
UNAUDITED RESULTS FOR THE FIRST HALF-YEAR ENDED 30 JUNE 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The Company was incorporated on 3 August 2005 and listed on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 November 2006.

1 (a) (i) An income statement and statement of comprehensive income, (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Group		Increase / (decrease) %
	1H2020	1H2019	
	1 Jan 2020 to 30 Jun 2020	1 Jan 2019 to 30 Jun 2019	
	RM'000	RM'000	
Revenue	626,701	480,268	30.5%
Cost of sales	(428,973)	(385,374)	11.3%
Gross profit	197,728	94,894	108.4%
Other income	1,539	1,812	(15.1%)
Selling and distribution expenses	(9,318)	(8,547)	9.0%
General and administrative expenses	(15,705)	(11,277)	39.3%
Other operating income/ (expenses)	1,183 #	(2,345) #	(150.4%)
Finance costs	(207)	(375)	(44.8%)
Profit before taxation	175,220	74,162	136.3%
Income tax expense	(37,694)	(11,441)	229.5%
Profit after taxation	137,526	62,721	119.3%
Profit attributable to:			
Equity holders of the Company	137,526	62,721	119.3%
Non-controlling interests	-	-	N/M
	137,526	62,721	

Consolidated Statement of Comprehensive Income

	Group		Increase / (decrease) %
	1H2020	1H2019	
	1 Jan 2020 to 30 Jun 2020	1 Jan 2019 to 30 Jun 2019	
	RM'000	RM'000	
Profit after taxation	137,526	62,721	119.3%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain	1,690	2,131	(20.7%)
Total comprehensive income	139,216	64,852	114.7%
Total comprehensive income attributable to:			
Equity holders of the Company	139,216	64,852	114.7%
Non-controlling interests	-	-	N/M
	139,216	64,852	

1 (a) (ii) The net profit attributable to shareholders includes the following (charges)/credits:

	Group		Increase / (decrease) %
	1H2020	1H2019	
	1 Jan 2020 to 30 Jun 2020	1 Jan 2019 to 30 Jun 2019	
	RM'000	RM'000	
Depreciation of property, plant and equipment	(25,569)	(23,429)	9.1%
Net foreign exchange gain	2,352 #	308 #	663.6%
Property, plant and equipment written off	(56)	(23)	143.5%
Gain on disposal of property, plant and equipment	860	7	12185.7%
Fair value loss on derivatives	(410) #	(793) #	(48.3%)
Research and development expenses	(1,033)	(1,272)	(18.8%)
Interest income from bank balances	1,140	1,157	(1.5%)
Interest on bank borrowings	(207)	(375)	(44.8%)

N/M Not Meaningful

* Denote amount less than RM500

The net foreign exchange gain and fair value loss on derivatives have been included in other operating income/ (expenses)

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1 (b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30.06.20	As at 31.12.19	As at 30.06.20	As at 31.12.19
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	514,476	510,822	-	-
Other assets	26,864	21,473	-	-
Investments in subsidiary companies	-	-	201,625	199,453
Deferred tax assets	548	9,228	-	-
	<u>541,888</u>	<u>541,523</u>	<u>201,625</u>	<u>199,453</u>
Current assets				
Inventories	82,868	97,295	-	-
Trade receivables	133,611	154,511	-	-
Other receivables	3,641	3,585	1	159
Prepayments	4,373	3,065	30	30
Tax recoverable	600	600	-	-
Derivatives	1,252	1,661	-	-
Fixed deposits	46,334	62,007	30,718	46,644
Cash at banks and in hand	227,825	68,402	5,832	3,237
	<u>500,504</u>	<u>391,126</u>	<u>36,581</u>	<u>50,070</u>
Current liabilities				
Payables and accruals	110,943	112,879	301	288
Amount due to a subsidiary company	-	-	32	-
Bank borrowings (secured)	6,000	6,000	-	-
Refund liabilities	576	503	-	-
Provision for taxation	22,204	6,733	32	31
	<u>139,723</u>	<u>126,115</u>	<u>365</u>	<u>319</u>
Net current assets	<u>360,781</u>	<u>265,011</u>	<u>36,216</u>	<u>49,751</u>
Non-current liabilities				
Bank borrowings (secured)	4,000	7,000	-	-
Employee benefit obligations	499	464	-	-
Deferred tax liabilities	12,882	9,645	-	-
	<u>17,381</u>	<u>17,109</u>	<u>-</u>	<u>-</u>
Net assets	<u>885,288</u>	<u>789,425</u>	<u>237,841</u>	<u>249,204</u>
Equity attributable to equity holders of the Company				
Share capital	156,337	156,337	156,337	156,337
Treasury shares	(815)	(815)	(815)	(815)
Reserves	729,761	633,898	82,319	93,682
	<u>885,283</u>	<u>789,420</u>	<u>237,841</u>	<u>249,204</u>
Non-controlling interests	5	5	-	-
Total equity	<u>885,288</u>	<u>789,425</u>	<u>237,841</u>	<u>249,204</u>

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1 (b) (ii) Aggregate amount of group's borrowings and debt securities

	Group	
	As at 30.06.20	As at 31.12.19
	RM'000	RM'000
Amount repayable in one year or less, or on demand		
Bank borrowings (secured)	6,000	6,000
	<u>6,000</u>	<u>6,000</u>
Amount repayable after one year		
Bank borrowings (secured)	4,000	7,000
	<u>4,000</u>	<u>7,000</u>

The bank borrowings were secured by a corporate guarantee of the Company and a charge over a piece of leasehold land and buildings.

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1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1H2020	1H2019
	1 Jan 2020 to 30 Jun 2020	1 Jan 2019 to 30 Jun 2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	175,220	74,162
Adjustments for:		
Depreciation of property, plant and equipment	25,569	23,429
Property, plant and equipment written off	56	23
Gain on disposal of property, plant and equipment	(860)	(7)
Fair value loss on derivatives	410	793
Interest expense	207	375
Interest income	(1,140)	(1,157)
Operating cash flows before working capital changes	<u>199,462</u>	<u>97,618</u>
Decrease/ (increase) in inventories	14,427	(12,599)
Decrease in receivables and prepayments	19,536	23,913
Decrease in payables, accruals and refund liabilities	(1,863)	(29,108)
Increase in employee benefit obligations	35	34
Cash flows from operations	<u>231,597</u>	<u>79,858</u>
Income tax paid	(10,306)	(7,675)
Interest paid	(207)	(375)
Interest received	1,140	1,157
Net cash flows from operating activities	<u>222,224</u>	<u>72,965</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,813	7
Purchase of property, plant and equipment	(30,048)	(33,985)
Amount paid for purchase of land	(5,391)	(769)
Net cash flows used in investing activities	<u>(33,626)</u>	<u>(34,747)</u>
Cash flows from financing activities		
Proceeds from revolving credit	2,000	-
Repayment of revolving credit	(2,000)	(1,000)
Repayment of bank borrowings	(3,000)	(3,000)
Dividends paid	(43,353)	(40,389)
Net cash flows used in financing activities	<u>(46,353)</u>	<u>(44,389)</u>
Net increase/ (decrease) in cash and cash equivalents	<u>142,245</u>	<u>(6,171)</u>
Effect of foreign currency exchange rates	1,505	1,522
Cash and cash equivalents at beginning of period	<u>130,409</u>	<u>97,010</u>
Cash and cash equivalents at end of period	<u>274,159</u>	<u>92,361</u>
Cash and cash equivalents comprise the followings at end of the financial period		
Fixed deposits	46,334	25,979
Cash at banks and in hand	<u>227,825</u>	<u>66,382</u>
Cash and cash equivalent at end of the financial period	<u>274,159</u>	<u>92,361</u>

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1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding year of the immediately preceding financial year.

	Share Capital RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Other Reserves RM'000	Total Reserves RM'000	Non-controlling Interests RM'000	Total Equity RM'000
GROUP							
1H2019							
Balance at 1 January 2019	156,337	(815)	593,653	(40,161)	553,492	5	709,019
Total comprehensive income for the period	-	-	62,721	2,131	64,852	- *	64,852
Payment of FY2018 final dividend	-	-	(40,389)	-	(40,389)	-	(40,389)
Balance at 30 June 2019	156,337	(815)	615,985	(38,030)	577,955	5	733,482
1H2020							
Balance at 1 January 2020	156,337	(815)	672,189	(38,291)	633,898	5	789,425
Total comprehensive income for the period	-	-	137,526	1,690	139,216	- *	139,216
Payment of FY2019 final dividend	-	-	(43,353)	-	(43,353)	-	(43,353)
Balance at 30 June 2020	156,337	(815)	766,362	(36,601)	729,761	5	885,288

* Denote amount less than RM500

	Share Capital RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Other Reserves RM'000	Total Reserves RM'000	Total Equity RM'000
COMPANY						
1H2019						
Balance at 1 January 2019	156,337	(815)	40,438	43,442	83,880	239,402
Total comprehensive income for the period	-	-	25,614	1,748	27,362	27,362
Payment of FY2018 final dividend	-	-	(40,389)	-	(40,389)	(40,389)
Balance at 30 June 2019	156,337	(815)	25,663	45,190	70,853	226,375
1H2020						
Balance at 1 January 2020	156,337	(815)	50,436	43,246	93,682	249,204
Total comprehensive income for the period	-	-	29,624	2,366	31,990	31,990
Payment of FY2019 final dividend	-	-	(43,353)	-	(43,353)	(43,353)
Balance at 30 June 2020	156,337	(815)	36,707	45,612	82,319	237,841

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- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Share capital	Number of shares	Share Capital RM'000
Issued and fully paid up:		
As at 31 December 2019	<u>742,452,050</u>	<u>156,337</u>
As at 30 June 2020	<u>742,452,050</u>	<u>156,337</u>

As at 30 June 2020, the Company held 1,368,000 of its issued shares as treasury shares (31 December 2019: 1,368,000).

Other than the above mentioned, the Company does not have any outstanding share convertibles at the end of the financial period under review.

- 1 (d)(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.

	As at 30.06.20	As at 31.12.19
Total number of issued shares	742,452,050	742,452,050
Less: Treasury shares	<u>(1,368,000)</u>	<u>(1,368,000)</u>
Total number of issued shares excluding treasury shares	<u>741,084,050</u>	<u>741,084,050</u>

- 1 (d) (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.

There were no sales, transfers, disposal, cancellation and/ or use of treasury shares during the current financial period reported on.

- 1 (d) (v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.

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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 the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as explained in note 5, the Group and the Company have applied the same accounting policies and method of computation applied in the financial statements for the current reporting period as those adopted in the most recently audited consolidated financial statements for the financial year ended 31 December 2019.

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.

The adoption of the new Singapore Financial Reporting Standards (International) ("SFRS(I)") is assessed to have no material impact to the results of the Group and the Company for the financial year ended 31 December 2020.

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	
		1H2020	1H2019
Earnings per share ("EPS") in sen (RM)			
a)	Basic	18.56	8.47
b)	On a fully diluted basis	18.56	8.47

Earnings per share for the first half-year ended 30 June 2020 is calculated based on profit from ordinary activities after taxation of RM137.5 million divided by weighted average of 741.1 million number of ordinary shares in issue. As for comparative, earnings per share for the first half-year ended 30 June 2019 is calculated based on profit from ordinary activities after taxation of RM62.7 million divided by weighted average of 741.1 million number of ordinary shares in issue.

As there were no share options and other potential issuance granted, the basic and fully diluted earnings per share are the same.

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	
	As at 30.06.20	As at 31.12.19	As at 30.06.20	As at 31.12.19
Net asset per share in sen (RM)	119.46	106.52	32.09	33.63

The Group and Company net asset backing per ordinary share as at 30 June 2020 and 31 December 2019 are calculated based on 741.1 million ordinary shares in issue excluding treasury shares.

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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.

a) INCOME STATEMENT REVIEW

For the 1H2020, the Group achieved RM626.7 million total revenue, a 30.5% increase as compared to RM480.3 million in 1H2019. Cost of sales increased to RM429.0 million in 1H2020 in line with the increase in total revenue. The Group's gross profit rose 108.4% from RM94.9 million in 1H2019 to RM197.7 million in 1H2020. The Group's gross profit margin improved from 19.8% to 31.6% due to higher average selling price.

The Group's other income reduced to RM1.5 million in 1H2020 mainly due to lower interest income and lower sales of scraps.

Selling and distribution expenses increased by 9.0% from RM8.5 million in 1H2019 to RM9.3 million in 1H2020 mainly due to the increase in sales activities.

General and administrative expenses increased by 39.3% to RM15.7 million in 1H2020 mainly due to increase in performance incentives.

Other operating income of RM1.2 million in 1H2020 was mainly due to the gain from foreign exchange after offsetting losses from fair value in derivatives.

The Group's effective tax rate was higher at 21.5% in 1H2020 compared to 15.4% in 1H2019 due to higher reinvestment allowances recognised in 1H2019.

Overall in 1H2020, the Group's profit before tax and profit after tax increased by 136.3% to RM175.2 million and 119.3% to RM137.5 million respectively.

b) BALANCE SHEET REVIEW

As at 30 June 2020, non-current assets which consist of property, plant and equipment (PPE), other assets and deferred tax assets, increased to RM541.9 million from RM541.5 million. PPE increased to RM514.5 million from RM510.8 million mainly on additions amounting to RM30.0 million coupled with foreign exchange adjustment of RM0.2 million offset by the depreciation charge of RM25.6 million and PPE written or disposed off. Other assets as at 30 June 2020 were at RM26.9 million consisting of payments for the land purchase. Deferred tax assets (DTA) decreased to RM0.5 million mainly due to higher utilisation of reinvestment allowance incentive against the statutory income.

Inventories reduced from RM97.3 million as at 31 December 2019 to RM82.9 million as at 30 June 2020 mainly due to higher sales volume. Improvement in collections resulted in trade receivables being reduced to RM133.6 million.

Cash and cash equivalents increased from RM130.4 million as at 31 December 2019 to RM274.2 million as at 30 June 2020. For the 1H2020, the Group generated RM222.2 million in net cash flows from operating activities and net cash flows used in investing activities amounting to RM33.6 million were mainly for the purchase of PPE. The Group's net cash flows used in financing activities in 1H2020 amounted to RM46.4 million for repayment of bank borrowings and payment of dividends.

Current liabilities increased to RM139.7 million as at 30 June 2020 mainly due to higher provision for taxation. Payables and accruals of RM110.9 million as at 30 June 2020 remained largely at the same level as at 31 December 2019.

Non-current liabilities increased to RM17.4 million as at 30 June 2020 from RM17.1 million mainly due to the increased in deferred tax liabilities.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable

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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.**

Subject to market conditions, the Group will add an additional capacity up to 1.4 billion pieces of gloves by end of 2020 for Phase 6 of its expansion plans, which will bring the Group's total annual production capacity up to 10.4 billion pieces of gloves.

Macroeconomic headwinds such as US Dollar fluctuations, volatile raw material supply and prices and increase in overall production costs continue to remain challenging for the Group.

11. **If a decision regarding dividend has been made:-**

- (a) **Whether an interim (final) ordinary dividend has been declared (recommended); and**

The Board has recommended to pay a one-tier tax exempt interim dividend of 4.00 sen (RM) per ordinary share for the financial year ending 31 December 2020.

- (b) **Corresponding period of the immediately preceding financial year**

Yes

Name of Dividend	Interim Tax Exempt Dividend
Dividend Type	Cash
Dividend amount per Share (in sen)	1.55 sen (RM) per ordinary share
Tax Rate	Tax-exempt one-tier

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

The dividend will be a one-tier tax exempt dividend and will not be taxable in the hands of shareholders in Singapore.

- (d) **The date the dividend is payable.**

To be determined

- (e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

To be determined

12. **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable

13. **If the group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have an Interested Person Transactions mandate.

14. **Statement by Directors Pursuant to SGX Listing Rule 705(5)**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of Riverstone Holdings Limited for the first half-year ended 30 June 2020 presented in this announcement to be false or misleading in any material respect.

15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers under SGX Listing Rule 720(1)**

The Company has procured undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD

WONG TEEK SON
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

5 August 2020

This release may contain forward looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.