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Riverstone reports revenue growth of 16.5% to RM148.1 million on the back of higher glove orders for 1QFY2016

- Net profit remains stable at RM27.2 million despite impact from foreign exchange losses
- Strong positive operating cash flow of RM13.3 million contributes to a resilient balance sheet comprising RM123.8 million of cash and cash equivalents
- Phase 3 expansion is on track as annual production capacity is expected to increase by one billion to 6.2 billion gloves by the end of FY2016

Financial Highlights

| <u>RM million</u> <u>(Y/E Dec)</u> | <u>1QFY2016</u> | <u>1QFY2015</u> | <u>Change (%)</u> |
|---------------------------------------|-----------------|-----------------|-------------------|
| Revenue | 148.1 | 127.2 | ▲16.5 |
| Cost of Goods Sold | (105.0) | (87.0) | ▲20.7 |
| Gross Profit | 43.1 | 40.2 | ▲7.4 |
| Profit Before Tax | 31.7 | 32.9 | ▼3.6 |
| Net Profit | 27.2 | 27.0 | ▲0.6 |
| EPS* - fully diluted (sen) | 3.82 | 7.28 | n.m. |

*Based on weighted average of 711.5 million shares after 1:1 bonus share (1QFY2015: 371.2 million shares)

SINGAPORE - 5 May 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 revenue increased 16.5% year-on-year (“yoy”) to RM148.1 million while net profit remained stable at RM27.2 million for the first quarter ended 31 March 2016 (“1QFY2016”).

“As we progress on the third phase of our expansion adding one billion in annual total production capacity to 6.2 billion gloves by end of FY2016, we are encouraged by the growth in traction among new and existing customers. In particular, our focus in expanding our presence in the North American market has gained momentum despite intensifying industry competition.

Industry headwinds such as fluctuations in foreign exchange and raw material prices however remain key challenges for us and we have stepped up vigilance accordingly. Notwithstanding our efforts to improve operational efficiencies such as increased automation in our production lines, our gross profit margin moderated marginally to 29.1%, in line with our expectations.”

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

Income statement review

Gross profit increased by 7.4% yoy to RM43.1 million while other income also increased by 6.4% yoy to RM0.3 million in 1QFY2016 mainly due to higher interest income. Correspondingly, selling and distribution expenses increased by 8.7% yoy to RM3.5 million for 1QFY2016 as a result of a rise in sales activities.

In contrast, general and administrative expenses decreased by 12.7% yoy to RM5.3 million for 1QFY2016 mainly due to a reduction in payroll cost. Most notably, fluctuations in currencies reversed a net foreign exchange gain of RM1.9 million in 1QFY2015 to loss of RM6.5 million for 1QFY2016. Coupled with higher research and development expenses, other operating expenses recorded RM3.0 million for 1QFY2016 compared to a net credit of RM1.7 million in the previous corresponding quarter.

As a result of the above, the Group reported a net profit of RM27.2 million for 1QFY2016.

Balance sheet review

As at 31 March 2016, property, plant and equipment (“PPE”) increased to RM279.4 million from RM276.7 million as at 31 December 2015. This was in line with the ongoing expansion plans as PPE worth RM11.1 million was acquired. There was also a foreign exchange adjustment of RM1.1 million, partially offset by a depreciation charge and disposal of PPE worth RM7.0 million and RM0.3 million respectively.

Within the same period, trade receivables decreased from RM103.1 million to RM91.6 million. Inventories, on the other hand, increased from RM61.2 million to RM65.2 million mainly due to increase in sales and higher production volume.

The Group’s current liabilities declined from RM92.1 million as at 31 December 2015 to RM68.2 million as at 31 March 2016. This was mainly attributed to lower payables and accruals from RM84.4 million to RM60.8 million as well as a decrease in provision for taxation from RM7.6 million to RM7.4 million.

Cash flow statement review

As at 31 March 2016, the Group generated positive operating cash flow of RM13.3 million and exercised RM13.0 million for investing activities mainly for the purchase of PPE and installments paid for the purchase of a piece of land.

As at 31 March 2016, the Group continues to remain debt-free with a resilient balance sheet comprising RM123.8 million worth of cash and cash equivalents.

Outlook

On the Group’s prospects, **Mr Wong** commented, “Amidst market uncertainty and volatility, we remain supported by a strong balance sheet with cash and cash equivalents of RM123.8 million. Despite the ongoing industry challenges, we remain cautiously optimistic with our ongoing expansion plans as global demand for gloves is estimated at 190.0 billion pieces for 2016 and has a growth rate of 6 – 8% 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 a 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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