



# **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 2018**

# **BEST WORLD INTERNATIONAL LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

## **TABLE OF CONTENTS**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	2
STATEMENTS OF FINANCIAL POSITION	4
BORROWINGS AND DEBT SECURITIES	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6
STATEMENTS OF CHANGES IN EQUITY	7
SHARE CAPITAL	9
AUDIT	10
ACCOUNTING POLICIES	10
EARNINGS PER SHARE	12
NET ASSET VALUE PER SHARE	12
REVIEW OF THE PERFORMANCE OF THE GROUP	13
Overview	13
Revenue by Business Segments	14
Revenue by Geographical Locations	15
Financial Position and Cash Flow	17
COMMENTARY ON THE CURRENT PERIOD'S PROSPECTS	17
DIVIDENDS	19

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

(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 30.09.18 \$'000	3 months Ended 30.09.17 \$'000	Change %	9 months Ended 30.09.18 \$'000	9 months Ended 30.09.17 \$'000	Change %
Revenue	92,067	46,780	96.8	152,457	146,807	3.8
Cost of Sales	(14,809)	(15,355)	(3.6)	(30,921)	(44,493)	(30.5)
Gross Profit	77,258	31,425	145.8	121,536	102,314	18.8
<u>Other Items of Income</u>						
Interest Income	211	112	88.4	517	299	72.9
Other Operating Income	9,061	1,159	681.8	17,380	5,417	220.8
<u>Other Items of Expense</u>						
Distribution Costs	(32,707)	(7,460)	338.4	(52,922)	(32,186)	64.4
Administrative Expenses	(16,535)	(8,162)	102.6	(31,928)	(26,348)	21.2
Finance Costs	(24)	(51)	(52.9)	(73)	(108)	(32.4)
Other (Losses) Gain, Net	(1,503)	173	NM	(810)	(1,776)	(54.4)
<b>Profit Before Tax</b>	35,761	17,196	108.0	53,700	47,612	12.8
Income Tax Expense	(5,993)	(5,123)	17.0	(9,166)	(14,116)	(35.1)
<b>Profit For the Period</b>	29,768	12,073	146.6	44,534	33,496	33.0
<b>Profit Attributable to:</b>						
- Owners of the Parent Company	29,887	12,182	145.3	44,786	33,870	32.2
- Non-Controlling Interests	(119)	(109)	9.2	(252)	(374)	(32.6)
<b>Profit For the Period</b>	29,768	12,073	146.6	44,534	33,496	33.0
<u>Additional notes:</u>						
Gross Profit Margin	83.9%	67.2%		79.7%	69.7%	
Net Profit Margin	32.5%	26.0%		29.4%	23.1%	
Earnings Per Share (cents)	5.44	2.21		8.15	6.15	

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**Statement of Comprehensive Income for the NINE MONTHS ENDED 30 SEPTEMBER 2018:**

	Group			Group		
	3 months Ended 30.09.18 \$'000	3 months Ended 30.09.17 \$'000	Change %	9 months Ended 30.09.18 \$'000	9 months Ended 30.09.17 \$'000	Change %
<b>Profit for the Period, Net of Tax</b>	29,768	12,073	146.6	44,534	33,496	33.0
<u>Other Comprehensive Income</u>						
Exchange Differences on Translating Foreign Operations	534	509	4.9	1,057	304	247.7
<b>Other Comprehensive Expense for the Period, Net of Tax</b>	534	509	4.9	1,057	304	247.7
<b>Total Comprehensive Income for the Period</b>	<u>30,302</u>	<u>12,582</u>	140.8	<u>45,591</u>	<u>33,800</u>	34.9
Attributable to:						
<b>Owners of the Parent Company</b>	<b>30,360</b>	<b>12,632</b>	140.3	<b>45,722</b>	<b>34,067</b>	34.2
Non-Controlling Interests	(58)	(50)	16.0	(131)	(267)	(50.9)
<b>Total Comprehensive Income for the Period</b>	<u>30,302</u>	<u>12,582</u>	140.8	<u>45,591</u>	<u>33,800</u>	34.9

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

	Group	
	9 months Ended	
	30.09.18 \$'000	30.09.17 \$'000
Depreciation of Property, Plant and Equipment	1,315	1,470
Depreciation of an Investment Property	14	14
Amortisation of Intangible Assets	517	730
Inventories Written Off	-	20
Fair value Loss (Gain) on Other financial Assets	15	(28)
Goodwill Written Off	324	-
Reversal of Impairment on Inventories	(214)	(153)
Write Back of Accruals	(1,278)	-
Reversal of Impairment Allowance on Trade Receivables	(86)	(902)
Reversal of Impairment Allowance on Other Receivables	(39)	-
Foreign Exchange Adjustment Losses, Net	2,038	2,932
Loss (Gain) on Disposal of Property, Plant and Equipment	50	(73)
Interest Income	(517)	(299)
Interest Expense	73	108

## STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

(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	
	30.09.18	31.12.17	30.09.18	31.12.17
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, Plant and Equipment	7,823	7,560	2,957	3,072
Investment Property	1,150	1,164	-	-
Other Intangible Assets	8,264	8,257	-	-
Intangible Assets	4,326	5,186	5	7
Investment in Subsidiaries	-	-	3,247	3,664
Deferred Tax Assets	456	830	-	-
Other Receivables	-	-	21,937	21,937
Other Financial Assets	1,092	805	1,092	805
Total Non-Current Assets	<u>23,111</u>	<u>23,802</u>	<u>29,238</u>	<u>29,485</u>
<b>CURRENT ASSETS</b>				
Inventories	37,308	28,194	19,466	19,384
Trade and Other Receivables	8,624	47,104	43,073	49,708
Other Assets	16,065	4,322	10,887	3,369
Other Financial Assets	9,570	10,126	9,570	10,126
Cash and Cash Equivalents	134,244	82,228	44,348	40,153
Total Current Assets	<u>205,811</u>	<u>171,974</u>	<u>127,344</u>	<u>122,740</u>
<b>TOTAL ASSETS</b>	<u><u>228,922</u></u>	<u><u>195,776</u></u>	<u><u>156,582</u></u>	<u><u>152,225</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital	18,608	19,738	18,608	19,738
Retained Earnings	133,450	109,565	111,205	96,434
Other Reserves	1,455	197	322	-
Equity, Attributable to Owners of the Parent	<u>153,513</u>	<u>129,500</u>	<u>130,135</u>	<u>116,172</u>
Non-Controlling Interests	<u>(2,841)</u>	<u>(2,710)</u>	<u>-</u>	<u>-</u>
Total Equity	<u>150,672</u>	<u>126,790</u>	<u>130,135</u>	<u>116,172</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred Tax Liabilities	243	3,902	138	138
Other Financial Liabilities	-	2,037	-	-
Total Non-Current Liabilities	<u>243</u>	<u>5,939</u>	<u>138</u>	<u>138</u>
<b>CURRENT LIABILITIES</b>				
Income Tax Payable	13,063	10,799	8,116	8,656
Trade and Other Payables	61,260	45,926	17,311	23,703
Other Financial Liabilities	2,723	5,361	-	2,674
Other Liabilities	961	961	882	882
Total Current Liabilities	<u>78,007</u>	<u>63,047</u>	<u>26,309</u>	<u>35,915</u>
Total Liabilities	<u>78,250</u>	<u>68,986</u>	<u>26,447</u>	<u>36,053</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>228,922</u></u>	<u><u>195,776</u></u>	<u><u>156,582</u></u>	<u><u>152,225</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 30.09.18		As at 31.12.17	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
2,723	-	5,361	-

Amount Repayable after One Year

As at 30.09.18		As at 31.12.17	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	2,037	-

#### Details of any collateral

Certain leasehold properties of subsidiaries at carrying value of \$414,000 as at 30 September 2018 (31 December 2017: \$418,000), a non-current other intangible asset of a subsidiary at carrying value of \$8,264,000 as at 30 September 2018 (31 December 2017: \$8,257,000) and an investment property of a subsidiary at carrying value of \$1,150,000 as at 30 September 2018 (31 December 2017: \$1,164,000) are mortgaged to banks to secure bank facilities granted by the banks.

Plant and equipment with carrying value of Nil as at 30 September 2018 (31 December 2017: \$20,000) 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 NINE MONTHS ENDED 30 SEPTEMBER 2018

(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 30.09.18	3 Months Ended 30.09.17	9 Months Ended 30.09.18	9 Months Ended 30.09.17
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from Operating Activities:</b>				
Profit before Tax	35,761	17,196	53,700	47,612
Interest Income	(211)	(112)	(517)	(299)
Interest Expense	24	51	73	108
Depreciation of Property, Plant and Equipment	449	474	1,315	1,470
Depreciation of an Investment Property	5	5	14	14
Amortisation of Intangible Assets	106	241	517	730
(Loss) Gain on Disposal of Property, Plant and Equipment	50	-	50	(73)
Goodwill Written Off	324	-	324	-
Issue of Shares by transferring of Treasury Shares	-	-	368	-
Fair Value (Gain) Loss on Other Financial Assets	(72)	(28)	15	(28)
Net Effect of Exchange Rate Changes in Consolidating Foreign Subsidiaries	1,065	1,334	1,660	4,446
<b>Operating Cash Flows before Changes in Working Capital</b>	<b>37,501</b>	<b>19,161</b>	<b>57,519</b>	<b>53,980</b>
Inventories	(3,022)	1,984	(9,114)	2,992
Trade and Other Receivables	6,462	(1,344)	38,484	(21,847)
Other Assets	(6,469)	(178)	(11,744)	740
Trade and Other Payables	22,498	(1,285)	14,442	(3,532)
<b>Net Cash Flows from Operations before Tax</b>	<b>56,970</b>	<b>18,338</b>	<b>89,587</b>	<b>32,333</b>
Income Tax Paid	(4,202)	(7,748)	(10,017)	(17,422)
<b>Net Cash Flows from Operating Activities</b>	<b>52,768</b>	<b>10,590</b>	<b>79,570</b>	<b>14,911</b>
<b>Cash flows from Investing Activities:</b>				
Purchase of Property, Plant and Equipment	(1,499)	(956)	(1,687)	(1,425)
Disposal of Property, Plant and Equipment	-	-	-	4
Increase in Intangible Assets	(11)	(12)	(11)	(13)
(Increase) Decrease in Other Financial Assets	(26)	(2,700)	501	(2,700)
Interest Received	211	112	517	299
<b>Net Cash Flows used in Investing Activities</b>	<b>(1,325)</b>	<b>(3,556)</b>	<b>(680)</b>	<b>(3,835)</b>
<b>Cash flows from Financing Activities:</b>				
Dividends paid	(6,594)	(8,251)	(20,901)	(16,508)
Purchase of Treasury Shares	-	(431)	(1,176)	(431)
Share Split Expenses	-	(18)	-	(18)
Increase in Other Financial Liabilities	-	2,732	-	2,732
Repayment of Borrowings	(676)	(657)	(4,652)	(1,967)
Finance Lease Repayment	-	(3)	(2)	(7)
Interest Paid	(24)	(51)	(73)	(108)
Decrease (Increase) in Cash Restricted in Use	142	(3,141)	133	(3,021)
<b>Net Cash Flows used in Financing Activities</b>	<b>(7,152)</b>	<b>(9,820)</b>	<b>(26,671)</b>	<b>(19,328)</b>
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	<b>44,291</b>	<b>(2,786)</b>	<b>52,219</b>	<b>(8,252)</b>
<b>Effects of exchange rate changes on Cash and Cash Equivalents</b>	<b>11</b>	<b>(267)</b>	<b>(69)</b>	<b>(895)</b>
<b>Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance</b>	<b>80,831</b>	<b>42,627</b>	<b>72,983</b>	<b>48,721</b>
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance</b> Note A	<b>125,133</b>	<b>39,574</b>	<b>125,133</b>	<b>39,574</b>

Note A :

	Group		Group	
	3 Months Ended 30.09.18	3 Months Ended 30.09.17	9 Months Ended 30.09.18	9 Months Ended 30.09.17
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	134,244	48,807	134,244	48,807
Less: Cash pledged	(9,111)	(9,233)	(9,111)	(9,233)
<b>Cash and Cash Equivalents in the Consolidated Cash Flow Statement</b>	<b>125,133</b>	<b>39,574</b>	<b>125,133</b>	<b>39,574</b>

## STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

(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 \$ '000	Total \$ '000	Share Capital \$ '000	Treasury Shares \$ '000	Retained Earnings \$ '000	Foreign Currency Translation Reserve \$ '000	Share- based Compen- sation Reserves \$ '000	Other Reserves \$ '000	Non- Controlling Interests \$ '000
<b>Group</b>									
<b>Balance at 1 January 2018</b>	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)	-	-	-
<b>Balance at 1 January 2018 as restated</b>	126,790	129,500	20,618	(880)	109,565	155	-	42	(2,710)
<b>Movements in Equity</b>									
Total Comprehensive Income (Expense) for the Period	6,597	6,604	-	-	5,771	833	-	-	(7)
<b>Balance at 31 March 2018</b>	133,387	136,104	20,618	(880)	115,336	988	-	42	(2,717)
<b>Movements in Equity</b>									
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)	-	-	-	-
<b>Balance at 30 June 2018</b>	126,964	129,747	20,618	(2,010)	110,157	618	322	42	(2,783)
<b>Movements in Equity</b>									
Total Comprehensive Income (Expense) for the Period	30,302	30,360	-	-	29,887	473	-	-	(58)
Dividends	(6,594)	(6,594)	-	-	(6,594)	-	-	-	-
<b>Balance at 30 September 2018</b>	<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>322</u>	<u>42</u>	<u>(2,841)</u>



## STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

(Amounts expressed in Singapore dollars)

Group	Attributable to Owners of the Parent Company								
	Total Equity	Total	Share Capital	Treasury Shares	Retained Earnings	Foreign Currency Translation Reserve	Share-based Compensation Reserves	Other Reserves	Non-Controlling Interests
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Balance at 1 January 2017</b>	88,663	90,587	20,618	(449)	68,855	1,563	-	-	(1,924)
Impact on adoption of SFRS(I) 1	-	-	-	-	1,563	(1,563)	-	-	-
<b>Balance at 1 January 2017 as restated</b>	88,663	90,587	20,618	(449)	70,418	-	-	-	(1,924)
<b><u>Movements in Equity</u></b>									
Total Comprehensive Income (Expense) for the Period	9,075	9,207	-	-	9,723	(516)	-	-	(132)
<b>Balance at 31 March 2017</b>	97,738	99,794	20,618	(449)	80,141	(516)	-	-	(2,056)
<b><u>Movements in Equity</u></b>									
Total Comprehensive Income (Expense) for the Period	12,143	12,228	-	-	11,965	263	-	-	(85)
Dividends	(8,257)	(8,257)	-	-	(8,257)	-	-	-	-
<b>Balance at 30 June 2017</b>	101,624	103,765	20,618	(449)	83,849	(253)	-	-	(2,141)
<b><u>Movements in Equity</u></b>									
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)	-	-	-	-
<b>Balance at 30 September 2017</b>	<u>105,506</u>	<u>107,697</u>	<u>20,618</u>	<u>(880)</u>	<u>87,762</u>	<u>197</u>	<u>-</u>	<u>-</u>	<u>(2,191)</u>

## STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

(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
<b>Balance at 1 January 2018</b>	116,172	20,618	(880)	96,434	-
<b><u>Movements in Equity</u></b>					
Total Comprehensive Income for the Period	3,124	-	-	3,124	-
<b>Balance as at 31 March 2018</b>	119,296	20,618	(880)	99,558	-
<b><u>Movements in Equity</u></b>					
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)	-
<b>Balance as at 30 June 2018</b>	112,066	20,618	(2,010)	93,136	322
<b><u>Movements in Equity</u></b>					
Total Comprehensive Income for the Period	24,663	-	-	24,663	-
Dividends	(6,594)	-	-	(6,594)	-
<b>Balance as at 30 September 2018</b>	<u>130,135</u>	<u>20,618</u>	<u>(2,010)</u>	<u>111,205</u>	<u>322</u>
<b>Balance at 1 January 2017</b>	94,074	20,618	(449)	73,905	-
<b><u>Movements in Equity</u></b>					
Total Comprehensive Income for the Period	6,730	-	-	6,730	-
<b>Balance as at 31 March 2017</b>	100,804	20,618	(449)	80,635	-
<b><u>Movements in Equity</u></b>					
Total Comprehensive Income for the Period	7,296	-	-	7,296	-
Dividends	(8,257)	-	-	(8,257)	-
<b>Balance as at 30 June 2017</b>	99,843	20,618	(449)	79,674	-
<b><u>Movements in Equity</u></b>					
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)	-
<b>Balance as at 30 September 2017</b>	<u>99,541</u>	<u>20,618</u>	<u>(880)</u>	<u>79,803</u>	<u>-</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

(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	
	2018	2017	2018	2017
At 1 January and 31 March	550,088,514	275,229,757	19,738	20,169
Share Split	-	275,229,757	-	-
Share buy back – held as Treasury Shares	(925,000)	-	(1,176)	-
Transfer of Treasury Shares pursuant to Performance Share Scheme	231,600	-	46	-
At 30 June	549,395,114	550,459,514	18,608	20,169
Share buy back – held as Treasury Shares	-	(371,000)	-	(431)
At 30 September	<u>549,395,114</u>	<u>550,088,514</u>	<u>18,608</u>	<u>19,738</u>

**(b) Treasury Shares**

	<u>Group and Company</u>		<u>Group and Company</u>	
	<u>No. of shares</u>		<u>\$'000</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
At 1 January and 31 March	4,303,500	1,966,250	880	449
Share Split	-	1,966,250	-	-
Share buy back – held as Treasury Shares	925,000	-	1,176	-
Transfer of Treasury Shares pursuant to Performance Share Scheme	(231,600)	-	(46)	-
At 30 June	4,996,900	3,932,500	2,010	449
Share buy back – held as Treasury Shares	-	371,000	-	431
At 30 September	<u>4,996,900</u>	<u>4,303,500</u>	<u>2,010</u>	<u>880</u>

For the three months ended 30 September 2018, the company did not purchase its ordinary shares (3 months ended 30 September 2017: 371,000 shares) by way of on-market purchase at share price ranging at nil (2017: from \$0.99 to \$1.37) to be held as treasury shares.

**(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 2018 was 549,395,114 (31 December 2017: 550,088,514).

The total number of treasury shares as at 30 September 2018 was 4,996,900 (31 December 2017: 4,303,500).

**(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.**

Pls refer to item 1(d) ii above.

**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.**

Except as disclosed in paragraph 5 below, 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.

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

The Group has applied the specific transition requirements in Singapore Financial Reporting Standards (International) ("SFRS(I)") with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. The Group has elected the optional exemption in SFRS(I) 1 to reset its cumulative Foreign Currency Translation Reserve ("FCTR") for all foreign operations to nil at the date of transition, and reclassified the cumulative FCTR of approximately \$1,563,000 as at 1 January 2017 to Retained Earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

As a result, the cumulative FCTR has increased by approximately \$1,563,000 and Retained Earnings has decreased by the same amount as at 1 January 2017 and 31 December 2017. FCTR and Retained Earnings are included in "Equity" in the Consolidated Statement of Financial Position.

In addition to the adoption of the new framework, the Group has also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- *SFRS(I) 15 Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- *SFRS(I) 9 Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations did not have any significant impact on the Company's and the Group's financial statements.

## 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 30.09.18	3 months ended 30.09.17	Change %	9 months ended 30.09.18	9 months ended 30.09.17	Change %
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	5.44	2.21	146.2	8.15	6.15	32.5
(b) On a fully diluted basis (cts)	5.44	2.21	146.2	8.15	6.15	32.5

For comparative purposes, the earnings per ordinary shares for the three months ended 30 September 2018 and 30 September 2017 are calculated based on the profit for the period of approximately \$29.9 million and \$12.2 million respectively. The earnings per ordinary shares for the 9 months ended 30 September 2018 and 30 September 2017 are calculated based on the profit for the period of approximately \$44.8 million and \$33.9 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 30 September 2018 is 549,395,114 (3 months ended 30 September 2017: 550,283,187). The weighted average number of ordinary shares (excluding treasury shares) for the nine months ended 30 September 2018 is 549,797,515 (9 months ended 30 September 2017: 550,400,093).

## 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	
	30.09.18	31.12.17	30.09.18	31.12.17
Net asset value per ordinary shares (cents)	27.94	23.54	23.69	21.12

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 30 September 2018 was 549,395,114. (31 December 2017: 550,088,514).

## 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 nine months ended 30 September 2018, the Group recorded a 3.8% increase in Revenue for the same period last year. The increase is primarily due to the commencement of Revenue generated from the sale of the Group's skin care line in China through the Franchise segment, and the improvement of the Group's Direct Selling segment in Indonesia and Hong Kong.

As Franchise revenue is recognized at a higher price point compared to Export price, commencement of the recognition of revenue generated from the sale of the Group's skin care line in China through the Franchise segment in 3Q2018 boosted Group Revenue by 96.8% to \$92.1 million. Cost of sales remained relatively stable at \$14.8 million in 3Q2018 compared to \$15.4 million in 3Q2017. Despite the significantly higher revenue in 3Q2018, revenue for the nine months ended 30 September 2018 improved only 3.8% vis-à-vis the same period last year mainly due to the minimal revenue generated under the Export segment in 1H2018 as a result of the Group's transition to Franchise segment from the Export segment.

Higher Franchise Revenue in 3Q2018 also improved the Group's Gross Profit Margin to 83.9% in 3Q2018 and 79.7% for the nine months ended 30 September 2018. For 3Q2018 and the nine months ended 30 September 2018, Net Profit Margin increased to 32.5% and 29.4% respectively, mainly due to the following factors:

- Other Operating Income, increased by 681.8% to \$9.1 million in 3Q2018 mainly due to a one-time trademark royalty fee received from our China agent in 3Q2018 prior to the termination of the agency arrangement. For the nine months ended 30 September 2018, Other Operating Income increased by 220.8% to \$17.4 million mainly due to the above trademark royalty fee received as well as service fees relating to market development services, trainings and IT services;
- Interest Income increased by 88.4% in 3Q2018 and 72.9% for the nine months ended 30 September 2018 primarily due to higher fixed deposits placed with financial institutions and higher interest income earned from other financial assets;
- Under the Franchise segment, expenses for approved marketing activities and customers support, training and logistics services provided by the franchisees, were incurred. As a result, Distribution Costs, from this quarter onwards will mainly comprise commissions and convention expenses under the Direct Selling segment, and the abovementioned sales related expenses in the Franchise segment. For 3Q2018, Distribution Costs increased by 338.4% from \$7.5 million in 3Q2017 to \$32.7 million and increased by 64.4% to \$52.9 million for the nine months ended 30 September 2018 mainly as a result of the sales related expenses incurred in the Franchise segment;

- The Group incurred Administrative Expenses of \$16.5 million in 3Q2018 and \$31.9 million for the nine months ended 30 September 2018, mainly due to increase in professional fees and management and staff costs as well as one-time withholding tax expenses in relation to the above trademark royalty fee. In addition, higher expenses from the fully operational Changsha branch office contributed to the increase of Administrative Expenses in 3Q2018;
- For 3Q2018, the Group recorded Net Other Losses of \$1.5 million mainly attributable to the foreign exchange losses due to weakened Indonesia Rupiah and Chinese Yuan against Singapore Dollar during the quarter, offsetting write back of accruals of certain subsidiaries. For the nine months ended 30 September 2018, the Group recorded Net Other Losses of \$0.8 million due to foreign exchange losses of \$2.0 million offsetting write back of accruals; and
- In 3Q2018 and for the nine months ended 30 September 2018, the Group incurred higher Income Tax Expenses of \$6.0 million and \$9.2 million respectively. For the nine months ended 30 September 2018, tax expenses was 35.1% lower as compared to the same period last year due to tax effect of Group consolidation adjustment on unrealised profits on inventories held by our subsidiaries as at 30 September 2018 and a higher provision for Group tax expenses for the nine months ended 30 September 2017.

As a result, Group's Profit Attributable to Owners of the Parent Company increased from \$33.9 million to \$44.8 million for the nine months ended 30 September 2018.

### Revenue by Business Segments

For Quarter: 3Q2018 Vs 3Q2017

Business Segment	3 months ended 30.09.18 Revenue		3 months ended 30.09.17 Revenue		Change %
	\$'000	%	\$'000	%	
Direct Selling	30,415	33.0	20,445	43.7	48.8
Export	153	0.2	25,267	54.0	(99.4)
Manufacturing/Wholesale	1,013	1.1	1,068	2.3	(5.1)
Franchise	60,486	65.7	-	-	NA
<b>Total</b>	<b>92,067</b>	<b>100.0</b>	<b>46,780</b>	<b>100.0</b>	<b>96.8</b>

For Nine-Months Ended: 3Q2018 Vs 3Q2017

Business Segment	9 months ended 30.09.18 Revenue		9 months ended 30.09.17 Revenue		Change %
	\$'000	%	\$'000	%	
Direct Selling	77,422	50.8	72,282	49.2	7.1
Export	10,848	7.1	71,350	48.6	(84.8)
Manufacturing/Wholesale	2,860	1.9	3,175	2.2	(9.9)
Franchise	61,327	40.2	-	-	NA
<b>Total</b>	<b>152,457</b>	<b>100.0</b>	<b>146,807</b>	<b>100.0</b>	<b>3.8</b>



Vis-à-vis the same quarter last year, the Group's Direct Selling Revenue increased from \$20.4 million to \$30.4 million, making up 33.0% of the Group's total Revenue in 3Q2018. This represents an increase of 48.8% due to growth in Group's key markets of Taiwan, Indonesia and Hong Kong. For the nine months ended 2018, Direct Selling Revenue increased by 7.1% mainly due to the growth from Revenue in Indonesia as well as improvement from Taiwan in 3Q2018.

In line with the last announcement, from 3Q2018 onwards, Export segment represents solely Revenue from the Group's exports to Myanmar. Export segment for 3Q2018 declined to \$0.15 million from \$25.3 million in 3Q2017.

The Group first introduced the Franchise segment in 2Q2018, which refers to Revenue generated from sales to our franchisees in China. In 3Q2018, due to the growing awareness and demand for our skin care line in China, sales under Franchise segment contributed \$60.5 million or 65.7% of the Group's total Revenue in 3Q2018. As at 30 September 2018, our China subsidiary had entered into agreements with 28 franchisees, which are spread over ten provinces and one municipality in mainland China.

Manufacturing/Wholesale revenue decreased 4.2% in 3Q2018 and 9.6% for the nine months ended 30 September 2018.

As at 30 September 2018, the Group had 98,423 members for our Direct Selling business. This translate to a 0.5% increase when compared to 30 June 2018.

### Revenue by Geographical Locations

For Quarter: 3Q2018 Vs 3Q2017

Geographical Locations	3 months ended 30.09.18 Revenue		3 months ended 30.09.17 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	2,062	2.2	2,137	4.6	(3.5)
China	61,507	66.8	26,187	56.0	134.9
Taiwan	20,896	22.7	14,890	31.8	40.3
Indonesia	4,763	5.2	1,405	3.0	239.0
Others	2,839	3.1	2,161	4.6	31.4
<b>Total</b>	<b>92,067</b>	<b>100.0</b>	<b>46,780</b>	<b>100.0</b>	<b>96.8</b>

For Nine-Months Ended: 3Q2018 Vs 3Q2017

Geographical Locations	9 months ended 30.09.18 Revenue		9 months ended 30.09.17 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	5,718	3.8	5,725	3.9	(0.1)
China	74,521	48.9	74,157	50.5	0.5
Taiwan	53,324	35.0	56,690	38.6	(5.9)
Indonesia	10,580	6.9	3,627	2.5	191.7
Others	8,314	5.4	6,608	4.5	25.8
<b>Total</b>	<b>152,457</b>	<b>100.0</b>	<b>146,807</b>	<b>100.0</b>	<b>3.8</b>

## **Singapore**

For the nine months ended 30 September 2018, Revenue from Singapore remained stable at \$5.7 million. In 3Q2018, Revenue from Singapore declined by 3.5 % to \$2.1 million. For the remaining period of the year, management will continue to invest in online brand building campaigns using social influencers and satisfied customers, to stimulate demand for our products.

## **China**

Revenue from China increased from \$26.2 million in 3Q2017 to \$61.5 million in 3Q2018 mainly due to the commencement of Franchise segment in the last week of June 2018 and underlying growth in demand for our skin care line. For the sale of an identical product, Revenue recognized under the Franchise segment is higher due to the fact that our products sell at a higher price under the Franchise segment as compared to the price sold under the Export segment.

For the nine months ended 30 September 2018, despite minimal Export Revenue from China in 1H2018 due to the transition away from the Export segment, Revenue from China increased by 0.5% to \$74.5 million when compared to the same period last year.

## **Taiwan**

Despite the 22.4% Revenue decline in 1H2018 compared to 1H2017, management's effort managed to narrow Revenue decline to 5.9% for the nine months ended 30 September 2018 compared to the same period in FY2017. Activities in the quarter such as the "Best World Ambassador" in July, and the 9/9 New Generation Campaign drew a good response which led to a 40.3% increase in Revenue in 3Q2018, vis-à-vis the same period in FY2017.

## **Indonesia**

Revenue from Indonesia increased by 239.0% in 3Q2018 and 191.7% for the nine months ended 30 September 2018 mainly due to the successful growth in our members and continuing increased demand for our weight management line and skincare line. Management also expects to launch a mobile apps in 4Q2018 to improve the buying experience of members, especially given that the age profile of Indonesia members is younger than most of the markets that the Group operates in.

## **Others**

Revenue from Other Markets increased by 31.4% for 3Q2018 due to the increase in sales from Hong Kong, Malaysia and Philippines offsetting declines from the markets of Thailand, Vietnam and Korea. For the nine months ended 30 September 2018, Revenue increased by 25.8% as compared to the same period last year mainly due to the increase in sales from Hong Kong offsetting declines in Malaysia, Thailand, Vietnam, Korea and Philippines.

## **Financial Position and Cash Flow**

Non-current assets of the Group decreased from \$23.8 million as at 31 December 2017 to \$23.1 million as at 30 September 2018, mainly due to depreciation of Property, Plant and Equipment and amortisation of Intangible Assets offsetting increase in construction in progress for our Tuas facility.

Inventories increased from \$28.2 million as at 31 December 2017 to \$37.3 million as at 30 September 2018 due to the building up of inventories in China in anticipation for higher year-end demand.

Trade and Other Receivables decreased from \$47.1 million as at 31 December 2017 to \$8.6 million as at 30 September 2018 due to payments received from our China agent.

Other Assets increased from \$4.3 million as at 31 December 2017 to \$16.1 million as at 30 September 2018 mainly due to the larger orders of inventories with increasing deposits paid to suppliers as well as prepayments made for professional fees.

Trade and Other Payables increased from \$45.9 million as at 31 December 2017 to \$61.3 million as at 30 September 2018 due to higher trade payables to suppliers as well as accruals of sales related expenses to our franchisees offsetting lower accruals of management and staff costs.

Total Other Financial Liabilities decreased from \$7.4 million as at 31 December 2017 to \$2.7 million as at 30 September 2018 due to repayment of bank borrowings during 3Q2018.

Other Liabilities were maintained at \$1.0 million as at 30 September 2018 vis-à-vis 31 December 2017.

Income Tax Payable increased from \$10.8 million as at 31 December 2017 to \$13.1 million as at 30 September 2018 due to additional tax provisions from our profitable subsidiaries for the period.

For the nine months ended 30 September 2018, the Group generated \$79.6 million net cash flow from operating activities mainly due to Profit Before Tax of \$53.7 million as well as payments received from our China agent of \$35.0 million. Net cash flow used in financing activities of \$26.7 million was mainly due to dividend payments of \$20.9 million and \$4.7 million repayment of borrowings during the period.

As at 30 September 2018, the Group maintained a healthy balance sheet and working capital position with approximately \$134.2 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.**

3Q2018 marks a new milestone for the Group as we register our first quarter of Franchise sales in China.

Leveraging on China's consumers' demand for DR's Secret skin care line, coupled with contribution from the Group's operations in Taiwan, Indonesia, Hong Kong and Singapore, in line with previous announcements and barring any unforeseen circumstances, management is cautiously optimistic that the Group will be able to achieve higher bottom line for FY2018 compared to FY2017, despite achieving only \$14.9 million in Profit Attributable to Owners of the Parent Company during the transition phase in 1H2018.

For the next reporting period of 4Q2018 and for the next 12 months, some factors that may affect the Group's performance are as follows:

- As part of the Group's long term growth strategy, management has been actively exploring M&A and corporate development opportunities which are relevant to the Group's business. As a result of such activities, we expect higher professional fees and other related expenses in 2H2018 relative to 1H2018;
- Gross Profit Margin will normalise between 75% and 80% with the completed transition away from the Export segment which generates a lower Gross Profit Margin;
- With the migration of the Group's Export segment to the Franchise segment, we do not expect any more contributions in Other Operating Income from our previous China agent in the quarters ahead;
- Moving forward, barring any unforeseen circumstances, we expect the normalization of our Distribution Costs to be between 35% and 40% of Revenue;
- Higher Administrative Expenses due to an increase in management and staff in HQ and certain subsidiaries, and expenses related to the construction of the Group's Tuas manufacturing facilities;
- Management is cautiously optimistic that business performance in FY2018 for Taiwan will be comparable to that of FY2017, primarily driven by the upcoming annual anniversary celebrations and product launch in 4Q2018; and
- Currencies fluctuations against the Singapore Dollar in key markets which the Group operates 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 timelines 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

In view of the achievement of a new milestone in the Group's China operations, the Directors are pleased to recommend a special one tier tax-exempt dividend of 1.2 cents per share in respect of the financial period ended 30 September 2018.

### (ii) Corresponding Period of the immediately Preceding Financial Year

Not applicable.

### (b) Date payable for dividend

21 December 2018

### (c) Book closure date for dividend

4 December 2018

### 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, 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 six months ended 30 September 2018 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 2018