

**MEDIA RELEASE - FOR IMMEDIATE RELEASE**

# Best World 1H2014 earnings grew 50.5% to \$0.9 million

- **2Q2014 revenue more than doubled to \$18.3 million on higher contribution from Philippines, Taiwan and China**
- **Healthy cash position of \$27.5 million as at 30 June 2014**
- **Recommended interim dividend of 0.3 cents per share**
- **China direct selling license application on schedule**

**Singapore, 13 August 2014** – Mainboard-listed Best World International Limited (“Best World” or the “Group”), a company which specializes in the development, manufacture and distribution of premium skincare, personal care, nutritional and wellness products through its regional direct selling network and retail network in China, delivered a Net Profit Attributable to Owners of the Parent Company of \$0.9 million for the 6 months ended 30 June 2014 (“1H2014”) as compared to \$0.6 million for 1H2013.

## Financial Highlights

<b>S\$'000</b>	<b>2Q2014</b>	<b>2Q2013</b>	<b>% Change</b>	<b>1H2014</b>	<b>1H2013</b>	<b>% Change</b>
Revenue	18,277	8,819	107.2	31,079	17,851	74.1
Gross Profit	12,765	6,930	84.2	22,237	14,015	58.7
<i>Gross Profit Margin</i>	<i>69.8%</i>	<i>78.6%</i>	<i>(8.8p.p)</i>	<i>71.5%</i>	<i>78.5%</i>	<i>(7.0p.p)</i>
Operating Expenses**	(12,023)	(7,596)	58.3	(21,415)	(15,623)	37.1
Profit Before Tax	1,129	(541)	NM	1,648	677	143.4
Net Profit Attributable to Owners of the Parent Company	758	(378)	NM	879	584	50.5
<i>Net Profit Margin</i>	<i>4.1%</i>	<i>(4.3%)</i>	NM	<i>2.8%</i>	<i>3.3%</i>	<i>(0.5p.p)</i>
Basic Earnings per share <sup>###</sup> (Cents)	0.34	(0.18)	NM	0.41	0.29	41.4

*p.p denotes percentage points ; NM denotes Not Meaningful; \*\* Includes distribution costs and administrative expenses*

<sup>###</sup> *The weighted average number of ordinary shares for 2Q2014 is 220,183,864 (2Q2013: 204,681,071) and for 1H2014 is 215,131,144 (1H2013: 204,681,035)*

### Revenue by Geographical Locations: 1H2014 vs 1H2013

Geographical Locations	1H2014		1H2013		% Change
	S\$'000	%	S\$'000	%	
Singapore	4,101	13.2	3,910	21.9	4.9
China	5,491	17.7	1,093	6.1	402.4
Indonesia	1,764	5.7	2,043	11.4	(13.7)
Taiwan	6,574	21.1	5,051	28.3	30.2
Philippines	9,037	29.1	830	4.7	988.8
Others	4,112	13.2	4,924	27.6	(16.5)
<b>Total</b>	<b>31,079</b>	<b>100.0</b>	<b>17,851</b>	<b>100.0</b>	<b>74.1</b>

The 74.1% increase in 1H2014 revenue to \$31.1 million was due to the higher revenue from China, the Philippines, Taiwan and Singapore, offsetting the slowdown in revenue generation from Indonesia and Thailand.

As a result of new revenue contributions from the new business segment of Manufacturing/Wholesale business and higher exports to the Group's China agent, revenue from China increased by 238.7% in 2Q2014 and 402.4% in 1H2014 to \$3.3 million and \$5.5 million respectively.

### Revenue by Business Segment: 1H2014 vs 1H2013

Business Segment	6 months ended 30.06.14 Revenue		6 months ended 30.06.13 Revenue		% Change
	S\$'000	%	S\$'000	%	
Direct selling	24,527	78.9	16,496	92.4	48.7
Export	3,074	9.9	1,355	7.6	126.9
Manufacturing/Wholesale	3,478	11.2	-	-	NM
<b>Total</b>	<b>31,079</b>	<b>100.0</b>	<b>17,851</b>	<b>100.00</b>	<b>74.1</b>

For 2Q2014, the Group generated \$14.5 million or 79.2% of its total revenue from its core business of Direct Selling, vis-a-vis \$7.7 million in 2Q2013. The increase of 88.2% was primarily due to higher contributions from Philippines, Taiwan and Singapore.

Export revenue picked up by 24.0% from \$1.1 million in 2Q2013 to \$1.4 million in 2Q2014. This improvement was mainly attributable to the export growth to China and Myanmar due to positive response to newly launched products.

The Manufacturing/Wholesale segment generated \$3.5 million for the four months period March to June 2014 after the completion of the acquisition in late February 2014. This constitutes 11.2% of the Group's total revenue.

As a result of the introduction of the Manufacturing/Wholesale segment since March 2014, the Group's Gross Profit margin across business segments stands at 69.8% in 2Q2014 as opposed to 78.6% in 2Q2013.

Commissions, marketing and other sales related costs which make up the Group's Distribution Costs, increased by 74.0% in 1H2014, in line with the 74.1% increase in revenue recorded for this reporting period.

Administrative Expenses, increased quarter-on-quarter from \$4.4 million to \$5.2 million in 2Q2014 as a result of staff costs, depreciation & amortization relating to the recent acquired Best World (Zhejiang) Pharmaceutical Co., Ltd. ("BWZ").

As a result of Income Tax Expenses of \$0.4 million for 2Q2014 due to certain profitable companies, the Group registered a Profit Attributable to Owners of the Parent Company of \$0.9 million for 1H2014 as compared with a net profit of \$0.6 million in 1H2013. The Group's earnings per share were 0.41 cents for 1H2014, as compared to 0.29 cents for 1H2013.

The Group continued to maintain a healthy balance sheet with net cash position of \$27.5 million as at 30 June 2014 and generated positive cash flow of \$0.6 million from its operating activities in 1H2014.

As at 30 June 2014, the number of Lifestyle Centres increased to 65, up from 61 as at 31 March 2014. Total membership also rose 6.8% to 332,488 members when compared to 31 March 2014.

## **Outlook**

While overall results so far are in line with Management's expectations, the Group remains cautiously optimistic of its business and shall roll out marketing campaigns and launch new

products which are in the pipeline to grow the Group's business segments for the remaining periods of FY2014.

Barring any unforeseen circumstances, Management is confident of the performance coming from Philippines, Taiwan and China in the remaining periods of FY2014.

Group CEO, Dr. Dora Hoan commented, *"We are encouraged that our strategies in growth markets like Philippines, Taiwan and China have been validated with the strong revenue growth exhibited in the first half of 2014. We shall leverage on the positive momentum and strive to establish a stronger foothold in these markets. While our mature markets continue to face headwinds, we shall use the experience we gained in the growth markets and apply them accordingly in the coming quarters."*

*With the latest restructuring involving our China subsidiaries and pending capital injection into Best World Zhejiang, we have fulfilled all application criterias and is ready to submit our application documents. Direct selling is potentially a multi-billion dollar industry in China and we hope to move closer towards our eventual goal of becoming a licensed Direct Selling Company. This will allow us to capitalize on the growth opportunities in the country driven by strong domestic consumption."*

Dr. Hoan further added, *"To reward our shareholders for their long-term support and trust, the Board has recommended an interim dividend of 0.3 cents per share for the half year ended 30 June 2014."*

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### **About Best World**

Founded in 1990, Best World International is a company which specializes in the development, manufacture and distribution of premium skincare, personal care, nutritional and wellness products, to discerning customers through its direct selling network in the region and retail network in China.

In July 2004, Best World became the first direct-selling company to be publicly listed on the Singapore Stock Exchange.

Today, Best World is a key regional player with presence in Singapore, Thailand, Taiwan, Indonesia, Malaysia, Vietnam, Hong Kong, China, Korea, Philippines and Australia.

For more information, visit Best World's corporate website at [www.bestworld.com.sg](http://www.bestworld.com.sg)

*Issued for and on behalf of Best World International Limited*

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