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Riverstone's 1QFY2014 net profit jumps 35.2% to RM16.0 million as better raw material prices lifted gross profit margins

- Revenue up 8.7% to RM87.8 million with growing demand for the Group's customized healthcare and cleanroom gloves
- First phase of expansion plan on track; total annual production capacity expected to increase by 35.5% to 4.2 billion pieces of gloves by 31 December 2014
- Strong balance sheet with cash position of RM108.9 million and no borrowings

Financial Highlights

<u>RM million (Y/E Dec)</u>	<u>1QFY2014</u>	<u>1QFY2013</u>	<u>Change (%)</u>
Revenue	87.8	80.8	▲8.7
Cost of Goods Sold	(60.9)	(60.0)	▲1.5
Gross Profit	26.9	20.8	▲29.7
Profit Before Tax	20.0	14.6	▲37.1
Net Profit	16.0	11.8	▲35.2
EPS* - basic (sen)	4.31	3.37	▲27.9
EPS[#] - fully diluted (sen)	4.31	3.31	▲30.2

*Based on weighted average of 371.2 million shares (1QFY2013: 352.0 million shares)

Based on weighted average of 371.2 million shares (1QFY2013: 357.8 million shares)

SINGAPORE - 6 May 2014 – Mainboard-listed Riverstone Holdings Limited (“Riverstone” or “the Group”) 立合斯顿有限公司, a leading manufacturer of specialised cleanroom and healthcare gloves, today reports a 35.2% year-on-year (“yoy”) growth in net profit to RM16.0 million for the three months ended 31 March 2014 (“1QFY2014”).

“We are pleased to deliver a strong quarter of financial performance as our overall strategy of focusing on both cleanroom and healthcare glove markets continue to gain growth momentum. Our emphasis on managing our product mix as well as the favourable raw material prices has enhanced our bottomline performance.

Our commitment to our customers enables us to provide them with customized solutions and this has allowed us to grow consistently amidst a competitive market. While we continue to grow our top and bottom-line figures, we remain prudent in our operations and vigilant about the movement in commodity prices and fluctuations in the US currency.”

- **Executive Chairman and CEO, Mr Wong Teek Son (黄德顺)**

Income statement review

The Group registered a 8.7% yoy increase in revenue to RM87.8 million in 1QFY2014 as demand for its cleanroom and healthcare gloves continue to grow.

Correspondingly, gross profit for the Group increased 29.7% yoy to RM26.9 million in 1QFY2014 due to favourable raw material prices.

Other income for the Group moderated by 9.9% yoy to RM0.6 million in 1QFY2014 as the utility rebate and compensation from a contractor for late completion of contract in 1QFY2013 and the increase in interest income from fixed deposits in 1QFY2014.

The Group's selling and distribution expenses rose marginally by 2.1% yoy to RM2.1 million in 1QFY2014 due to the overall increase in sales activities. General and administrative expenses also increased 17.5% yoy to RM4.6 million in 1QFY2014 due to an increase in payroll cost. Other operating expenses for the Group however reduced 2.0% yoy to RM0.9 million in 1QFY2014 as a result of lower research and development expenses together with a net foreign exchange loss.

As a result of the above, the Group reported a 35.2% yoy increase in net profit to RM16.0 million in 1QFY2014.

Balance sheet review

As at 31 March 2014, non-current assets increased to RM176.0 million as compared to RM165.8 million on 31 December 2013 due to acquisition of property, plant and equipment amounting to RM14.8 million and foreign exchange adjustment offsetting a depreciation charge of RM4.6 million.

Due to certain deliveries being scheduled for the next quarter, inventories increased from RM35.7 million on 31 December 2013 to RM43.6 million as at 31 March 2014. In comparison, trade receivables decreased RM62.5 million on 31 December 2013 to RM60.4 million as at 31 March 2014 due to the imposition of stringent credit control.

Current liabilities declined from RM44.9 million as at 31 December 2013 to RM41.1 million on 31 March 2014. This is largely due to a decrease in payables and accruals as it declined from RM39.2 million as at 31 December 2013 to RM34.4 million. While derivatives similarly saw a decrease of RM0.3 million to nil as at 31 March 2014, it was offset with the increase in provision of taxes from RM5.3 million as at 31 December 2013 to RM6.6 million as at 31 March 2014.

Cash flow statement review

As at 31 March 2014, the Group generated positive cash flow from operating activities amounting to RM9.7 million and utilized RM14.7 million cash for investing activities mainly purchase of property, plant and equipment.

The Group remains debt-free with a net cash balance of RM108.9 million as at 31 March 2014.

Outlook

Commenting on the market and Group's prospects, **Mr Wong** added, "While we seek to maintain our leadership position in the high-end cleanroom gloves segment, we are also gradually growing our market share within the new cleanroom glove and healthcare glove segments.

In order to benefit from the growing global market demand for healthcare gloves, we are pleased to share that we are on track with developments for the first phase of expansion plans in Taiping, Malaysia. The new factory built on a 30-acre land, is expected to roll out operations from July 2014, increasing our total annual production capacity from 3.1 to 4.2 billion pieces of gloves by 31 December 2014."

-- The End --

About Riverstone Holdings Limited ("Riverstone" or 立合斯顿有限公司)

Malaysia-based Riverstone is a global market leader in the manufacturing of nitrile and natural rubber clean room gloves used in highly controlled and critical environments as well as premium nitrile gloves used in the healthcare industry. The company's proprietary "RS Riverstone Resources" brand is the preferred cleanroom glove for use in high-tech manufacturing industries. The company also manufactures cleanroom consumables such as finger cots and facemasks. Its customers are global leaders in the HDD, LCD, semiconductor, consumer electronics, pharmaceutical and healthcare industries. The company employs more than 1,000 people throughout its five manufacturing facilities in Malaysia (3), Thailand (1) and China (1) with an annual production capacity of 3.1 billion gloves as at 31 December 2013. It also has an established global network of sales offices to serve its customers in Singapore, Malaysia, Thailand, the Philippines, China and the U.S. Riverstone was listed on the Mainboard of the Singapore in 2006. (www.riverstone.my)

Issued for and on behalf of **Riverstone Holdings Limited** by

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