



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 2015

BEST WORLD INTERNATIONAL LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2015

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CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2015

(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 31.03.15 \$'000	3 months Ended 31.03.14 \$'000	Change %
Revenue	13,507	12,802	5.5
Cost of Sales	<u>(3,391)</u>	<u>(3,330)</u>	1.8
Gross Profit	10,116	9,472	6.8
<u>Other Items of Income</u>			
Interest Income	22	38	(42.1)
Other Operating Income	375	173	116.8
<u>Other Items of Expense</u>			
Distribution Costs	(5,032)	(4,596)	9.5
Administrative Expenses	(5,291)	(4,796)	10.3
Finance Costs	(29)	(18)	61.1
Other Credits, Net	<u>290</u>	<u>246</u>	17.9
Profit Before Tax from Continuing Operations	451	519	(13.1)
Income Tax Expenses	<u>(228)</u>	<u>(260)</u>	(12.3)
Profit from Continuing Operations, Net of Tax	<u>223</u>	<u>259</u>	(13.9)
Profit, Net of Tax Attributable to:			
- Owners of the Parent Company	249	121	105.8
- Non-Controlling Interests	(26)	138	NM
	<u>223</u>	<u>259</u>	(13.9)
<u>Additional notes:</u>			
Gross Profit Margin	74.9%	74.0%	
Net Profit Margin	1.8%	0.9%	
Earnings Per Share (cents)	0.11	0.06	

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2015

Statement of Comprehensive Income for the three months ended 31 March 2015:

	Group		Change %
	3 months Ended 31.03.15 \$'000	3 months Ended 31.03.14 \$'000	
Profit for the Period, Net of Tax	223	259	(13.9)
<u>Other Comprehensive Income (Expenses)</u>			
Exchange Differences on Translating Foreign Operations	1,354	(537)	NM
Other Comprehensive Income (Expenses) for the period, Net of Tax	1,354	(537)	NM
Total Comprehensive Income (Expenses) for the Period	<u>1,577</u>	<u>(278)</u>	NM
Attributable to:			
Owners of the Parent Company	1,595	(375)	NM
Non-Controlling Interests	(18)	97	NM
Total Comprehensive Income (Expenses) for the Period	<u>1,577</u>	<u>(278)</u>	NM

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

	Group	
	3 months Ended	
	31.03.15 \$'000	31.03.14 \$'000
Depreciation of Property, Plant and Equipment	446	334
Depreciation of an Investment Property	5	5
Amortisation of Intangible Assets	264	59
Inventories Written Off	121	12
Unrealized Foreign Exchange Gain, Net	(175)	(278)
Realized Foreign Exchange (Gain) Loss, Net	(98)	32
Enhanced Special Employment Credit	(17)	-
Interest Income	(22)	(38)
Interest Expenses	29	18

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

(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	
	31.03.15	31.12.14	31.03.15	31.12.14
	\$'000	\$'000	\$'000	\$'000
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	7,274	7,554	3,933	4,121
Investment Property	1,213	1,218	-	-
Intangible Assets	7,711	7,900	80	96
Investment in Subsidiaries	-	-	13,931	13,931
Deferred Tax Assets	461	396	-	-
Other Receivables	-	-	16,195	17,684
Total Non-Current Assets	<u>16,659</u>	<u>17,068</u>	<u>34,139</u>	<u>35,832</u>
CURRENT ASSETS				
Inventories	9,023	7,753	6,135	5,225
Trade and Other Receivables	8,170	9,354	9,180	9,540
Other Financial Assets	259	259	259	259
Other Assets	9,291	8,712	3,423	4,192
Cash and Cash Equivalents	39,322	40,975	14,291	3,673
Total Current Assets	<u>66,065</u>	<u>67,053</u>	<u>33,288</u>	<u>22,889</u>
TOTAL ASSETS	<u>82,724</u>	<u>84,121</u>	<u>67,427</u>	<u>58,721</u>
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	20,169	20,169	20,169	20,169
Retained Earnings	34,362	34,113	24,747	24,712
Other Reserve	3,369	2,023	-	-
Equity, Attributable to Owners of the Parent Company	<u>57,900</u>	<u>56,305</u>	<u>44,916</u>	<u>44,881</u>
Non-Controlling Interests	(866)	(848)	-	-
Total Equity	<u>57,034</u>	<u>55,457</u>	<u>44,916</u>	<u>44,881</u>
NON-CURRENT LIABILITIES				
Deferred Tax Liabilities	1,680	1,678	429	429
Other Financial Liabilities	827	1,328	827	1,328
Total Non-Current Liabilities	<u>2,507</u>	<u>3,006</u>	<u>1,256</u>	<u>1,757</u>
CURRENT LIABILITIES				
Income Tax Payable	1,175	979	375	235
Trade and Other Payables	17,436	18,999	16,387	6,247
Other Financial Liabilities	3,611	4,719	3,611	4,719
Other Liabilities	961	961	882	882
Total Current Liabilities	<u>23,183</u>	<u>25,658</u>	<u>21,255</u>	<u>12,083</u>
Total Liabilities	<u>25,690</u>	<u>28,664</u>	<u>22,511</u>	<u>13,840</u>
TOTAL EQUITY AND LIABILITIES	<u>82,724</u>	<u>84,121</u>	<u>67,427</u>	<u>58,721</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 31.03.15		As at 31.12.14	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
3,611	-	4,719	-

Amount Repayable after One Year

As at 31.03.15		As at 31.12.14	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
827	-	1,328	-

Details of any collateral

Certain leasehold properties of a subsidiary at carrying value of \$491,000 as at 31 March 2015 (31 December 2014: \$501,000) and an investment property of a subsidiary at carrying value of \$1,213,000 as at 31 March 2015 (31 December 2014: \$1,218,000) are mortgaged to bank to secure bank facilities granted by the banks.

Plant and equipment with carrying value of \$726,000 as at 31 March 2015 (31 December 2014: \$769,000) 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 2015

(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	3 Months
	Ended 31.03.15	Ended 31.03.14
	\$'000	\$'000
Cash flows from Operating Activities:		
Profit before Tax	451	519
Interest Income	(22)	(38)
Interest Expense	29	18
Depreciation of Property, Plant and Equipment	446	334
Depreciation of an Investment Property	5	5
Amortisation of Intangible Assets	264	59
Net Effect of Exchange Rate Changes in Consolidating Foreign Subsidiaries	965	441
Operating Cash Flows before Changes in Working Capital	<u>2,138</u>	<u>1,338</u>
Inventories	(1,270)	534
Trade and Other Receivables	1,340	(742)
Other Assets	(579)	(541)
Trade and Other Payables	(1,564)	(393)
Net Cash Flows from Operations before Interest and Tax	<u>65</u>	<u>196</u>
Income Tax Paid	-	-
Net Cash Flows from Operating Activities	<u>65</u>	<u>196</u>
Cash flows from Investing Activities:		
Purchase of Property, Plant and Equipment	(108)	(97)
Disposal of Property, Plant and Equipment	5	-
Acquisition of Subsidiaries (Net of Cash Acquired)	-	(7,101)
Interest Received	22	38
Net Cash Flows used in Investing Activities	<u>(81)</u>	<u>(7,160)</u>
Cash flows from Financing Activities:		
Issue of Shares	-	3,085
Share Issue Expenses	-	(108)
Repayment of borrowings	(1,501)	-
Finance Lease Repayment	(107)	-
Interest paid	(29)	(18)
Increase in Cash Restricted in Use	(4,497)	-
Net Cash Flows (used in) from Financing Activities	<u>(6,134)</u>	<u>2,959</u>
Net Decrease in Cash and Cash Equivalents	(6,150)	(4,005)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	39,220	31,524
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	<u>33,070</u>	<u>27,519</u>
	Note A	

Note A :

	Group	
	3 Months	3 Months
	Ended 31.03.15	Ended 31.03.14
	\$'000	\$'000
Cash and bank balances	39,322	29,278
Less: Cash pledged	(6,252)	(1,759)
Cash and Cash Equivalents in the Consolidated Cash Flow Statement	<u>33,070</u>	<u>27,519</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2015

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.

	<u>Attributable to Owners of the Parent Company</u>						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 2015	55,457	56,305	20,618	(449)	34,113	2,023	(848)
<u>Movements in Equity</u>							
Total Comprehensive Income (Expenses) for the Period	1,577	1,595	-	-	249	1,346	(18)
Balance at 31 March 2015	<u>57,034</u>	<u>57,900</u>	<u>20,618</u>	<u>(449)</u>	<u>34,362</u>	<u>3,369</u>	<u>(866)</u>
Balance at 1 January 2014	49,033	49,356	17,641	(449)	31,188	976	(323)
<u>Movements in Equity</u>							
Issue of Shares	3,085	3,085	3,085	-	-	-	-
Share Issue Expenses	(108)	(108)	(108)	-	-	-	-
Total Comprehensive (Expenses) Income for the Period	(278)	(375)	-	-	121	(496)	97
Balance at 31 March 2014	<u>51,732</u>	<u>51,958</u>	<u>20,618</u>	<u>(449)</u>	<u>31,309</u>	<u>480</u>	<u>(226)</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2015

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 2015	44,881	20,618	(449)	24,712
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	35	-	-	35
Balance as at 31 March 2015	<u>44,916</u>	<u>20,618</u>	<u>(449)</u>	<u>24,747</u>
Balance at 1 January 2014	44,067	17,641	(449)	26,875
<u>Movements in Equity</u>				
Issue of Shares	3,085	3,085	-	-
Share Issue Expenses	(108)	(108)	-	-
Total Comprehensive Income for the Period	579	-	-	579
Balance as at 31 March 2014	<u>47,623</u>	<u>20,618</u>	<u>(449)</u>	<u>27,454</u>

NOTES TO FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

(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	
	2015	2014	2015	2014
At 1 January	220,183,864	204,683,147	20,169	17,192
Issued Shares	-	15,500,717	-	3,085
Share Issue Expenses	-	-	-	(108)
At 31 March	<u>220,183,864</u>	<u>220,183,864</u>	<u>20,169</u>	<u>20,169</u>

(b) Treasury Shares

	Group and Company		Group and Company	
	No. of shares		\$'000	
	2015	2014	2015	2014
At 1 January and 31 March	<u>1,573,000</u>	<u>1,573,000</u>	<u>449</u>	<u>449</u>

For the three months ended 31 March 2015 and 31 March 2014, the company did not purchase its ordinary shares to be held as treasury shares.

No options were granted and no new shares were issued pursuant to the Employee Share Option 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 2015 and 31 December 2014 was 220,183,864.

The total number of treasury shares as at 31 March 2015 and 31 December 2014 was 1,573,000.

- (iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

AUDIT

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited, or reviewed by auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

ACCOUNTING POLICIES

4. **Whether the same accounting policies and methods of computation as in the Group and company's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current period as compared with those used in the audited financial statements for the financial year ended 31 December 2014.

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 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 31.03.15	3 months ended 31.03.14	Change %
Earnings per share of Group:			
(a) Based on weighted average number of ordinary shares on issue (cents); and	0.11	0.06	83.3
(b) On a fully diluted basis (cents)	0.11	0.06	83.3

For comparative purposes, the earnings per ordinary shares for the 3 months ended 31 March 2015 and 31 March 2014 are calculated based on the profit for the period of approximately \$0.2 million and \$0.1 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the 3 months ended 31 March 2015 is 220,183,864 (3 months ended 31 March 2014: 210,022,283).

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	
	31.03.15	31.12.14	31.03.15	31.12.14
Net asset value per ordinary shares (cents)	26.30	25.57	20.40	20.38

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 31 March 2015 and 31 December 2014 was 220,183,864.

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

Group revenue for 1Q2015 came in at 5.5% higher than the same period last year, as a result of the period being the weakest quarter for the Group's core business of Direct Selling due to its seasonal nature and the long Chinese New Year holidays. This improvement was supported by a steady growth in Taiwan and China and a strong performance from Malaysia offsetting a decline in Philippines.

Quarter-on-quarter, Gross Profit margin improved marginally to 74.9% while Profit Attributable to Owners of the Parent Company increased from \$0.1 million in 1Q2014 to \$0.2 million in 1Q2015. This was mainly due to the following factors:

- Interest Income declined by 42.1% as a result of an investment bond which had matured in March 2014.
- Other Operating Income increased from \$0.2 million in 1Q2014 to \$0.4 million in 1Q2015 as a result of higher service fees received from an overseas Agent.
- 1Q2015 incurred higher Distribution Costs by 9.5% partly as a result of higher accrued convention costs. In addition, increased transaction volume in Best World (Zhejiang) Pharmaceutical Co., Ltd. ("BWZ") led to higher logistic expenses incurred during the quarter.
- Administrative Expenses, mainly comprising of staff related and rental expenses, increased from \$4.8 million in 1Q2014 to \$5.3 million in 1Q2015. Higher amortisation and depreciation are due to amortisation to the fair value of product licenses and customers' relationship of BWZ.
- Finance Cost of \$0.03 million in 1Q2015 was incurred due to newly acquired term loans and finance leases in 3Q2014.
- Net Other Credits increased to \$0.3 million in 1Q2015 driven by higher foreign exchange gains in certain subsidiaries.

As a result of certain profitable subsidiaries, the Group recorded Income Tax Expenses of \$0.2 million for 1Q2015.

Revenue by Business Segments

For Quarter: 1Q2015 vs 1Q2014

Business Segment	3 months ended 31.03.15 Revenue		3 months ended 31.03.14 Revenue		Change
	\$'000	%	\$'000	%	%
Direct Selling	10,014	74.1	10,059	78.6	(0.4)
Export	1,797	13.3	1,669	13.0	7.7
Manufacturing/Wholesale	1,696	12.6	1,074	8.4	57.9
Total	13,507	100.0	12,802	100.0	5.5

For 1Q2015, revenue from the Direct Selling segment, which remains to be the core business of the Group, declined marginally by 0.4% due to decline in revenue from Philippines offsetting contributions from Singapore, Taiwan, Malaysia and the remaining markets.

Revenue in the Export segment improved by 7.7% from \$1.7 million in 1Q2014 to \$1.8 million in 1Q2015, driven by increased demand from our China agent offsetting a slight decrease in demand from Myanmar.

The Manufacturing/Wholesale Segment, which is made up of wholesale and OEM revenue generated by the Group's China subsidiary BWZ, recorded revenue of \$1.7 million in 1Q2015, an improvement of 57.9% vis-à-vis the same period last year, as revenue recorded in 1Q2014 only accounted for a 1 month period since the acquisition of BWZ was completed in February of FY2014.

As at 31 March 2015, the Group's Lifestyle Centres for its Direct Selling business decreased to 78. Total membership as at 31 March 2015 maintained a steady growth of 1.9% to 385,036 members, when compared to 31 December 2014.

Revenue by Geographical Locations

For Quarter: 1Q2015 vs 1Q2014

Geographical Locations	3 months ended 31.03.15 Revenue		3 months ended 31.03.14 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	1,958	14.5	2,077	16.2	(5.7)
China	3,088	22.9	2,195	17.1	40.7
Malaysia	1,179	8.7	484	3.8	143.6
Taiwan	4,465	33.1	2,418	18.9	84.7
Philippines	1,143	8.4	3,196	25.0	(64.2)
Others	1,674	12.4	2,432	19.0	(31.2)
Total	13,507	100.0	12,802	100.0	5.5

Singapore

Due to the highly competitive market and flat demand for the health and wellness products, results from Singapore declined by 5.7% to \$2.0 million, impacting quarter-on-quarter performance. In response, management will focus on marketing campaigns through participating in trade exhibitions, launching new products and conducting more marketing events to increase new members.

China

The acquisition of BWZ last year contributed positively to the Group's revenue from China in 1Q2015 and at the same time expanded our diversity in distribution channels.

Management shall continue to capitalise on the BWZ's business by launching the E-commerce platform and new products to the channel in 2H2015.

The Group also enjoyed a higher export volume to our China agent compared to the same period last year.

As a result, revenue from China in 1Q2015 grew 40.7% from \$2.2 million to \$3.1 million compared to the same period last year.

Management is cautiously optimistic on the growth in demand from China for the remaining periods of FY2015.

Malaysia

Revenue from Malaysia improved from \$0.5 million in 1Q2014 to \$1.2 million in 1Q2015 as a result of increased demand for the Group's products by distributors after the introduction of the new compensation plan in 2H2014. The management shall leverage on the current growth momentum, launch new products and engage in more marketing activities to further stimulate demand in the market. Notwithstanding the improved results for 1Q2015, management expects the implementation of GST in 1st April to have some impact on its revenue from this market for 2Q2015.

Taiwan

A strong start from Taiwan Market underpinned the Group's revenue growth for 1Q2015. Revenue from Taiwan increased from \$2.4 million in 1Q2014 to \$4.5 million in 1Q2015. This translated to an 84.7% increase as compared to the same period last year.

The consistent performance was as a result of a competent and effective management working in tandem with highly productive members. This successful approach enables us to grow steadily in this market and management expects to continue to build on this momentum moving forward.

Philippines

Philippines faced some headwind for this reporting period as a result of poaching by competitor companies after last year's success. Revenue declined from \$3.2 million in 1Q2014 to \$1.1 million in 1Q2015. Management has since put in place measures to counter these factors which include the appointment of a new Country Manager who is a veteran in the direct selling industry of Philippines, new product launches in 1Q2015 and more training and marketing activities for the remaining periods of the year. Under the new management, business processes and risk management systems shall be reviewed and put in place to facilitate stable growth moving forward.

Others

Collectively, revenue from Other Markets declined from \$2.4 million in 1Q2014 to \$1.7 million in 1Q2015, as a result of growth from Vietnam and Hong Kong being offset by decline in sales from Korea.

The management shall continue to introduce new and innovative products to invigorate these markets, at the same time focusing on training and marketing activities to motivate existing members and attract new members into the company.

Financial Position and Cash Flow

Non-current assets of the Group decreased from \$17.1 million as at 31 December 2014 to \$16.7 million as at 31 March 2015, mainly due to depreciation of Property, Plant and Equipment as well as amortisation of Intangible Asset.

Inventory increased from \$7.8 million as at 31 December 2014 to \$9.0 million as at 31 March 2015 due to higher expectation of demand in a number of our subsidiaries.

Trade and Other Receivables decreased to \$8.2 million as at 31 March 2015 as compared to \$9.4 million as at 31 December 2014 due to repayments received from agents and customers during the quarter.

Trade and Other Payables decreased from \$19.0 million as at 31 December 2014 to \$17.4 million as at 31 March 2015 due to the decreased accruals of commission payables.

Total Other Financial Liabilities reduced from \$6.0 million as at 31 December 2014 to \$4.4 million as at 31 March 2015 due to repayment of a term loan during the quarter.

Other Liabilities were maintained at \$1.0 million as at 31 March 2015 vis-à-vis 31 December 2014.

Cash and Cash Equivalents in the consolidated statement of cash flows decreased from \$39.2 million as at 31 December 2014 to \$33.1 million as at 31 March 2015 largely as a result of repayment of the term loan mentioned above and increased in cash restricted in use.

As at 31 March 2015, the Group maintained a strong balance sheet and working capital position, with approximately \$39.3 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.

Management is cautiously optimistic that the Group will perform positively for the remaining periods of FY2015, due to continual growth in key markets like Taiwan and China as well as the launch of several new products in the next few quarters.

Factors that may affect the Group's performance in 2Q2015 and for the next 12 months are as follows:

- The Group's growth strategy includes tapping into inorganic growth opportunities in order to gain access to new markets and/or new distribution channels, attain exclusivity to new products/services and to tap into upstream value chain of businesses that are synergistic to ours;
- Increasing cost of goods due to various factors including a weakening of SGD against currencies which the Group frequently trades in;
- Higher depreciation expenses expected for the remaining periods as a result of a new subsidiary in a new market, new RCs in certain expanding markets and expansion/refurbishment plans for our Taichung RC;
- Higher administrative expenses;
- Strengthening currencies of key markets which the Group operates in against the SGD may impact the Group's performance positively. Management shall monitor the movement of other volatile currencies and undertake relevant measures to mitigate any potential risks to the Group's performance;
- The Group's application for direct selling license in China is proceeding as per plan.

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 and date of allotment and issue for bonus issue

Not applicable

(c) Books closure dates for dividend and bonus issue

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 2015.

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 2015 to be false or misleading.

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

12 May 2015