



**BEST WORLD INTERNATIONAL LTD**

Financial Statements  
And Dividend Announcement  
For the 6 months ended 30 June 2007

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE HALF-YEAR ENDED 30 JUNE 2007

(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.

	6 months Ended 30.06.07 \$'000	6 months Ended 30.06.06 \$'000	Change %
Revenue	46,603	35,132	32.7
Cost of Sales	<u>(11,254)</u>	<u>(7,922)</u>	42.1
Gross Profit	35,349	27,210	29.9
Other operating income	37	36	2.8
Financial income	194	64	203.1
Distribution expenses	(18,694)	(13,855)	34.9
Administrative expenses	(8,371)	(5,712)	46.6
Other charges	<u>(28)</u>	<u>(59)</u>	(52.5)
<b>PROFIT BEFORE INCOME TAX</b>	8,487	7,684	10.5
Income tax expense	<u>(1,689)</u>	<u>(1,705)</u>	(0.9)
<b>PROFIT AFTER INCOME TAX</b>	<u><u>6,798</u></u>	<u><u>5,979</u></u>	13.7
Attributable to:			
Equity holders of the company	6,664	5,766	15.6
Minority interest	134	213	(37.1)
	<u><u>6,798</u></u>	<u><u>5,979</u></u>	13.7
<b>Additional notes:</b>			
Net profit margin	14.3%	16.4%	
Earnings per share (cents)	4.039	3.495	

## BALANCE SHEETS AS AT JUNE 2007

(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	
	30.06.07 \$ '000	31.12.06 \$ '000	30.06.07 \$ '000	31.12.06 \$ '000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	24,876	21,712	10,286	11,627
Trade and other receivables	15,942	15,004	23,363	18,489
Inventories	4,320	5,179	3,274	4,228
Total current assets	<u>45,138</u>	<u>41,895</u>	<u>36,923</u>	<u>34,344</u>
<b>NON-CURRENT ASSETS</b>				
Product licenses	2,037	2,006	-	-
Investment in subsidiaries	-	-	6,403	3,122
Property, plant and equipment	8,967	8,313	4,723	3,962
Goodwill	352	320	-	-
Other intangible assets	482	242	217	215
Deferred tax assets	1	100	-	100
Total non-current assets	<u>11,839</u>	<u>10,981</u>	<u>11,343</u>	<u>7,399</u>
<b>TOTAL ASSETS</b>	<u>56,977</u>	<u>52,876</u>	<u>48,266</u>	<u>41,743</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	10,120	10,368	3,805	3,675
Income tax payable	2,948	2,779	2,375	2,166
Current portion of long term borrowings	63	61	31	32
Current portion of finance leases	171	171	107	107
Total current liabilities	<u>13,302</u>	<u>13,379</u>	<u>6,318</u>	<u>5,980</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	980	1,008	411	427
Finance leases	593	679	379	432
Deferred tax liabilities	230	230	184	184
Total non-current liabilities	<u>1,803</u>	<u>1,917</u>	<u>974</u>	<u>1,043</u>
Total liabilities	<u>15,105</u>	<u>15,296</u>	<u>7,292</u>	<u>7,023</u>
Minority interests	1,469	1,657	-	-
Shareholders' equity	40,403	35,923	40,974	34,720
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u>56,977</u>	<u>52,876</u>	<u>48,266</u>	<u>41,743</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 30.06.07		As at 31.12.06	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
234	-	232	-

#### Amount Repayable after One Year

As at 30.06.07		As at 31.12.06	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,573	-	1,687	-

#### 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 \$3.1 million and (ii) the joint and several guarantees from certain directors.

Plant and equipment with carrying value of \$1.0 million as at 30 June 2007 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 HALF-YEAR ENDED 30 JUNE 2007

(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	
	6 months Ended 30.06.07	6 months Ended 30.06.06
	\$ '000	\$ '000
<b>Cash flows from operating activities</b>		
Profit for the year	6,798	5,979
Adjustments for:		
Income tax expense	1,689	1,705
Depreciation	773	447
Gain on disposal of plant & equipment	-	(1)
Amortisation of intangible assets	23	17
Interest expense	42	47
Interest income	(178)	(218)
Operating profit before working capital changes	9,147	7,976
Trade and other receivables	(426)	794
Inventories	858	(474)
Trade and other payables	(258)	92
Cash generated from operations	9,321	8,388
Interest paid	(42)	(47)
Interest income received	178	218
Income tax paid	(1,929)	(1,005)
Net cash from operating activities	<u>7,528</u>	<u>7,554</u>
<b>Cash flow from investing activities</b>		
Sales proceeds from disposal	-	1
Increase in intangibles assets	(260)	(2,600)
Purchase of plant and equipment	(1,427)	(847)
Decrease(Increase) in cash and cash equivalents (restricted in use)	90	(51)
Net cash used in investing activities	<u>(1,597)</u>	<u>(3,497)</u>
<b>Cash flows from financing activities</b>		
Decrease in long-term interest-bearing borrowings	(26)	(36)
Decrease in finance lease	(86)	(80)
Dividends paid to minority interests	(398)	(261)
Dividends paid	(2,145)	(2,640)
Net cash used in financing activities	<u>(2,655)</u>	<u>(3,017)</u>
Exchange rate changes in consolidating foreign subsidiaries	(22)	(122)
Net increase in cash and cash equivalents	3,254	918
Cash and cash equivalents at beginning of year	19,400	13,892
<b>Cash and cash equivalents at end of year</b>	<u>22,654</u>	<u>14,810</u>
	<b>Note A</b>	
	Group	
	30.06.07	30.06.06
	\$ '000	\$ '000
Cash and bank balances	24,876	19,972
Less: Cash pledged	(2,222)	(5,162)
<b>Cash and cash equivalents in the consolidated cash flow statement</b>	<u>22,654</u>	<u>14,810</u>

STATEMENTS OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2007

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.

	Share capital	Share premium	Retained earnings	Translation reserves	Total Shareholders' equity	Minority interests	Total equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Actual Group</b>							
Balance at 1 January 2006	4,950	12,736	11,136	(46)	28,776	1,290	30,066
Exchange differences on translating foreign operations recognised directly in equity	-	-	-	(133)	(133)	(13)	(146)
Profit for the period	-	-	5,766	-	5,766	213	5,979
<b>Total recognised income and expense for the period</b>	-	-	5,766	(133)	5,633	200	5,833
Dividends	-	-	(2,640)	-	(2,640)	-	(2,640)
Dividends paid by a subsidiary	-	-	-	-	-	(261)	(261)
Transfer from share premium to share capital	12,736	(12,736)	-	-	-	-	-
Balance at 30 June 2006	17,686	-	14,262	(179)	31,769	1,229	32,998
<b>Actual Group</b>							
Balance at 1 January 2007	17,686	-	18,377	(140)	35,923	1,657	37,580
Exchange differences on translating foreign operations recognised directly in equity	-	-	-	(39)	(39)	99	60
Profit for the period	-	-	6,664	-	6,664	134	6,798
<b>Total recognised income and expense for the period</b>	-	-	6,664	(39)	6,625	233	6,858
Dividends	-	-	(2,145)	-	(2,145)	-	(2,145)
Dividends paid by a subsidiary	-	-	-	-	-	(398)	(398)
Increase in shareholding in a subsidiary	-	-	-	-	-	(23)	(23)
Balance at 30 June 2007	17,686	-	22,896	(179)	40,403	1,469	41,872
<b>Company</b>							
Balance at 1 January 2006	4,950	12,736	9,656	-	27,342	-	27,342
Profit for the period	-	-	6,724	-	6,724	-	6,724
Dividends	-	-	(2,640)	-	(2,640)	-	(2,640)
Transfer from share premium to share capital	12,736	(12,736)	-	-	-	-	-
Balance at 30 June 2006	17,686	-	13,740	-	31,426	-	31,426
Balance at 1 January 2007	17,686	-	17,030	4	34,720	-	34,720
Profit for the period	-	-	8,593	-	8,593	-	8,593
Dividends	-	-	(2,145)	-	(2,145)	-	(2,145)
Foreign currency translation adjustment for Taiwan Branch	-	-	-	(194)	(194)	-	(194)
Balance at 30 June 2007	17,686	-	23,478	(190)	40,974	-	40,974

## NOTES TO FINANCIAL STATEMENTS ENDED 30 JUNE 2007

(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 at the end of the corresponding period of the immediately preceding financial year.

Issued and fully paid up	Group and Company	
	30.06.07 (\$'000)	31.12.06 (\$'000)
165,000,000 ordinary shares	4,950	4,950
Share premium forming part of share capital	12,736	12,736
Total	<u>17,686</u>	<u>17,686</u>

- (a) No options were granted nor were new shares issued pursuant to the Employee Share Option Scheme
- (b) With the changes to Companies Act 2005, Cap 50, effective on 30 January 2006, there is the removal of the par value concept and there is no share premium account. The company had a share premium balance of approximately \$12,736,000 at the end of December 2006. This has now been included in share capital as required by the changes to the Companies Act.

### 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 2006.

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		
	Year ended 30.06.07	Year ended 30.06.06	Changes %
Earnings per share of Group: (a) Based on weighted average number of ordinary shares on issue (cents); and	4.039	3.495	15.57
(b) On a fully diluted basis (cents)	4.039	3.495	15.57

For comparative purposes, the earnings per ordinary shares for the 6 months period ended 30 June 2007 and 30 June 2006 respectively are calculated based on the profit for the period of approximately \$6.7 and \$5.8 million respectively.

## NET ASSET VALUE PER SHARE

7. Net asset value (for the Group and company) per ordinary share based on issued share capital of the issuer at the end of the current financial period reported on and the corresponding period of the immediately preceding financial year.

	GROUP		COMPANY	
	30.06.07	31.12.06	30.06.07	31.12.06
Net asset value per ordinary shares (cents)	24.49	21.77	24.83	21.04

## 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 six months ended 30 June 2007, Group revenue increased 32.7% to S\$46.6 million as compared to the same period last year. Gross profit, which grew by 29.9% to S\$35.3 million, was slightly affected by higher cost of sales.

In line with revenue growth, distribution expenses increased 34.9% to S\$18.7 million.

Administrative expenses grew at a higher rate than revenue, from S\$5.7 million to S\$8.4 million mainly due to lease expenses of the Singapore HQ, Taiwan RC in Taichung and China RC in Changsha. Another key factor resulting in the higher rate of growth for administrative expenses was due to the set up of management and consultant team for the new Regional Centre ("RC") in China.

The effective tax rate for 1H07 declined from 22.2% to 19.9% mainly as a result of higher contributions from companies in regions with lower tax rates.

As a result, the Group achieved a half year net profit growth of 15.6% to \$6.7 million, as compared to \$5.8 million in 1H06. This also represents a net profit margin of 14.3% and a weighted average earning per share of 4.039 cents.

## Revenue by Activities

Business Segment	6 months ended 30.06.07 Revenue		6 months ended 30.06.06 Revenue		Change
	\$'000	%	\$'000	%	%
Direct Selling	46,501	99.8	34,737	98.9	33.9
Retail	(47)	(0.1)	171	0.5	(127.5)
Export	149	0.3	224	0.6	(33.5)
<b>Total</b>	<b>46,603</b>	<b>100.0</b>	<b>35,132</b>	<b>100.0</b>	<b>32.7</b>

Direct selling remains the Group's key distribution channel and accounted for 99.8% of total revenue. Due to Managements' decision to focus on the Groups' core competence of Direct Selling, the award-winning health supplements brand Avance was pulled out of retail distribution and officially introduced into the Group's direct selling members and distributors since Q207.

## Revenue by Geographical Locations

Geographical Locations	6 months ended 30.06.07 Revenue		6 months ended 30.06.06 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	9,573	20.5	11,559	32.9	(17.2)
Malaysia	16,155	34.7	15,989	45.5	1.0
Indonesia	17,222	37.0	6,197	17.6	177.9
Others	3,653	7.8	1,387	4.0	163.4
<b>Total</b>	<b>46,603</b>	<b>100.0</b>	<b>35,132</b>	<b>100.0</b>	<b>32.7</b>

Indonesia has overtaken Singapore and Malaysia to become the top revenue generator for the Group in 1H07 and shows potential for further growth with the launch of 4 new LCs. Boosted by a continually expanding membership and the success of the recent grand launch ceremony, revenue for the Indonesia market in 1H07 surged 177.9% to S\$17.2 million.

Revenue from Singapore declined to S\$9.6 million. Malaysia recorded flat revenue growth of 1.0% to S\$16.2 million. All these were due to a very competitive business environment and delays in the rollout of new products scheduled in 1H07.

Vietnam, Taiwan and Hong Kong proved to be promising markets, contributing significantly to the growth of the "Others" segment. The surge in membership numbers from Hong Kong and Taiwan also reflected the potential of direct selling in these markets.

The Group currently operates a total of 61 Lifestyle Centres ("LCs") in 10 regional markets, with the launch of 7 new outlets since FY2006 (ended 31 December 2006). New LCs were added in Malaysia, Indonesia and Nigeria and a new RC was established in China for the period under review.

## Profitability

In line with the higher revenue, 1H07 gross profit grew 29.9% to S\$35.3 million. The gross profit margin for the current period at 75.9% was slightly lower than the corresponding period of 77.5%. Gross margin was slightly affected by a one-time repackaging exercise for the Avance line to be launched into the direct selling network. Cost of sales was also higher due to increased import tariffs as subsidiaries import more products as a result of growth in market demand.

## Balance Sheet & Cash Flow

Current assets increased slightly by 7.7% to S\$45.1 million at 30 June 2007 as compared to S\$41.9 million at 31 December 2006 in line with revenue growth.

Inventories fell by 16.6% to S\$4.3 million as at 30 June as compared to S\$5.2 million as at 31 December 2006.

The Group recorded net cash from operating activities of S\$7.5 million for the period ended 30 June 2007.

**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 1H07 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 in our next reporting period and the next 12 months are as follows:

- The Group's plan for new products rollout and line extension in all its major markets for 2H07 are on schedule;
- The Group is making inroads into PRC according to plan. With an experienced management team and consultant team in place, the Group's PRC operation is expected to be operational in 2H07 and is also pushing ahead with its plan to replicate its business model via LCs set up;
- The Group will continue to evaluate M&A opportunities in PRC;
- Administrative expenses for the Group PRC operation may continue to increase in line with the Group's evaluation of opportunities in the PRC market for its direct selling business;
- Product registration is progressing as scheduled for the other markets e.g. Australia and Philippines etc; and
- In view of the lease expiring for the Bangkok RC, the Group is currently in the process of relocating the present RC and will incur costs in connection therewith.

## DIVIDENDS

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

The directors are pleased to recommend a tax-exempt one-tier interim dividend of 1.212 cents per share in respect of the financial period ended 30.06.07.

Name of dividend	Interim
Dividend type	Cash
Tax exempt one-tier dividend per share	1.212 cents

## Proposed One-For-Four Bonus Issue

The Board of Directors of Best World International Ltd. (the “Company”) wishes to announce that the Company is proposing a bonus issue of One-For-Four new ordinary shares in the capital of the Company (the “Bonus Shares”) on the basis of one (1) Bonus Share for every four (4) existing ordinary shares in the capital of the Company held by the shareholders of the Company (the “Proposed Bonus Issue”) on a date to be determined by the Directors (the “Books Closure Date”). Fractional entitlements are to be disregarded and will be disposed of in such manner as the Directors may in their absolute discretion deem fit for the benefit of the Company.

The Bonus Shares, when allotted and issued, will rank Pari Passu in all respects with the existing ordinary shares in the capital of the Company and with each other, but shall not be entitled to the aforesaid dividend payment that has been declared.

The Proposed Bonus Issue enables the Company to express its appreciation towards and to reward its shareholders for their continuing support for the Company.

The Proposed Bonus Issue and listing of the Bonus Shares are subject to the approval of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of the Bonus Shares on the official list of the SGX-ST Main Board. The Company will be making an application to the SGX-ST for approval of the Proposed Bonus Issue.

Notice of the closure of the Share Transfer Books and Register of Members of the Company for purposes of determining shareholders’ entitlements under the Proposed Bonus Issue will be given at a later date, after all the necessary approvals have been obtained.

### (ii) Corresponding Period of the immediately Preceding Financial Year

Not applicable.

Name of dividend	Interim
Dividend type	Cash
Tax exempt one-tier dividend per share	1.2 cents

### (b) Date payable for dividend and date of allotment and issue for bonus issue

To be advised.

### (c) Books closure dates for dividend and bonus issue

To be advised.

12. If no dividend has been declared/ recommended, a statement to that effect.  
Not applicable.

**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 six months ended 30 June 2007 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

**6 August 2007**