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Riverstone reports revenue growth of 21.5% to RM156.7 million on the back of higher glove orders for 2QFY2016

- Despite macroeconomic uncertainties resulting in raw material costs and foreign exchange fluctuations, net profit remains stable at RM27.3 million
- Phase 3 expansion is on track for completion by end of FY2016, adding one billion in total annual production capacity to 6.2 billion gloves
- Supported by the Group's ability to generate positive cash flow and a robust balance sheet, the Board of Directors declares an interim dividend of 1.30 sen (RM) per share (1HFY2015: 1.2 sen (RM))¹

Financial Highlights

<u>RM million</u> <u>(Y/E Dec)</u>	<u>2QFY2016</u>	<u>2QFY2015</u>	<u>Change (%)</u>
Revenue	156.7	129.0	▲21.5
Cost of Goods Sold	(118.5)	(90.2)	▲31.3
Gross Profit	38.2	38.8	▼1.4
Profit Before Tax	31.7	32.2	▼1.6
Net Profit	27.3	27.0	▲1.2
EPS* - fully diluted (sen)	3.84	7.27	▲n.m.

¹Based on ordinary share capital of 742.5 million after adjusting for 1:1 bonus share

*Based on weighted average of 711.5 million ordinary shares in issue (2QFY2015: 371.2 million ordinary shares in issue)

SINGAPORE - 11 August 2016 – 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 announced that its revenue increased 21.5% year-on-year (“yoy”) to RM156.7 million while net profit remained stable at RM27.3 million for the three months ended 30 June 2016 (“2QFY2016”).

“During 2QFY2016, we have continued to identify new segments within US and Japan to consistently grow demand for our niche healthcare gloves. As a result, our third phase of expansion is on track and we have begun commissioning the lines so as to add one billion pieces of glove annually to total production capacity by the end of FY2016. That being said, we continue to face challenges posed by economic uncertainties such as raw material and foreign exchange fluctuations, gas and wage hikes in Malaysia weighed on our gross profit margins.

In addition to the above, we remain in a competitive environment. As such, the emphasis lies on controlling expenses and boosting operational efficiencies such as maintaining our high utilisation rate. Committed to bolstering our innovative capabilities, we work closely with our customers to consistently introduce new products that would value-add their offerings, be it for cleanroom or healthcare gloves. Supported by the delivery of a positive set of results, the Board of Directors has declared an interim dividend of 1.30 sen (RM) per share.”

Income statement review

Gross profit for the Group was impacted by fluctuations in raw material prices and foreign currency exchange and decreased marginally by 1.4% yoy to RM38.2 million for 2QFY2016. Conversely, other income increased by 12.7% yoy to RM0.4 million due to higher interest income while selling and distribution expenses increased by 15.7% yoy to RM3.5 million on the back of increased sales activities.

General and administrative expenses also increased 6.3% yoy to RM5.5 million for 2QFY2016 mainly due to an increase in payroll costs. In addition, other operating income recorded RM2.1 million for 2QFY2016, an increase from RM1.3 million from the previous year attributed mainly to higher net foreign exchange gain.

As a result of the above, the Group reported a stable net profit of RM27.3 million for 2QFY2016.

Balance sheet review

As at 30 June 2016, property, plant and equipment (“PPE”) increased to RM300.4 million from RM276.7 million as at 31 December 2015, mainly a result of an acquisition worth RM39.1 million. Additionally, the Group recorded a foreign exchange adjustment of RM0.8 million, partially offset by a depreciation charge and write off and disposal of PPE worth RM14.1 million and RM0.5 million respectively.

Trade receivables increased from RM103.1 million to RM109.5 million within the same period. Inventories, however, recorded a decrease in levels from RM61.2 million as at 31 December 2015 to RM60.5 million as at 30 June 2016 due mainly to an increase in sales activities.

Within the same period, current liabilities declined from RM92.1 million to RM87.5 million. This was due mainly to lower payables and accruals from RM84.4 million to RM80.0 million and a decrease in provision for taxation from RM7.6 million to RM7.5 million.

Cash flow statement review

As at 30 June 2016, the Group generated positive operating cash flow of RM54.0 million and exercised RM40.8 million for investing activities mainly for the purchase of PPE and installments paid for the purchased of a piece of land.

The Group continues to remain debt-free with cash and cash equivalents of RM98.9 million.

Outlook

On the Group’s prospects, **Mr Wong** commented, “In our push for sustainable growth in this challenging environment, we remain dedicated to locating pockets of opportunity for our healthcare and cleanroom gloves. It is imperative for us to remain mindful of the fast-changing dynamics of our operating environment in order to stay responsive to changes accordingly. Supported by a resilient balance sheet and our ability to consistently generate positive cash flow, we are cautiously optimistic going forward.”

-- 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 six manufacturing facilities in Malaysia (4), Thailand (1) and China (1) with an annual production capacity of 5.2 billion gloves as at 31 December 2015. 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.com.my)

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

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