



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 2016

BEST WORLD INTERNATIONAL LIMITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

(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 30.09.16 \$'000	3 months Ended 30.09.15 \$'000	Change %	9 months Ended 30.09.16 \$'000	9 months Ended 30.09.15 \$'000	Change %
Revenue	52,153	26,191	99.1	138,947	60,727	128.8
Cost of Sales	(14,786)	(5,986)	147.0	(36,397)	(14,471)	151.5
Gross Profit	37,367	20,205	84.9	102,550	46,256	121.7
<u>Other Items of Income</u>						
Interest Income	86	90	(4.4)	228	200	14.0
Other Operating Income	1,035	515	101.0	3,672	1,433	156.2
<u>Other Items of Expense</u>						
Distribution Costs	(13,719)	(8,757)	56.7	(44,860)	(21,301)	110.6
Administrative Expenses	(10,774)	(7,717)	39.6	(27,875)	(19,039)	46.4
Finance Costs	(16)	(4)	300.0	(24)	(47)	(48.9)
(Other Losses) Other Gains, Net	(174)	293	NM	(1,202)	69	NM
Profit Before Tax	13,805	4,625	198.5	32,489	7,571	329.1
Income Tax Expense	(4,878)	(636)	667.0	(10,337)	(1,387)	645.3
Profit For the Period	<u>8,927</u>	<u>3,989</u>	123.8	<u>22,152</u>	<u>6,184</u>	258.2
Profit Attributable to:						
- Owners of the Parent Company	8,933	4,035	121.4	22,265	6,390	248.4
- Non-Controlling Interests	(6)	(46)	(87.0)	(113)	(206)	(45.1)
Profit For the Period	<u>8,927</u>	<u>3,989</u>	123.8	<u>22,152</u>	<u>6,184</u>	258.2
Additional notes:						
Gross Profit Margin	71.6%	77.1%		73.8%	76.2%	
Net Profit Margin	17.1%	15.4%		16.0%	10.5%	
Earnings Per Share (cents)	3.25	1.47		8.09	2.32	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

Statement of Comprehensive Income for the nine months ended 30 September 2016:

	Group			Group		
	3 months	3 months	Change	9 months	9 months	Change
	Ended	Ended		Ended	Ended	
30.09.16	30.09.15	%	30.09.16	30.09.15	%	
	\$'000	\$'000		\$'000	\$'000	
Profit for the Period, Net of Tax	8,927	3,989	123.8	22,152	6,184	258.2
<u>Other Comprehensive Income (Expense)</u>						
Exchange Differences on Translating Foreign Operations	513	(171)	NM	(893)	163	NM
Other Comprehensive Income (Expense) for the Period, Net of Tax	513	(171)	NM	(893)	163	NM
Total Comprehensive Income for the Period	<u>9,440</u>	<u>3,818</u>	147.2	<u>21,259</u>	<u>6,347</u>	234.9
Attributable to:						
Owners of the Parent Company	9,490	3,892	143.8	21,405	6,577	225.5
Non-Controlling Interests	(50)	(74)	(32.4)	(146)	(230)	(36.5)
Total Comprehensive Income for the Period	<u>9,440</u>	<u>3,818</u>	147.2	<u>21,259</u>	<u>6,347</u>	234.9

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

	Group	
	9 months Ended	
	30.09.16	30.09.15
	\$'000	\$'000
Depreciation of Property, Plant and Equipment	1,254	1,315
Depreciation of an Investment Property	14	14
Amortisation of Intangible Assets	719	781
Inventories Written Off	69	129
Allowance for Impairment on Inventories	68	400
Allowance for Impairment on Trade Receivables	1,747	-
Unrealized Foreign Exchange (Gains) Losses, Net	(733)	1,021
Realized Foreign Exchange Losses (Gains), Net	122	(1,482)
(Gain) Loss on Disposal of Property, Plant and Equipment	(2)	16
Enhanced Special Employment Credit	-	(24)
Interest Income	(228)	(200)
Interest Expense	24	47

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

(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	
	30.09.16	31.12.15	30.09.16	31.12.15
	\$'000	\$'000	\$'000	\$'000
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	16,376	6,847	2,996	3,531
Investment Property	1,186	1,200	-	-
Intangible Assets	6,219	7,018	19	41
Investment in Subsidiaries	-	-	4,021	4,021
Deferred Tax Assets	683	749	-	-
Other Receivables	-	-	16,295	16,295
Other Financial Assets	1,918	1,990	1,918	1,990
Total Non-Current Assets	<u>26,382</u>	<u>17,804</u>	<u>25,249</u>	<u>25,878</u>
CURRENT ASSETS				
Inventories	31,635	11,515	21,374	8,309
Trade and Other Receivables	21,731	10,587	34,000	12,876
Other Assets	18,706	7,250	15,316	4,445
Cash and Cash Equivalents	38,129	47,247	5,413	12,609
Total Current Assets	<u>110,201</u>	<u>76,599</u>	<u>76,103</u>	<u>38,239</u>
TOTAL ASSETS	<u>136,583</u>	<u>94,403</u>	<u>101,352</u>	<u>64,117</u>
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	20,169	20,169	20,169	20,169
Retained Earnings	56,551	42,015	51,977	30,362
Other Reserve	656	1,516	-	-
Equity, Attributable to Owners of the Parent	<u>77,376</u>	<u>63,700</u>	<u>72,146</u>	<u>50,531</u>
Non-Controlling Interests	<u>(1,861)</u>	<u>(1,715)</u>	<u>-</u>	<u>-</u>
Total Equity	<u>75,515</u>	<u>61,985</u>	<u>72,146</u>	<u>50,531</u>
NON-CURRENT LIABILITIES				
Deferred Tax Liabilities	2,218	2,310	429	429
Other Financial Liabilities	5,606	11	-	-
Total Non-Current Liabilities	<u>7,824</u>	<u>2,321</u>	<u>429</u>	<u>429</u>
CURRENT LIABILITIES				
Income Tax Payable	10,567	4,624	7,251	2,313
Trade and Other Payables	39,309	24,505	20,644	9,962
Other Financial Liabilities	2,407	7	-	-
Other Liabilities	961	961	882	882
Total Current Liabilities	<u>53,244</u>	<u>30,097</u>	<u>28,777</u>	<u>13,157</u>
Total Liabilities	<u>61,068</u>	<u>32,418</u>	<u>29,206</u>	<u>13,586</u>
TOTAL EQUITY AND LIABILITIES	<u>136,583</u>	<u>94,403</u>	<u>101,352</u>	<u>64,117</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 30.09.16		As at 31.12.15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
2,407	-	7	-

Amount Repayable after One Year

As at 30.09.16		As at 31.12.15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
5,606	-	11	-

Details of any collateral

Certain leasehold properties of subsidiaries at carrying value of \$10,426,000 as at 30 September 2016 (31 December 2015: \$428,000) and an investment property of a subsidiary at carrying value of \$1,186,000 as at 30 September 2016 (31 December 2015: \$1,200,000) are mortgaged to bank to secure bank facilities granted by the banks.

Plant and equipment with carrying value of \$26,000 as at 30 September 2016 (31 December 2015: \$28,000) 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 2016

(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 30.09.16	3 Months Ended 30.09.15	9 Months Ended 30.09.16	9 Months Ended 30.09.15
	\$'000	\$'000	\$'000	\$'000
Cash flows from Operating Activities:				
Profit before Tax	13,805	4,625	32,489	7,571
Interest Income	(86)	(90)	(228)	(200)
Interest Expense	16	4	24	47
Depreciation of Property, Plant and Equipment	414	429	1,254	1,315
Depreciation of an Investment Property	5	5	14	14
Amortisation of Intangible Assets	237	254	719	781
(Gain) Loss on Disposal of Property, Plant and Equipment	-	-	(2)	16
Fair Value Gain on Forward Contract	(391)	-	-	-
Net Effect of Exchange Rate Changes in Consolidating Foreign Subsidiaries	521	(213)	(524)	63
Operating Cash Flows before Changes in Working Capital	14,521	5,014	33,746	9,607
Inventories	(15,803)	(259)	(20,120)	(1,098)
Trade and Other Receivables	(5,816)	654	(11,144)	583
Other Assets	(2,272)	(39)	(11,456)	(392)
Trade and Other Payables	10,188	4,513	14,804	1,105
Net Cash Flows from Operations before Tax	818	9,883	5,830	9,805
Income Tax Paid	(1,859)	(353)	(4,549)	(1,205)
Net Cash Flows (used in) from Operating Activities	(1,041)	9,530	1,281	8,600
Cash flows from Investing Activities:				
Purchase of Property, Plant and Equipment	(10,245)	(200)	(10,863)	(445)
Disposal of Property, Plant and Equipment	-	-	2	74
Increase in Intangible Assets	(3)	(3)	(7)	(12)
Increase in Other Financial Assets	-	(1,431)	-	(1,172)
Interest Received	86	90	228	200
Net Cash Flows used in Investing Activities	(10,162)	(1,544)	(10,640)	(1,355)
Cash flows from Financing Activities:				
Dividends paid	(4,404)	(1,101)	(7,707)	(2,202)
Bonus Share Issue Expenses	(22)	-	(22)	-
Increase in Other Financial Liabilities	8,000	-	10,500	-
Repayment of Borrowings	(2,500)	-	(2,500)	(4,332)
Finance Lease Repayment	(1)	-	(5)	(215)
Interest Paid	(16)	(4)	(24)	(47)
(Increase) Decrease in Cash Restricted in Use	(36)	(43)	307	(4,467)
Net Cash Flows from (used) in Financing Activities	1,021	(1,148)	549	(11,263)
Net (decrease) increase in Cash and Cash Equivalents	(10,182)	6,838	(8,810)	(4,018)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	42,184	28,364	40,812	39,220
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance Note A	32,002	35,202	32,002	35,202

Note A :

	Group		Group	
	3 Months Ended 30.09.16	3 Months Ended 30.09.15	9 Months Ended 30.09.16	9 Months Ended 30.09.15
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	38,129	41,424	38,129	41,424
Less: Cash pledged	(6,127)	(6,222)	(6,127)	(6,222)
Cash and Cash Equivalents in the Consolidated Cash Flow Statement	32,002	35,202	32,002	35,202

STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

(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 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 2016

Group	Attributable to Owners of the Parent Company						
	Total		Share	Treasury	Retained	Foreign	Non-
	Equity	Total	Capital	Shares	Earnings	Currency	Controlling
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	Translation	Interests
						Reserve	
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
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 (Expense) for the Period	1,577	1,595	-	-	249	1,346	(18)
Balance at 31 March 2015	57,034	57,900	20,618	(449)	34,362	3,369	(866)
<u>Movements in Equity</u>							
Total Comprehensive Income (Expense) for the Period	952	1,090	-	-	2,106	(1,016)	(138)
Dividends	(1,101)	(1,101)	-	-	(1,101)	-	-
Balance at 30 June 2015	56,885	57,889	20,618	(449)	35,367	2,353	(1,004)
<u>Movements in Equity</u>							
Total Comprehensive Income (Expense) for the Period	3,818	3,892	-	-	4,035	(143)	(74)
Dividends	(1,101)	(1,101)	-	-	(1,101)	-	-
Balance at 30 September 2015	<u>59,602</u>	<u>60,680</u>	<u>20,618</u>	<u>(449)</u>	<u>38,301</u>	<u>2,210</u>	<u>(1,078)</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

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 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>
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	44,916	20,618	(449)	24,747
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	861	-	-	861
Dividends	(1,101)	-	-	(1,101)
Balance as at 30 June 2015	44,676	20,618	(449)	24,507
<u>Movements in Equity</u>				
Total Comprehensive Income for the Period	2,435	-	-	2,435
Dividends	(1,101)	-	-	(1,101)
Balance as at 30 September 2015	<u>46,010</u>	<u>20,618</u>	<u>(449)</u>	<u>25,841</u>

NOTES TO FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

(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	
	2016	2015	2016	2015
At 1 January, 31 March and 30 June	220,183,864	220,183,864	20,169	20,169
Bonus shares issued	55,045,893	--	--	--
At 30 September	<u>275,229,757</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	
	2016	2015	2016	2015
At 1 January, 31 March and 30 June	1,573,000	1,573,000	449	449
Bonus shares issued	393,250	--	--	--
At 30 September	<u>1,966,250</u>	<u>1,573,000</u>	<u>449</u>	<u>449</u>

For the nine months ended 30 September 2016 and 30 September 2015, 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.

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.

- (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 2016 was 275,229,757 (31 December 2015: 220,183,864).

The total number of treasury shares as at 30 September 2016 was 1,966,250 (31 December 2015: 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 2015.

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 30.09.16	3 months ended 30.09.15	Change %	9 months ended 30.09.16	9 months ended 30.09.15	Change %
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	3.25	1.47	121.1	8.09	2.32	248.7
(b) On a fully diluted basis (cts)	3.25	1.47	121.1	8.09	2.32	248.7

The earnings per ordinary shares for the 3 months ended 30 September 2016 and 30 September 2015 are calculated based on the profit for the period of approximately \$8.9 million and \$4.0 million respectively. The earnings per ordinary shares for the 9 months ended 30 September 2016 and 30 September 2015 are calculated based on the profit for the period of approximately \$22.3 million and \$6.4 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the 3 months ended 30 September 2016 and 30 September 2015 was 275,229,757. The weighted average number of ordinary shares (excluding treasury shares) for the 9 months ended 30 September 2016 and 30 September 2015 was 275,229,757.

For comparative purposes, the number of ordinary shares as at 30 September 2015 was adjusted to include the issue of one bonus share for every four existing ordinary shares held for the calculation of basic and diluted earnings per share.

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	
	30.09.16	31.12.15	30.09.16	31.12.15
Net asset value per ordinary shares (cents)	28.11	23.14	26.21	18.36

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 30 September 2016 and 31 December 2015 was 275,229,757.

For comparative purposes, the number of ordinary shares as at 31 December 2015 was adjusted to include the issue of one bonus share for every four existing ordinary shares held for the calculation of the net asset value per ordinary share.

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 reporting period ended 30 September 2016, the Group achieved a 128.8% increase in revenue and a 248.4% rise in Profit Attributable to Owners of the Parent Company of \$22.3 million compared to \$6.4 million for the same period last year. Group revenue maintained its quarter-on-quarter growth momentum, with 3Q2016 revenue increasing 99.1% from \$26.2 million in 3Q2015 to \$52.2 million. Other points to note pertaining to the Group's performance for the nine months ended 30 September 2016 include:

- Group's Gross profit margin for 3Q2016 declined to 71.6% as a result of a higher proportion of revenue generated from the Export segment which has a lower gross margin;
- Other Operating Income increased by 101.0% mainly due to higher service fees received from the Group's overseas Export Agent in 3Q2016;
- Despite a 99.1% increase in revenue, Distribution Costs which is expected to grow in tandem with revenue growth, increased only by 56.7% from \$8.8 million in 3Q2015 to \$13.7 million in 3Q2016. This is mainly due to an increase in the Group's Export segment which does not incur any Distribution Costs;
- Administrative Expenses for the Group saw a 39.6% increase from \$7.7 million in 3Q2015 to \$10.8 million in 3Q2016 as a result of higher management and staff costs as well as higher professional fees. In addition, higher lease expenses recorded during the quarter was due to commencement of the lease of the Group's Dubai Regional Centre ("RC") and expansion of our Taichung RC, which is our Taiwan Headquarter.
- Net Other Losses of \$0.2 million in 3Q2016 was as a result of Allowance for Impairment on Trade Receivables offsetting unrealised exchange gains recorded due to translation of SGD payables in subsidiaries;
- The Group incurred Income Tax Expenses of \$4.9 million in 3Q2016 due to certain profitable subsidiaries for the period.

Revenue by Business Segments

For Quarter: 3Q2016 Vs 3Q2015

Business Segment	3 months ended 30.09.16 Revenue		3 months ended 30.09.15 Revenue		Change
	\$'000	%	\$'000	%	
Direct Selling	32,428	62.2	21,031	80.3	54.2
Export	18,647	35.8	4,000	15.3	366.2
Manufacturing/Wholesale	1,078	2.0	1,160	4.4	(7.1)
Total	52,153	100.0	26,191	100.0	99.1

For Year-to-Date: 3Q2016 Vs 3Q2015

Business Segment	9 months ended 30.09.16 Revenue		9 months ended 30.09.15 Revenue		Change
	\$'000	%	\$'000	%	
Direct Selling	96,441	69.4	46,320	76.3	108.2
Export	39,435	28.4	9,599	15.8	310.8
Manufacturing/Wholesale	3,071	2.2	4,808	7.9	(36.1)
Total	138,947	100.0	60,727	100.0	128.8

Revenue contributed from the Group's core business of Direct Selling for 3Q2016 increased 54.2% primarily due to consistent growth from our key market of Taiwan accompanied by increased revenue contribution from Hong Kong.

Export volume to China continued to improve on the back of increased product demand. As a result, revenue from the Export segment increased from \$4.0 million in 3Q2015 to \$18.6 million in 3Q2016, representing 35.8% of the total Group's revenue for 3Q2016.

As at 30 September 2016, total membership for the Group's Direct Selling business increased 2.0% to 429,489 members, when compared to 30 June 2016. Lifestyle Centres for the Group's Direct Selling business decreased from 58 as at 30 June 2016 to 51 as at 30 September 2016 due to closure of some of our Lifestyle Centres in certain subsidiaries.

Revenue by Geographical Locations

For Quarter: 3Q2016 Vs 3Q2015

Geographical Locations	3 months ended 30.09.16 Revenue		3 months ended 30.09.15 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	1,734	3.3	1,767	6.7	(1.9)
China	19,641	37.7	4,805	18.4	308.8
Taiwan	27,602	52.9	14,125	53.9	95.4
Indonesia	1,212	2.3	2,380	9.1	(49.1)
Others	1,964	3.8	3,114	11.9	(36.9)
Total	52,153	100.0	26,191	100.0	99.1

For Year-to-Date: 3Q2016 Vs 3Q2015

Geographical Locations	9 months ended 30.09.16 Revenue		9 months ended 30.09.15 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	4,803	3.5	5,683	9.4	(15.5)
China	42,020	30.2	13,259	21.8	216.9
Taiwan	82,879	59.6	28,834	47.5	187.4
Indonesia	3,913	2.8	3,592	5.9	8.9
Others	5,332	3.9	9,359	15.4	(43.0)
Total	138,947	100.0	60,727	100.0	128.8

Singapore

Revenue declined marginally by 1.9% to \$1.7 million for 3Q2016 when compared against the corresponding quarter in FY2015. Management acknowledges that the market remains mature and competitive and are preparing to embark on marketing campaigns to attract a younger generation group of distributors for future growth. In addition, plans for a product launch in 4Q2016 is expected to be on schedule.

China

Continuous growth in market demand for the Group's DR's Secret line of skincare in China fuelled the improvement of the revenue in 3Q2016. Revenue from China increased from \$4.8 million in 3Q2015 to \$19.6 million in 3Q2016.

The setup of 9 service centres in Hangzhou and its necessary verification by local authorities and the Department of Commerce for Zhejiang Province has been completed. Management expects Ministry of Commerce (MOFCOM) to announce the completion of the verification of the 9 service centres in Hangzhou in its website (<http://zxgl.mofcom.gov.cn>) before the end of FY2016.

Taiwan

In line with management's expectations, revenue from Taiwan increased from \$14.1 million in 3Q2015 to \$27.6 million in 3Q2016 mainly due to the following:

- Revenue from our online store increased from \$0.3 million in 3Q2015 to \$8.9 million in 3Q2016;
- Kaohsiung RC, which was opened in 1Q2016 contributed a revenue of \$7.1 million in 3Q2016;
- Decrease in Taichung RC and Taipei RC revenue of \$2.2 million to \$11.6 million in 3Q2016 primarily due to more customers making their orders online.

There were less major promotions during the quarter as the management gears up its activities in anticipation of the Taiwan anniversary promotions and celebrations which spans the month of October to November. The management is cautiously optimistic that growth in Taiwan will be sustained for the rest of FY2016.

Indonesia

Revenue from Indonesia decreased by 49.1% from \$2.4 million in 3Q2015 to \$1.2 million in 3Q2016 primarily due to a shift in focus from our weight management line to our DR's Secret skin care line during the first quarter of FY2016. The deliberate effort was to increase revenue contribution per member now that we have built a base of brand loyal customers. While the current group of distributors are still adapting to the change of product mix focus, management will continue its active efforts in marketing activities to drive membership growth, education and sales.

Others

Sales in Other Markets declined by 36.9% from \$3.1 million in 3Q2015 to \$2.0 million in 3Q2016 primarily due to the decline in Philippines, Malaysia and Thailand offsetting improvement from Hong Kong, Vietnam and Korea.

Financial Position and Cash Flow

Non-current assets of the Group increased from \$17.8 million as at 31 December 2015 to \$26.4 million as at 30 September 2016, mainly due to newly acquired Tuas property relating to the manufacturing facilities, offsetting depreciation of Property, Plant and Equipment.

Inventories increased from \$11.5 million as at 31 December 2015 to \$31.6 million as at 30 September 2016, in line with the increase in revenue and in anticipation of higher orders from our Export agent. In addition, one of our subsidiaries saw an increase in Inventories as a result of stock shortage mitigating measures in the last quarter of the year.

Trade and Other Receivables increased from \$10.6 million as at 31 December 2015 to \$21.7 million as at 30 September 2016 as a result of increased sales to our Export agent during the reporting period.

Other Assets increased from \$7.3 million as at 31 December 2015 to \$18.7 million as at 30 September 2016 mainly due to higher deposits paid to suppliers.

Trade and Other Payables increased from \$24.5 million as at 31 December 2015 to \$39.3 million as at 30 September 2016 due to higher accruals of freelance commissions and higher

accruals for management and staff costs during the period. In addition, higher accruals for professional fees attributed to the increase of Trade and Other Payables as well.

Total Other Financial Liabilities increased to \$8.0 million as at 30 September 2016 due to bank borrowings for the newly acquired Tuas property.

Other Liabilities were maintained at \$1.0 million as at 30 September 2016 vis-à-vis 31 December 2015.

In line with higher profits experienced by the Company and certain subsidiaries of the Group, Income Tax Payable increased from \$4.6 million as at 31 December 2015 to \$10.6 million as at 30 September 2016.

Net cash flows used in operating activities of \$1.0 million in 3Q2016 is mainly attributable to higher inventories maintained and more deposits made during the quarter to suppliers in anticipation of the high orders for the last quarter of FY2016 from our Export agent and subsidiaries of the Group.

Net cash flows used in investing activities of \$10.2 million mainly relates to the purchase of the Tuas property in 3Q2016.

Net cash flows from financing activities in 3Q2016 is mainly due to bank borrowings for the newly acquired Tuas property offsetting dividends paid and short term borrowings repaid during the quarter.

As a result, Cash and Cash Equivalents in the consolidated statement of cash flows decreased to \$32.0 million as at 30 September 2016.

As at 30 September 2016, the Group maintained a strong balance sheet and working capital position, with approximately \$38.1 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.

As a result of sustained growth from the Group's key direct selling market of Taiwan and Export market of China for the next reporting period, barring any unforeseen circumstances, management is cautiously optimistic of the Group's performance for the remaining quarter of FY2016.

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

- While driving organic growth from the Group's core business, management constantly explores other inorganic growth opportunities which would allow the Group to gain access into new markets, acquire new distribution channels, tap into upstream value chain of synergistic businesses and/or gain exclusivity or first movers' advantage to

market new products/services to our members etc. In the course of exploring these opportunities, professional fees and other related expenses may be incurred;

- Higher Administrative expenses moving forward due to higher expenses and depreciation of the newly acquired Tuas property and machineries/equipment for the factory;
- Higher software license fees and implementation costs as a result of the Group's continuous effort to expand our presence beyond physical stores into PC and mobile devices, improve our customers' online/offline shopping experience and after sales services;
- Fluctuating currencies of key markets which the Group operates in against the SGD may positively or negatively impact the Group's performance. Management will monitor the movement of volatile currencies and undertake relevant measures to mitigate any potential risks to the Group's performance;
- The 9 service centres in Hangzhou city and its verification process has been completed. Moving forward, management do not expect the capital expenditure of these service centres to have any material impact on the Group's performance;
- While management and distributors are pleased we have obtained our Direct Selling License in China, for prudence, conversion of the Export business to Direct Selling shall be implemented in several phases. As such, the Group does not expect our Direct Selling License to have any material impact to the Group's financials in the remaining quarter of FY2016.

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

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 2016 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

4 November 2016