	(55)	(131)	(58.0)
Total Comprehensive Income for the Period	<u>24,795</u>	<u>30,302</u>	(18.2)	<u>61,331</u>	<u>45,591</u>	34.5

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

	Group	
	30.09.19 \$'000	30.09.18 \$'000
Depreciation of Property, Plant and Equipment	1,432	1,315
Depreciation of an Investment Property	14	14
Amortisation of Right-Of-Use Assets	2,786	-
Amortisation of Intangible Assets	573	517
Inventories Written Off	3	-
Fair value (Gain) Loss on Other Financial Assets	(498)	15
Goodwill Written Off	-	324
Allowance for (Reversal of) Impairment on Inventories, Net	187	(214)
Write Back of Accruals	-	(1,278)
Allowance for (Reversal of) Impairment on Trade Receivables	70	(86)
Reversal of Impairment on Other Receivables	-	(39)
Foreign Exchange Loss, Net	694	2,038
(Gain) Loss on Disposal of Property, Plant and Equipment	(302)	50
Interest Income	(1,207)	(517)
Interest Expense	260	73

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

(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	
	30.09.19	31.12.18	30.09.19	31.12.18
	\$'000	\$'000	\$'000	\$'000
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	12,155	8,246	3,608	3,062
Investment Property	1,132	1,146	-	-
Right-Of-Use Assets	7,590	-	1,586	-
Intangible Assets	3,752	4,155	4	5
Other Intangible Assets	8,033	8,206	-	-
Investment in Subsidiaries	-	-	29,260	30,234
Investment in an Associate	5,448	-	-	-
Deferred Tax Assets	3,230	441	-	-
Other Financial Assets	553	1,097	553	1,097
Total Non-Current Assets	<u>41,893</u>	<u>23,291</u>	<u>35,011</u>	<u>34,398</u>
CURRENT ASSETS				
Inventories	66,199	31,423	33,403	15,175
Trade and Other Receivables	8,156	5,219	40,024	32,734
Other Assets	29,344	21,741	18,330	12,424
Other Financial Assets	10,792	9,596	10,792	9,596
Cash and Cash Equivalents	209,241	197,124	77,221	64,851
Total Current Assets	<u>323,732</u>	<u>265,103</u>	<u>179,770</u>	<u>134,780</u>
TOTAL ASSETS	<u>365,625</u>	<u>288,394</u>	<u>214,781</u>	<u>169,178</u>
EQUITY AND LIABILITIES				
CURRENT LIABILITIES				
Income Tax Payable	15,847	17,813	9,120	9,633
Trade and Other Payables	123,936	95,053	48,096	24,897
Other Financial Liabilities	-	2,049	-	-
Lease Liabilities	3,518	-	1,332	-
Other Liabilities	961	961	882	882
Total Current Liabilities	<u>144,262</u>	<u>115,876</u>	<u>59,430</u>	<u>35,412</u>
NET CURRENT ASSETS	<u>179,470</u>	<u>149,227</u>	<u>120,340</u>	<u>99,368</u>
NON-CURRENT LIABILITIES				
Deferred Tax Liabilities	138	1,734	138	138
Lease Liabilities	4,220	-	254	-
Total Non-Current Liabilities	<u>4,358</u>	<u>1,734</u>	<u>392</u>	<u>138</u>
TOTAL LIABILITIES	<u>148,620</u>	<u>117,610</u>	<u>59,822</u>	<u>35,550</u>
NET ASSETS	<u>217,005</u>	<u>170,784</u>	<u>154,959</u>	<u>133,628</u>
EQUITY, ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share Capital	10,027	18,608	10,027	18,608
Retained Earnings	204,696	149,315	144,610	114,698
Other Reserves	5,303	5,827	322	322
	<u>220,026</u>	<u>173,750</u>	<u>154,959</u>	<u>133,628</u>
Non-Controlling Interests	(3,021)	(2,966)	-	-
TOTAL EQUITY	<u>217,005</u>	<u>170,784</u>	<u>154,959</u>	<u>133,628</u>
TOTAL EQUITY AND LIABILITIES	<u>365,625</u>	<u>288,394</u>	<u>214,781</u>	<u>169,178</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 30.09.19		As at 31.12.18	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	2,049	-

Amount Repayable after One Year

As at 30.09.19		As at 31.12.18	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	-	-

Details of any collateral

Certain leasehold properties of subsidiaries at carrying value of \$406,000 as at 30 September 2019 (31 December 2018: \$408,000), a non-current other intangible asset of a subsidiary at carrying value of \$8,033,000 as at 30 September 2019 (31 December 2018: \$8,206,000) and an investment property of a subsidiary at carrying value of \$1,132,000 as at 30 September 2019 (31 December 2018: \$1,146,000) are mortgaged to banks to secure bank facilities granted by the banks.

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 NINE MONTHS ENDED 30 SEPTEMBER 2019

(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 30.09.19	3 Months Ended 30.09.18	9 Months Ended 30.09.19	9 Months Ended 30.09.18
	\$'000	\$'000	\$'000	\$'000
Cash flows from Operating Activities:				
Profit before Tax	31,599	35,761	81,187	53,700
Interest Income	(439)	(211)	(1,207)	(517)
Interest Expenses	83	24	260	73
Depreciation of Property, Plant and Equipment	466	449	1,432	1,315
Amortisation of Right-Of-Use Assets	929	-	2,786	-
Depreciation of an Investment Property	5	5	14	14
Amortisation of Intangible Assets	190	106	573	517
(Gain) Loss on Disposal of Property, Plant and Equipment	(3)	50	(302)	50
Goodwill Written Off	-	324	-	324
Share of results of an associate	75	-	177	-
Issue of Shares by transferring of Treasury Shares	-	-	-	368
Fair Value (Gain) Loss on Other Financial Assets	(57)	(72)	(498)	15
Unrealised Exchange (Gain) Loss	(1,750)	1,065	(1,873)	1,660
Operating Cash Flows before Changes in Working Capital	31,098	37,501	82,549	57,519
Inventories	(14,945)	(3,022)	(34,776)	(9,114)
Trade and Other Receivables	1,849	6,462	(2,877)	38,484
Other Assets	(11,496)	(6,469)	(7,603)	(11,744)
Trade and Other Payables	27,523	22,498	29,921	14,442
Net Cash Flows from Operations before Tax	34,029	56,970	67,214	89,587
Income Tax Paid	(11,335)	(4,202)	(25,492)	(10,017)
Net Cash Flows from Operating Activities	22,694	52,768	41,722	79,570
Cash flows from Investing Activities:				
Acquisition of an Associate	-	-	(5,625)	-
Purchase of Property, Plant and Equipment	(1,559)	(1,499)	(5,504)	(1,687)
Proceeds from Disposal of Property, Plant and Equipment	444	-	444	-
Purchase of Intangible Assets	(7)	(11)	(11)	(11)
(Increase) Decrease in Other Financial Assets	(27)	(26)	(24)	501
Interest Received	439	211	1,207	517
Net Cash Flows used in Investing Activities	(710)	(1,325)	(9,513)	(680)
Cash flows from Financing Activities:				
Dividends paid on Ordinary Shares	(6,529)	(6,594)	(6,529)	(20,901)
Purchase of Treasury Shares	-	-	(8,581)	(1,176)
Repayment of Bank Borrowings	(688)	(676)	(2,049)	(4,652)
Repayment of Finance Lease Liabilities	-	-	-	(2)
Repayment of Lease Liabilities	(879)	-	(2,638)	-
Interest Paid	(83)	(24)	(260)	(73)
(Increase) Decrease in Cash Restricted in Use	(15)	142	89	133
Net Cash Flows used in Financing Activities	(8,194)	(7,152)	(19,968)	(26,671)
Net increase in Cash and Cash Equivalents	13,790	44,291	12,241	52,219
Effects of exchange rate changes on Cash and Cash Equivalents	(21)	11	(35)	(69)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	186,189	80,831	187,752	72,983
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance Note A	199,958	125,133	199,958	125,133

Note A :

	Group		Group	
	3 Months Ended 30.09.19	3 Months Ended 30.09.18	9 Months Ended 30.09.19	9 Months Ended 30.09.18
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	209,241	134,244	209,241	134,244
Less: Cash pledged	(9,283)	(9,111)	(9,283)	(9,111)
Cash and Cash Equivalents in the Consolidated Cash Flow Statement	199,958	125,133	199,958	125,133

STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

(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 Equity	Total	Share Capital	Treasury Shares	Retained Earnings	Foreign Currency Translation Reserve	Statutory Reserves	Share-based Compensation Reserves	Other Reserves	Non-Controlling Interests
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Group										
Balance at 1 January 2019	170,784	173,750	20,618	(2,010)	149,315	(184)	5,647	322	42	(2,966)
Movements in Equity										
Total Comprehensive Income (Expense) for the Period	10,591	10,598	-	-	10,329	269	-	-	-	(7)
Balance at 31 March 2019	181,375	184,348	20,618	(2,010)	159,644	85	5,647	322	42	(2,973)
Movements in Equity										
Total Comprehensive Income (Expense) for the Period	25,945	26,001	-	-	26,745	(744)	-	-	-	(56)
Share Buy Back - Held as Treasury Shares	(8,581)	(8,581)	-	(8,581)	-	-	-	-	-	-
Balance at 30 June 2019	198,739	201,768	20,618	(10,591)	186,389	(659)	5,647	322	42	(3,029)
Movements in Equity										
Total Comprehensive Income (Expense) for the Period	24,795	24,787	-	-	24,836	(49)	-	-	-	8
Dividends	(6,529)	(6,529)	-	-	(6,529)	-	-	-	-	-
Balance at 30 September 2019	<u>217,005</u>	<u>220,026</u>	<u>20,618</u>	<u>(10,591)</u>	<u>204,696</u>	<u>(708)</u>	<u>5,647</u>	<u>322</u>	<u>42</u>	<u>(3,021)</u>
Balance at 1 January 2018	126,790	129,500	20,618	(880)	108,002	1,718	-	-	42	(2,710)
Impact on adoption of SFRS(l) 1	-	-	-	-	1,563	(1,563)	-	-	-	-
Balance at 1 January 2018 as restated	126,790	129,500	20,618	(880)	109,565	155	-	-	42	(2,710)
Movements in Equity										
Total Comprehensive Income (Expense) for the Period	6,597	6,604	-	-	5,771	833	-	-	-	(7)
Balance at 31 March 2018	133,387	136,104	20,618	(880)	115,336	988	-	-	42	(2,717)
Movements in Equity										
Total Comprehensive Income (Expense) for the Period	8,692	8,758	-	-	9,128	(370)	-	-	-	(66)
Share Buy Back - Held as Treasury Shares	(1,176)	(1,176)	-	(1,176)	-	-	-	-	-	-
Transfer of Treasury Shares pursuant to Performance Share Scheme	368	368	-	46	-	-	-	322	-	-
Dividends	(14,307)	(14,307)	-	-	(14,307)	-	-	-	-	-
Balance at 30 June 2018	126,964	129,747	20,618	(2,010)	110,157	618	-	322	42	(2,783)
Movements in Equity										
Total Comprehensive Income (Expense) for the Period	30,302	30,360	-	-	29,887	473	-	-	-	(58)
Bonus Share Issue Expenses	-	-	-	-	-	-	-	-	-	-
Dividends	(6,594)	(6,594)	-	-	(6,594)	-	-	-	-	-
Balance at 30 September 2018	<u>150,672</u>	<u>153,513</u>	<u>20,618</u>	<u>(2,010)</u>	<u>133,450</u>	<u>1,091</u>	<u>-</u>	<u>322</u>	<u>42</u>	<u>(2,841)</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

(Amounts expressed in Singapore dollars)

Company	Attributable to Owners of the Parent Company				
	Total Equity \$'000	Share Capital \$'000	Treasury Shares \$'000	Retained Earnings \$'000	Share- based Compen- sation Reserve \$'000
Balance at 1 January 2019	133,628	20,618	(2,010)	114,698	322
<u>Movements in Equity</u>					
Total Comprehensive Income for the Period	12,418	-	-	12,418	-
Balance as at 31 March 2019	146,046	20,618	(2,010)	127,116	322
<u>Movements in Equity</u>					
Total Comprehensive Income for the Period	4,881	-	-	4,881	-
Share Buy Back - Held as Treasury Shares	(8,581)	-	(8,581)	-	-
Balance as at 30 June 2019	142,346	20,618	(10,591)	131,997	322
<u>Movements in Equity</u>					
Total Comprehensive Income for the Period	19,142	-	-	19,142	-
Dividend	(6,529)	-	-	(6,529)	-
Balance as at 30 September 2019	<u>154,959</u>	<u>20,618</u>	<u>(10,591)</u>	<u>144,610</u>	<u>322</u>
Balance at 1 January 2018	116,172	20,618	(880)	96,434	-
<u>Movements in Equity</u>					
Total Comprehensive Income for the Period	3,124	-	-	3,124	-
Balance as at 31 March 2018	119,296	20,618	(880)	99,558	-
<u>Movements in Equity</u>					
Total Comprehensive Income for the Period	7,885	-	-	7,885	-
Share Buy Back - Held as Treasury Shares	(1,176)	-	(1,176)	-	-
Transfer of Treasury Shares pursuant to Performance Share Scheme	368	-	46	-	322
Dividends	(14,307)	-	-	(14,307)	-
Balance as at 30 June 2018	112,066	20,618	(2,010)	93,136	322
<u>Movements in Equity</u>					
Total Comprehensive Income for the Period	24,663	-	-	24,663	-
Bonus Share Issue Expenses	-	-	-	-	-
Dividends	(6,594)	-	-	(6,594)	-
Balance as at 30 September 2018	<u>130,135</u>	<u>20,618</u>	<u>(2,010)</u>	<u>111,205</u>	<u>322</u>

NOTES TO FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

(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	
	2019	2018	2019	2018
At 1 January and 31 March	549,395,114	550,088,514	18,608	19,738
Share buy back – held as Treasury Shares	(5,295,000)	(925,000)	(8,581)	(1,176)
Transfer of Treasury Shares pursuant to Performance Share Scheme	-	231,600	-	46
At 30 June and 30 September	544,100,114	549,395,114	10,027	18,608

(b) Treasury Shares

	Group and Company		Group and Company	
	No. of shares		\$'000	
	2019	2018	2019	2018
At 1 January and 31 March	4,996,900	4,303,500	2,010	880
Share buy back – held as Treasury Shares	5,295,000	925,000	8,581	1,176
Transfer of Treasury Shares pursuant to Performance Share Scheme	-	(231,600)	-	(46)
At 30 June and 30 September	10,291,900	4,996,900	10,591	2,010

For the three months ended 30 September 2019 and 30 September 2018, the company did not purchase its ordinary shares to be held as treasury shares.

On 23 April 2018, the company transferred 231,600 of its treasury shares for fulfilment of share awards vested under 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 September 2019 was 544,100,114 (31 December 2018 was 549,395,114).

The total number of treasury shares as at 30 September 2019 was 10,291,900 (31 December 2018 was 4,996,900).

- (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 2017 and unaudited financial statements for the financial year ended 31 December 2018, except for the adoption of the new and revised SFRS (I) applicable for the financial period beginning 1 January 2019.

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 and Company have adopted the new and revised SFRS (I) applicable for the financial period beginning 1 January 2019. The impact of adopting the following SFRS (I) which is effective for financial year beginning 1 January 2019, is detailed as follows:

SFRS(I) 16 – Leases

The Group and Company adopted SFRS(I) 16 and elected modified retrospective method where the lease liability was measured at present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application. The Company adopted to measure the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment relating to that lease recognised in balance sheet as at 1 January 2019. In addition, the Group elected the following practical expedients:

- i) not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- ii) to apply the exemption not to recognize right-of-use assets and lease liabilities to lease for which the lease term ends within 12 months as of 1 January 2019
- iii) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

Summary of Impact:

Group	1 January 2019	SFRS(I) 16	1 January 2019 (Restated)
	\$'000	\$'000	\$'000
Non-Current Assets			
Right-of-use assets	-	10,376	10,376
Non-Current Liabilities			
Lease liabilities	-	6,858	6,858
Current Liabilities			
Lease liabilities	-	3,518	3,518

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 30.09.19	3 months ended 30.09.18	Change %	9 months ended 30.09.19	9 months ended 30.09.18	Change %
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	4.56	5.44	(16.2)	11.33	8.15	39.0
(b) On a fully diluted basis (cts)	4.56	5.44	(16.2)	11.33	8.15	39.0

For comparative purposes, the earnings per ordinary shares for the three months ended 30 September 2019 and 30 September 2018 are calculated based on the profit for the period of approximately \$24.8 million and \$29.9 million respectively. The earnings per ordinary shares for the 9 months ended 30 September 2019 and 30 September 2018 are calculated based on the profit for the period of approximately \$61.9 million and \$44.8 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 30 September 2019 is 544,100,114 (3 months ended 30 September 2018: 549,395,114). The weighted average number of ordinary shares (excluding treasury shares) for the 9 months ended 30 September 2019 is 546,559,657 (9 months ended 30 September 2018: 549,797,515).

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	
	30.09.19	31.12.18	30.09.19	31.12.18
Net asset value per ordinary shares (cents)	40.44	31.63	28.48	24.32

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 30 September 2019 was 544,100,114 (31 December 2018: 549,395,114).

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

In line with previous announcement on the new accounting standards SFRS(I) 15, Revenue from Contracts with Customers and certain expenses previously recorded in distribution costs are to be recorded as reduction in revenue. For the reporting period ended 30 September 2019, the Group registered a total revenue of \$266.0 million, representing an increase of 91.9% vis-à-vis the same period last year mainly due to revenue from Direct Selling Segment and our Franchise segment in China.

In line with increase of underlying demand, cost of sales increased from \$14.8 million in 3Q2018 to \$35.6 million in 3Q2019 and also as a result of China increasing custom duties on goods from the United States during the course of 2019, increased filling/bottling/packaging charges and freight & handling charges. This has led to a decrease in Group's gross profit margin from 81.7% in 3Q2018 to 68.9% in 3Q2019.

The decrease of Group's net profit margin from 36.9% in 3Q2018, to 21.7% in 3Q2019 is mainly attributable to the following factors:

- Other operating income decreased from \$9.1 million in 3Q2018 to \$57,000 in 3Q2019, mainly due to the absence of a one-time royalty income in 3Q2018;
- Interest income increased from \$211,000 in 3Q2018 to \$439,000 in 3Q2019 mainly due to interest from deposits placed in banks and other financial assets;
- In line with the 41.2% increase in revenue, distribution costs increased to \$31.1 million in 3Q2019, compared to \$21.6 million in 3Q2018. Distribution costs for the nine months ended 30 September 2019 increased by 75.9% from \$39.1 million to \$68.8 million, compared to the same period last year, mainly due to increase in sales related expenses from the Franchise segment as well as higher Direct Selling commissions offsetting lower convention costs accrued for the international convention to be held in Singapore in 2020;
- For 3Q2019, the Group maintained its administrative expenses at \$16.5 million vis-à-vis the same period last year. For the nine months ended 30 September 2019, the Group incurred higher administrative expenses to \$46.9 million from \$31.9 million for the same period last year, mainly due to increased professional fees and management and staff costs, offsetting a one-time withholding tax expenses in relation to trademark royalty fee in 3Q2018.
- Finance costs for 3Q2019 increased to \$83,000 from \$24,000 in 3Q2018 mainly due to interest expense on lease liabilities arising from the adoption of of SFRS(I) 16 Leases.

- For 3Q2019, net other gains of \$121,000 was largely attributable to net foreign exchange gains of \$1.8 million mainly due to stronger Indonesian Rupiah and New Taiwan Dollar against Singapore dollar, offsetting a \$1.7 million net foreign exchange loss due to weakened Renminbi against Singapore Dollar. For the nine months ended 30 September 2019, the Group recorded a net other loss of \$151,000, mainly due to net foreign exchange loss of \$1.9 million as a result of weakened Renminbi and New Taiwan Dollar against Singapore Dollar, offsetting net foreign exchange gains of \$1.2 million due to stronger Indonesian Rupiah against Singapore Dollar and \$0.5 million fair value gains on other financial assets;
- Share of losses of \$75,000 in an associated company for 3Q2019 was mainly due to Celligenics, an investment the Group made back in 1Q2019; and
- The Group incurred higher income tax expense of \$6.7 million and \$19.3 million respectively in 3Q2018 and for the nine months ended 30 September 2019, mainly due to certain profitable subsidiaries in the Group. For the nine months ended 30 September 2019, the Group's effective tax rate increased to 23.8% from 17.1% for the same period last year due to higher corporate tax rates applicable to certain profitable subsidiaries.

As a result, Group's profit attributable to owners of the parent company for 3Q2019 was 16.9% lower than 3Q2018, mainly due to the absence of a one-time other operating income in 3Q2018. For the nine months ended 30 September 2019, the Group's profit attributable to owners of the parent company increased to \$61.9 million from \$44.8 million for the same period last year.

Revenue by Business Segments

For Quarter: 3Q2019 Vs 3Q2018

Business Segment	3 months ended 30.09.19 Revenue		3 months ended 30.09.18 Revenue		Change
	\$'000	%	\$'000	%	%
Direct Selling	30,774	26.9	29,110	35.9	5.7
Export	159	0.1	154	0.2	3.2
Manufacturing/Wholesale	630	0.6	1,013	1.3	(37.8)
Franchise	82,782	72.4	50,722	62.6	63.2
Total	114,345	100.0	80,999	100.0	41.2

For Year-to-Date: 3Q2019 Vs 3Q2018

Business Segment	9 months ended 30.09.19 Revenue		9 months ended 30.09.18 Revenue		Change
	\$'000	%	\$'000	%	%
Direct Selling	89,491	33.6	73,494	53.0	21.8
Export	402	0.2	10,713	7.7	(96.2)
Manufacturing/Wholesale	1,886	0.7	2,860	2.1	(34.1)
Franchise	174,237	65.5	51,563	37.2	237.9
Total	266,016	100.00	138,630	100.00	91.9

Vis-à-vis the same quarter last year, the Group's Direct Selling revenue increased from \$29.1 million in 3Q2018 to \$30.8 million in 3Q2019, making up 26.9% of the Group's total revenue. This is mainly due to growth from Group's key markets of Singapore and Taiwan. For the nine months ended 30 September 2019, Group's Direct Selling revenue increased by 21.8% also mainly due to growth in the key markets of Singapore and Taiwan.

As mentioned in the Group's previous announcement, revenue from Export segment from 3Q2018 onwards is solely made up of exports to Myanmar. For the nine months ended 30 September 2019, Export segment contributes just 0.2% of the total revenue.

Manufacturing/Wholesale segment revenue only makes up 0.6% of the Group's total revenue in 3Q2019. For the nine months ended 30 September 2019, revenue from this segment decreased 34.1% mainly due to the intense market competition and a general slowdown in the health supplements sector in China since beginning of the 2019.

Revenue from Franchise increased by 63.2% from \$50.7 million in 3Q2018 to \$82.8 million in 3Q2019 mainly due to growing underlying demand for the Group's skincare line. Franchise revenue made up 65.5% of the Group's total revenue for the nine months ended 30 September 2019.

As at 30 September 2019, we have 32 franchisees, which are distributed over eleven provinces and one municipality in mainland China.

As at 30 September 2019, the Group has 103,027 members for its direct selling business, representing a 1.4% increase when compared to 1H2019.

Revenue by Geographical Locations

For Quarter: 3Q2019 Vs 3Q2018

Geographical Locations	3 months ended 30.09.19 Revenue		3 months ended 30.09.18 Revenue		Change %
	\$'000	%	\$'000	%	
Singapore	2,319	2.0	2,068	2.6	12.1
China	83,412	73.0	51,743	63.9	61.2
Taiwan	22,577	19.7	19,382	23.9	16.5
Indonesia	2,296	2.0	4,734	5.8	(51.5)
Others	3,741	3.3	3,072	3.8	21.8
Total	114,345	100.0	80,999	100.0	41.2

For Year-to-Date: 3Q2019 Vs 3Q2018

Geographical Locations	9 months ended 30.09.19 Revenue		9 months ended 30.09.18 Revenue		Change %
	\$'000	%	\$'000	%	
Singapore	7,172	2.7	5,477	4.0	30.9
China	176,123	66.2	64,757	46.7	172.0
Taiwan	63,127	23.7	49,661	35.8	27.1
Indonesia	8,427	3.2	10,497	7.6	(19.7)
Others	11,167	4.2	8,238	5.9	35.6
Total	266,016	100.0	138,630	100.0	91.9

Singapore

Singapore continued its momentum in 3Q2019 with an improvement of 12.1% to \$2.3 million mainly attributable to higher sales from active distributors, as well as increase in orders made through our online store/mobile apps by local customers and customers in other markets e.g. Australia. As a result, overall revenue for the nine months ended 30 September 2019 increased from \$5.5 million to \$7.2 million compared to the same period last year.

China

For the nine months ended 30 September 2019, revenue in China increased 172.0% vis-à-vis the same period last year mainly because revenue contribution from the Franchise segment for FY2018 commenced only in the last week of June 2018. Revenue from China in 3Q2019 increased by 61.2% to \$83.4 million from \$51.7 million in 3Q2018, mainly driven by underlying growth in demand for the Group's skincare line, DR's Secret.

Taiwan

In line with the previous announcement, revenue in Taiwan increased from \$19.4 million in 3Q2018 to \$22.6 million in 3Q2019 mainly due to continuous effort in optimizing online to offline (O2O) interactions between distributors and their online followers, as well as improved distributors' incentives. In addition, there is a growth in distributors resulting from implemented marketing strategies since 2H2018. These initiatives drew good response which led to a 27.1% increase in revenue for the nine months ended 30 September 2019, vis-à-vis the same period last year.

Indonesia

Revenue from Indonesia decreased from \$4.7 million in 3Q2018 to \$2.3 million in 3Q2019 mainly due to rampant online discounting and the lack of marketing activities as a result of demonstrations and social tension after the April elections which continued till late October 2019. As a result, revenue in Indonesia declined by 19.7% for the nine months ended 30 September 2019 when compared to the same period last year. Management are currently working with legal professionals and also implementing measures to take steps against the unauthorized online sellers.

Others

Revenue from Other Markets increased by 21.8% in 3Q2019 when compared to 3Q2018 mainly due to the increase in sales from Hong Kong, Malaysia, Thailand, Philippines, Myanmar and Dubai, offsetting declines from the markets of Vietnam and Korea. For the nine months ended 30 September 2019, revenue increased by 35.6% when compared to the same period last year mainly due to the increase in sales from Hong Kong, Malaysia, Thailand, Philippines and Dubai, offsetting declines from the markets of Vietnam, Myanmar and Korea.

Financial Position and Cash Flow

Non-current assets of the Group increased from \$23.3 million as at 31 December 2018 to \$41.9 million as at 30 September 2019, mainly attributable to increase of Property, Plant and Equipment in relation to construction in progress for our Tuas facility, the increase in Right-Of-Use Assets with the adoption of SFRS(I) 16 Leases, and our newly acquired investment in associate, Celligenics and an increase in deferred tax asset, offsetting decrease in other financial assets, intangible assets and other intangible assets.

Inventories increased from \$31.4 million as at 31 December 2018 to \$66.2 million as at 30 September 2019 mainly due to building up of inventories in our Hunan branch in China and headquarter in Singapore in anticipation for higher year-end demand.

Trade and other receivables increased from \$5.2 million as at 31 December 2018 to \$8.2 million as at 30 September 2019 mainly due to increase in transactions during the last few days of September from a certain subsidiary and VAT receivables.

Other assets increased from \$21.7 million as at 31 December 2018 to \$29.3 million as at 30 September 2019 mainly due to higher deposits made to suppliers and for the purchase of equipment for our Tuas facility.

Trade and other payables increased from \$95.1 million as at 31 December 2018 to \$123.9 million as at 30 September 2019 due to increase in accruals for management and staff costs, higher trade payables to our suppliers and sales related expenses from our franchise segment.

Other Financial liabilities have been reduced to nil as at 30 September 2019 due to full repayment of bank borrowings in 3Q2019.

Total lease liabilities increased to \$7.7 million as at 30 September 2019 due to the adoption of SFRS(I) 16 Leases.

Other liabilities were maintained at \$1.0 million as at 30 September 2019 vis-à-vis 31 December 2018.

Income Tax Payable decreased from \$17.8 million as at 31 December 2018 to \$15.8 million as at 30 September 2019 due to settlements of tax payables during the period offsetting the additional tax provisions made by the Group.

For the nine months ended 30 September 2019, the Group reported net cash flows from operating activities of \$41.7 million mainly attributable to the Group's net profit before tax of \$81.2 million, offsetting changes in working capital as a result of increase in inventories, other assets and trade and other payables, as well as income tax payments for the period. Net cash flow used in investing activities of \$9.5 million was mainly due to the acquisition of an associate, Celligenics of \$5.6 million, and addition of property, plant and equipment of \$5.5 million mainly relating to Tuas facility. Net cash flow of \$20.0 million used in financing activities was mainly due to purchase of treasury shares, dividends paid and repayment of bank borrowings of lease liabilities for the nine months ended 30 September 2019.

As at 30 September 2019, the Group maintained \$209.2 million in 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 unforeseen circumstances, factors that may affect the Group's performance in the next reporting period and for the next 12 months are as follows:

- The slowdown in global economic growth, trade tensions between China & US, EU & Indonesia, Brexit negotiations etc, have added uncertainties to the global economy. Such uncertainties inevitably cause consumers to be more cautious about their buying habits and hence negatively impact the Group's performance;
- Earlier in the year, China responded to the US-China trade disputes by raising the import duties of US made skin care products from 11% to as high as 31% and by weakening the Renminbi. Such measures will reduce the profitability of the Group's China business;
- The ongoing independent review of the Group's business in China has effectively diverted a certain portion of China management's time from focusing on market development activities;
- The Group constantly engages the services of various professionals to, amongst other reasons, identify and assess M&A and corporate development opportunities relevant to the Group's business, and to ensure that its operations adhere to all relevant local regulations in the different jurisdictions it operates in. On top of that, we expect higher professional fees including legal and other expenses related to the independent review and the issuance of dividend declared in FY2019;
- Besides the need to hire more talents to cater to the Group's expanding activities, the Group also expect higher administrative expenses in relation to the construction of our Tuas manufacturing facilities, the expansion of HQ in 4Q2019 and relocation/refurbishment of certain Regional Centres;
- Fluctuations of currencies in key markets which the Group operates in against the Singapore Dollar, may affect the Group's performance positively or negatively. Management actively undertakes measures to mitigate such potential risks.

Other ongoing factors that may affect the Group's performance include, timeline for product license registration and renewal in key markets, natural disasters, unanticipated regulatory changes in key markets we operate in and disruptions from market competition.

DIVIDENDS

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

None

(ii) Corresponding Period of the immediately Preceding Financial Year

For the corresponding period of the immediately preceding financial year, the Company paid a special one tier tax-exempt dividend of 1.2 cents per share in respect of the financial period ended 30 September 2018.

(b) Date payable for dividend

Not applicable

(c) Book closure date for dividend

Not applicable

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.

Interested Person Transactions

Name of Interested Person	For the Nine Months Ended 30 September 2019	
	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than \$100,000)
	\$'000	\$'000
Audrey Koh Karmen ⁽¹⁾		
- Sales	6	NA
- Freelance Commission Paid	5	NA
- Overseas trip expense	1	NA
- Training Services	194	NA

Note (1): Spouse of Huang Ban Chin

14. Board Negative Assurance Confirmation for Interim Financial Results

We, Dora Hoan Beng Mui and 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 nine months ended 30 September 2019 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

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

Doreen Tan Nee Moi
Co-Chairman, President

8 November 2019