BEST WORLD INTERNATIONAL LTD

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

Financial Statements
And Related Announcement
For the 3 months ended 31 March 2018

BEST WORLD INTERNATIONAL LIMITED
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2018

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 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.

	3 months Ended 31.03.18 $'000	3 months Ended 31.03.17 $'000	Change %
Revenue	25,358	44,744	(43.3)
Cost of Sales	(7,781)	(13,012)	(40.2)
Gross Profit	17,577	31,732	(44.6)
Other Items of Income			
Interest Income	145	101	43.6
Other Operating Income	3,903	1,469	165.7
Other Items of Expense			
Distribution Costs	(7,645)	(11,251)	(32.1)
Administrative Expenses	(6,581)	(8,907)	(26.1)
Finance Costs	(26)	(26)	0.0
Other Losses, Net	(236)	(1,060)	(77.7)
Profit Before Tax	7,137	12,058	(40.8)
Income Tax Expense	(1,434)	(2,499)	(42.6)
Profit For the Period	5,703	9,559	(40.3)
Profit Attributable to:			
- Owners of the Parent Company	5,771	9,723	(40.6)
- Non-Controlling Interests	(68)	(164)	(58.5)
Profit For the Period	5,703	9,559	(40.3)
Additional notes:			
Gross Profit Margin	69.3%	70.9%	
Net Profit Margin	22.8%	21.7%	
Earnings Per Share (cents)	1.05	1.77	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2018

Statement of Comprehensive Income for the three months ended 31 March 2018:

	Group 3 months Ended 31.03.18 $'000	Group 3 months Ended 31.03.17 $'000	Change %
Profit for the Period, Net of Tax	5,703	9,559	(40.3)
Other Comprehensive Expense			
Exchange Differences on Translating Foreign Operations	894	(484)	(284.7)
Other Comprehensive Expense for the Period, Net of Tax	894	(484)	(284.7)
Total Comprehensive Income for the Period	6,597	9,075	(27.3)
Attributable to:			
Owners of the Parent Company	**6,604**	**9,207**	(28.3)
Non-Controlling Interests	(7)	(132)	(94.7)
Total Comprehensive Income for the Period	6,597	9,075	(27.3)

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

	Group	
	3 months Ended	
	31.03.18 $'000	31.03.17 $'000
Depreciation of Property, Plant and Equipment	465	496
Depreciation of an Investment Property	5	5
Amortisation of Intangible Assets	116	246
Fair value loss on Other financial Assets	13	-
Allowance for Impairment on Inventories	153	5
Reversal of Unaccounted Cash Written Off	(687)	-
Reversal of Impairment Allowance on Trade Receivables	(58)	-
Foreign Exchange Adjustment Losses, Net	815	1,055
Interest Income	(145)	(101)
Interest Expense	26	26

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 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	
	31.03.18	31.12.17	31.03.18	31.12.17
	$'000	$'000	$'000	$'000
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	7,185	7,560	2,893	3,072
Investment Property	1,159	1,164	-	-
Other Intangible Assets	8,379	8,257		-
Intangible Assets	4,373	5,186	6	7
Investment in Subsidiaries	-	-	3,664	3,664
Deferred Tax Assets	850	830	-	-
Other Receivables	-	-	21,937	21,937
Other Financial Assets	805	805	805	805
Total Non-Current Assets	22,751	23,802	29,305	29,485
CURRENT ASSETS				
Inventories	29,558	28,194	21,774	19,384
Trade and Other Receivables	28,377	47,104	33,417	49,708
Other Assets	8,720	4,322	6,926	3,369
Other Financial Assets	9,969	10,126	9,969	10,126
Cash and Cash Equivalents	99,045	82,228	53,964	40,153
Total Current Assets	175,669	171,974	126,050	122,740
TOTAL ASSETS	198,420	195,776	155,355	152,225
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	19,738	19,738	19,738	19,738
Retained Earnings	115,336	109,565	99,558	96,434
Other Reserves	1,030	197	-	-
Equity, Attributable to Owners of the Parent	136,104	129,500	119,296	116,172
Non-Controlling Interests	(2,717)	(2,710)	-	-
Total Equity	133,387	126,790	119,296	116,172
NON-CURRENT LIABILITIES				
Deferred Tax Liabilities	4,132	3,902	138	138
Other Financial Liabilities	1,359	2,037	-	-
Total Non-Current Liabilities	5,491	5,939	138	138
CURRENT LIABILITIES				
Income Tax Payable	12,019	10,799	9,722	8,656
Trade and Other Payables	43,862	45,926	25,317	23,703
Other Financial Liabilities	2,700	5,361	-	2,674
Other Liabilities	961	961	882	882
Total Current Liabilities	59,542	63,047	35,921	35,915
Total Liabilities	65,033	68,986	36,059	36,053
TOTAL EQUITY AND LIABILITIES	198,420	195,776	155,355	152,225

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

Amount Repayable in One Year or less, or on Demand

As at 31.03.18		As at 31.12.17	
Secured ($'000)	Unsecured ($'000)	Secured ($'000)	Unsecured ($'000)
2,700	-	5,361	-

Amount Repayable after One Year

As at 31.03.18		As at 31.12.17	
Secured ($'000)	Unsecured ($'000)	Secured ($'000)	Unsecured ($'000)
1,359	-	2,037	-

Details of any collateral

Certain leasehold properties of subsidiaries at carrying value of $428,000 as at 31 March 2018 (31 December 2017: $418,000), a non-current other intangible asset of a subsidiary at carrying value of $8,379,000 as at 31 March 2018 (31 December 2017: $8,257,000) and an investment property of a subsidiary at carrying value of $1,159,000 as at 31 March 2018 (31 December 2017: $1,164,000) are mortgaged to bank to secure bank facilities granted by the banks.

Plant and equipment with carrying value of Nil as at 31 March 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 THREE MONTHS ENDED 31 MARCH 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	
	3 Months Ended 31.03.18	**3 Months Ended 31.03.17**
Cash flows from Operating Activities:	**$'000**	**$'000**
Profit before Tax	7,137	12,058
Interest Income	(145)	(101)
Interest Expense	26	26
Depreciation of Property, Plant and Equipment	465	496
Depreciation of an Investment Property	5	5
Amortisation of Intangible Assets	116	246
Fair Value Loss on Other Financial Assets	13	-
Net Effect of Exchange Rate Changes in Consolidating Foreign Subsidiaries	1,611	1,507
Operating Cash Flows before Changes in Working Capital	9,228	14,237
Inventories	(1,364)	(865)
Trade and Other Receivables	18,624	(5,285)
Other Assets	(4,398)	(2,063)
Trade and Other Payables	(1,723)	(2,983)
Net Cash Flows from Operations before Tax	20,367	3,041
Income Tax Paid	-	-
Net Cash Flows from Operating Activities	20,367	3,041
Cash flows from Investing Activities:		
Purchase of Property, Plant and Equipment	(55)	(55)
Increase in Other Financial Assets	(11)	-
Interest Received	145	101
Net Cash Flows from Investing Activities	79	46
Cash flows from Financing Activities:		
Repayment of Borrowings	(3,310)	(653)
Finance Lease Repayment	(2)	(2)
Interest Paid	(26)	(26)
(Increase) Decrease in Cash Restricted in Use	(78)	125
Net Cash Flows used in Financing Activities	(3,416)	(556)
Net increase in Cash and Cash Equivalents	17,030	2,531
Effects of exchange rate changes on Cash and Cash Equivalents	(291)	(394)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	72,983	48,721
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance **Note A**	**89,722**	**50,858**

Note A :

	Group	
	3 Months Ended 31.03.18	**3 Months Ended 31.03.17**
	$'000	**$'000**
Cash and bank balances	99,045	56,945
Less: Cash pledged	(9,323)	(6,087)
Cash and Cash Equivalents in the Consolidated Cash Flow Statement	**89,722**	**50,858**

STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 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	Total	Share Capital	Treasury Shares	Retained Earnings	Foreign Currency Translation Reserve	Other Reserves	Non-Controlling Interests
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Group								
Balance at 1 January 2018	126,790	129,500	20,618	(880)	108,002	1,718	42	(2,710)
Impact on adoption of SFRS(I) 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)
Balance at 1 January 2017	88,663	90,587	20,618	(449)	68,855	1,563	-	(1,924)
Impact on adoption of SFRS(I) 1	-	-	-	-	1,563	(1,563)	-	-
Balance at 1 January 2017 as restated	88,663	90,587	20,618	(449)	70,418	-	-	(1,924)
Movements in Equity								
Total Comprehensive Income (Expense) for the Period	9,075	9,207	-	-	9,723	(516)	-	(132)
Balance at 31 March 2017	97,738	99,794	20,618	(449)	80,141	(516)	-	(2,056)

STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2018

	Attributable to Owners of the Parent Company			
	Total Equity	Share Capital	Treasury Shares	Retained Earnings
Company	$'000	$'000	$'000	$'000
Balance at 1 January 2018	116,172	20,618	(880)	96,434
Movements in Equity				
Total Comprehensive Income for the Period	3,124	-	-	3,124
Balance as at 31 March 2018	119,296	20,618	(880)	99,558
Balance at 1 January 2017	94,074	20,618	(449)	73,905
Movements in Equity				
Total Comprehensive Income for the Period	6,730	-	-	6,730
Balance as at 31 March 2017	100,804	20,618	(449)	80,635

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 No. of shares		Issued and fully paid up capital $'000	
	2018	**2017**	**2018**	**2017**
At 1 January and 31 March	550,088,514	275,229,757	19,738	20,169

(b) Treasury Shares

	Group and Company		Group and Company	
	No. of shares		$'000	
	2018	**2017**	**2018**	**2017**
At 1 January and 31 March	4,303,500	1,966,250	880	449

For the three months ended 31 March 2018 and 31 March 2017, 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 31 March 2018 and 31 December 2017 was 550,088,514.

The total number of treasury shares as at 31 March 2018 and 31 December 2017 was 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.

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.

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 31.03.18	3 months ended 31.03.17	Change %
Earnings per share of Group:			
(a) Based on weighted average number of ordinary shares on issue (cents); and	1.05	1.77	(40.7)
(b) On a fully diluted basis (cents)	1.05	1.77	(40.7)

For comparative purposes, the earnings per ordinary shares for the three months ended 31 March 2018 and 31 March 2017 are calculated based on the profit for the period of approximately $5.8 million and $9.7 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 31 March 2018 is 550,088,514 (3 months ended 31 March 2017: 550,459,514).

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

NET ASSET VALUE PER SHARE

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

(a) current financial period reported on; and

(b) immediately preceding financial year.

	GROUP		COMPANY	
	31.03.18	31.12.17	31.03.18	31.12.17
Net asset value per ordinary shares (cents)	24.74	23.54	21.69	21.12

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 31 March 2018 and 31 December 2017 was 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

In line with management's commentary in Section 10 of the Group's last results announcement, Group Revenue for 1Q2018 was 43.3% lower compared to the same period last year, primarily due to minimal export to China as the Group commenced its conversion from the Export segment to the new China Wholesale segment.

Quarter-on-quarter, Gross Profit margin remains stable at 69.3% while Net Profit Margin improved to 22.8% in 1Q2018. This was mainly due to the following factors:

- Other Operating Income which the Group charges its China Agent for market support activities, product trainings and IT services as a function of the Agent's sales for the 1Q2018, increased by 165.7% to $3.9 million;

- In line with revenue decrease in 1Q2018, Distribution Costs which comprises freelance commissions, annual convention expenses and other sales related costs decreased by 32.1%;

- Administrative Expenses for the Group decreased from $8.9 million in 1Q2017 to $6.6 million in 1Q2018 as a result of lower professional fees, management and staff costs as well as lower amortisation expenses;

- Net Other Losses of $0.2 million in 1Q2018 was mainly attributable to Unrealised Foreign Exchange Losses recorded during the period due to revaluation of the Group's financial assets denominated in US Dollars from a depreciating USD as well as Unrealised Foreign Exchange losses recorded by our Indonesia Subsidiary as Indonesia Rupiah weakened against the Singapore Dollar and offsetting the reversal of unaccounted cash written off previously announced in February 2015, concerning BWL Health & Sciences Inc. of $0.7 million. The amount was in respect of tax payments for which had been finalised and paid;

- The Group's Income Tax Expenses decreased from $2.5 million in 1Q2017 to $1.4 million in 1Q2018 due to a decrease in Profit Before Tax recorded by the Group.

As a result, Profit Attributable to Owners of the Parent Company declined 40.3% from $9.6 million in 1Q2017 to $5.7 million in 1Q2018.

Revenue by Business Segments

For Quarter: 1Q2018 Vs 1Q2017

Business Segment	3 months ended 31.03.18 Revenue		3 months ended 31.03.17 Revenue		Change
	$'000	%	$'000	%	%
Direct Selling	16,574	65.3	23,225	51.9	(28.6)
Export	7,980	31.5	20,657	46.2	(61.4)
Manufacturing/Wholesale	804	3.2	862	1.9	(6.7)
Total	**25,358**	**100.0**	**44,744**	**100.0**	**(43.3)**

For 1Q2018, revenue from the Group's business of Direct Selling declined by 28.6% due to decline in revenue from Taiwan offsetting improvements from Singapore, Indonesia and Hong Kong.

In line with the last results announcement, the Group took its first step in converting the Export segment into the new segment of China Wholesale in 1Q2018. During the transition, some stock keeping units (SKU) of the Group's brands were imported into China with the Group's subsidiary Best World (China) Pharmaceutical (BWCP), replacing the previous agent as the new sole importing agent. As these exports are through the Group's subsidiary BWCP, no export revenue or profit can be recognized until such point that the products are sold to BWL Experience Centres.

Taking the above into consideration and because the Export Agent had already received their inventory for 1H2018 in 4Q2017, technically, no Export should be required for 1Q2018. However, due to strong market demand in 1Q2018 resulting in stock shortages for some SKUs on the Agent's side, $8.0 million of Export were still required in 1Q2018.

Compared with 1Q2017, Manufacturing/Wholesale segment decreased marginally by $0.06 million. Management will continue its marketing effort in this segment to increase wholesalers' demand for the Aurigen line of health supplements in its China drugstore wholesale business.

As at 31 March 2018, total membership for the Group's Direct Selling business increased 2.1% to 500,259 members as compared to 31 December 2017. Active distributors, which refers to members who have received commission over the last 12 months stands at 9.8% of total membership.

Revenue by Geographical Locations

For Quarter: 1Q2018 Vs 1Q2017

Geographical Locations	3 months ended 31.03.18 Revenue		3 months ended 31.03.17 Revenue		Change
	$'000	%	$'000	%	%
Singapore	1,731	6.8	1,603	3.6	8.0
China	6,809	26.9	21,417	47.9	(68.2)
Taiwan	12,091	47.7	18,685	41.7	(35.3)
Indonesia	2,293	9.0	1,119	2.5	104.9
Others	2,434	9.6	1,920	4.3	26.8
Total	**25,358**	**100.0**	**44,744**	**100.0**	**(43.3)**

Singapore

Singapore continued its momentum from FY2017 showing an improvement of 8.0% in 1Q2018. This is mainly attributable to a successful campaign in developing new distributors.

China

As explained above, as a result of delayed revenue recognition, revenue from China declined 68.2% in 1Q2018 vis-à-vis the same period last year as the Group entered into a transition for the conversion of the Export segment into the new segment of China Wholesale.

The management wishes to highlight that the declined revenue in 1Q2018 does not reflect actual demand for the Group's product offerings in the market, which on the contrary continued to show positive growth in 1Q2018. Such demand is currently being fulfilled directly by our Export Agent's inventory on hand.

Taiwan

Revenue from Taiwan declined by 35.3% when compared to 1Q2017 as a result of lower retention rate of members and reduction in price promotional activities of core products.

Indonesia

The Group's Indonesia market improved by 104.9% in 1Q2018 mainly due to increased demand from our weight management line, continued marketing efforts to increase demand for our skin care line and also continued effort to train new distributors in preparation for the next wave of future leaders.

Others

Sales in Other Markets increased by 26.8 % from $1.9 million in 1Q2017 to $2.4 million in 1Q2018, primarily due to improved sales from Hong Kong, Myanmar and Vietnam offsetting declines in the markets of Thailand, Korea, Philippines and Malaysia.

Financial Position and Cash Flow

Non-current assets of the Group decreased from $23.8 million as at 31 December 2017 to $22.8 million as at 31 March 2018, mainly due to depreciation of Property, Plant and Equipment and amortisation of Intangible Assets.

Inventories increased slightly from $28.2 million as at 31 December 2017 to $29.6 million as at 31 March 2018 as the Group is currently operating at a sufficient inventory level to sustain growth moving forward.

During this transition phase, Trade and Other Receivables decreased from $47.1 million as at 31 December 2017 to $28.4 million as at 31 March 2018 as a result of payments received from Export Agent as well as lower export sales during the quarter.

Other Assets increased from $4.3 million as at 31 December 2017 to $8.7 million as at 31 March 2018 mainly due to the higher deposits paid to suppliers for orders of inventory.

Trade and Other Payables decreased from $45.9 million as at 31 December 2017 to $43.9 million as at 31 March 2018 due to lower accruals of freelance commissions.

Total Other Financial Liabilities decreased from $7.4 million as at 31 December 2017 to $4.1 million as at 31 March 2018 due to repayment of bank borrowings during the quarter.

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

Income Tax Payable increased from $10.8 million as at 31 December 2017 to $12.0 million as at 31 March 2018 due to tax provisions for certain profitable companies within the Group.

As at 31 March 2018, the Group generated net cash flow from operating activities of $20.4 million mainly due to payments received from Export Agent. Net cash flow used in financing activities of $3.4 million was mainly due to repayment of bank borrowings during the quarter.

As at 31 March 2018, the Group maintained a healthy balance sheet and working capital position with approximately $99.0 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.

Although the Group's top and bottom line has been impacted in 1Q2018 due to the conversion of its business model from Export to China Wholesale and since actual demand for the Group's brand offerings in China is still growing, barring any unforeseen circumstances, management is cautiously optimistic that the China Wholesale segment will contribute to the growth in the bottom line for the Group in 2H2018.

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

- To set the Group's growth path moving forward, management constantly explores M&A opportunities. In the course of assessing these opportunities, regardless of success or not, professional fees and other related expenses may be incurred;

- Higher Administrative expenses for FY2018 compared to FY2017 due to an increase in management and staff in certain Regional Centres (RCs), depreciation expenses related to the Group's Tuas facility and machineries/equipment for the factory and establishment of our Changsha RC;
- As strategies implemented are not expected to gain traction immediately, management is cautiously optimistic that revenue from Taiwan will be stable when compared to FY2017, primarily led by events, campaigns and product launches in 2H2018.
- The conversion of Export to the new China Wholesale segment is expected to extend into 2Q2018 as export agent continues to deplete its inventory. Revenue from the Export Segment in 2Q2018 is also expected to be lower than that of 2Q2017. The Group's China subsidiary BWCP may be able to register its first revenue contribution for the China Wholesale segment in 2H2018;
- Upon conversion to China Wholesale, some or all of the following items, amongst others may be affected:
    1. Increase in Revenue and Gross Profit as a result of revenue recognition at a price higher than export price;
    2. Increase in Administrative Expenses due to management and staff costs as well as lease expenses of our new Changsha RC; and
    3. Decline in Other Operating Income due to lower service fees charged to the Group's Export Agent, and
- Fluctuating currencies of key markets which the Group operates in against the SGD may positively or negatively impact the Group's performance. Management will undertake measures to mitigate any potential risks the Group is exposed to.

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

None

(ii) Corresponding Period of the immediately Preceding Financial Year

None

(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.

No dividend has been recommended or declared for the period ended 31 March 2018.

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 three months ended 31 March 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

Dr. Dora Hoan Beng Mui Co-Chairman, Group CEO/ Managing Director	Dr. Doreen Tan Nee Moi Co-Chairman, President

14 May 2018