



BEST WORLD INTERNATIONAL LTD

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

**Financial Statements Announcement
For the 6 months ended
30 June 2008**

BEST WORLD INTERNATIONAL LIMITED
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED 30 JUNE 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.

	3 months Ended 30.06.08 \$'000	3 months Ended 30.06.07 \$ '000 (Restated) #	Change %	6 months Ended 30.06.08 \$'000	6 months Ended 30.06.07 \$ '000 (Restated) #	Change %
Revenue	29,207	27,336	6.8	54,702	46,603	17.4
Cost of Sales	<u>(6,300)</u>	<u>(6,702)</u>	(6.0)	<u>(12,305)</u>	<u>(11,254)</u>	9.3
Gross Profit	22,907	20,634	11.0	42,397	35,349	19.9
Other Items of Income						
Interest Income	38	84	(54.8)	139	178	(21.9)
Other Operating Income	103	11	836.4	177	37	378.4
Other Items of Expenses						
Distribution Costs	(10,960)	(11,025)	(0.6)	(21,504)	(18,737)	14.8
Administrative Expenses	(4,868)	(4,081)	19.3	(9,382)	(8,057)	16.4
Finance Costs	(17)	(20)	(15.0)	(38)	(42)	(9.5)
Other Charges, Net	<u>(719)</u>	<u>(26)</u>	2,665.4	<u>(1,944)</u>	<u>(284)</u>	584.5
Profit Before Tax from Continuing Operations	6,484	5,577	16.3	9,845	8,444	16.6
Income Tax Expenses	<u>(863)</u>	<u>(891)</u>	(3.1)	<u>(1,908)</u>	<u>(1,689)</u>	13.0
Profit from Continuing Operations, Net of Tax	<u>5,621</u>	<u>4,686</u>	20.0	<u>7,937</u>	<u>6,755</u>	17.5
Profit Attributable to Equity holders of Parent, Net of Tax	5,473	4,520	21.1	7,744	6,621	17.0
Profit Attributable to Minority Interests, Net of Tax	<u>148</u>	<u>166</u>	(10.8)	<u>193</u>	<u>134</u>	44.0
	<u>5,621</u>	<u>4,686</u>	20.0	<u>7,937</u>	<u>6,755</u>	17.5
Additional notes:						
GP Margin	78.4%	75.5%		77.5%	75.9%	
Net Profit Margin	18.7%	16.5%		14.2%	14.2%	
Earnings Per Share (cents)	2.65	2.19		3.75	3.21	

* Restatement arose due to prior year adjustment which results in the consolidated profit after tax of the Group being reduced by \$43,000 from \$6,798,000 to \$6,755,000 for the six months ended 30 June 2007 and reduced by \$24,000 from \$4,710,000 to \$4,686,000 for the three months ended 30 June 2007. This adjustment was made in relation to additional GST payables from year 2002 to 2007 as a result of lower rebates allowed to be claimed for GST purposes.

BALANCE SHEET AS AT 30 JUNE 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	
	30.06.08	31.12.07 (Restated) [#]	30.06.08	31.12.07
	\$ '000	\$ '000	\$ '000	\$ '000
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	8,753	9,182	4,062	4,468
Goodwill	357	357	-	-
Other Intangible Assets	2,148	2,294	228	203
Investment in Subsidiaries	-	-	10,998	10,998
Other Financial Asset	208	218	-	-
Deferred Tax Assets	-	1	-	-
Other Receivables	-	-	3,480	3,480
Total Non-Current Assets	<u>11,466</u>	<u>12,052</u>	<u>18,768</u>	<u>19,149</u>
CURRENT ASSETS				
Inventories	6,153	5,569	4,610	4,253
Trade and Other Receivables	13,048	17,055	22,266	20,964
Other Assets	6,481	1,497	1,931	1,251
Cash and Cash Equivalents	<u>26,999</u>	<u>35,323</u>	<u>13,867</u>	<u>13,283</u>
Total Current Assets	<u>52,681</u>	<u>59,444</u>	<u>42,674</u>	<u>39,751</u>
TOTAL ASSETS	<u><u>64,147</u></u>	<u><u>71,496</u></u>	<u><u>61,442</u></u>	<u><u>58,900</u></u>
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	17,686	17,686	17,686	17,686
Retained Earnings	30,663	27,044	35,604	31,204
Other Reserves	(64)	99	63	83
Equity, Attributable to Equity-Holders of the Parent	<u>48,285</u>	<u>44,829</u>	<u>53,353</u>	<u>48,973</u>
Minority Interests	808	642	-	-
Total Equity	<u>49,093</u>	<u>45,471</u>	<u>53,353</u>	<u>48,973</u>
NON-CURRENT LIABILITIES				
Deferred Tax Liabilities	244	245	199	199
Finance Leases, Non-Current	278	486	148	326
Other Financial Liabilities, Non-Current	-	957	-	391
Total Non-Current Liabilities	<u>522</u>	<u>1,688</u>	<u>347</u>	<u>916</u>
CURRENT LIABILITIES				
Income Tax Payable	3,835	5,566	3,332	3,272
Trade and Other Payables	10,567	18,549	4,340	5,599
Finance Leases, Current	130	166	70	107
Other Financial Liabilities, Current	-	56	-	33
Total Current Liabilities	<u>14,532</u>	<u>24,337</u>	<u>7,742</u>	<u>9,011</u>
Total Liabilities	<u>15,054</u>	<u>26,025</u>	<u>8,089</u>	<u>9,927</u>
TOTAL EQUITY AND LIABILITIES	<u><u>64,147</u></u>	<u><u>71,496</u></u>	<u><u>61,442</u></u>	<u><u>58,900</u></u>

[#] Restatement arose due to prior year adjustment which results in the Group Retained Earnings being reduced by \$673,000 from \$27,717,000 to \$27,044,000 as at 31 December 2007. This adjustment was made in relation to additional GST payables from year 2002 to 2007 as a result of lower rebates allowed to be claimed for GST purposes.

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 30.06.08		As at 31.12.07	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
130	-	222	-

Amount Repayable after One Year

As at 30.06.08		As at 31.12.07	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
278	-	1,443	-

Details of any collateral

The Group's bank loans are secured by (i) the legal mortgage of the company's and subsidiary's properties with net book value amounting to \$1.6M and (ii) the joint and several guarantees from certain directors.

Plant and equipment with carrying value of \$0.6M as at 30 June 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 STATEMENT FOR SIX MONTHS ENDED 30 JUNE 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		Group	
	3 Months Ended 30.06.08	3 Months Ended 30.06.07	6 Months Ended 30.06.08	6 Months Ended 30.06.07 (Restated)
	\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from Operating Activities:				
Profit before Taxation	6,484	5,577	9,845	8,444
Depreciation of Property, Plant and Equipment	425	453	844	773
Amortisation of Intangible Assets	44	14	103	23
Loss on Disposal of Plant and Equipment	22	-	22	-
Interest Income	(38)	(84)	(139)	(178)
Interest Expense	17	20	38	42
Operating Cash Flows before Changes in Working Capital	6,954	5,980	10,713	9,104
Inventories	789	938	(583)	858
Trade and Other Receivables	(2,633)	(2,190)	3,778	(871)
Other Assets	(663)	22	(949)	445
Trade and Other Payables	446	2,960	(7,981)	(215)
Net Cash Flows from Operations before Interest and Tax	4,893	7,710	4,978	9,321
Income Tax Paid	(1,712)	(1,072)	(3,412)	(1,929)
Net Cash Flows from Operating Activities	3,181	6,638	1,566	7,392
Cash flows from Investing Activities:				
Purchase of Plant and Equipment	(531)	(887)	(699)	(1,427)
Proceeds from sale of Plant and Equipment	196	-	196	-
Increase in Intangibles Assets	(38)	(260)	(38)	(260)
Increase in Other Assets	(3,967)	-	(3,967)	-
Interest Received	38	84	139	178
Decrease in Refundable Deposit	-	(30)	-	-
Decrease in Cash and Cash Equivalents (Restricted in used)	-	90	-	90
Net Cash Used in Investing Activities	(4,302)	(1,003)	(4,369)	(1,419)
Cash flows from Financing Activities:				
Decrease in Long-term Borrowings	(1,000)	(11)	(1,013)	(26)
Decrease in Finance Leases	(204)	(43)	(245)	(86)
Dividends paid to Minority Interests	-	-	-	(398)
Dividends paid	(4,125)	(2,145)	(4,125)	(2,145)
Interest paid	(17)	(20)	(38)	(42)
Net Cash Used in Financing Activities	(5,346)	(2,219)	(5,421)	(2,697)
Net Effect of Exchange Rate Changes in Consolidating Foreign Subsidiaries	(189)	(201)	(100)	(22)
Net (Decrease) Increase in Cash and Cash Equivalents	(6,656)	3,215	(8,324)	3,254
Cash and Cash Equivalents, Beginning Balance	31,937	19,439	33,605	19,400
Cash and Cash Equivalents, Ending Balance Note A	25,281	22,654	25,281	22,654

	Group		Group	
	3 Months Ended 30.06.08	3 Months Ended 30.06.07	6 Months Ended 30.06.08	6 Months Ended 30.06.07
	\$ '000	\$ '000	\$ '000	\$ '000
Note A :				
Cash and bank balances	26,999	24,876	26,999	24,876
Less: Cash pledged	(1,718)	(2,222)	(1,718)	(2,222)
Cash and Cash Equivalents in the Consolidated Cash Flow Statement	25,281	22,654	25,281	22,654

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 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.

	Share capital	Translation reserves	Retained earnings	Total	Minority interests	Total equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Group						
Balance at 1 January 2008	17,686	99	27,717	45,502	642	46,144
Prior Year adjustment*	-	-	(673)	(673)	-	(673)
Balance at 1 January 2008 as restated	17,686	99	27,044	44,829	642	45,471
<u>Items of income and expense recognised directly in equity</u>						
Foreign currency translation differences	-	(78)	-	(78)	(20)	(98)
Profit for the period	-	-	2,271	2,271	45	2,316
Total recognised income and expense for the period	-	(78)	2,271	2,193	25	2,218
Balance at 31 March 2008 as restated	17,686	21	29,315	47,022	667	47,689
<u>Items of income and expense recognised directly in equity</u>						
Foreign currency translation differences	-	(85)	-	(85)	(7)	(92)
Profit for the period	-	-	5,473	5,473	148	5,621
Total recognised income and expense for the period	-	(85)	5,473	5,388	141	5,529
<u>Other movement in equity</u>						
Dividends	-	-	(4,125)	(4,125)	-	(4,125)
Balance at 30 June 2008	17,686	(64)	30,663	48,285	808	49,093

*Being adjustment made in relation to additional GST payables from year 2002 to 2007 as a result of lower rebates allowed to be claimed for GST purposes.

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Share capital	Translation reserves	Retained earnings	Total	Minority interests	Total equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Group						
Balance at 1 January 2007	17,686	(140)	18,377	35,923	1,657	37,580
Prior Year adjustment [#]	-	-	(569)	(569)	-	(569)
Balance at 1 January 2007 as restated	17,686	(140)	17,808	35,354	1,657	37,011
<u>Items of income and expense recognised directly in equity</u>						
Foreign currency translation differences	-	127	-	127	4	131
Profit for the period (restated)	-	-	2,101	2,101	(32)	2,069
Total recognised income and expense for the period	-	127	2,101	2,228	(28)	2,200
<u>Other movement in equity</u>						
Dividends to minority interests	-	-	-	-	(398)	(398)
Balance at 31 March 2007 as restated	17,686	(13)	19,909	37,582	1,231	38,813
<u>Items of income and expense recognised directly in equity</u>						
Foreign currency translation differences	-	(166)	-	(166)	95	(71)
Profit for the period (restated)	-	-	4,520	4,520	166	4,686
Total recognised income and expense for the period	-	(166)	4,520	4,354	261	4,615
<u>Other movement in equity</u>						
Dividends	-	-	(2,145)	(2,145)	-	(2,145)
Increase in Shareholding in subsidiary	-	-	-	-	(23)	(23)
Balance at 30 June 2007 as restated	17,686	(179)	22,284	39,791	1,469	41,260

[#]Being adjustment made in relation to additional GST payables from year 2002 to 2007 as a result of lower rebates allowed to be claimed for GST purposes.

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Share capital	Translation reserves	Retained earnings	Total
	\$ '000	\$ '000	\$ '000	\$ '000
Company				
Balance at 1 January 2008	17,686	83	31,204	48,973
<u>Items of income and expense recognised directly in equity:</u>				
Foreign currency translation adjustment for Taiwan Branch	-	(31)	-	(31)
Profit for the period	-	-	4,751	4,751
Total recognised income and expense for the period	-	(31)	4,751	4,720
Balance as at 31 March 2008	17,686	52	35,955	53,693
<u>Items of income and expense recognised directly in equity:</u>				
Foreign currency translation adjustment for Taiwan Branch	-	11	-	11
Profit for the period	-	-	3,774	3,774
Total recognised income and expense for the period	-	11	3,774	3,785
<u>Other movement in equity:</u>				
Dividends	-	-	(4,125)	(4,125)
Balance as at 30 June 2008	17,686	63	35,604	53,353
Balance at 1 January 2007	17,686	4	17,030	34,720
<u>Items of income and expense recognised directly in equity:</u>				
Foreign currency translation adjustment for Taiwan Branch	-	6	-	6
Profit for the period	-	-	4,162	4,162
Total recognised income and expense for the period	-	6	4,162	4,168
Balance as at 31 March 2007	17,686	10	21,192	38,888
<u>Items of income and expense recognised directly in equity:</u>				
Foreign currency translation adjustment for Taiwan Branch	-	(200)	-	(200)
Profit for the period	-	-	4,431	4,431
Total recognised income and expense for the period	-	(200)	4,431	4,231
<u>Other movement in equity:</u>				
Dividends	-	-	(2,145)	(2,145)
Balance as at 30 June 2007	17,686	(190)	23,478	40,974

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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>	
Issued and fully paid up	<u>30.06.08</u>	<u>31.12.07</u>
	(\$'000)	(\$'000)
206,249,997 ordinary shares	<u>17,686</u>	<u>17,686</u>

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>	
Issued and fully paid up ordinary shares	<u>30.06.08</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>

There were no treasury shares as at 30 June 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 30.06.08	3 months ended 30.06.07* (Restated)	Change %	6 months ended 30.06.08	6 months ended 30.06.07* (Restated)	Change %
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cents); and	2.65	2.19	21.0	3.75	3.21	16.8
(b) On a fully diluted basis (cents)	2.65	2.19	21.0	3.75	3.21	16.8

* Adjusted for the effect of bonus issue on 3rd October 2007.

For comparative purposes, the earnings per ordinary shares for the 6 months period ended 30 June 2008 and 30 June 2007 are calculated based on the profit for the period of approximately \$7.7 million and \$6.6 million respectively. The earnings per ordinary shares for the 3 months period ended 30 June 2008 and 30 June 2007 are calculated based on the profit for the period of approximately \$5.5 million and \$4.5 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	
	30.06.08	31.12.07 (Restated)	30.06.08	31.12.07
Net asset value per ordinary shares (cents)	23.41	21.74	25.87	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 1H2008, the Group recorded a 17.4% increase in revenue, from \$46.6 million to \$54.7 million compared to the same period last year. This was achieved on the back of a 6.8% increase in 2Q2008 Group revenue from \$27.3 million in 2Q2007 to \$29.2 million. The slower than expected growth for 2Q2008 was attributable to negative growth in the Group's key markets of Malaysia and Singapore as a result of weak consumer sentiments due to pessimistic global outlook and high inflation. However, this was compensated by a strong recovery in Indonesia for June and overall increased revenue contribution from other markets in 2Q2008.

For 2Q2008, cost of sales declined 6% compared to the same period last year due to the following reasons:

- Lower freight expenses due to strong inventory buildup at subsidiary level in 1Q2008;
- Launch of several new products with relatively better gross profit margin; and
- New pricing from vendor for existing core product

As a result, gross profit for 1H2008 improved 19.9% from \$35.3 million to \$42.4 million when compared to the corresponding period last year.

Distribution costs quarter-on-quarter was not significantly higher as most marketing related activities for 2Q2008 were a continuation of campaigns and activities brought forward from 1Q2008. As a result, for 1H2008, distribution costs increased 14.8% to \$21.5 million from \$18.7 million vis-à-vis the same period last year.

Administrative expenses, comprising mainly of lease and salary expenses, grew 19.3% from \$4.1 million to \$4.9 million quarter-on-quarter and 16.4% from \$8.1 million to \$9.4 million half-on-half.

In line with 1Q2008, rise in administrative expenses are due to:

- Expenses attributable to China operation which previously was not incurred in 1H2007;
- Revision in remuneration from the previous year and overall increase in headcount;
- Increase lease expenses for most regions; and
- Higher asset depreciation

In tandem with revenue growth, net profit also grew 17.0%, from \$6.6 million for the same period last year to \$7.7 million for 1H2008. As a result, net profit margin half-on-half was maintained at 14.2%.

Revenue by Business Segments

Business Segment	6 months ended 30.06.08 Revenue		6 months ended 30.06.07 Revenue		Change
	\$'000	%	\$'000	%	%
Direct selling & sales through agencies	53,198	97.3	46,501	99.8	14.4
Retail	1,400	2.5	(47)	(0.1)	NM
Export	104	0.2	149	0.3	(30.2)
Total	54,702	100.0	46,603	100.0	17.4

Direct Selling & sales through agencies, which accounts for 97.3% of the Group's revenue, refers to the Group's core direct selling activities in all markets of the region except China. For 1H2008, the Group had generated \$53.2million in revenue from this business segment.

The Group's foray into China, through the franchise business model built on the back of our comprehensive Lifestyle Centre (LC) support system, has been encouraging. Despite starting operations in August 2007, our China subsidiary was still able to generate a turnover of \$1.4 million for 1H2008, accounting for 2.5% of the Group's revenue. As at 30th June 2008, there are a total of 13 distribution centers. Loyalty members increased from 1,055 as at 31st March 2008 to 2,428 as at 30th June 2008.

Revenue by Geographical Locations

Geographical Locations	6 months ended 30.06.08 Revenue		6 months ended 30.06.07 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	8,770	16.0	9,573	20.5	(8.4)
Malaysia	13,289	24.3	16,155	34.7	(17.7)
Indonesia	25,521	46.7	17,222	37.0	48.2
Others	7,122	13.0	3,653	7.8	95.0
Total	54,702	100.0	46,603	100.0	17.4

While Indonesia market was subject to the impact of the lower fuel subsidies and high inflation, the market recovered strongly in June in response to marketing efforts and strategy. Overall performance is in line with management's expectation with revenue for 1H2008 increasing from \$17.2 million to \$25.5 million compared to the corresponding period last year.

In terms of revenue, Malaysia & Singapore continue to be the other two key markets. However, as the mass market makes up the larger segment of these two markets, customers tend to be more affected by high inflation, resulting in a drop in demand for the Group's products. Revenue generated in Singapore and Malaysia for 1H2008 declined by a total of 14.3% to \$22.1 million compared to 1H2007.

Revenue contribution from other markets registered a 95% growth to \$7.1 million for the 1H2008. This is attributable to broad based growth for all markets in this segment, especially Vietnam.

Membership for the Group as at 30th June 2008 (excluding China) stands at 170,101, representing a 40.0% increase from 121,553 as at 30th June 2007. To ensure sustainable growth, the Group continues to build on its extensive network of LCs in the region, from 79 in 1Q2008 to 90 in 1H2008.

Profitability

Gross profit for 1H2008 grew 19.9% to \$42.4 million, translating to an improved gross margin of 77.5%.

For 2Q2008, as the Singapore Dollar appreciated against the local currencies of certain subsidiaries, realized foreign exchange losses amounting to \$0.7 million was incurred when purchase settlements were made to the holding company in Singapore Dollar. For the same period, unrealized exchange losses was minimal as compared to \$0.4 million in 1Q2008 as policies were implemented for subsidiaries to conduct monthly revaluation to translate the foreign currency balances.

Lower tax expenses recorded for 2Q2008 was due to non taxable profits arising from Group consolidation. Effective tax rate for 1H2008 remained consistent at approximately 20% as compared to the corresponding period last year.

Net profit after tax in 1H2008 increased as a result by 17.0% to \$7.7 million, as compared to \$6.8 million in the same period last year representing a net profit margin of 14.2% and a earning per share of 3.75 cents.

Balance Sheet & Cash Flow

Non-Current Assets decreased by 4.9% to \$11.5 million mainly due to depreciation of our Property, Plant and Equipment during the period.

Current assets decreased by 11.4% from \$59.4 million as at 31 December 2007 to \$52.7 million as at 30th June 2008 mainly due to lower trade receivables as a result of the seasonal nature of first half. The decrease in cash and cash equivalent from \$35.3 million to \$27.0 million at 30th June 2008 was offset by the increase in other assets due to a prepayment of RMB20 million (equivalent to approximately \$4 million) granted to our Nanjing partner for the proposed Joymain Acquisition. The Group also settled outstanding borrowings of \$1 million and finance leases of \$0.2 million during the period.

Total non-current liabilities decreased from \$1.7 million as at 31st December 2007 to \$0.5 million as at 30th June 2008 mainly due to the settlement of borrowings and finance leases. As a result, gearing ratio was negligible as at 30th June 2008.

Current liabilities decreased from \$24.3 million to \$14.5 million as at 30th June 2008. This was largely due to lower income tax payable and lower trade and other payables recorded as at 30th June 2008. In addition, \$4.3 million of unearned revenue recorded in other payables was reversed when Indonesia subsidiary fulfilled the outstanding orders to customers in 1Q2008.

The lower net cash generated from operating activities quarter on quarter and for the half year ended 30 June 2008 was due to shorter settlement period of trade payables to new suppliers, payments of higher accruals as of the end of the preceding year, additional GST and income tax payments during the period.

Net cash used in financing activities for the 1H2008 increased mainly due to dividend payment of \$4.1 million and full settlement of long term borrowings.

At 30 June 2008, the Group had net cash and cash equivalent balance of \$27.0 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 1H2008 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 shall continue to develop and launch new products in 2H2008. Rollout schedule presently is on schedule;
- The Group shall continue to launch more core and new products in its other regional markets immediately upon its successful product registration with the relevant authorities slated for completion in 2H2008;
- In line with managements' strategy to achieve sustainable growth for the Group, we will continue to focus and invest on product & brand differentiation, continuous upgrading & training for distributors, targeted membership drive campaigns and promote more business leaders and LC owners for the rest of FY2008;
- The Group is still awaiting regulatory approval for the Joymain acquisition. Although the approval had taken longer than we originally expected, we anticipate an answer by 4Q2008. The Group meanwhile continues to anchor its presence in the PRC market via the franchise model and expects FY2008 to be an investment year;
- The Group is still in talks with the relevant parties for the acquisition of our Vietnam LC. There is no definitive development because of the present concern over the value of the Vietnamese Dong; and
- The Group net cash position will allow us to explore more M&A opportunities.

Some industry specific risks that may affect the Group's performance in our next reporting period are as follows:

- While the Group has been largely successful in keeping cost under control, there is no assurance that our gross margin could be maintained as freight charges, cost of packaging and certain raw materials may increase should fuel prices continue to rise;
- Current inflationary pressures and bleak economic outlook continue to weigh on the consumers' sentiments. These factors are likely to reduce demand of the Group's products which may not be considered as necessities; and
- As the Group's procurement and sales are mostly conducted in foreign currencies, there is therefore a foreign exchange risk.

Although 2H2008 will be an even more challenging period for the Group moving forward, management remains cautiously optimistic for the Group's performance in FY2008. Barring unforeseen circumstances, the Group expects to achieve better performance in FY2008 compared to FY2007.

DIVIDENDS

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

The directors are pleased to recommend a tax-exempt one-tier interim dividend of 1.2 cents per share in respect of the financial period ended 30.06.08.

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

(ii) Corresponding Period of the immediately Preceding Financial Year

Name of dividend	Interim
Dividend type	Cash
Tax exempt one-tier dividend per share	1.212 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 three months ended 30 June 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

8th Aug 2008