



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 2017

**BEST WORLD INTERNATIONAL LIMITED
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

(Amounts expressed in Singapore dollars)

1(a)(i). An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months Ended 30.09.17 \$'000	3 months Ended 30.09.16 \$'000	Change %	9 months Ended 30.09.17 \$'000	9 months Ended 30.09.16 \$'000	Change %
Revenue	46,780	52,153	(10.3)	146,807	138,947	5.7
Cost of Sales	<u>(15,355)</u>	<u>(14,786)</u>	3.8	<u>(44,493)</u>	<u>(36,397)</u>	22.2
Gross Profit	31,425	37,367	(15.9)	102,314	102,550	(0.2)
<u>Other Items of Income</u>						
Interest Income	112	86	30.2	299	228	31.1
Other Operating Income	1,159	1,035	12.0	5,417	3,672	47.5
<u>Other Items of Expense</u>						
Distribution Costs	(7,460)	(13,719)	(45.6)	(32,186)	(44,860)	(28.3)
Administrative Expenses	(8,162)	(10,774)	(24.2)	(26,348)	(27,875)	(5.5)
Finance Costs	(51)	(16)	218.8	(108)	(24)	350.0
Other Gains (Other Losses), Net	<u>173</u>	<u>(174)</u>	NM	<u>(1,776)</u>	<u>(1,202)</u>	47.8
Profit Before Tax from Continuing Operations	17,196	13,805	24.6	47,612	32,489	46.5
Income Tax Expense	<u>(5,123)</u>	<u>(4,878)</u>	5.0	<u>(14,116)</u>	<u>(10,337)</u>	36.6
Profit from Continuing Operations, Net of Tax	<u>12,073</u>	<u>8,927</u>	35.2	<u>33,496</u>	<u>22,152</u>	51.2
Profit, Net of Tax Attributable to:						
- Owners of the Parent Company	12,182	8,933	36.4	33,870	22,265	52.1
- Non-Controlling Interests	(109)	(6)	1,716.7	(374)	(113)	231.0
	<u>12,073</u>	<u>8,927</u>	35.2	<u>33,496</u>	<u>22,152</u>	51.2
Additional notes:						
Gross Profit Margin	67.2%	71.6%		69.7%	73.8%	
Net Profit Margin	26.0%	17.1%		23.1%	16.0%	
Earnings Per Share (cents)	2.21	1.62		6.15	4.04	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

Statement of Comprehensive Income for the nine months ended 30 September 2017:

	Group			Group		
	3 months Ended 30.09.17 \$'000	3 months Ended 30.09.16 \$'000	Change %	9 months Ended 30.09.17 \$'000	9 months Ended 30.09.16 \$'000	Change %
Profit for the Period, Net of Tax	12,073	8,927	35.2	33,496	22,152	51.2
<u>Other Comprehensive Income (Expense)</u>						
Exchange Differences on Translating Foreign Operations	509	513	(0.8)	304	(893)	NM
Other Comprehensive Income (Expense) for the Period, Net of Tax	509	513	(0.8)	304	(893)	NM
Total Comprehensive Income for the Period	<u>12,582</u>	<u>9,440</u>	33.3	<u>33,800</u>	<u>21,259</u>	59.0
Attributable to:						
Owners of the Parent Company	12,632	9,490	33.1	34,067	21,405	59.2
Non-Controlling Interests	(50)	(50)	-	(267)	(146)	82.9
Total Comprehensive Income for the Period	<u>12,582</u>	<u>9,440</u>	33.3	<u>33,800</u>	<u>21,259</u>	59.0

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

	Group	
	9 months Ended	
	30.09.17 \$'000	30.09.16 \$'000
Depreciation of Property, Plant and Equipment	1,470	1,254
Depreciation of an Investment Property	14	14
Amortisation of Intangible Assets	730	719
Inventories Written Off	20	69
(Reversal of) Allowance for Impairment on Inventories	(153)	68
Fair Value Gain on Other Financial Assets	(28)	-
(Reversal of) Allowance for Impairment on Trade Receivables	(902)	1,747
Foreign Exchange Adjustment, Net Losses (Gains)	2,932	(611)
Gain on Disposal of Property, Plant and Equipment	(73)	(2)
Interest Income	(299)	(228)
Interest Expense	108	24

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

(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	
	30.09.17	31.12.16	30.09.17	31.12.16
	\$'000	\$'000	\$'000	\$'000
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	16,741	16,765	3,140	2,788
Investment Property	1,168	1,182	-	-
Intangible Assets	5,468	6,216	7	14
Investment in Subsidiaries	-	-	4,492	3,293
Deferred Tax Assets	574	582	-	-
Other Receivables	-	-	16,295	16,295
Other Financial Assets	1,907	2,034	1,907	2,034
Total Non-Current Assets	<u>25,858</u>	<u>26,779</u>	<u>25,841</u>	<u>24,424</u>
CURRENT ASSETS				
Inventories	39,961	42,953	26,306	24,569
Trade and Other Receivables	44,934	23,430	52,932	45,749
Other Assets	10,518	12,089	7,814	9,184
Other Financial Assets	2,731	-	2,731	-
Cash and Cash Equivalents	48,807	54,933	22,706	23,310
Total Current Assets	<u>146,951</u>	<u>133,405</u>	<u>112,489</u>	<u>102,812</u>
TOTAL ASSETS	<u><u>172,809</u></u>	<u><u>160,184</u></u>	<u><u>138,330</u></u>	<u><u>127,236</u></u>
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	19,738	20,169	19,738	20,169
Retained Earnings	86,199	68,855	79,803	73,905
Other Reserve	1,760	1,563	-	-
Equity, Attributable to Owners of the Parent	<u>107,697</u>	<u>90,587</u>	<u>99,541</u>	<u>94,074</u>
Non-Controlling Interests	(2,191)	(1,924)	-	-
Total Equity	<u>105,506</u>	<u>88,663</u>	<u>99,541</u>	<u>94,074</u>
NON-CURRENT LIABILITIES				
Deferred Tax Liabilities	3,289	2,826	429	429
Other Financial Liabilities	2,718	4,723	-	-
Total Non-Current Liabilities	<u>6,007</u>	<u>7,549</u>	<u>429</u>	<u>429</u>
CURRENT LIABILITIES				
Income Tax Payable	12,756	16,485	12,627	11,626
Trade and Other Payables	42,194	43,888	22,135	20,225
Other Financial Liabilities	5,385	2,638	2,716	-
Other Liabilities	961	961	882	882
Total Current Liabilities	<u>61,296</u>	<u>63,972</u>	<u>38,360</u>	<u>32,733</u>
Total Liabilities	<u>67,303</u>	<u>71,521</u>	<u>38,789</u>	<u>33,162</u>
TOTAL EQUITY AND LIABILITIES	<u><u>172,809</u></u>	<u><u>160,184</u></u>	<u><u>138,330</u></u>	<u><u>127,236</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 30.09.17		As at 31.12.16	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
5,385	-	2,638	-

Amount Repayable after One Year

As at 30.09.17		As at 31.12.16	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
2,718	-	4,723	-

Details of any collateral

Certain leasehold properties of subsidiaries at carrying value of \$10,357,000 as at 30 September 2017 (31 December 2016: \$10,640,000) and an investment property of a subsidiary at carrying value of \$1,168,000 as at 30 September 2017 (31 December 2016: \$1,182,000) are mortgaged to bank to secure bank facilities granted by the banks.

Plant and equipment with carrying value of \$21,000 as at 30 September 2017 (31 December 2016: \$26,000) 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 2017

(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 30.09.17	3 Months Ended 30.09.16	9 Months Ended 30.09.17	9 Months Ended 30.09.16
	\$'000	\$'000	\$'000	\$'000
Operating Activities:				
Profit before Tax	17,196	13,805	47,612	32,489
Interest Income	(112)	(86)	(299)	(228)
Interest Expense	51	16	108	24
Depreciation of Property, Plant and Equipment	474	414	1,470	1,254
Depreciation of an Investment Property	5	5	14	14
Amortisation of Intangible Assets	241	237	730	719
Gain on Disposal of Property, Plant and Equipment	-	-	(73)	(2)
Gain on Forward Contract	-	(391)	-	-
Fair Value Gain on Other Financial Assets	(28)	-	(28)	-
Unrealised Exchange Loss (Gain)	896	(757)	4,083	(595)
Net Effect of Exchange Rate Changes in Consolidating Foreign Subsidiaries	438	453	363	(592)
Operating Cash Flows before Changes in Working Capital	<u>19,161</u>	<u>13,696</u>	<u>53,980</u>	<u>33,083</u>
Inventories	1,984	(15,804)	2,992	(20,121)
Trade and Other Receivables	(1,344)	(5,509)	(21,847)	(11,124)
Other Assets	(178)	(2,272)	740	(11,456)
Trade and Other Payables	(1,285)	10,660	(3,532)	15,398
Net Cash Flows from Operations before Tax	<u>18,338</u>	<u>771</u>	<u>32,333</u>	<u>5,780</u>
Income Tax Paid	(7,748)	(1,859)	(17,422)	(4,549)
Net Cash Flows from (used in) Operating Activities	<u>10,590</u>	<u>(1,088)</u>	<u>14,911</u>	<u>1,231</u>
Investing Activities:				
Purchase of Property, Plant and Equipment	(956)	(10,245)	(1,425)	(10,863)
Disposal of Property, Plant and Equipment	-	-	4	2
Increase in Intangible Assets	(12)	(3)	(13)	(7)
Increase in Other Financial Assets	(2,700)	-	(2,700)	-
Interest Received	112	86	299	228
Net Cash Flows used in Investing Activities	<u>(3,556)</u>	<u>(10,162)</u>	<u>(3,835)</u>	<u>(10,640)</u>
Financing Activities:				
Dividends paid	(8,251)	(4,404)	(16,508)	(7,707)
Purchase of Treasury Shares	(431)	-	(431)	-
Bonus Share Issue Expenses	-	(22)	-	(22)
Share Split Related Expenses	(18)	-	(18)	-
Increase in Other Financial Liabilities	2,732	8,000	2,732	10,500
Repayment of Borrowings	(657)	(2,500)	(1,967)	(2,500)
Finance Lease Repayment	(3)	(1)	(7)	(5)
Interest Paid	(51)	(16)	(108)	(24)
(Increase) Decrease in Cash Restricted in Use	(3,141)	(36)	(3,021)	307
Net Cash Flows (used in) from Financing Activities	<u>(9,820)</u>	<u>1,021</u>	<u>(19,328)</u>	<u>549</u>
Net decrease in Cash and Cash Equivalents	<u>(2,786)</u>	<u>(10,229)</u>	<u>(8,252)</u>	<u>(8,860)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(267)	47	(895)	50
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	<u>42,627</u>	<u>42,184</u>	<u>48,721</u>	<u>40,812</u>
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance Note A	<u><u>39,574</u></u>	<u><u>32,002</u></u>	<u><u>39,574</u></u>	<u><u>32,002</u></u>

Note A :

	Group		Group	
	As at 30.09.17	As at 30.09.16	As at 30.09.17	As at 30.09.16
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	48,807	38,129	48,807	38,129
Less: Cash pledged	(9,233)	(6,127)	(9,233)	(6,127)
Cash and Cash Equivalents in the Consolidated Cash Flow Statement	<u><u>39,574</u></u>	<u><u>32,002</u></u>	<u><u>39,574</u></u>	<u><u>32,002</u></u>

STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

(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						Non-Controlling Interests
	Total Equity	Total	Share Capital	Treasury Shares	Retained Earnings	Foreign Currency Translation Reserve	
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Group							
Balance at 1 January 2017	88,663	90,587	20,618	(449)	68,855	1,563	(1,924)
<u>Movements in Equity</u>							
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)	78,578	1,047	(2,056)
<u>Movements in Equity</u>							
Total Comprehensive Income (Expense) for the Period	12,143	12,228	-	-	11,965	263	(85)
Dividends	(8,257)	(8,257)	-	-	(8,257)	-	-
Balance at 30 June 2017	101,624	103,765	20,618	(449)	82,286	1,310	(2,141)
<u>Movements in Equity</u>							
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)	-	-
Balance at 30 September 2017	<u>105,506</u>	<u>107,697</u>	<u>20,618</u>	<u>(880)</u>	<u>86,199</u>	<u>1,760</u>	<u>(2,191)</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

	<u>Attributable to Owners of the Parent Company</u>						Non-Controlling Interests
	Total Equity					Foreign Currency Translation Reserve	
Group	<u>\$ '000</u>	<u>\$ '000</u>	<u>Share Capital</u>	<u>Treasury Shares</u>	<u>Retained Earnings</u>	<u>\$ '000</u>	<u>\$ '000</u>
Balance at 1 January 2016	61,985	63,700	20,618	(449)	42,015	1,516	(1,715)
<u>Movements in Equity</u>							
Total Comprehensive Income (Expense) for the Period	5,061	5,125	-	-	5,963	(838)	(64)
Balance at 31 March 2016	67,046	68,825	20,618	(449)	47,978	678	(1,779)
<u>Movements in Equity</u>							
Total Comprehensive Income (Expense) for the Period	6,758	6,790	-	-	7,369	(579)	(32)
Dividends	(3,303)	(3,303)	-	-	(3,303)	-	-
Balance at 30 June 2016	70,501	72,312	20,618	(449)	52,044	99	(1,811)
<u>Movements in Equity</u>							
Total Comprehensive Income (Expense) for the Period	9,440	9,490	-	-	8,933	557	(50)
Bonus Share Issue Expenses	(22)	(22)	-	-	(22)	-	-
Dividends	(4,404)	(4,404)	-	-	(4,404)	-	-
Balance at 30 September 2016	<u>75,515</u>	<u>77,376</u>	<u>20,618</u>	<u>(449)</u>	<u>56,551</u>	<u>656</u>	<u>(1,861)</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

Company	<u>Attributable to Owners of the Parent Company</u>			
	<u>Total Equity</u>	<u>Share Capital</u>	<u>Treasury Shares</u>	<u>Retained Earnings</u>
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	94,074	20,618	(449)	73,905
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	6,730	-	-	6,730
Balance as at 31 March 2017	100,804	20,618	(449)	80,635
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	7,296	-	-	7,296
Dividends	(8,257)	-	-	(8,257)
Balance as at 30 June 2017	99,843	20,618	(449)	79,674
<u>Movements in Equity</u>				
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)
Balance as at 30 September 2017	<u>99,541</u>	<u>20,618</u>	<u>(880)</u>	<u>79,803</u>
Balance at 1 January 2016	50,531	20,618	(449)	30,362
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	5,048	-	-	5,048
Balance as at 31 March 2016	55,579	20,618	(449)	35,410
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	6,549	-	-	6,549
Dividends	(3,303)	-	-	(3,303)
Balance as at 30 June 2016	58,825	20,618	(449)	38,656
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	17,747	-	-	17,747
Bonus Share Issue Expenses	(22)	-	-	(22)
Dividends	(4,404)	-	-	(4,404)
Balance as at 30 September 2016	<u>72,146</u>	<u>20,618</u>	<u>(449)</u>	<u>51,977</u>

NOTES TO FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

(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	
	2017	2016	2017	2016
At 1 January and 31 March	275,229,757	220,183,864	20,169	20,169
Share Split	275,229,757	--	--	--
At 30 June	550,459,514	220,183,864	20,169	20,169
Bonus share issued	--	55,045,893	--	--
Share buy back - held as Treasury Shares	(371,000)	--	(431)	--
At 30 September	550,088,514	275,229,757	19,738	20,169

(b) Treasury Shares

	Group and Company		Group and Company	
	No. of shares		\$'000	
	2017	2016	2017	2016
At 1 January and 31 March	1,966,250	1,573,000	449	449
Share Split	1,966,250	--	--	--
At 30 June	3,932,500	1,573,000	449	449
Bonus share issued	--	393,250	--	--
Share buy back - held as Treasury Shares	371,000	--	431	--
At 30 September	4,303,500	1,966,250	880	449

For the three months ended 30 September 2017, the company purchased 371,000 of its ordinary shares (3 months ended 30 September 2016: Nil) by way of on-market purchase at share price ranging from \$0.99 to \$1.37 to be held as treasury shares.

On 25 May 2017, the company issued a total of 277,196,007 new ordinary shares (including 1,966,250 treasury shares) by way of share split of each share into two new shares.

On 16 September 2016, the company issued 55,439,143 new ordinary shares by way of a bonus issue on the basis of one bonus share for every four existing ordinary shares.

No new shares were issued pursuant to the Performance Share Scheme.

(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares excluding treasury shares as at 30 September 2017 and 31 December 2016 was 550,088,514 and 275,229,757 respectively.

The total number of treasury shares as at 30 September 2017 and 31 December 2016 was 4,303,500 and 1,966,250 respectively.

(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 the Company's 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 2016.

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

The adoption of new and revised FRS that are effective for current periods beginning on 1 January 2017 does not have a significant impact on the Group.

EARNINGS PER SHARE

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	GROUP					
	3 months ended 30.09.17	3 months ended 30.09.16	Change %	9 months ended 30.09.17	9 months ended 30.09.16	Change %
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	2.21	1.62	36.4	6.15	4.04	52.2
(b) On a fully diluted basis (cts)	2.21	1.62	36.4	6.15	4.04	52.2

For comparative purposes, the earnings per ordinary shares for the 3 months ended 30 September 2017 and 30 September 2016 are calculated based on the profit for the period of approximately \$12.2 million and \$8.9 million respectively. The earnings per ordinary shares for the 9 months ended 30 September 2017 and 30 September 2016 are calculated based on the profit for the period of approximately \$33.9 million and \$22.3 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the 3 months ended 30 September 2017 is 550,283,187 (3 months ended 30 September 2016: 550,459,514). The weighted average number of ordinary shares (excluding treasury shares) for the 9 months ended 30 September 2017 is 550,400,093 (9 months ended 30 September 2016: 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	
	30.09.17	31.12.16	30.09.17	31.12.16
Net asset value per ordinary shares (cents)	19.58	32.91	18.10	34.18

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 30 September 2017 and 31 December 2016 was 550,088,514 and 275,229,757 respectively.

For purpose of comparison, assuming the share split of every one share into two ordinary shares was effected in the previous year, the net asset value per ordinary share would be as follows:

	GROUP		COMPANY	
	30.09.17	31.12.16	30.09.17	31.12.16
Net asset value per ordinary shares (cents)	19.58	16.46	18.10	17.09

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 2017, Group revenue for 3Q2017 declined by 10.3% as compared to the same period last year, due to decreased revenue contribution from Taiwan and on the back of sustained export growth to China. Profit Attributable to Owners of the Parent Company for the quarter improved 36.4% from \$8.9 million in 3Q2016 to \$12.2 million in 3Q2017.

Key points to note for the Group's performance for this reporting period include:

- As the Export segment makes up more than half of the Group's revenue for 3Q2017, Gross profit margin declined to 67.2% when compared to the same period last year due to the Export segment's lower gross profit margin compared to the Direct Selling Segment;
- Other Operating Income increased by 12.0% mainly due to higher service fees received from the Group's overseas Export Agent in 3Q2017;
- In line with the decrease in revenue contribution from Taiwan, Distribution Costs, which comprise of freelance commissions and other sales related expenses, declined by 45.6% from \$13.7 million in 3Q2016 to \$7.5 million in 3Q2017. The Export Segment does not incur any commissions for the Group;
- Administrative Expenses for 3Q2017 decreased by 24.2% as a result lower professional fees incurred during the quarter. For the nine months ended 30 September 2017, Administrative Expenses decreased only by 5.5% due to lower professional fees offsetting higher incentives accrued to management and staff, depreciation for our Tuas facility as well as the newly established Taipei RC in 1H2017;
- Finance Costs increased by 218.8% in 3Q2017 mainly due to bank borrowings related to our Tuas facility drawn down since 3Q2016;
- For 3Q2017, the Group recorded Net Other Gains of \$0.2 million mainly attributable to reversal of allowance for impairment on trade receivables offsetting unrealised exchange losses due to translation of cash and cash equivalents held in US dollars during the quarter. Net Other Losses of \$1.8 million for the nine months ended 30 September 2017 mainly due to higher Foreign Exchange Losses recorded in the Group; and
- The Group incurred Income Tax Expenses of \$14.1 million due to certain subsidiaries in the Group being profitable for the nine months ended 30 September 2017.

Revenue by Business Segments

For Quarter: 3Q2017 Vs 3Q2016

Business Segment	3 months ended 30.09.17 Revenue		3 months ended 30.09.16 Revenue		Change
	\$'000	%	\$'000	%	%
Direct Selling	20,445	43.7	32,428	62.2	(37.0)
Export	25,267	54.0	18,647	35.8	35.5
Manufacturing/Wholesale	1,068	2.3	1,078	2.0	(0.9)
Total	46,780	100.0	52,153	100.0	(10.3)

For Nine Months Ended: 3Q2017 Vs 3Q2016

Business Segment	9 months ended 30.09.17 Revenue		9 months ended 30.09.16 Revenue		Change
	\$'000	%	\$'000	%	%
Direct Selling	72,282	49.2	96,441	69.4	(25.1)
Export	71,350	48.6	39,435	28.4	80.9
Manufacturing/Wholesale	3,175	2.2	3,071	2.2	3.4
Total	146,807	100.0	138,947	100.0	5.7

Vis-à-vis the same quarter last year, Direct Selling revenue declined by 37.0%, making up 43.7% of the Group's total revenue for 3Q2017. This decline is primarily due to the decline in revenue from the Group's key market of Taiwan.

China consumer market continued to display a growing appetite and demand for the Group's skincare brand, DR's Secret. Revenue for Export Segment in 3Q2017 increased to 54.0% of the Group's total revenue as compared to 35.8% for the same period last year.

For 3Q2017, Manufacturing/Wholesale segment maintained a revenue of \$1.1 million. For the nine months ended 30 September 2017, contribution from this segment increased by 3.4% to \$3.2 million, which is mainly attributable to the expansion of the internal sales team since end of FY2016 as well as more marketing activities and participation in trade exhibitions during the first half of FY2017.

As at 30 September 2017, total membership for the Group's Direct Selling business increased 2.3% to 479,366 members, when compared to 30 June 2017. Active distributors, which refers to members who have received commission over the last 12 months stands at 8.2% of total membership.

Revenue by Geographical Locations

For Quarter: 3Q2017 Vs 3Q2016

Geographical Locations	3 months ended 30.09.17 Revenue		3 months ended 30.09.16 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	2,137	4.6	1,734	3.3	23.3
China	26,187	56.0	19,641	37.7	33.3
Taiwan	14,890	31.8	27,602	52.9	(46.1)
Indonesia	1,405	3.0	1,212	2.3	15.9
Others	2,161	4.6	1,964	3.8	10.0
Total	46,780	100.0	52,153	100.0	(10.3)

For Nine Months Ended: 3Q2017 Vs 3Q2016

Geographical Locations	9 months ended 30.09.17 Revenue		9 months ended 30.09.16 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	5,725	3.9	4,803	3.5	19.2
China	74,157	50.5	42,020	30.2	76.5
Taiwan	56,690	38.6	82,879	59.6	(31.6)
Indonesia	3,627	2.5	3,913	2.8	(7.3)
Others	6,608	4.5	5,332	3.9	23.9
Total	146,807	100.0	138,947	100.0	5.7

Singapore

Revenue from Singapore for 3Q2017 increased 23.3% to \$2.1 million due to more marketing activities such as weekly events organised by distributors to promote the Group's range of brand offerings. Management's strategies to nurture younger distributors continue to garner positive results and management is cautiously optimistic that this momentum will continue.

China

For the nine months ended 30 September 2017, revenue from China grew 76.5% to \$74.2 million from \$42.0 million vis-à-vis the same period last year. This is mainly attributable to increased Export orders from our agent on the back of growing demand for DR's Secret skincare line in the existing cities that are represented by DR's Secret Experience Centres.

As the Group's China management team makes the necessary preparations to expand the coverage of our direct selling license to include key cities in various provinces where DR's Secret had established brand presence, we expect more Experience Centres to be set up by independent distributors over the course of the remaining months of FY2017.

Barring any unforeseen circumstances, management is confident that contribution from China will continue to improve for the final quarter of FY2017.

Taiwan

Up to the period ended 30 September 2017, although Taiwan revenue has declined 31.6% from \$82.9 million to \$56.7 million, it remained as the Group's biggest revenue contributor in the Direct Selling Segment, accounting for 38.6% of the Group's total revenue.

Since the beginning of FY2017, Taiwan management has implemented strategies to focus on improving sales per member as opposed to increase new members. However, the strategies were unable to yield results within the timeframe we had anticipated. Other factors like stiffer market competition and online discounting also aggravated the situation. As a result, revenue in 3Q2017 declined by 46.1%.

Despite the challenges which Taiwan encountered during the nine months period, Management is confident that Taiwan will be able to contribute positively to the Group's profitability for FY2017.

Indonesia

Revenue from Indonesia decreased 7.3% to \$3.6 million for the nine months ended 30 September 2017 due to the recent switch of strategy from weight management line to skin care range.

In 3Q2017, the strategy began to gain traction, as a result, revenue increased by 15.9% from \$1.2 million in 3Q2016 to \$1.4 million in 3Q2017.

In addition, the Group has witnessed gradual increase in a new group of distributors which also contributed to the increase of revenue in 3Q2017.

Others

Revenue from Other Markets increased by 10.0% in the current quarter as compared to the same period last year primarily due to the increase in revenue from Hong Kong, Vietnam, Korea and Malaysia, offsetting decline from Philippines and Thailand.

Financial Position and Cash Flow

Non-current assets of the Group decreased from \$26.8 million as at 31 December 2016 to \$25.9 million as at 30 September 2017, mainly due to depreciation of Property, Plant and Equipment as well as amortisation of Intangible Assets.

Inventory decreased from \$43.0 million as at 31 December 2016 to \$40.0 million as at 30 September 2017 as the Group has improved its stock shortages issues faced previously and has sufficient buffer to sustain growth moving forward.

In line with higher revenue generated from the Export Segment, Trade and Other Receivables increased from \$23.4 million as at 31 December 2016 to \$44.9 million as at 30 September 2017.

Other Assets decreased from \$12.1 million as at 31 December 2016 to \$10.5 million as at 30 September 2017 mainly due to lower deposits paid to suppliers in line with the decreased orders made to suppliers as the Group currently maintains a sufficient level of inventory. In addition, the decline in Other Assets was due to our Indonesian subsidiary offsetting the overpaid Value Added Tax against existing outstanding tax payable as earlier disclosed during 1Q2017.

Other Financial Assets increased from \$2.0 million as at 31 December 2016 to \$4.6 million as at 30 September 2017 mainly due to increased investment in quoted securities.

Trade and Other Payables decreased by \$1.7 million to \$42.2 million as at 30 September 2017 mainly due to decrease in accruals of commissions offsetting increase in trade payables during the period.

Total Other Financial Liabilities increased from \$7.4 million as at 31 December 2016 to \$8.1 million as at 30 September 2017 due to net increase in bank borrowings during the period.

Other Liabilities were maintained at \$1.0 million as at 30 September 2017 vis-à-vis 31 December 2016.

Income Tax Payable decreased from \$16.5 million as at 31 December 2016 to \$12.8 million as at 30 September 2017 due to settlement of tax payables during the period, offsetting additional tax provisions by the Company.

As at 30 September 2017, the Group generated net cash flow from operating activities of \$10.6 million in 3Q2017. Net cash flows used in financing activities in 3Q2017 of \$9.8 million was mainly due to dividends paid during the quarter.

As at 30 September 2017, the Group maintained a strong balance sheet and working capital position, with approximately \$48.8 million of cash and cash equivalents.

COMMENTARY ON THE CURRENT PERIOD'S PROSPECTS

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results are in line with section 10 of the last quarter's results announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

With sustained growth expected for the Group's Export Segment, barring unforeseen circumstances, Management is cautiously optimistic of the Group's profitability for the next reporting period and for FY2017 and that the decline in Taiwan will be sufficiently buffered by growth of the Group's Export Segment.

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;
- Compared to the last financial year, Management expects higher Administrative expenses due to increase in Management and staff to cater our growing business, and depreciation expenses related to the Group's Tuas manufacturing facility and our Changsha RC which was officially opened in October;

- To ensure that Tuas facilities' manufacturing capacity is sufficient to meet the Group's future needs, major alteration and addition works (A&A works) has to be undertaken to the current building. Professional fees and depreciation as well as other related expenses may be incurred moving forward;
- As previously announced, conversion of the Export business to Direct Selling shall be implemented in phases.

Upon conversion of the Export Business to Direct Selling, 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. Decline in Other Operating Income due to lower service fees that the Group will be receiving from the Group's Export Agent; and
3. Increase in Distribution Expenses mainly attributable to commissions paid to distributors.

The Group's effort to expand the geographical coverage of our direct selling license beyond Hangzhou to include other cities is proceeding as planned. The expansion application has already commenced and shall include key cities of at least 7 provinces to be approved by the end of FY2018; and

- Currency fluctuation against the SGD may positively or negatively impact the Group's performance. Management will undertake measures to mitigate any currency risks the Group is exposed to.

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

DIVIDENDS

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

None

(ii) Corresponding Period of the immediately Preceding Financial Year

Not applicable.

(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.

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 nine months ended 30 September 2017 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

8 November 2017