



## **BEST WORLD INTERNATIONAL LTD**

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

**Financial Statements Announcement  
For the 3 months ended  
31 March 2008**

## Best World International Limited

# FINANCIAL STATEMENTS ANNOUNCEMENT STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

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**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2008**

(Amounts expressed in Singapore dollars)

1(a). An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>3 months Ended 31.03.08 \$'000</b>	<b>3 months Ended 31.03.07 \$ '000</b>	<b>Change %</b>
Revenue	25,495	19,267	32.3
Cost of Sales	<u>(6,005)</u>	<u>(4,552)</u>	31.9
Gross Profit (GP margin)	19,490 (76.4%)	14,715 (76.4%)	32.4
<b>Other Items of Income</b>			
Interest income	101	94	
Other operating income	74	39	89.7
<b>Other Items of Expenses</b>			
Distribution Costs	(10,544)	(7,693)	37.1
Administrative Expenses	(4,514)	(3,989)	13.2
Finance Costs	(21)	(22)	(4.5)
Other Charges	<u>(1,225)</u>	<u>(258)</u>	374.8
<b>Profit Before Tax from Continuing Operations</b>	3,361	2,886	16.5
Income Tax Expenses	<u>(1,045)</u>	<u>(798)</u>	31.0
<b>Profit from Continuing Operations, Net of Tax</b>	<u>2,316</u>	<u>2,088</u>	10.9
<b>Profit Attributable to Equity holders of Parent, Net of Tax</b>	2,271	2,120	7.1
Profit (Loss) Attributable to Minority Interests, Net of Tax	45	(32)	NM
	<u>2,316</u>	<u>2,088</u>	10.9
<b>Additional notes:</b>			
Net profit margin	8.9%	11.0%	
Earnings per share (cents)	1.10	1.03	

## BALANCE SHEETS AS AT 31 MARCH 2008

(Amounts expressed in Singapore dollars)

1(b). (i) A balance sheet (for the Group and company), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31.03.08 \$ '000	31.12.07 \$ '000	31.03.08 \$ '000	31.12.07 \$ '000
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	8,861	9,182	4,008	4,468
Goodwill	357	357	-	-
Other intangible assets	2,119	2,294	200	203
Investment in subsidiaries	-	-	10,998	10,998
Other Financial Asset	216	218	-	-
Deferred tax assets	-	1	-	-
Other Receivables	-	-	191	191
Total non-current assets	<u>11,553</u>	<u>12,052</u>	<u>15,397</u>	<u>15,860</u>
<b>CURRENT ASSETS</b>				
Inventories	6,942	5,569	4,214	4,253
Trade and other receivables	10,444	17,055	25,605	24,253
Other Assets	1,783	1,497	1,294	1,251
Cash and cash equivalents	33,655	35,323	16,348	13,283
Total current assets	<u>52,824</u>	<u>59,444</u>	<u>47,461</u>	<u>43,040</u>
<b>TOTAL ASSETS</b>	<u><b>64,377</b></u>	<u><b>71,496</b></u>	<u><b>62,858</b></u>	<u><b>58,900</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital	17,686	17,686	17,686	17,686
Retained Earnings	29,988	27,717	35,955	31,204
Other Reserves	21	99	52	83
Equity, Attributable to Equity- Holders of the Parent	<u>47,695</u>	<u>45,502</u>	<u>53,693</u>	<u>48,973</u>
Minority interests	667	642	-	-
Total Equity	<u>48,362</u>	<u>46,144</u>	<u>53,693</u>	<u>48,973</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	244	245	199	199
Finance leases, Non-Current	444	486	299	326
Other Financial Liabilities, Non-Current	935	957	382	391
Total non-current liabilities	<u>1,623</u>	<u>1,688</u>	<u>880</u>	<u>916</u>
<b>CURRENT LIABILITIES</b>				
Income tax payable	4,711	5,566	4,179	3,272
Trade and other payables	9,449	17,876	3,966	5,599
Finance leases, Current	167	166	107	107
Other Financial Liabilities, Current	65	56	33	33
Total current liabilities	<u>14,392</u>	<u>23,664</u>	<u>8,285</u>	<u>9,011</u>
Total liabilities	<u>16,015</u>	<u>25,352</u>	<u>9,165</u>	<u>9,927</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>64,377</b></u>	<u><b>71,496</b></u>	<u><b>62,858</b></u>	<u><b>58,900</b></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 31.03.08		As at 31.12.07	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
232	-	222	-

#### Amount Repayable after One Year

As at 31.03.08		As at 31.12.07	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,379	-	1,443	-

#### Details of any collateral

The Group's bank loans are secured by (i) the legal mortgage of the company and subsidiaries' properties with net book value amounting to \$2.9M and (ii) the joint and several guarantees from certain directors.

Plant and equipment with carrying value of \$0.8M as at 31 March 2008 were acquired under finance lease arrangements. The obligations under finance leases are secured by the lessor's charge over the leased assets.

The Group has no unsecured borrowings.

## CONSOLIDATED CASH FLOW STATEMENTS FOR THREE MONTHS ENDED 31 MARCH 2008

(Amounts expressed in Singapore dollars)

1(c). A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	3 Months Ended 31.03.08	3 Months Ended 31.03.07
	\$ '000	\$ '000
<b>Cash flows from Operating Activities:</b>		
Profit before Taxation	3,361	2,886
Depreciation of Plant and Equipment	419	320
Amortisation of Intangible Assets	59	9
Interest Income	(101)	(94)
Interest Expense	21	22
Operating cash flows before changes in working capital	3,759	3,143
Inventories	(1,372)	(80)
Trade and Other Receivables and Other Assets	6,125	1,742
Trade and Other Payables	(8,427)	(3,194)
Net Cash Flows from Operations Before Interest And Tax	85	1,611
Income Tax Paid	(1,700)	(857)
Net Cash (Used) From Operating Activities	(1,615)	754
<b>Cash flows from Investing Activities:</b>		
Purchase of Property, Plant and Equipment	(168)	(540)
Decrease in Refundable Deposit	-	30
Interest Received	101	94
Net Cash Used in Investing Activities	(67)	(416)
<b>Cash flows from Financing Activities:</b>		
Decrease in Long-term Borrowings	(13)	(15)
Decrease in Finance Leases	(41)	(43)
Dividends paid to Minority Interests	-	(394)
Interest paid	(21)	(22)
Net Cash Used in Financing Activities	(75)	(474)
Net Effect of Exchange Rate Changes in Consolidating Foreign Subsidiaries	89	175
Net (Decrease) Increase in Cash and Cash Equivalents	(1,668)	39
Cash and Cash Equivalents, Beginning Balance	33,605	19,400
<b>Cash and Cash Equivalents, Ending Balance</b> <b>Note A</b>	31,937	19,439

Note A :	Group	
	3 Months Ended 31.03.08	3 Months Ended 31.03.07
	\$ '000	\$ '000
Cash and bank balances	33,655	21,750
Less: Cash pledged	(1,718)	(2,311)
<b>Cash and cash equivalents in the consolidated cash flow statement</b>	31,937	19,439

## STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2008

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>Share capital</u> \$ '000	<u>Translation reserves</u> \$ '000	<u>Retained earnings</u> \$ '000	<u>Total</u> \$ '000	<u>Minority interests</u> \$ '000	<u>Total equity</u> \$ '000
<b>Group</b>						
<b>Balance at 1 January 2008</b>	17,686	99	27,717	45,502	642	46,144
<u>Items of income and expense recognised directly in equity</u>						
Exchange differences on translating foreign operations recognised directly in equity	-	(78)		(78)	(20)	(98)
Profit for the period	-	-	2,271	2,271	45	2,316
<b>Total recognised income and expense for the period</b>	-	(78)	2,271	2,193	25	2,218
<b>Balance at 31 March 2008</b>	<u>17,686</u>	<u>21</u>	<u>29,988</u>	<u>47,695</u>	<u>667</u>	<u>48,362</u>
<b>Actual Group</b>						
Balance at 1 January 2007	17,686	(140)	18,377	35,923	1,657	37,580
<u>Items of income and expense recognised directly in equity</u>						
Exchange differences on translating foreign operations recognised directly in equity	-	127	-	127	-	127
Profit for the period	-	-	2,120	2,120	(32)	2,088
<b>Total recognised income and expense for the period</b>	-	127	2,120	2,247	(32)	2,215
<u>Other movement in equity</u>						
Dividends to minority interests	-	-	-	-	(394)	(394)
<b>Balance at 31 March 2007</b>	<u>17,686</u>	<u>(13)</u>	<u>20,497</u>	<u>38,170</u>	<u>1,231</u>	<u>39,401</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2008

	<u>Share capital</u>	<u>Translation reserves</u>	<u>Retained earnings</u>	<u>Total</u>
	\$ '000	\$ '000	\$ '000	\$ '000
<b>Company</b>				
<b>Balance at 1 January 2008</b>	17,686	83	- 31,204	48,973
Foreign currency translation differences (Net loss recognised directly in equity)	-	(31)	-	(31)
Profit for the period	-	-	4,751	4,751
<b>Total recognised income and expense for the period</b>	-	(31)	4,751	4,720
<b>Balance as at 31 March 2008</b>	<u>17,686</u>	<u>52</u>	<u>35,955</u>	<u>53,693</u>
<b>Balance at 1 January 2007</b>	17,686	4	17,030	34,720
Foreign currency translation differences (Net loss recognised directly in equity)	-	6	-	6
Profit for the period	-	-	4,162	4,162
<b>Total recognised income and expense for the period</b>	-	6	4,162	4,168
<b>Balance as at 31 March 2007</b>	<u>17,686</u>	<u>10</u>	<u>21,192</u>	<u>38,888</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2008

(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.

	<u>Group and Company</u>	
	<u>31.03.08</u>	<u>31.12.07</u>
	(\$'000)	(\$'000)
Issued and fully paid up		
206,249,997 ordinary shares	<u>17,686</u>	<u>17,686</u>

- (a) No options were granted and no new shares issued were 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.

	<u>Group and Company</u>	
	<u>31.03.08</u>	<u>31.12.07</u>
	No. of shares	No. of shares
Issued and fully paid up ordinary shares	<u>206,249,997</u>	<u>206,249,997</u>

- (a) There were no treasury shares as at 31 March 2008 and 31 December 2007.

- (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 reporting period compared with those of the audited financial statements as at 31 December 2007.

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.

There are no changes in the accounting policies and methods of computation.

## 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 31.03.08	3 months ended 31.03.07	Changes %
Earnings per share of Group: (a) Based on weighted average number of ordinary shares on issue (cents); and	1.10	1.03	6.8
(b) On a fully diluted basis (cents)	1.10	1.03	6.8

For comparative purposes, the earnings per ordinary shares for the 3 months period ended 31 March 2008 and 31 March 2007 respectively are calculated based on the profit for the period of approximately \$2.27 million and \$2.12 million respectively.

## 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	
	31.03.08	31.12.07	31.03.08	31.12.07
Net asset value per ordinary shares (cents)	23.12	22.06	26.03	23.74

## 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 1Q2008, Group revenue increased 32.3% to S\$25.5 million and gross profit grew 32.4% to S\$19.5 million compared to the same period last year.

Distribution expenses for 1Q2008 increased 37.1% from S\$7.7 million to S\$10.5 million as compared to 1Q2007. This increase is attributable to one-time higher advertisement & promotional expenses vis-à-vis the same period last year.

Administrative expenses grew 13.2% from S\$4.0 million to S\$4.5 million in 1Q2008 as compared to 1Q2007. The growth was, among other factors, primarily because of the overall increase in headcount for the Group and annual salary revision. Other key attributes include higher depreciation of assets and rental expenses, attributable to the Group's Changsha Regional Centre which previously was not incurred in 1Q2007.

Quarterly net profit after tax grew 7.1% to S\$2.3 million, as compared to \$2.1 million in 1Q2007.

## Revenue by Activities

Direct selling & sales through agencies remain as the Group's key distribution channels and account for 98.4% of the Group's total revenue. As of 1Q2008, the Group has 154,525 direct selling members, representing a 42.4% increase since the period ending FY2007.

Retail segment refers to our BWL Hunan franchise business in China, which in 1Q2008 makes up approximately 1.4% of the Group's revenue and has 1,005 Loyalty Members in its database.

Business Segment	3 months ended 31.03.08 Revenue		3 months ended 31.03.07 Revenue		Change
	\$'000	%	\$'000	%	%
Direct selling & sales through agencies	25,090	98.4	19,216	99.7	30.6
Retail	360	1.4	(56)	(0.3)	NM
Export	45	0.2	107	0.6	(57.9)
<b>Total</b>	<b>25,495</b>	<b>100.0</b>	<b>19,267</b>	<b>100.0</b>	<b>32.3</b>

In line with the Group's strategy to focus on our core business and managements' expectation, export sales declined further to form only 0.2% of the Group's revenue.

## Revenue by Geographical Locations

Geographical Locations	3 months ended 31.03.08 Revenue		3 months ended 31.03.07 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	4,323	17.0	4,003	20.8	8.0
Malaysia	5,860	23.0	6,181	32.1	(5.2)
Indonesia	12,427	48.7	7,379	38.3	68.4
Others	2,885	11.3	1,704	8.8	69.4
<b>Total</b>	<b>25,495</b>	<b>100.0</b>	<b>19,267</b>	<b>100.0</b>	<b>32.3</b>

Indonesia continues to grow as the Group's top revenue contributor. Boosted by a continually expanding membership, increasing demand of the Group's existing and new products, revenue for the Indonesia market in 1Q2008 grew by 68.4% to S\$12.4 million compared to the same period last year.

Revenue from Singapore improved marginally to S\$4.3 million due to new product launches and sales & training activities.

Other markets grew by 69.4% contributing S\$2.89 million to the Group's revenue. This is primarily due to the growth of the Vietnam market which currently has 7 Lifestyle Centres ("LCs") operating in the country.

As of 31 March 2008, the Group operates a total of 79 LCs in 10 regional markets, with the launch of 6 new LCs in Indonesia and Vietnam since 31 December 2007.

### **Profitability**

Gross profit grew 32.4% from S\$14.7 million to S\$19.5 million compared to the same period last year, maintaining a stable gross margin at 76.4%.

Profit before tax was affected due to S\$1.23 million recorded as other charges by the Group in 1Q2008 vis-à-vis S\$0.26 million in 1Q2007. This was mainly due to the following factors:

- A one-time realized exchange loss of S\$0.4 million was incurred when the Group's balance US Dollars on hand were utilized to settle purchases and converted into stronger currencies;
- Due to the depreciating local currencies of certain subsidiaries and the appreciating Singapore Dollar in 1Q2008, there was a realized exchange loss of S\$0.3 million as a result of purchase settlements made to the holding company in Singapore Dollar ; and
- Due to the depreciating local currency of a certain subsidiary and the appreciating S\$ in 1Q2008, an unrealized exchange loss of S\$0.4 million was recorded as a result of unsettled purchases from holding company denominated in S\$ and booked at an exchange rate lower than the present market rate.

Notwithstanding the above factors, the Group achieved a quarterly net profit after tax growth of 7.1% to \$2.3 million, as compared to \$2.1 million in 1Q2007, representing a net profit margin of 8.9% and a weighted average earning per share of 1.10 cents.

### **Balance Sheet & Cash Flow**

Current assets decreased 11.1% from S\$59.4 million as of 31 December 2007 to S\$52.8 million as of 31 March 2008 mainly due to lower trade receivables as a result of the seasonal nature of first quarter, i.e. lesser sales days and more non-sales related activities being carried out.

Cash generated from operations before interests and tax for 1Q2008 was approximately S\$85,000 against S\$1.6 million for the same period in FY2007. This is due to the payment of high accruals as of the end of the preceding year. These accruals include distributors' December commission & annual commissions, staff incentives & bonuses and directors' bonuses.

At 31 March 2008, the Group had net cash and cash equivalent balance of S\$31.9 million.

## 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.**

Actual result achieved in 1Q2008 is not at variance and is consistent with the Group's previous 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.**

Factors that may affect the Group's performance in our next reporting period are as follows:

- The Group's plan for new products rollout and line extension in 3Q and 4Q for its major markets is on schedule;
- Product registration is currently underway for our new products for both existing and new markets in order to meet timely launches;
- Rising fuel prices will have a direct impact on the cost of packaging and freight charges;
- As the Group procure our products mainly in US dollars, Japanese Yen, Korean Won, Malaysian Ringgit, there is an exchange transaction risk; and
- The Group is presently awaiting regulatory approval for the Joymain acquisition. In the event of an approval, administrative expenses may increase in line with the Group strategy to grow its Direct Selling and franchise operations in China;

Notwithstanding the challenging global market conditions, the management remains optimistic of the Group's performance. Barring unforeseen circumstances, the Group expects to achieve better sales and net profit for FY2008 than FY2007.

## 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 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 quarter ended 31 March 2008.

**13. 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 2008 to be false or misleading.

**On behalf of the Board of Directors**

**Dr. Dora Hoan Beng Mui**  
Group CEO

**Dr. Doreen Tan Nee Moi**  
Group Chairman

**9<sup>th</sup> May 2008**