

Company Registration No. 200510666D

Riverstone Holdings Limited

Condensed Interim Consolidated Financial Statements
For the six months ended 30 June 2022

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Riverstone Holdings Limited and Subsidiary Companies

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	6 months ended 30 June 2022 RM'000	6 months ended 30 June 2021 RM'000
Revenue	4	754,300	2,019,491
Cost of sales		(466,039)	(624,272)
Gross profit		288,261	1,395,219
Other income		10,977	6,011
Selling and distribution expenses		(10,610)	(15,580)
General and administrative expenses		(21,860)	(30,908)
Other operating income		4,190	4,738
Operating profit		270,958	1,359,480
Finance costs		(16)	(98)
Profit before taxation	6	270,942	1,359,382
Income tax expense	7	(62,009)	(318,651)
Profit for the financial period		208,933	1,040,731
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain		8,393	3,117
Other comprehensive income for the financial period		8,393	3,117
Total comprehensive income for the financial period		217,326	1,043,848
Profit attributable to:			
Equity holders of the Company		208,931	1,040,731
Non-controlling interests		2	– ⁽¹⁾
		208,933	1,040,731
Total comprehensive income attributable to:			
Equity holders of the Company		217,324	1,043,848
Non-controlling interests		2	– ⁽¹⁾
		217,326	1,043,848
Earnings per share			
Basic (sen)		14.10	70.22
Diluted (sen)		14.10	70.22

(1) Denotes amounts less than RM500.

Riverstone Holdings Limited and Subsidiary Companies

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Non-current assets					
Property, plant and equipment	11	719,501	691,194	–	–
Investments in subsidiary companies		–	–	207,782	202,794
Deferred tax assets		1,326	823	–	–
		<u>720,827</u>	<u>692,017</u>	<u>207,782</u>	<u>202,794</u>
Current assets					
Inventories		116,241	153,012	–	–
Trade receivables		186,598	232,009	–	–
Other receivables		2,953	2,755	9	153,754
Prepayments		5,258	5,404	31	58
Derivatives	10	–	1,335	–	–
Tax recoverable		145	145	–	–
Fixed deposits		653,689	982,933	150,366	417,096
Cash at banks and in hand		574,603	629,998	21,825	7,334
		<u>1,539,487</u>	<u>2,007,591</u>	<u>172,231</u>	<u>578,242</u>
Total assets		<u>2,260,314</u>	<u>2,699,608</u>	<u>380,013</u>	<u>781,036</u>
Current liabilities					
Payables and accruals		107,751	152,849	286	305
Amount due to a subsidiary company		–	–	20	–
Borrowings	12	293	1,578	–	–
Contract liabilities		–	6,187	–	–
Derivatives	10	3,703	–	–	–
Provision for taxation		96,518	151,396	16	31
		<u>208,265</u>	<u>312,010</u>	<u>322</u>	<u>336</u>
Net current assets		<u>1,331,222</u>	<u>1,695,581</u>	<u>171,909</u>	<u>577,906</u>
Non-current liabilities					
Employee benefit obligations		657	531	–	–
Deferred tax liabilities		64,833	54,610	–	–
		<u>65,490</u>	<u>55,141</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>273,755</u>	<u>367,151</u>	<u>322</u>	<u>336</u>
Net assets		<u>1,986,559</u>	<u>2,332,457</u>	<u>379,691</u>	<u>780,700</u>

Riverstone Holdings Limited and Subsidiary Companies

B. Condensed interim statements of financial position (cont'd)

	Note	Group		Company	
		30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Equity attributable to owners of the Company					
Share capital	13	156,337	156,337	156,337	156,337
Treasury shares		(815)	(815)	(815)	(815)
Reserves		1,831,030	2,176,930	224,169	625,178
		1,986,552	2,332,452	379,691	780,700
Non-controlling interests		7	5	–	–
Total equity		1,986,559	2,332,457	379,691	780,700
Total equity and liabilities		2,260,314	2,699,608	380,013	781,036

Riverstone Holdings Limited and Subsidiary Companies

C. Condensed interim statements of changes in equity

Group	Attributable to equity holders of the Company				Total reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital (Note 13) RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves RM'000			
2022							
Balance at 1 January 2022	156,337	(815)	2,215,640	(38,710)	2,176,930	5	2,332,457
Profit for the financial period	–	–	208,931	–	208,931	2	208,933
Other comprehensive income for the financial period	–	–	–	8,393	8,393	–	8,393
Total comprehensive income for financial period	–	–	208,931	8,393	217,324	2	217,326
Dividends (Note 8)	–	–	(563,224)	–	(563,224)	–	(563,224)
Balance at 30 June 2022	156,337	(815)	1,861,347	(30,317)	1,831,030	7	1,986,559
2021							
Balance at 1 January 2021	156,337	(815)	1,245,405	(42,835)	1,202,570	5	1,358,097
Profit for the financial period	–	–	1,040,731	–	1,040,731	– ⁽¹⁾	1,040,731
Other comprehensive income for the financial period	–	–	–	3,117	3,117	–	3,117
Total comprehensive income for financial period	–	–	1,040,731	3,117	1,043,848	– ⁽¹⁾	1,043,848
Dividends (Note 8)	–	–	(296,434)	–	(296,434)	– ⁽¹⁾	(296,434)
Transfer to statutory reserve	–	–	(1,812)	1,812	–	–	–
Balance at 30 June 2021	156,337	(815)	1,987,890	(37,906)	1,949,984	5	2,105,511

⁽¹⁾ Denotes amounts less than RM500.

Riverstone Holdings Limited and Subsidiary Companies

C. Condensed interim statements of changes in equity (cont'd)

Company	Share capital (Note 13) RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves RM'000	Total reserves RM'000	Total equity RM'000
2022						
Balance at 1 January 2022	156,337	(815)	581,772	43,406	625,178	780,700
Profit for the financial period	–	–	148,727	–	148,727	148,727
Other comprehensive income for the financial period	–	–	–	13,488	13,488	13,488
Total comprehensive income for the financial period	–	–	148,727	13,488	162,215	162,215
Dividends (Note 8)	–	–	(563,224)	–	(563,224)	(563,224)
Balance at 30 June 2022	156,337	(815)	167,275	56,894	224,169	379,691
2021						
Balance at 1 January 2021	156,337	(815)	313,393	37,127	350,520	506,042
Profit for the financial period	–	–	187,354	–	187,354	187,354
Other comprehensive income for the financial period	–	–	–	6,890	6,890	6,890
Total comprehensive income for the financial period	–	–	187,354	6,890	194,244	194,244
Dividends (Note 8)	–	–	(296,434)	–	(296,434)	(296,434)
Balance at 30 June 2021	156,337	(815)	204,313	44,017	248,330	403,852

Riverstone Holdings Limited and Subsidiary Companies

D. Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June 2022 RM'000	6 months ended 30 June 2021 RM'000
Cash flows from operating activities		
Profit before taxation	270,942	1,359,382
Adjustments for:		
Depreciation of property, plant and equipment	28,760	27,723
Property, plant and equipment written off	25	11
(Gain)/ loss on disposal of property, plant and equipment	(114)	30
Fair value loss on derivatives	5,038	5,499
Interest expense	16	98
Interest income	(9,744)	(5,227)
Operating cash flows before working capital changes	294,923	1,387,516
Decrease/ (increase) in inventories	36,771	(89,083)
Decrease/(increase) in receivables and prepayments	45,359	(158,293)
Increase in employee benefit obligations	126	11
(Decrease)/increase in payables, accruals and contract liabilities	(51,285)	15,907
Cash flows generated from operations	325,894	1,156,058
Interest paid	(16)	(98)
Interest received	9,744	5,227
Income tax paid	(107,167)	(86,286)
Net cash flows generated from operating activities	228,455	1,074,901
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	136	67
Purchase of property, plant and equipment	(55,335)	(81,383)
Installments paid for purchase of land	(1,757)	-
Net cash flows used in investing activities	(56,956)	(81,316)
Cash flows from financing activities		
Repayment of borrowings	(1,000)	(3,000)
Payment of principal portion of lease liabilities	(287)	(263)
Dividends paid	(563,224)	(296,434)
Net cash flows used in financing activities	(564,511)	(299,697)
Net (decrease)/ increase in cash and cash equivalents	(393,012)	693,888
Effect of foreign currency exchange rates	8,373	3,128
Cash and cash equivalents at beginning of financial period	1,612,931	648,943
Cash and cash equivalents at end of the financial period	1,228,292	1,345,959

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Riverstone Holdings Limited (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are set out as below:

Name of company (Country of incorporation)	Principal activities
(1) Riverstone Resources Sdn Bhd (Malaysia)	Manufacturer and distributor of examination gloves, cleanroom gloves and finger cots
Riverstone Industrial Products Sdn Bhd (Malaysia)	Manufacturer of plastic bags and trader in latex products
(2) Eco Medi Glove Sdn Bhd (Malaysia)	Manufacturer and distributor of examination gloves, cleanroom gloves and finger cots
Eco Star Glove Sdn Bhd (Malaysia)	Manufacturer and distributor of examination gloves, cleanroom gloves and finger cots
Protective Technology Co. Ltd (Thailand)	Manufacturer and distributor of cleanroom gloves
Riverstone Resources (S) Pte Ltd (Singapore)	Distributor of cleanroom products

(1) Subsidiary company held by Riverstone Resources Sdn Bhd:

Name of company (Country of incorporation)	Principal activities
Riverstone Resources (Wuxi) Co. Ltd (People's Republic of China)	Processing and packing of cleanroom gloves

(2) Subsidiary company held by Eco Medi Glove Sdn Bhd:

Name of company (Country of incorporation)	Principal activities
Eco Medi Glove Products (Shenzhen) Co. Ltd (People's Republic of China)	Distributor of cleanroom and medical glove products

E. Notes to the condensed interim consolidated financial statements

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

4. Segment information

The management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Malaysia, Thailand and China. All geographic locations are engaged in the manufacture and sale of gloves and non-glove consumables such as finger cots, static shielding bags, face masks, wipers and packaging materials.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Inter-segment pricing, if any, is determined on an arm's length basis. Segment revenue, expenses and results include transfers between segments. These transfers are eliminated on consolidation.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets which are expected to be used for more than one period.

(a) *Geographical information*

	Malaysia	Thailand	China	Others	Eliminations	Total
1 January 2022 to 30 June 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External	671,220	35,508	29,363	18,209	–	754,300
Inter segment	141,938	28,797	3,181	150,000 ⁽¹⁾	(323,916)	–
Total revenue	813,158	64,305	32,544	168,209	(323,916)	754,300
Results:						
Segment result	229,141	38,585	7,182	151,769	(155,719)	270,958
Finance costs	(1)	–	(15)	–	–	(16)
Profit before taxation	229,140	38,585	7,167	151,769	(155,719)	270,942
Income tax expense	(50,759)	(5,781)	(1,909)	–	(3,560)	(62,009)
Total profit	178,381	32,804	5,258	151,769	(159,279)	208,933
Assets and liabilities:						
Segment assets	2,011,420	105,401	74,177	193,013	(123,697)	2,260,314
Segment liabilities	344,345	11,585	5,747	9,145	(97,067)	273,755
Other segment information:						
Additions to non-current assets	57,064	21	7	–	–	57,092

(1) Includes dividend income from subsidiaries.

E. Notes to the condensed interim consolidated financial statements

4. Segment information (cont'd)

(a) *Geographical information (cont'd)*

1 January 2021 to 30 June 2021	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue:						
External	1,903,851	41,566	49,217	24,857	–	2,019,491
Inter segment	180,474	24,255	7,019	189,936	(401,684)	–
Total revenue	2,084,325	65,821	56,236	214,793	(401,684)	2,019,491
Results:						
Segment result	1,321,783	30,545	20,284	192,408	(205,540)	1,359,480
Finance costs	(71)	–	(27)	–	–	(98)
Profit before taxation	1,321,712	30,545	20,257	192,408	(205,540)	1,359,382
Income tax expense	(305,942)	(4,273)	(5,074)	(1,554)	(1,808)	(318,651)
Total profit	1,015,770	26,272	15,183	190,854	(207,348)	1,040,731
Assets and liabilities:						
Segment assets	2,476,965	65,278	57,687	166,510	(83,599)	2,682,841
Segment liabilities	599,497	14,760	7,346	8,124	(52,397)	577,330
Other segment information:						
Additions to non-current assets	80,786	492	105	–	–	81,383

(1) Includes dividend income from subsidiaries.

(b) *Business information*

The Group predominantly manufactures and sells gloves. It is not meaningful to show the total assets employed and capital expenditure by business activities as the assets and liabilities are generally shared and not identifiable by business segments.

	Gloves RM'000	Others RM'000	Total RM'000
Revenue:			
Sales to external customers			
- 6 months ended 30 June 2022	742,291	12,009	754,300
- 6 months ended 30 June 2021	2,006,354	13,137	2,019,491

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Financial Assets:				
Financial assets at fair value through profit or loss (FVPL)	–	1,335	–	–
Cash and bank balances, fixed deposits, trade and other receivables (Amortised cost)	1,417,726	1,847,393	172,200	578,184
	<u>1,417,726</u>	<u>1,848,728</u>	<u>172,200</u>	<u>578,184</u>

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Financial Liabilities:				
Financial liabilities at fair value through profit or loss (FVPL)	3,703	–	–	–
Trade and other payables and borrowings (Amortised cost)	108,044	154,427	286	305
	<u>111,747</u>	<u>154,427</u>	<u>286</u>	<u>305</u>

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

6. Profit before taxation

6.1 Significant items

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	RM'000	RM'000
Income		
Interest income from bank balances	9,744	5,227
Expenses		
Interest expenses on borrowings	16	98
Depreciation of property, plant and equipment	28,760	27,723
Net foreign exchange gain	(11,237)	(12,913)
Fair value loss on derivatives	5,038	5,499
Property, plant and equipment written off	25	11
(Gain)/ loss on disposal of property, plant and equipment	(114)	30

6.1 Related party transactions

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and its related parties took place on terms agreed between the parties during the financial period.

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	RM'000	RM'000
Other related parties:		
Purchases of repair and maintenance services	63	10
Purchases of plant and equipment	–	802

Other related parties comprise companies in which the major shareholder is a close family member of certain directors of the Company.

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

6. Profit before taxation (cont'd)

6.1 Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	RM'000	RM'000
Directors' fee	346	326
Short term benefits	1,605	1,820
Central Provident Fund contributions	135	123
Performance incentive scheme	8,190	18,723
	10,276	20,992
Comprise amounts paid to:		
- Directors of the Company	6,901	15,037
- Other key management personnel	3,375	5,955
	10,276	20,992

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	RM'000	RM'000
Current income tax expense	52,221	311,715
Deferred income tax expense relating to origination and reversal of temporary difference	9,788	6,936
	62,009	318,651

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

8. Dividends

	Group and Company	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	RM'000	RM'000
Final exempt (one-tier) dividend for 2021: 28.00 sen (2020: 16.00 sen) per ordinary share	415,007	237,147
Special exempt (one-tier) dividend for 2021: 10.00 sen (2020: 4.00) per ordinary share	148,217	59,287
	<u>563,224</u>	<u>296,434</u>

9. Net asset value

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM	RM	RM	RM
Net asset value per ordinary share	<u>1.34</u>	<u>1.57</u>	<u>0.27</u>	<u>0.53</u>

10. Fair value of financial instruments

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

E. Notes to the condensed interim consolidated financial statements

10. Fair value of financial instruments (cont'd)

(a) **Asset and liability measured at fair value**

The following table shows an analysis of asset and liability measured at fair value by level at the respective reporting period:

	Group Significant observable inputs other than quoted prices (Level 2)	
	30 June 2022 RM'000	31 December 2021 RM'000
Financial assets:		
<u>Derivatives (Note 5)</u>		
- Forward currency contracts	–	1,335
Financial liabilities:		
<u>Derivatives (Note 5)</u>		
- Forward currency contracts	3,703	–

Level 2 fair value

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves.

(b) **Fair value of financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value**

The carrying amounts of current trade and other receivables, cash and cash equivalents, payables and accruals and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

11. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to RM57,092,000 (30 June 2021: RM81,383,000) and disposed of assets amounting to RM22,000 (30 June 2021: RM97,000).

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

12. Borrowings

	Group	
	30 June 2022	31 December 2021
	RM'000	RM'000
Amount repayable within one year		
Secured term loan	–	1,000
Lease liabilities	293	578
Total borrowings	293	1,578

The lease liabilities are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

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

13. Share capital

	Group and Company			
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	No. of shares	No. of shares	RM'000	RM'000
At 1 January	1,484,904,100	1,484,904,100	156,337	156,337
Shares issued during the year	–	–	–	–
At 30 June/ 31 December	1,484,904,100	1,484,904,100	156,337	156,337

As at 30 June 2022, the Company held 2,736,000 of its issued shares as treasury shares (31 December 2021: 2,736,000).

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Riverstone Holdings Limited and Subsidiary Companies as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

2a Income Statement Review

For the 1H2022, the Group achieved RM754.3 million total revenue, a 62.6% reduction as compared to RM2,019.5 million in 1H2021. Cost of sales at the same time reduced to RM466.0 million in 1H2022 in line with the drop in material prices and products produced. Gross profit decreased 79.3% from RM1,395.2 million to RM288.3 million in 1H2022. The Group's gross profit margin deteriorated from 69.1% to 38.2% due to lower average selling price.

The Group's other income increased by 82.6% to RM11.0 million in 1H2022 mainly due to higher interest income from increase in fixed deposits.

Selling and distribution expenses decreased by 31.9% from RM15.6 million in 1H2021 to RM10.6 million in 1H2022 mainly due to lesser sales activities.

General and administrative expenses decreased by 29.3% to RM21.9 million in 1H2022 mainly due to decrease in performance incentives.

Other operating income decreased to RM4.2 million in 1H2022 was mainly due to lower net foreign exchange gain.

The Group's effective tax rate was slightly lower at 22.9% in 1H2022 compared to 23.4% in 1H2021 due to higher reinvestment allowances recognised in 1H2022.

Overall in 1H2022, the Group's profit before taxation and profit after taxation reduced by 80.1% to RM270.9 million and 79.9% to RM208.9 million respectively.

2b Balance Sheet Review

As at 30 June 2022, non-current assets which consist of property, plant and equipment (PPE) and deferred tax assets increased to RM720.8 million from RM692.0 million. PPE increased to RM719.5 million from RM691.2 million mainly on additions amounting to RM57.1 million coupled with foreign exchange adjustment offset by the depreciation charge of RM28.8 million and PPE written or disposed off. Deferred tax assets (DTA) has increased to RM1.3 million.

Inventories reduced to RM116.2 million as at 30 June 2022 from RM153.0 million as at 31 December 2021 mainly due to lower production volume. Trade receivables decreased from RM232.0 million to RM186.6 million mainly due to better collection.

Cash and cash equivalents decreased to RM1,228.3 million as at 30 June 2022 from RM1,612.9 million as at 31 December 2021. For the 1H2022, the Group generated RM228.5 million in net cash flows from operating activities and net cash flows used in investing activities amounting to RM57.0 million were mainly for the purchase of PPE. The Group's net cash flows used in financing activities in 1H2022 amounted to RM564.5 million for repayment of bank borrowings and payment of dividends.

OTHER INFORMATION

2. Review of performance of the Group (cont'd)

2b Balance Sheet Review (cont'd)

Current liabilities decreased to RM208.3 million as at 30 June 2022 mainly due to lower provision for taxation of RM96.5 million as at 30 June 2022. Payables and accruals fall to RM107.8 million as at 30 June 2022 from RM152.8 million as at 31 December 2021.

Non-current liabilities increased to RM65.5 million as at 30 June 2022 from RM55.1 million mainly due to the increase in deferred tax liabilities.

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

Not applicable

4. 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.

The Group continues with the Phase 7 expansion plan that add an additional capacity of up to 1.5 billion pieces of gloves by end of 2022. By then, the Group's total annual production capacity will be up to 12.0 billion pieces of gloves.

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

5. Dividend information

5a Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Name of Dividend	Interim
Dividend Type	Cash
Dividend amount per Share (in sen)	10.00 sen (RM) per ordinary share
Tax Rate	Tax-exempt one-tier

Yes. The Board are pleased to declare a one-tier tax exempt interim dividend of 10.00 sen (RM) per ordinary share (2021: tax exempt one-tier cash dividend of 10.00 sen (RM) per ordinary share) in respect of the half year ended 30 June 2022.

OTHER INFORMATION

5. Dividend information (cont'd)

5b Corresponding Period of the Immediate Preceding Financial Year (cont'd)

Name of Dividend	Interim
Dividend Type	Cash
Dividend amount per Share (in sen)	10.00 sen (RM) per ordinary share
Tax Rate	Tax-exempt one-tier

5c Date Payable

To be determined

5d Book Closure Date

To be determined

6. Interested person transactions

The Company does not have an Interested Person Transactions mandate.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 4.4 Rule 720(1) of the Listing Manual of the SGX-ST.

CONFIRMATION BY THE BOARD

On behalf of the Board of Directors, I, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors which may render the condensed interim consolidated financial statements of the Group for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

WONG TEEK SON
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER
11 August 2022

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.