



BEST WORLD INTERNATIONAL LTD

Financial Statements
And Dividend Announcement
For the 6 months ended 30 June 2006

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE HALF-YEAR ENDED 30 JUNE 2006

(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 30.06.06 \$'000	6 months Ended 30.06.05 \$ '000	Change %
Revenue	35,132	25,201	39.4
Cost of Sales	<u>(7,922)</u>	<u>(5,639)</u>	40.5
Gross Profit	27,210	19,562	39.1
Other operating income	36	18	100.0
Financial income (expense)	64	(54)	(218.5)
Distribution expenses	(13,855)	(9,465)	46.4
Administrative expenses	(5,712)	(4,013)	42.3
Other charges	<u>(59)</u>	<u>(86)</u>	(31.4)
PROFIT BEFORE INCOME TAX	7,684	5,962	28.9
Income tax expense	<u>(1,705)</u>	<u>(1,326)</u>	28.6
PROFIT AFTER INCOME TAX	5,979	4,636	29.0
Minority interests	(213)	(286)	(25.5)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	<u><u>5,766</u></u>	<u><u>4,350</u></u>	32.6

Additional notes:

Net profit margin	16.4%	17.3%
Earnings per share (cents)	3.495	2.900

BALANCE SHEETS AS AT JUNE 2006

(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	
	30.06.06 \$ '000	31.12.05 \$ '000	30.06.06 \$ '000	31.12.05 \$ '000
CURRENT ASSETS				
Cash and cash equivalents	19,972	19,003	12,689	13,379
Trade and other receivables	8,705	9,499	15,855	9,497
Inventories	4,822	4,348	3,406	3,453
Total current assets	<u>33,499</u>	<u>32,850</u>	<u>31,950</u>	<u>26,329</u>
NON-CURRENT ASSETS				
Investment in subsidiaries	-	-	3,273	3,137
Property, plant and equipment	6,641	6,226	2,576	2,612
Intangible assets / Other assets	3,277	694	190	116
Goodwill on consolidation	320	320	-	-
Total non-current assets	<u>10,238</u>	<u>7,240</u>	<u>6,039</u>	<u>5,865</u>
TOTAL ASSETS	<u>43,737</u>	<u>40,090</u>	<u>37,989</u>	<u>32,194</u>
CURRENT LIABILITIES				
Trade and other payables	5,803	5,712	3,112	2,400
Income tax payable	2,694	1,994	2,369	1,345
Interest-bearing borrowings (Current)	80	74	47	34
Finance leases (Current)	145	140	87	82
Total current liabilities	<u>8,722</u>	<u>7,920</u>	<u>5,615</u>	<u>3,861</u>
NON-CURRENT LIABILITIES				
Deferred tax	163	163	117	117
Interest-bearing borrowings	1,247	1,289	425	454
Finance leases	607	652	406	420
Total non-current liabilities	<u>2,017</u>	<u>2,104</u>	<u>948</u>	<u>991</u>
Total liabilities	<u>10,739</u>	<u>10,024</u>	<u>6,563</u>	<u>4,852</u>
Minority interest	1,229	1,290	-	-
Shareholders' equity	<u>31,769</u>	<u>28,776</u>	<u>31,426</u>	<u>27,342</u>
TOTAL LIABILITIES & EQUITY	<u>43,737</u>	<u>40,090</u>	<u>37,989</u>	<u>32,194</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 30.06.06		As at 31.12.05	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
225	-	214	-

Amount Repayable after One Year

As at 30.06.06		As at 31.12.05	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,854	-	1,941	-

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 \$3.2 million and (ii) the joint and several guarantees from certain directors.

Plant and equipment with carrying value of \$0.7 million as at 30 June 2006 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 2006

(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 30.06.06	6 months Ended 30.06.05
Cash flows from operating activities	\$ '000	\$ '000
Profit for the year	5,979	4,636
Adjustments for:		
Income tax expense	1,705	1,326
Depreciation	447	259
(Gain)loss on disposal of plant & equipment	(1)	60
Amortisation of intangible assets	17	3
Interest expense	47	32
Interest income	(218)	(19)
Operating profit before working capital changes	7,976	6,297
Trade and other receivables	794	(2,054)
Inventories	(474)	(402)
Trade and other payables	92	24
Cash generated from operations	8,388	3,865
Interest paid	(47)	(32)
Interest income received	218	19
Income tax paid	(1,005)	(784)
Net cash from operating activities	7,554	3,068
Cash flow from investing activities		
Sales proceeds from disposal	1	-
(Increase) decrease in intangibles assets	(2,600)	188
Purchase of plant and equipment	(847)	(472)
Increase in cash and cash equivalents (restricted in use)	(51)	-
Net cash used in investing activities	(3,497)	(284)
Cash flows from financing activities		
Decrease in short-term borrowings	-	(611)
Decrease in long-term interest-bearing borrowings	(36)	(25)
Decrease in finance lease	(80)	(66)
Dividends paid to minority interests	(261)	-
Dividends paid	(2,640)	(375)
Net cash used in financing activities	(3,017)	(1,077)
Exchange rate changes in consolidating foreign subsidiaries	(122)	148
Net increase in cash and cash equivalents	918	1,855
Cash and cash equivalents at beginning of year	13,892	9,296
Cash and cash equivalents at end of year	14,810	11,151
	Note A	
Note A :	Group	
	30.06.06	30.06.05
	\$ '000	\$ '000
Cash and bank balances	19,972	11,174
Less: Cash pledged	(5,162)	(23)
Cash and cash equivalents	14,810	11,151

STATEMENTS OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2006

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
Actual Group							
Balance at 1 January 2005	3,750	5,601	4,545	(87)	13,809	778	14,587
Exchange differences on translating foreign operations recognised directly in equity	-	-	-	106	106	52	158
Profit for the period	-	-	4,350	-	4,350	286	4,636
Total recognised income and expense for the period	-	-	4,350	106	4,456	338	4,794
Issue of shares pursuant to a bonus issue	750	(750)	-	-	-	-	-
Dividends	-	-	(375)	-	(375)	-	(375)
Balance at 30 June 2005	4,500	4,851	8,520	19	17,890	1,116	19,006
Actual Group							
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
Total recognised income and expense for the period	-	-	5,766	(133)	5,633	200	5,833
Dividends	-	-	(2,640)	-	(2,640)	(261)	(2,901)
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
Company							
Balance at 1 January 2005	3,750	5,601	4,181	-	13,532	-	-
Profit for the period	-	-	3,181	-	3,181	-	-
Issue of shares pursuant to a bonus issue	750	(750)	-	-	-	-	-
Dividends	-	-	(375)	-	(375)	-	-
Balance at 30 June 2005	4,500	4,851	6,987	-	16,338	-	-
Balance at 1 January 2006	4,950	12,736	9,656	-	27,342	-	-
Profit for the period	-	-	6,724	-	6,724	-	-
Dividends	-	-	(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	-	-

NOTES TO FINANCIAL STATEMENTS ENDED 30 JUNE 2006

(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	
	30.06.06 (\$'000)	31.12.05 (\$'000)
165,000,000 ordinary shares	4,950	4,950
Share premium forming part of share capital	12,736	-
Total	<u>17,686</u>	<u>4,950</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 2005. 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 2005.

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 30.06.06	Year ended 30.06.05	Changes %
Earnings per share of Group:			
(a) Based on weighted average number of ordinary shares on issue (cents); and	3.495	2.900	20.5
(b) On a fully diluted basis (cents)	3.495	2.900	20.5

For comparative purposes, the earnings per ordinary shares for the 6 months period ended 30 June 2006 and 30 June 2005 respectively are calculated based on the profit for the period of approximately \$5.8 and \$4.4 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	
	30.06.06	31.12.05	30.06.06	31.12.05
Net asset value per ordinary shares (cents)	19.25	17.44	19.05	16.57

REVIEW OF THE PERFORMANCE OF THE GROUP

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Overview

Group Revenue in the first half of 2006 grew 39.4% to \$35.1 mil, compared with \$25.2 mil in the same period last year. The keys factors behind this growth are as follows:

1. Membership increased 66.3% to 84,162, against 50,595 in HY2005
2. Lifestyle Centres ("LC") increased from 29 for HY2005 to 49 for HY2006
3. Good reception of the BWL Negative Ionizer in key markets

While growth in gross profit and revenue is relatively in tandem, administrative expenses and distribution expenses collectively grew from \$13.5 mil, or 53.5% of revenue in HY2005, to \$19.6 mil or 55.7% of revenue, in HY2006. This is attributed to new expenses that were not registered in HY2005. In particular, these are expenses related to our Jakarta, Hong Kong and Taichung Regional Centres ("RC"), and increased advertisement costs in view of the launch of our Negative Ionizers in 2 key markets. Our International Convention in May, which was attended by over 7,000 audiences, was also a one-time expense that was not registered for HY2006.

As a result of this, the Group achieved a half year net profit growth of 32.6% to \$5.8 mil, as compared to \$4.4 mil in HY2005. This also represents a profit margin of 16.4% and a weighted average earning per share of 3.495 cents.

Revenue by Activities

Business Segment	6 months ended 30.06.06 Revenue		6 months ended 30.06.05 Revenue		Change
	\$'000	%	\$'000	%	%
Direct Selling	34,737	98.9%	24,568	97.5	41.4
Retail	171	0.5%	71	0.3	140.8
Export	224	0.6%	562	2.2	-60.1
Total	35,132	100.0	25,201	100.0	39.4

Distribution of products via BWL, the Group's Direct Selling channel, continues to be the key impetus for growth. In HY2006, revenue generated via this channel of distribution increased by 41.4% h-o-h to \$34.7 mil, making up 98.9% of the Group's total revenue.

This growth was driven by the increased demand for our portfolio of products. In particular, besides a healthy growth in the interest of our line of Skincare products, the newly launched BWL Negative Ionizer was also well received after its Singapore launch in February and its Malaysia launch in March this year. Coupled with active market initiatives, membership increased 66.3% to 84,162, compared with 50,595 in HY2005. To support this growing number of members in the territories that the Group is operating in, number of Lifestyle Centres ("LC"), increase from 29 in HY2005 to 49 in HY2006.

Revenue by Geographical Locations

Geographical Locations	6 months ended 30.06.06 Revenue		6 months ended 30.06.05 Revenue		Change
	\$'000	%	\$'000	%	%
Singapore	11,559	32.9	7,688	30.5	50.4
Malaysia	15,989	45.5	10,443	41.4	53.1
Indonesia	6,197	17.6	6,299	25.0	-1.6
Others	1,387	4.0	771	3.1	79.9
Total	35,132	100.0	25,201	100.0	39.4

Geographically, there was no significant change in the sales recorded for Indonesia for HY2006.

Despite the above, Group turnover growth is still positive and is primarily led by contributions from its top 2 markets, namely Malaysia and Singapore. Malaysia, which was also the Group's largest market in 2005, contributed 45.5 % of the Group's revenue for HY2006. In absolute term, it grew 53.1% from \$10.4 mil in HY2005 to \$16.0 mil in HY2006. Singapore also registered a 50.4 % growth in HY2006 from \$7.7 mil to \$11.6 mil. Other markets, though in less significant extent, also aided the Group's growth, improving 79.9% over HY2005 to \$1.4 mil. These markets include Hong Kong and Thailand.

Profitability

For the six-month period ended 30 June 2006, gross profit margin was relatively consistent at 77.5%, representing an increase of \$7.6 mil or 39.1%, as compared with \$19.6 mil in the first six months of 2005.

The RHQ status attained by the Company has brought down the Group's effective tax rate to 22.2% vis-à-vis 24.1% for full year ended 31 December 2005.

Balance Sheet & Cash Flow

Current assets increased slightly by 2.0 % due to revenue growth.

Trade receivables increased by 15.5% over December 2005. Other Receivables decreased by 41.2% mainly due to the completion of the payment of \$2.7 million to effect capital increase for BWL Shanghai.

Increase in non-current assets is mainly attributable to completion of the Vigor Acquisition during 1H 2006, leading to the increase of intangible assets from \$0.7 million to \$3.3 million. The increase in property, plant and equipment is mainly due to costs related to the set up of a new regional centre in Johor Baru.

Current Liabilities increased by approximately \$802,000 mainly due to increased tax provisions. The Group's gearing ratio is negligible at 7%.

As a result of higher earnings, total shareholders' equity at 30 June 2006 increased by 10.4% to \$31.8 million.

The Group achieved a net operating cash flow of \$7.6 million in 1H 2006 as compared to \$3.1 million in 1H 2005. This represents a 146.2% improvement.

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 1H2006 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:

- New product roll-out plans and marketing campaigns for existing products in 2H2006 are on schedule.
- While 1H2006 growth for Indonesia may not be as previously expected, management is optimistic that Indonesia will still achieve y-o-y growth for FY2006.
- The Group continues to assess business opportunities in PRC, taking into account the regulatory environment and other factors that are relevant to the Group's consideration in making an investment decision in this market.
- Official Opening of the Johor Bahru, Hong Kong and Taichung RCs are key events besides new product launches that will contribute positively to the Group's turnover in 2H2006.
- With the Taichung RC ready by 3Q2006, the Group is forecasting that Taiwan will begin to contribute to the Group's performance due to the favourable environment for direct selling.

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 30.06.06.

Name of dividend	Interim
Dividend type	Cash
Tax exempt one-tier dividend per share	\$0.012

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

Name of dividend	Interim
Dividend type	Cash
Tax exempt one-tier dividend per share	\$0.01

(b) Date payable

To be advised.

(c) Books closure date

To be advised.

12. If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

**BY ORDER OF THE BOARD
DORA HOAN BENG MUI
GROUP C.E.O**

27/7/2006