



OSIM INTERNATIONAL LTD

(Incorporated in the Republic of Singapore) (Registration No.: 198304191N)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2013

HIGHLIGHTS:

(\$ million)	Q4 13	Q4 12	Growth	FY13	FY12	Growth
Sales	179	155	+16%	648	602	+8%
Operating EBITDA	39	34	+17%	140	126	+11%
Profit before tax	34	31	+10%	129	115	+12%
Profit after tax	28	23	+22%	102	87	+17%
Basic earnings per share	3.8 cts	3.1 cts		14.0 cts	11.9 cts	
Interim dividend per share	2 cts	1 ct		6 cts	4 cts	
Special dividend per share	0 ct	1 ct		0 cts	2 cts	

We have achieved 5 years of record profit. We expect our improvement in productivity and growth in profitability will continue to be driven for a number of years by market leadership, continuous innovation and productive execution.

- **Record PBT \$129 million +12% , Q4 PBT \$34 million +10%**
- **Record PAT \$102 million +17% , Q4 PAT \$28 million +22%**
- **Record Sales \$648 million +8% , Q4 Sales \$179 million +16%**
- **Final dividend of 2 cents per share**
- Cash & Cash Equivalents and Fixed Income Investments as at 31 Dec 2013 were S\$299 million

REVIEW OF PERFORMANCE OF THE GROUP

COMMENTARY ON CURRENT YEAR PROSPECTS

We have achieved 5 years of record profit and 20 consecutive quarters of profit growth. We are pleased with the record performance and we expect our improvement in productivity and growth in profitability to continue to be driven for a number of years by market leadership, continuous innovation and productive execution.

OSIM is Asia's No1 brand in well being and healthy lifestyle products.

Our product innovation and competitive positioning have enabled us to achieve record profit. We expect to continue to create higher consumer demand for OSIM products like uInfinity, uDivine App, uAngel, uPhoria Warm, uHug, uPixie, uCozy, uRelax, uPebble, uBio, uSlender, uShape and nutritional supplements like Taut, Stem C, Zhi and Liver Protector.

We have 600 OSIM outlets. In China, we are in 45 cities with 272 OSIM outlets. We have opened 24 new outlets and closed 30 under performing outlets during the year in China. For this year, we are targeting to open 20 to 30 OSIM outlets.

Our 221 GNC outlets are doing well. GNC Taiwan is progressing well. For RichLife, we will focus on seven key cities for better focus, control and efficiency. There is a total of 245 GNC/RichLife outlets in ONI Global.

In October 2013, we became the 53.7% majority owner of TWG Tea. In January 2014, we increased our ownership to 70%. TWG Tea has 26 outlets and we are targeting to open about 20 outlets this year.

We have grown our sales and with new product pipeline, we expect our businesses to remain strong in 2014.

The directors are pleased to recommend a final dividend of 2 cents per share (annual dividend of 6 cents per share).

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in Singapore dollars)

	Note	Group		Group	
		3 months ended 31 Dec		12 months ended 31 Dec	
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Revenue		178,566	154,584	647,616	601,684
Other operating income	E	46,459	4,743	56,761	14,816
Changes in inventories of trading goods		3,089	(10,094)	18,702	1,503
Trading goods purchased		(53,768)	(36,722)	(211,254)	(182,209)
Employee benefits expense		(30,832)	(24,645)	(110,560)	(99,283)
Depreciation and amortisation expenses		(4,772)	(3,258)	(13,742)	(11,304)
Other operating expenses	F	(103,790)	(54,378)	(259,983)	(207,598)
(Impairment losses) / reversal of impairment losses on quoted and unquoted equity shares		(433)	95	(863)	(2,267)
Financial expenses		(1,576)	(1,424)	(5,787)	(5,714)
Financial income		1,484	964	5,344	3,004
Share of (losses) / profits of associated companies		(809)	781	2,919	2,208
Profit before taxation		<u>33,618</u>	<u>30,646</u>	<u>129,153</u>	<u>114,840</u>
Taxation	G	(6,483)	(7,829)	(27,558)	(27,564)
Profit for the period/year		<u>27,135</u>	<u>22,817</u>	<u>101,595</u>	<u>87,276</u>
Other comprehensive income:					
Gain on fair value changes of available-for-sale financial asset		341	-	341	-
Remeasurement of defined benefit obligation		(1,270)	-	(1,270)	-
Foreign currency translation:					
Net effect of exchange difference during the period/year		2,553	768	6,571	(5,346)
Reclassification adjustment for loss included in profit or loss		18,463	-	18,463	-
Other comprehensive income for the period/year, net of tax		<u>20,087</u>	<u>768</u>	<u>24,105</u>	<u>(5,346)</u>
Total comprehensive income for the period/year		<u>47,222</u>	<u>23,585</u>	<u>125,700</u>	<u>81,930</u>
Profit attributable to:					
Equity holders of the Company		27,600	22,600	101,575	86,925
Non-controlling interests		(465)	217	20	351
		<u>27,135</u>	<u>22,817</u>	<u>101,595</u>	<u>87,276</u>
Total comprehensive income attributable to:					
Equity holders of the Company		47,669	23,366	125,839	81,609
Non-controlling interests		(447)	219	(139)	321
		<u>47,222</u>	<u>23,585</u>	<u>125,700</u>	<u>81,930</u>
Earnings per share (cents)					
- Basic	K	3.82	3.11	14.03	11.85
- Diluted	K	3.67	3.04	13.58	11.59

REVIEW OF PERFORMANCE OF THE GROUP

Record Profit in 2013

We have achieved growth in profitability for 20 consecutive quarters.

Full year sales increased by \$46 million to record \$648 million and Q3 sales was \$179 million +16%. The increase in sales was driven by higher consumer demand for OSIM products like uInfinity, uDivine App, uAngel, uPhoria Warm, uHug, uPixie, uCozy, uRelax, uPebble, uBio, uSlender, uShape and nutritional supplements like Taut, Stem C, Zhi and Liver Protector. TWG Tea became a subsidiary in October 2013 and has also contributed to the sales.

Profit before tax reached a high of \$129 million and Q4 profit before tax was \$34 million +10%. The better performance was due mainly to an increase in sales and better productivity. The increase in operating expenses was mainly due to increases in wages and rental but our better productivity in sales per outlet resulted in better profits. For more details, kindly refer to the notes to the accounts.

We are pleased that the core business of OSIM continued to grow during the year. Our nutritional supplements subsidiary ONI Global also grew profits. Our share of profits from associated companies was better with contributions from our joint venture factory DT-OSIM and TWG Tea (prior to becoming a subsidiary in October 2013).

Profit after tax for the year was a record \$102 million +17%.

Revenue by Region

Region	Q4 FY 2013		Q4 FY 2012		12 months FY2013		12 months FY2012	
	\$m	%	\$m	%	S\$m	%	S\$m	%
North Asia	95	53%	84	54%	353	54%	335	56%
South Asia	69	39%	59	38%	250	39%	230	38%
America/Africa/Europe/ Middle East/Oceania	15	8%	12	8%	45	7%	37	6%
Total	179	100%	155	100%	648	100%	602	100%

Today OSIM operates in 31 countries around the world.

All regions contributed to better sales growth for the quarter and year.

For the 3 months and year ended 31 December 2013, we had sales growth with a better product mix of massage chairs, massage sofas, foot massagers, head massagers, neck and shoulder massagers, nutritional supplements and luxury tea.

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CONSOLIDATED STATEMENT OF CASH FLOW

(Amounts in Singapore dollars)

	Group		Group	
	3 months ended 31 Dec	2012	2013	2012
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities				
Profit before taxation	33,618	30,646	129,153	114,840
Adjustments for:				
Share of loss / (profits) of associated companies	809	(781)	(2,919)	(2,208)
Depreciation of fixed assets	3,065	3,045	11,382	10,525
Loss / (gain) on disposal of fixed assets	321	(149)	408	(125)
Amortisation of intangible assets	1,707	213	2,360	779
Gain on disposal of investment securities	-	(341)	(9)	(658)
Fair value (gain) / loss on short term investments	(459)	(47)	116	(674)
Impairment loss on fixed assets	17	228	17	228
Impairment loss on quoted and unquoted equity shares	433	95	863	2,267
Write-off of fixed assets	21	-	23	13
Write-off of intangible assets	30	18	30	26
Impairment and foreign translation loss of Brookstone	30,962	-	30,962	-
Gain arising from fair value of TWG Tea	(42,055)	-	(42,055)	-
Dividend income from investment securities	-	-	(260)	(109)
Financial income	(1,484)	(964)	(5,344)	(3,004)
Financial expenses	1,576	1,424	5,787	5,714
	28,561	33,387	130,514	127,614
Operating cash flows before working capital changes				
(Increase) / decrease in:				
Stocks	8,030	9,980	(7,843)	(772)
Trade receivables	(3,429)	(4,354)	44	3,203
Other receivables, deposits and prepaid operating	3,922	1,083	2,890	(55)
Due from associated companies	138	270	239	244
Due from associated companies (non-trade)	(175)	-	815	-
Due from a joint venture (trade)	3,199	994	1,440	(1,751)
Due from a joint venture (non trade)	-	(1)	-	-
(Decrease) / increase in:				
Trade payables	(2,156)	(403)	1,370	1,593
Other payables and accruals	5,981	8,410	1,171	712
Due to related parties (non-trade)	-	(2)	(1)	(37)
Due to associated companies (trade)	(4,460)	(5,613)	3,956	(9,999)
Due to associated companies (non-trade)	(252)	(47)	(245)	(48)
Due to a joint venture (trade)	3	-	31	-
	39,362	43,704	134,381	120,704
Cash flow generated from operations				
Income tax paid, net of refund	(6,451)	(8,986)	(29,158)	(26,662)
	32,911	34,718	105,223	94,042
Net cash flow generated from operating activities				

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CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

(Amounts in Singapore dollars)

	Group		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash flow from investing activities				
Purchase of fixed assets	(5,334)	(4,137)	(11,580)	(12,127)
Proceeds from disposal of fixed assets	50	217	86	337
Dividend income from an associated company	-	-	1,359	-
Dividend income from investment securities	-	-	260	109
Interest received	1,484	867	5,537	2,811
Net cash outflow on acquisition of a subsidiary	(3,759)	155	(3,759)	(4,534)
Acquisition of intangible assets	(57)	(301)	(335)	(833)
Repayment of loan from an associated company	3,157	-	7,300	-
Acquisition of an associated company	-	(1,336)	-	(1,336)
Decrease / (increase) in investment securities, net	1,122	(375)	(3,263)	(20,496)
Net cash flow used in investing activities	(3,337)	(4,910)	(4,395)	(36,069)
Cash flow from financing activities				
Acquisition of non-controlling interests	(16)	-	(61)	-
Increase / (decrease) in bills payable to banks	101	(5,514)	4,507	8,726
Capital contribution from a non-controlling interest	-	800	-	800
Receipts from new finance lease obligations	-	3	93	-
Repayment of finance lease obligations	(6)	-	(26)	(102)
Dividend paid on ordinary shares (Note B)	(14,458)	(7,268)	(36,185)	(36,432)
Proceeds from exercise of employees share options	183	131	368	456
Purchase of treasury shares	(921)	(1,718)	(7,815)	(14,889)
Interest paid	(287)	(148)	(2,281)	(3,930)
Net cash flow used in financing activities	(15,404)	(13,714)	(41,400)	(45,371)
Net increase in cash and cash equivalents	14,170	16,094	59,428	12,602
Net effect of exchange rates changes	2,736	730	6,188	(4,684)
Cash and cash equivalents at beginning of period / year	250,441	184,907	201,731	193,813
Cash and cash equivalents at end of period / year (Note A)	267,347	201,731	267,347	201,731

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CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(Amounts in Singapore dollars)

Note A: Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	Group	
	31-Dec-13	31-Dec-12
	\$'000	\$'000
Cash and bank balances	117,607	73,216
Fixed deposits	149,740	128,515
	<u>267,347</u>	<u>201,731</u>

Note B: Dividend paid on ordinary shares

During the year ended 31 December 2013, out of the dividend on ordinary shares of \$43,412,000 (31 Dec 2012: \$36,432,000), the Group paid \$36,185,000 (31 Dec 2012: \$36,432,000) and \$7,227,000 (31 Dec 2012: \$Nil) was payable as at 31 Dec 2013.

REVIEW OF PERFORMANCE OF THE GROUP (CASH FLOW)

Growth in Cash Flow

During the year, operating EBITDA grew 11% to \$140 million due to a better product mix and higher productivity per man per outlet.

12 months net cash flow from operating activities was \$105 million. The operating cash flow was in line with our operating profit for the year.

During the year, cash flow from investing activities decreased mainly due to repayment of loan from TWG Tea and no increase in fixed income investments. We invested \$12 million to open new outlets and upgrade existing outlets (2012: \$12 million).

Financing cash outflow decreased mainly due to less treasury share purchases of \$8 million (2012: \$15 million). Total dividends paid amounted to \$36 million (2012: \$36 million).

As at 31 Dec 2013, the cash and cash equivalents of the Group stood at \$267 million. Including fixed income investments of \$32 million, total cash & cash equivalents and fixed income investments was \$299 million.

Global Network of Outlets

Region	31-Dec-13	30-Sep-13	30-Jun-13	31-Mar-13	31-Dec-12
North Asia	395	389	383	390	392
South Asia	167	172	168	167	166
America/Africa/Europe/ Middle East/Oceania	38	35	28	39	32
Total OSIM Outlets	600	596	579	596	590
GNC/RichLife Outlets	245	249	252	252	253
TWG outlets	26	22	19	17	16
Total	871	867	850	865	859

During the year, we increased profitability within existing outlets. We regularly review performance of our outlets and there were selected closures of non-performing outlets.

Total capital expenditure for the year was \$12 million.

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BALANCE SHEETS

(Amounts in Singapore dollars)

	Note	Group		Company	
		31-Dec-13 \$'000	31-Dec-12 \$'000	31-Dec-13 \$'000	31-Dec-12 \$'000
Equity attributable to equity holders of the Company					
Share capital	A	65,036	64,539	65,036	64,539
Treasury shares	A	(36,962)	(29,166)	(36,962)	(29,166)
Equity component of convertible bonds		3,773	3,773	3,773	3,773
Accumulated profits		251,252	194,359	31,912	49,429
Enterprise expansion funds		545	545	-	-
Capital reserves		6,206	6,321	858	973
Fair value adjustment reserve		341	-	341	-
Revaluation reserve		2,724	2,724	-	-
Premium on purchase of non-controlling interests' (NCIs') shares		(14,532)	(14,544)	-	-
Foreign currency translation reserve		(7,156)	(32,349)	-	-
		271,227	196,202	64,958	89,548
Non-controlling interests		72,697	4,170	-	-
Total equity		343,924	200,372	64,958	89,548
Non-current assets					
Fixed assets		25,176	21,057	3,141	2,582
Subsidiaries		-	-	143,779	103,369
Associated companies and a joint venture		18,454	46,703	2,657	34,017
Intangible assets		189,891	19,817	-	-
Deferred tax assets		5,017	4,034	-	-
Loan to a subsidiary		-	-	5,500	-
Long-term investments		14,527	27,740	14,527	27,740
Long-term receivables		9,065	7,081	2,769	1,291
		262,130	126,432	172,373	168,999
Current assets					
Stocks		72,508	53,806	8,122	7,789
Trade receivables		41,965	38,236	5,480	4,429
Other receivables, deposits and prepaid operating expenses		11,291	13,851	670	5,520
Due from subsidiaries (trade)		-	-	3,253	552
Due from subsidiaries (non-trade)		-	-	817	976
Due from associated companies		861	1,916	861	1,916
Due from a joint venture (trade)		311	1,751	311	1,751
Loan to an associated company		-	12,800	-	12,800
Short-term investments		23,537	20,382	23,537	20,382
Fixed deposits		149,740	128,515	10,544	32,448
Cash and bank balances		117,607	73,216	49,881	25,451
		417,820	344,473	103,476	114,014

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BALANCE SHEETS (Continued)

(Amounts in Singapore dollars)

	Note	Group		Company	
		31-Dec-13 \$'000	31-Dec-12 \$'000	31-Dec-13 \$'000	31-Dec-12 \$'000
Current liabilities					
Trade payables		29,510	23,806	6,872	4,830
Other payables, accruals and provisions		72,105	66,172	28,622	25,744
Due to subsidiaries (trade)		-	-	18	15
Due to subsidiaries (non-trade)		-	-	2,533	5,754
Due to affiliated companies (non-trade)		-	1	-	-
Due to associated companies (trade)		16,406	12,450	11,954	9,324
Due to associated companies (non-trade)		-	245	-	245
Due to a joint venture (non-trade)		31	-	31	-
Provision for income tax		17,017	19,093	5,065	5,213
Dividend payable		7,227	-	7,227	-
Bank loan	C	6,030	-	-	-
Obligations under finance leases – current portion	C	14	9	-	-
Liability component of convertible bonds (unsecured)	C	119,038	-	119,038	-
Bills payable to banks (unsecured)	C	29,493	24,986	29,493	24,986
		296,871	146,762	210,853	76,111
Net current assets / (liabilities)		120,949	197,711	(107,377)	37,903
Non-current liabilities					
Liability component of convertible bonds (unsecured)	C	-	117,174	-	117,174
Obligations under finance leases – non-current portion	C	61	-	-	-
Provision for pension benefits		2,018	543	-	-
Deferred tax liabilities		37,076	6,054	38	180
		39,155	123,771	38	117,354
Net assets		343,924	200,372	64,958	89,548

REVIEW OF PERFORMANCE OF THE GROUP (BALANCE SHEET)

Strengthened Balance Sheet – Net Cash Position

As at 31 Dec 2013, we were in a net cash position of \$113 million. Including fixed income investments of \$32 million, the total net cash and fixed income investments was \$145 million.

Net assets as at 31 Dec 2013 were \$271 million.

As a result of the record performance, the Board is pleased to propose a final dividend of 2 cents per share. Inclusive of interim dividends, the total dividends for the year are 6 cents per share (2012: 4 cents per share plus special dividends of 2 cents per share).

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STATEMENTS OF CHANGES IN EQUITY

(Amounts in Singapore dollars)

		Attributable to equity holders of the Company											
2013 Group	Share capital	Treasury shares	Equity component of convertible bonds	Accumulated profits	Enterprise expansion funds	Capital reserves	Revaluation reserve	Premium on purchase of NCI's shares	Fair value adjustment reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2013	64,539	(29,166)	3,773	194,359	545	6,321	2,724	(14,544)	-	(32,349)	196,202	4,170	200,372
Profit for the year	-	-	-	101,575	-	-	-	-	-	-	101,575	20	101,595
<u>Other comprehensive income</u>													
Remeasurement of defined benefit obligation	-	-	-	(1,270)	-	-	-	-	-	-	(1,270)	-	(1,270)
Reclassification adjustment for loss included in profit or loss	-	-	-	-	-	-	-	-	-	18,463	18,463	-	18,463
Foreign currency translation	-	-	-	-	-	-	-	-	-	6,730	6,730	(159)	6,571
Gain on fair value changes of available-for-sale financial asset	-	-	-	-	-	-	-	-	341	-	341	-	341
Other comprehensive income for the year	-	-	-	(1,270)	-	-	-	-	341	25,193	24,264	(159)	24,105
Total comprehensive income for the year	-	-	-	100,305	-	-	-	-	341	25,193	125,839	(139)	125,700
<u>Contributions by and distributions to equity holders</u>													
Exercise of employees' share options	497	-	-	-	-	(129)	-	-	-	-	368	-	368
Purchase of treasury shares	-	(7,815)	-	-	-	-	-	-	-	-	(7,815)	-	(7,815)
Treasury shares reissued pursuant to purchase of NCI's shares	-	19	-	-	-	14	-	-	-	-	33	-	33
Dividend on ordinary shares	-	-	-	(43,412)	-	-	-	-	-	-	(43,412)	-	(43,412)
Total contributions by and distributions to equity holders	497	(7,796)	-	(43,412)	-	(115)	-	-	-	-	(50,826)	-	(50,826)

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STATEMENTS OF CHANGES IN EQUITY (Continued)

(Amounts in Singapore dollars)

2013 (cont'd) Group	Attributable to equity holders of the Company												
	Share capital	Treasury shares	Equity component of	Accumulated profits	Enterprise expansion funds	Capital reserves	Revaluation reserve	Premium on purchase of NCI's shares	Fair value adjustment reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
			convertible bonds										
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<u>Changes in ownership interests in subsidiaries that do not result in a loss of control</u>													
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	68,766	68,766
Discount on purchase of NCIs' shares	-	-	-	-	-	-	-	12	-	-	12	-	12
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(100)	(100)
Total changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	-	12	-	-	12	68,666	68,678
Total transactions with equity holders in their capacity as equity holders	497	(7,796)	-	(43,412)	-	(115)	-	12	-	-	(50,814)	68,666	17,852
At 31 December 2013	65,036	(36,962)	3,773	251,252	545	6,206	2,724	(14,532)	341	(7,156)	271,227	72,697	343,924

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STATEMENTS OF CHANGES IN EQUITY (Continued)

(Amounts in Singapore dollars)

2012 Group	Attributable to equity holders of the Company											
	Share capital	Treasury shares	Equity component of	Accumulated profits	Enterprise expansion funds	Capital reserves	Revaluation reserve	Premium on purchase of NCIs' shares	Foreign currency translation reserve	Total	Non- controlling interests	Total equity
			convertible bonds									
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2012	63,983	(14,277)	3,773	144,810	545	5,477	2,724	(14,544)	(27,033)	165,458	3,049	168,507
Profit for the year	-	-	-	86,925	-	-	-	-	-	86,925	351	87,276
<u>Other comprehensive income</u>												
Foreign currency translation	-	-	-	-	-	-	-	-	(5,316)	(5,316)	(30)	(5,346)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	(5,316)	(5,316)	(30)	(5,346)
Total comprehensive income for the year	-	-	-	86,925	-	-	-	-	(5,316)	81,609	321	81,930
<u>Contributions by and distributions to equity holders</u>												
Transfer to capital reserves	-	-	-	(944)	-	944	-	-	-	-	-	-
Exercise of employees' share options	556	-	-	-	-	(100)	-	-	-	456	-	456
Purchase of treasury shares	-	(14,889)	-	-	-	-	-	-	-	(14,889)	-	(14,889)
Dividend on ordinary shares	-	-	-	(36,432)	-	-	-	-	-	(36,432)	-	(36,432)
Total contributions by and distributions to equity holders	556	(14,889)	-	(37,376)	-	844	-	-	-	(50,865)	-	(50,865)

Financial Statements

STATEMENTS OF CHANGES IN EQUITY (Continued)

(Amounts in Singapore dollars)

2012 (cont'd) Group	Attributable to equity holders of the Company											
	Share capital \$'000	Treasury shares \$'000	Equity component of	Accumulated profits \$'000	Enterprise expansion funds \$'000	Capital reserves \$'000	Revaluation reserve \$'000	Premium on purchase of NCIs' shares \$'000	Foreign currency translation reserve \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
			convertible bonds \$'000									
<u>Changes in ownership interests in subsidiaries that do not result in a loss of control</u>												
Capital contribution from a NCI	-	-	-	-	-	-	-	-	-	-	800	800
Total changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	-	-	-	-	800	800
Total transactions with equity holders in their capacity as equity holders	556	(14,889)	-	(37,376)	-	844	-	-	-	(50,865)	800	(50,065)
At 31 December 2012	64,539	(29,166)	3,773	194,359	545	6,321	2,724	(14,544)	(32,349)	196,202	4,170	200,372

Financial Statements

STATEMENTS OF CHANGES IN EQUITY (Continued)

(Amounts in Singapore dollars)

2013 Company	Share	Treasury	Equity	Accumulated	Capital	Fair value	Total
	capital	shares	component of convertible bonds	profits	reserves	adjustment reserves	equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2013	64,539	(29,166)	3,773	49,429	973	-	89,548
Profit, representing total comprehensive income, for the year	-	-	-	25,895	-	-	25,895
<u>Other comprehensive income</u>							
Gain on fair value changes of available-for- sale financial asset	-	-	-	-	-	341	341
Other comprehensive income for the year	-	-	-	-	-	341	341
Total comprehensive income for the year	-	-	-	25,895	-	341	26,236
<u>Contributions by and distributions to equity holders</u>							
Exercise of employees' share options	497	-	-	-	(129)	-	368
Purchase of treasury shares	-	(7,815)	-	-	-	-	(7,815)
Treasury shares reissued pursuant to purchase of NCI's shares	-	19	-	-	14	-	33
Dividend on ordinary shares	-	-	-	(43,412)	-	-	(43,412)
Total contributions by and distributions to equity holders	497	(7,796)	-	(43,412)	(115)	-	(50,826)
At 31 December 2013	65,036	(36,962)	3,773	31,912	858	341	64,958

2012 Company	Share	Treasury	Equity	Accumulated	Capital	Total
	capital	shares	component of convertible bonds	profits	reserves	equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2012	63,983	(14,277)	3,773	56,340	1,073	110,892
Profit, representing total comprehensive income, for the year	-	-	-	29,521	-	29,521
<u>Contributions by and distributions to equity holders</u>						
Exercise of employees' share options	556	-	-	-	(100)	456
Purchase of treasury shares	-	(14,889)	-	-	-	(14,889)
Dividend on ordinary shares	-	-	-	(36,432)	-	(36,432)
Total contributions by and distributions to equity holders	556	(14,889)	-	(36,432)	(100)	(50,865)
At 31 December 2012	64,539	(29,166)	3,773	49,429	973	89,548

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NOTES TO THE FINANCIAL STATEMENTS

(Amounts in Singapore dollars)

A. SHARE CAPITAL

(i) Share capital

	Group and Company		Group and Company	
	31-Dec 2013	31-Dec 2012	31-Dec 2013	31-Dec 2012
	Number of ordinary shares (^{'000})		Issued and fully paid up (^{'000})	
Issued and fully paid				
At beginning of year	752,863	752,139	64,539	63,983
Exercise of share options	401	724	497	556
At end of year	<u>753,264</u>	<u>752,863</u>	<u>65,036</u>	<u>64,539</u>

(ii) Treasury shares

	Group and Company		Group and Company	
	31-Dec 2013	31-Dec 2012	31-Dec 2013	31-Dec 2012
	Number of treasury shares (^{'000})		(\$ ^{'000})	
At beginning of year	(26,445)	(14,341)	(29,166)	(14,277)
Acquired during the financial year	(4,115)	(12,104)	(7,815)	(14,889)
Treasury shares reissued pursuant to purchase of NCI's shares	16	-	19	-
At end of year	<u>(30,544)</u>	<u>(26,445)</u>	<u>(36,962)</u>	<u>(29,166)</u>

16,000 (31 Dec 2012: Nil) treasury shares were reissued for the purpose of acquiring NCI's shares during the current financial year.

	Group and Company		Group and Company	
	31-Dec 2013	31-Dec 2012	31-Dec 2013	31-Dec 2012
	Number of shares excluding treasury shares (^{'000})		(\$ ^{'000})	
Issued and fully paid				
Share capital	753,264	752,863	65,036	64,539
Less: Treasury shares held	<u>(30,544)</u>	<u>(26,445)</u>	<u>(36,962)</u>	<u>(29,166)</u>
Share capital excluding treasury shares	<u>722,720</u>	<u>726,418</u>	<u>28,074</u>	<u>35,373</u>

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (Continued)

B. SHARE OPTIONS

The movement of share options of the Company during the year from 1 January 2013 to 31 December 2013 is as follows:

Date of grant	Exercisable Period	Balance as at 1 January 2013	Exercised	Cancelled / Lapsed	Balance as at 31 Dec 2013	Exercise Price
1 March 2004	16.02.2005 - 15.02.2014	424,240	(401,080)	(120)	23,040	0.917

As at 31 December 2013, the number of share options of the Company outstanding was 23,040 (31 December 2012: 424,240).

C. GROUP BORROWINGS AND DEBT SECURITIES

	<u>Group</u>		<u>Company</u>	
	<u>31-Dec-13</u>	<u>31-Dec-12</u>	<u>31-Dec-13</u>	<u>31-Dec-12</u>
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand				
Obligations under finance lease (secured)	14	9	-	-
Liability component of convertible bonds (unsecured)	119,038	-	119,038	-
Bank loan (unsecured)	6,030	-	-	-
Bills payable to banks (unsecured)	29,493	24,986	29,493	24,986
	<u>154,575</u>	<u>24,995</u>	<u>148,531</u>	<u>24,986</u>
Amount repayable after one year				
Obligations under finance lease (secured)	61	-	-	-
Liability component of convertible bonds (unsecured)	-	117,174	-	117,174
	<u>61</u>	<u>117,174</u>	<u>-</u>	<u>117,174</u>

A redemption clause arises requiring the liability component of convertible bonds to be treated as current liability whereby the bondholders are given the right on a single day on 5 July 2014 to redeem the bonds, although the bond maturity is due later on 5 July 2016. As at 31 December 2013, the outstanding number of convertible bonds that may be issued as shares was 64,171,123 (31 December 2012: 61,855,670) at a conversion price of S\$1.87 (31 December 2012: S\$1.94). As at the date of this announcement the current market price of OSIM share is more than 125% of the current conversion price.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

D. NET ASSETS VALUE PER SHARE

	Group		Company	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Net assets value per share based on existing issued share capital as at end of respective year	<u>36 cents</u>	<u>26 cents</u>	<u>9 cents</u>	<u>12 cents</u>

E. OTHER OPERATING INCOME

	Group		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Gain arising from fair value of TWG Tea	42,055	-	42,055	-
Other operating income	4,404	4,743	14,706	14,816
	<u>46,459</u>	<u>4,743</u>	<u>56,761</u>	<u>14,816</u>

F. OTHER OPERATING EXPENSES

	Group		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Impairment and foreign translation loss of Brookstone	30,962	-	30,962	-
Impairment of assets of ONI Global (Australia) Pte Ltd	6,882	-	6,882	-
Other operating expenses	65,946	54,378	222,139	207,598
	<u>103,790</u>	<u>54,378</u>	<u>259,983</u>	<u>207,598</u>

Financial Statements

NOTES TO FINANCIAL STATEMENTS (Continued)

G. TAXATION

This comprises:

	Group		Group	
	3 months ended 31 Dec 2013	2012	12 months ended 31 Dec 2013	2012
	\$'000	\$'000	\$'000	\$'000
Current tax				
- Current period / year	5,790	6,610	26,517	25,769
Deferred tax				
- Movement in temporary differences	346	1,219	651	1,795
- Over provision in respect of previous period / year	347	-	390	-
	6,483	7,829	27,558	27,564

H. INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions < \$100,000)	
	12 months ended 31 Dec 2013	2012
	\$'000	\$'000
Sales		
FK Marketing Ltd	1,034	825

Financial Statements

NOTES TO FINANCIAL STATEMENTS (Continued)

I. DISCLOSURE OF PERSONS OCCUPYING A MANAGERIAL POSITION

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
NIL	NIL	NIL	NIL	NIL

J. USE OF PROCEEDS

The proceeds of S\$118,300,000 (net) from the issue of Convertible Bonds due 2016 have been utilized as follows:

Net proceeds of the Convertible Bonds	\$'000 <u>118,300</u>
Balance of proceeds as at 1 January 2013	52,898
General Working Capital:	
Operating expenditure	(13,430)
Outlet renovation	(3,978)
Acquisition of TWG 8.7%	<u>(8,955)</u>
Use of proceeds during the year	<u>(26,363)</u>
Balance of proceeds as at 31 December 2013	<u>26,535</u>

Financial Statements

NOTES TO FINANCIAL STATEMENTS (Continued)

K. EARNINGS PER SHARE

The weighted average number of ordinary shares is determined as follows:

	Group		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2013	2012	2013	2012
	No. of shares ('000)	No. of shares ('000)	No. of shares ('000)	No. of shares ('000)
Basic earnings per share:				
Weighted average number of shares used in calculation of basic earnings per share	722,596	726,718	724,008	733,788
Basic earnings per share (cents)	3.82	3.11	14.03	11.85
Diluted earnings per share:				
Weighted average number of shares used in calculation of basic earnings per share	722,596	726,718	724,008	733,788
Effects of dilution:				
- Share options	137	280	239	591
- Convertible bonds	64,171	59,259	61,856	59,259
Weighted average number of shares used in calculation of diluted earnings per share	786,904	786,257	786,103	793,638
Diluted earnings per share (cents)	3.67	3.04	13.58	11.59

Adjusted profit used for calculation of diluted earnings per share:

	Group		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Profit attributable to equity holders	27,600	22,600	101,575	86,925
Add: Interest expense for convertible bonds	1,296	1,276	5,163	5,084
Adjusted profit used for calculation of diluted earnings per share	28,896	23,876	106,738	92,009

Financial Statements

NOTES TO FINANCIAL STATEMENTS (Continued)

L. SEGMENT INFORMATION

The Group is organised on a worldwide basis into two main operating divisions, namely retail and distribution, and their revenue, results and assets are analysed as follows:

	Retail		Distribution		Adjustments		Group	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue:								
Sales to external customers	590,489	555,352	57,127	46,332	–	–	647,616	601,684
Inter-segment sales	–	–	156,275	149,936	(156,275)	(149,936) *	–	–
Total revenue	590,489	555,352	213,402	196,268	(156,275)	(149,936)	647,616	601,684
Results:								
Segment results	94,775	74,718	22,019	46,576	12,359	(6,454) **	129,153	114,840
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets:								
Segment assets	364,893	256,070	295,514	183,061	19,543	31,774 ***	679,950	470,905

Adjustments comprise:

* deduction of inter-segment sales that are eliminated on consolidation.

** deduction of inter-segment profits and finance expenses (net) and additions of share of profits/(losses) of associated companies.

*** additions of investments in associated companies and a joint venture and deferred tax assets and deduction of inter-segment assets.

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NOTES TO FINANCIAL STATEMENTS (Continued)

M. DIVIDENDS

Details of the dividend for present year are appended below:

(i) Present Year

<u>Names of Dividend:</u>	<u>Dividend Rate</u>	<u>Dates Paid / Payable</u>
1 st Interim	1 cent per ordinary share	3 July 2013
2 nd Interim	2 cents per ordinary share	2 October 2013
3 rd Interim	1 cent per ordinary share	8 January 2014
Final	2 cents per ordinary share	15 April 2014
Dividend Type:	Cash	

(ii) Previous corresponding year

<u>Names of Dividend:</u>	<u>Dividend Rate</u>	<u>Dates Paid</u>
1 st Interim	1 cent per ordinary share	13 June 2012
2 nd Interim	1 cent per ordinary share	12 September 2012
Special	1 cent per ordinary share	12 September 2012
3 rd Interim	1 cent per ordinary share	12 December 2012
Final	1 cent per ordinary share	15 April 2013
Special	1 cent per ordinary share	15 April 2013

(iii) Book Closure Date for Final Dividend

The Share Transfer Books and Register of Members of OSIM International Ltd ("the Company") will be closed on 5pm, 2 April 2014.

(iv) Date Payable

The dividends will be paid on 15 April 2014, subject to shareholders' approval during the Annual General Meeting.

Financial Statements

ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current reporting period compared with the audited financial statements as at 31 December 2012, except for the adoption of the Financial Reporting Standards (FRS) and INT FRS that are mandatory for financial years beginning on or after 1 January 2013. The adoption of these FRS and INT FRS has no significant impact on the financial statements.

AUDIT

The figures have not been audited or reviewed by the Company's auditors.