

Company Registration No. 200510666D

Riverstone Holdings Limited

Condensed Interim Consolidated Financial Statements
For the third quarter and nine months ended 30 September 2023

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Riverstone Holdings Limited and Subsidiary Companies

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

		3Q2023 1 Jul 2023 to 30 Sep 2023 RM'000	3Q2022 1 Jul 2022 to 30 Sep 2022 RM'000	9M2023 1 Jan 2023 to 30 Sep 2023 RM'000	9M2022 1 Jan 2022 to 30 Sep 2022 RM'000
Revenue	4	222,801	270,007	684,962	1,024,307
Cost of sales		(145,017)	(178,761)	(480,405)	(644,800)
Gross profit		77,784	91,246	204,557	379,507
Other income		7,817	6,422	23,426	17,399
Selling and distribution expenses		(3,635)	(4,345)	(10,928)	(14,955)
General and administrative expenses		(8,123)	(8,436)	(23,469)	(30,296)
Other operating (expenses)/ income – net		(313)	2,982	1,191	7,172
Operating profit		73,530	87,869	194,777	358,827
Finance costs		(17)	(3)	(17)	(19)
Profit before taxation	6	73,513	87,866	194,760	358,808
Income tax expense	7	(14,246)	(24,414)	(41,910)	(86,423)
Profit for the financial period		59,267	63,452	152,850	272,385
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation (loss)/ gain		(3,818)	1,986	18,500	10,379
Other comprehensive income for the financial period		(3,818)	1,986	18,500	10,379
Total comprehensive income for the financial period		55,449	65,438	171,350	282,764
Profit attributable to:					
Equity holders of the Company		59,266	63,452	152,850	272,383
Non-controlling interests		1	– (1)	– (1)	2
		59,267	63,452	152,850	272,385
Total comprehensive income attributable to:					
Equity holders of the Company		55,448	65,438	171,350	282,762
Non-controlling interests		1	– (1)	– (1)	2
		55,449	65,438	171,350	282,764
Earnings per share					
Basic (sen)		4.00	4.28	10.31	18.38
Diluted (sen)		4.00	4.28	10.31	18.38

Riverstone Holdings Limited and Subsidiary Companies

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Non-current assets					
Property, plant and equipment	11	728,271	741,562	–	–
Investments in subsidiary companies		–	–	225,583	215,416
Deferred tax assets		1,090	1,230	–	–
		<u>729,361</u>	<u>742,792</u>	<u>225,583</u>	<u>215,416</u>
Current assets					
Inventories		74,755	82,368	–	–
Trade receivables		129,621	118,206	–	–
Other receivables		4,951	4,167	1,978	1,111
Prepayments		2,890	5,122	117	62
Derivatives	10	–	903	–	–
Tax recoverable		–	145	–	–
Cash and cash equivalents		950,544	1,066,061	442,717	410,146
		<u>1,162,761</u>	<u>1,276,972</u>	<u>444,812</u>	<u>411,319</u>
Total assets		<u>1,892,122</u>	<u>2,019,764</u>	<u>670,395</u>	<u>626,735</u>
Current liabilities					
Trade and other payables		70,157	84,875	406	438
Amount due to a subsidiary company		–	–	86	–
Lease liabilities		533	–	–	–
Contract liabilities		–	1,502	–	–
Derivatives	10	1,012	–	–	–
Provision for taxation		2,794	19,735	–	248
		<u>74,496</u>	<u>106,112</u>	<u>492</u>	<u>686</u>
Net current assets		<u>1,088,265</u>	<u>1,170,860</u>	<u>444,320</u>	<u>410,633</u>
Non-current liabilities					
Lease liabilities		556	–	–	–
Employee benefit obligations		867	803	–	–
Deferred tax liabilities		58,714	59,920	–	–
		<u>60,137</u>	<u>60,723</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>134,633</u>	<u>166,835</u>	<u>492</u>	<u>686</u>
Net assets		<u>1,757,489</u>	<u>1,852,929</u>	<u>669,903</u>	<u>626,049</u>

Riverstone Holdings Limited and Subsidiary Companies

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

	Note	Group		Company	
		30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Equity attributable to owners of the Company					
Share capital	12	156,337	156,337	156,337	156,337
Treasury shares		(815)	(815)	(815)	(815)
Reserves		1,601,963	1,697,403	514,381	470,527
		1,757,485	1,852,925	669,903	626,049
Non-controlling interests		4	4	–	–
Total equity		1,757,489	1,852,929	669,903	626,049
Total equity and liabilities		1,892,122	2,019,764	670,395	626,735

Riverstone Holdings Limited and Subsidiary Companies

C. Condensed interim statements of changes in equity

Group	Attributable to equity holders of the Company					Non-controlling interests RM'000	Total equity RM'000
	Share capital (Note 12) RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves RM'000	Total reserves RM'000		
2023							
Balance at 1 January 2023	156,337	(815)	1,729,668	(32,265)	1,697,403	4	1,852,929
Profit for the financial period	–	–	152,850	–	152,850	– ⁽¹⁾	152,850
Other comprehensive income for the financial period	–	–	–	18,500	18,500	–	18,500
Total comprehensive income for financial period	–	–	152,850	18,500	171,350	– ⁽¹⁾	171,350
Dividends (Note 8)	–	–	(266,790)	–	(266,790)	–	(266,790)
Balance at 30 September 2023	156,337	(815)	1,615,728	(13,765)	1,601,963	4	1,757,489
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	–	–	272,383	–	272,383	2	272,385
Other comprehensive income for the financial period	–	–	–	10,379	10,379	–	10,379
Total comprehensive income for financial period	–	–	272,383	10,379	282,762	2	282,764
Dividends (Note 8)	–	–	(563,224)	–	(563,224)	–	(563,224)
Balance at 30 September 2022	156,337	(815)	1,924,799	(28,331)	1,896,468	7	2,051,997

Riverstone Holdings Limited and Subsidiary Companies

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

Group	Attributable to equity holders of the Company				Total reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital (Note 12) RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves RM'000			
2023							
Balance at 1 July 2023	156,337	(815)	1,556,462	(9,947)	1,546,515	3	1,702,040
Profit for the financial period	–	–	59,266	–	59,266	1	59,267
Other comprehensive income for the financial period	–	–	–	(3,818)	(3,818)	–	(3,818)
Total comprehensive income for financial period	–	–	59,266	(3,818)	55,448	1	55,449
Balance at 30 September 2023	156,337	(815)	1,615,728	(13,765)	1,601,963	4	1,757,489
2022							
Balance at 1 July 2022	156,337	(815)	1,861,347	(30,317)	1,831,030	7	1,986,559
Profit for the financial period	–	–	63,452	–	63,452	– ⁽¹⁾	63,452
Other comprehensive income for the financial period	–	–	–	1,986	1,986	–	1,986
Total comprehensive income for financial period	–	–	63,452	1,986	65,438	– ⁽¹⁾	65,438
Balance at 30 September 2022	156,337	(815)	1,924,799	(28,331)	1,896,468	7	2,051,997

Riverstone Holdings Limited and Subsidiary Companies

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

Company	Share capital (Note 12) RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves RM'000	Total reserves RM'000	Total equity RM'000
2023						
Balance at 1 January 2023	156,337	(815)	407,104	63,423	470,527	626,049
Profit for the financial period	–	–	284,168	–	284,168	284,168
Other comprehensive income for the financial period	–	–	–	26,476	26,476	26,476
Total comprehensive income for the financial period	–	–	284,168	26,476	310,644	310,644
Dividends (Note 8)	–	–	(266,790)	–	(266,790)	(266,790)
Balance at 30 September 2023	156,337	(815)	424,482	89,899	514,381	669,903
2022						
Balance at 1 January 2022	156,337	(815)	581,772	43,406	625,178	780,700
Profit for the financial period	–	–	313,720	–	313,720	313,720
Other comprehensive income for the financial period	–	–	–	22,108	22,108	22,108
Total comprehensive income for the financial period	–	–	313,720	22,108	335,828	335,828
Dividends (Note 8)	–	–	(563,224)	–	(563,224)	(563,224)
Balance at 30 September 2022	156,337	(815)	332,268	65,514	397,782	553,304

Riverstone Holdings Limited and Subsidiary Companies

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

Company	Share capital (Note 12) RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves RM'000	Total reserves RM'000	Total equity RM'000
2023						
Balance at 1 July 2023	156,337	(815)	380,809	93,469	474,278	629,800
Profit for the financial period	–	–	43,673	–	43,673	43,673
Other comprehensive income for the financial period	–	–	–	(3,570)	(3,570)	(3,570)
Total comprehensive income for the financial period	–	–	43,673	(3,570)	40,103	40,103
Balance at 30 September 2023	156,337	(815)	424,482	89,899	514,381	669,903
2022						
Balance at 1 July 2022	156,337	(815)	167,275	56,894	224,169	379,691
Profit for the financial period	–	–	164,993	–	164,993	164,993
Other comprehensive income for the financial period	–	–	–	8,620	8,620	8,620
Total comprehensive income for the financial period	–	–	164,993	8,620	173,613	173,613
Balance at 30 September 2022	156,337	(815)	332,268	65,514	397,782	553,304

Riverstone Holdings Limited and Subsidiary Companies

D. Condensed interim consolidated statement of cash flows

	Group			
	3Q2023 1 Jul 2023 to 30 Sep 2023 RM'000	3Q2022 1 Jul 2022 to 30 Sep 2022 RM'000	9M2023 1 Jan 2023 to 30 Sep 2023 RM'000	9M2022 1 Jan 2022 to 30 Sep 2022 RM'000
Cash flows from operating activities				
Profit before taxation	73,513	87,866	194,760	358,808
Adjustments for:				
Depreciation of property, plant and equipment	15,050	14,514	45,101	43,274
Property, plant and equipment written off	21	–	54	25
Gain on disposal of property, plant and equipment	(31)	(29)	(85)	(143)
Fair value (gain)/ loss on derivatives	(256)	730	1,987	5,768
Interest expense	17	3	17	19
Interest income	(7,238)	(6,084)	(22,275)	(15,828)
Foreign exchange differences	(7,888)	5,364	34,302	16,733
Operating cash flows before working capital changes	73,188	102,364	253,861	408,656
Decrease in inventories	6,993	21,606	7,613	58,377
(Increase)/ decrease in receivables and prepayments	(6,228)	40,592	(9,967)	85,951
Increase in employee benefit obligations	1	49	64	175
Increase/ (decrease) in payables, accruals and contract liabilities	1,497	(14,233)	(16,220)	(65,518)
Cash flows generated from operations	75,451	150,378	235,351	487,641
Interest paid	(17)	(3)	(17)	(19)
Interest received	7,238	6,084	22,275	15,828
Income tax paid	(23,646)	(102,864)	(59,772)	(210,031)
Net cash flows generated from operating activities	59,026	53,595	197,837	293,419
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	168	29	241	165
Purchase of property, plant and equipment	(11,998)	(16,607)	(30,363)	(71,942)
Installments paid for purchase of land	–	–	–	(1,757)
Net cash flows used in investing activities	(11,830)	(16,578)	(30,122)	(73,534)
Cash flows from financing activities				
Repayment of borrowings	–	–	–	(1,000)
Payment of principal portion of lease liabilities	(277)	(297)	(571)	(584)
Dividends paid	–	–	(266,790)	(563,224)
Net cash flows used in financing activities	(277)	(297)	(267,361)	(564,808)

Riverstone Holdings Limited and Subsidiary Companies

D. Condensed interim consolidated statement of cash flows (cont'd)

	Group			
	3Q2023	3Q2022	9M2023	9M2022
	1 Jul	1 Jul	1 Jan	1 Jan
	2023	2022	2023	2022
	to	to	to	to
	30 Sep	30 Sep	30 Sep	30 Sep
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net increase/ (decrease) in cash and cash equivalents	46,919	36,720	(99,646)	(344,923)
Effect of foreign currency exchange rates	4,592	(3,219)	(15,871)	(6,215)
Cash and cash equivalents at beginning of financial period	899,033	1,228,292	1,066,061	1,612,931
Cash and cash equivalents at end of the financial period	950,544	1,261,793	950,544	1,261,793

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 nine months ended 30 September 2023 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 Cleanroom Products Sdn Bhd Formerly known as 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

2. Basis of preparation

The condensed interim consolidated financial statements for the nine months ended 30 September 2023 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 2022.

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 Malaysian Ringgit (“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.

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 July 2023 to 30 September 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External	197,525	9,922	11,224	4,130	–	222,801
Inter segment	18,493	14,324	898	41,008 ⁽¹⁾	(74,723)	–
Total revenue	216,018	24,246	12,122	45,138	(74,723)	222,801
Results:						
Segment result	57,646	13,379	730	44,559	(42,784)	73,530
Finance costs	–	–	(17)	–	–	(17)
Profit before taxation	57,646	13,379	713	44,559	(42,784)	73,513
Income tax expense	(11,011)	(2,150)	(174)	–	(911)	(14,246)
Total profit	46,635	11,229	539	44,559	(43,695)	59,267
Assets and liabilities:						
Segment assets	1,381,360	48,050	30,348	465,182	(32,818)	1,892,122
Segment liabilities	132,207	7,274	2,557	3,559	(10,964)	134,633
Other segment information:						
Additions to non-current assets	11,788	208	(2)	–	–	11,994

(1) Includes dividend income from subsidiaries.

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

4. Segment information (cont'd)

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

	Malaysia	Thailand	China	Others	Eliminations	Total
1 July 2022 to 30 September 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External	238,432	13,988	11,692	5,895	–	270,007
Inter segment	57,618	14,481	680	166,577 ⁽¹⁾	(239,356)	–
Total revenue	296,050	28,469	12,372	172,472	(239,356)	270,007
Results:						
Segment result	94,368	17,791	1,487	167,900	(193,677)	87,869
Finance costs	–	–	(3)	–	–	(3)
Profit before taxation	94,368	17,791	1,484	167,900	(193,677)	87,866
Income tax expense	(19,602)	(2,714)	(383)	(1,630)	(85)	(24,414)
Total profit	74,766	15,077	1,101	166,270	(193,762)	63,452
Assets and liabilities:						
Segment assets	1,973,615	98,879	47,302	208,817	(95,101)	2,233,512
Segment liabilities	231,774	8,492	3,973	4,450	(67,174)	181,515
Other segment information:						
Additions to non-current assets	16,593	9	1	4	–	16,607

⁽¹⁾ Includes dividend income from subsidiaries.

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

4. Segment information (cont'd)

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

	Malaysia	Thailand	China	Others	Eliminations	Total
1 January 2023 to 30 September 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External	607,465	33,019	30,710	13,768	–	684,962
Inter segment	95,794	41,054	2,387	280,012 ⁽¹⁾	(419,247)	–
Total revenue	703,259	74,073	33,097	293,780	(419,247)	684,962
Results:						
Segment result	160,442	41,049	2,519	291,218	(300,451)	194,777
Finance costs	–	–	(17)	–	–	(17)
Profit before taxation	160,442	41,049	2,502	291,218	(300,451)	194,760
Income tax expense	(32,606)	(6,139)	(622)	(4,189)	1,646	(41,910)
Total profit	127,836	34,910	1,880	287,029	(298,805)	152,850
Assets and liabilities:						
Segment assets	1,381,360	48,050	30,348	465,182	(32,818)	1,892,122
Segment liabilities	132,207	7,274	2,557	3,559	(10,964)	134,633
Other segment information:						
Additions to non-current assets	30,128	231	1,580	–	–	31,939

(1) Includes dividend income from subsidiaries.

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

4. Segment information (cont'd)

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

	Malaysia	Thailand	China	Others	Eliminations	Total
1 January 2022 to 30 September 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External	909,652	49,496	41,055	24,104	–	1,024,307
Inter segment	199,556	43,278	3,861	316,577 ⁽¹⁾	(563,272)	–
Total revenue	1,109,208	92,774	44,916	340,681	(563,272)	1,024,307
Results:						
Segment result	323,509	56,376	8,669	319,669	(349,396)	358,827
Finance costs	(1)	–	(18)	–	–	(19)
Profit before taxation	323,508	56,376	8,651	319,669	(349,396)	358,808
Income tax expense	(70,361)	(8,495)	(2,292)	(1,630)	(3,645)	(86,423)
Total profit	253,147	47,881	6,359	318,039	(353,041)	272,385
Assets and liabilities:						
Segment assets	1,973,615	98,879	47,302	208,817	(95,101)	2,233,512
Segment liabilities	231,774	8,492	3,973	4,450	(67,174)	181,515
Other segment information:						
Additions to non-current assets	73,657	30	8	4	–	73,699

(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	Others	Total
	RM'000	RM'000	RM'000
Revenue:			
Sales to external customers			
- 3 rd quarter ended 30 September 2023	219,038	3,763	222,801
- 3 rd quarter ended 30 September 2022	264,294	5,713	270,007
- 9 months ended 30 September 2023	673,205	11,757	684,962
- 9 months ended 30 September 2022	1,006,585	17,722	1,024,307

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 September 2023 and 31 December 2022:

	Group		Company	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Financial Assets:				
Financial assets at fair value through profit or loss (FVPL)	–	903	–	–
Cash and bank balances, fixed deposits, trade and other receivables (Amortised cost)	1,085,037	1,188,365	444,695	411,257
	<u>1,085,037</u>	<u>1,189,268</u>	<u>444,695</u>	<u>411,257</u>
	Group		Company	
	30 September 2023 RM'000	31 December 2022 RM'000	30 September 2023 RM'000	31 December 2022 RM'000
Financial Liabilities:				
Financial liabilities at fair value through profit or loss (FVPL)	1,012	–	–	–
Trade and other payables and lease liabilities (Amortised cost)	71,246	84,875	406	438
	<u>72,258</u>	<u>84,875</u>	<u>406</u>	<u>438</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			
	3 rd quarter ended 30 September 2023 RM'000	3 rd quarter ended 30 September 2022 RM'000	9 months ended 30 September 2023 RM'000	9 months ended 30 September 2022 RM'000
Income				
Interest income from bank balances	7,238	6,084	22,275	15,828
Expenses				
Interest expenses on borrowings	17	3	17	19
Depreciation of property, plant and equipment	15,050	14,514	45,101	43,274
Net foreign exchange gain – net	(247)	(4,892)	(5,507)	(16,129)
Fair value (gain)/ loss on derivatives	(256)	730	1,987	5,768
Property, plant and equipment written off	21	–	54	25
Gain on disposal of property, plant and equipment	(31)	(29)	(85)	(143)

6.2 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			
	3 rd quarter ended 30 September 2023 RM'000	3 rd quarter ended 30 September 2022 RM'000	9 months ended 30 September 2023 RM'000	9 months ended 30 September 2022 RM'000
Other related parties:				
Purchases of repair and maintenance services	(1)	56	29	119
Purchases of plant and equipment	–	56	7	56

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)

6.2 Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	Group			
	3 rd quarter ended 30 September 2023 RM'000	3 rd quarter ended 30 September 2022 RM'000	9 months ended 30 September 2023 RM'000	9 months ended 30 September 2022 RM'000
Directors' fee	190	177	559	523
Short term benefits	1,139	686	3,369	2,291
Central Provident Fund contributions	95	54	295	189
Performance incentive scheme	1,624	2,023	4,001	10,213
	3,048	2,940	8,224	13,216
Comprise amounts paid to:				
- Directors of the Company	2,187	2,360	5,673	9,261
- Other key management personnel	861	580	2,551	3,955
	3,048	2,940	8,224	13,216

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.

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

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:

	3rd quarter ended 30 September 2023	3rd quarter ended 30 September 2022	Group 9 months ended 30 September 2023	9 months ended 30 September 2022
	RM'000	RM'000	RM'000	RM'000
Current income tax expense	13,158	26,150	43,147	78,371
(Over)/ under provision in respect of prior years	(170)	392	(171)	459
Deferred income tax expense relating to origination and reversal of temporary difference	1,258	(2,128)	(1,066)	7,593
	<u>14,246</u>	<u>24,414</u>	<u>41,910</u>	<u>86,423</u>

8. Dividends

	Group and Company 9 months ended 30 September 2023	9 months ended 30 September 2022
	RM'000	RM'000
Special interim exempt (one-tier) dividend for 2022: 8.00 sen (2021: 10.00 sen) per ordinary share	118,574	148,216
Final exempt (one-tier) dividend for 2022: 10.00 sen (2021: 28.00 sen) per ordinary share	148,216	415,008

9. Net asset value

	Group		Company	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	RM	RM	RM	RM
Net asset value per ordinary share	<u>1.19</u>	<u>1.25</u>	<u>0.45</u>	<u>0.42</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.

(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 September 2023 RM'000	31 December 2022 RM'000
Financial assets/ (liabilities):		
<u>Derivatives (Note 5)</u>		
- Forward currency contracts	(1,012)	903

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 lease liabilities 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.

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

11. Property, plant and equipment

During the nine months ended 30 September 2023, the Group acquired assets amounting to RM31,939,000 (30 September 2022: RM73,699,000) and disposed of assets amounting to RM156,000 (30 September 2022: RM22,000).

12. Share capital

	Group and Company			
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	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 September/ 31 December	<u>1,484,904,100</u>	<u>1,484,904,100</u>	<u>156,337</u>	<u>156,337</u>

As at 30 September 2023, the Company held 2,736,000 of its issued shares as treasury shares (31 December 2022: 2,736,000).

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2023 and 31 December 2022.

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Riverstone Holdings Limited and Subsidiary Companies as at 30 September 2023 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 nine months 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 3Q2023, the Group achieved RM222.8 million in total revenue, a 17.5% reduction as compared to RM270.0 million in 3Q2022. Cost of sales at the same time reduced to RM145.0 million in 3Q2023. The Group's gross profit reduced 14.8% from RM91.2 million in 3Q2022 to RM77.8 million in 3Q2023. Group's gross profit margin slightly improved from 33.8% to 34.9% due to lower cost of sales for the quarter.

The Group's other income increased by 21.7% to RM7.8 million in 3Q2023. These are mainly due to higher interest income from fixed deposits.

Selling and distribution expenses decreased by 16.3% in 3Q2023 mainly due to lesser sales activities.

General and administrative expenses reduced by 3.7% to RM8.1 million in 3Q2023 mainly due to decrease in performance incentives.

In 3Q2023, other operating expenses closed at RM0.3 million, a 110.5% decrease as compared to RM2.9 million in other operating income 3Q2022 mainly due to lower net foreign exchange gain.

The Group's effective tax rate decrease to 21.5% in 9M2023 as compared to 24.1% in 9M2022 whereby there was provision of prosperity tax for Companies in Malaysia tax jurisdiction in 2022. In 3Q2023, income tax expense decreased to RM14.2 million as a result of lower taxable income.

Overall for 3Q2023, the Group's profit before tax reduced by 16.3% to RM73.5 million and profit after tax decreased by 6.6% to RM59.3 million as compared to 3Q2022.

2b Balance Sheet Review

As at 30 September 2023, non-current assets which consist of property, plant and equipment (PPE) and deferred tax assets decreased to RM729.4 million from RM742.8 million. PPE decreased to RM728.3 million from RM741.6 million mainly on additions amounting to RM31.9 million coupled with foreign exchange adjustment offset by the depreciation charge of RM45.1 million and PPE written off or disposed. Deferred tax assets (DTA) has decreased to RM1.1 million.

Inventories decreased to RM74.8 million as at 30 September 2023 from RM82.4 million as at 31 December 2022 mainly due to lower production volume. Trade receivables increased from RM118.2 million to RM129.6 million mainly due to slower collection.

OTHER INFORMATION

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

2b Balance Sheet Review (cont'd)

Cash and cash equivalents decreased to RM950.5 million as at 30 September 2023 from RM1,066.1 million as at 31 December 2022. For the 3Q2023, the Group generated RM59.0 million of net cash flows from operating activities and net cash flows used in investing activities amounting to RM11.8 million were mainly for the purchase of PPE. The Group has net cash flows used in financing activities in 3Q2023 amounting to RM0.3 million from payment of principal portion of lease liabilities.

Current liabilities decreased to RM74.5 million as at 30 September 2023 mainly due to lower trade and other payables. Trade and other payables reduced to RM70.2 million as at 30 September 2023 from RM84.9 million as at 31 December 2022.

Non-current liabilities reduced to RM60.1 million as at 30 September 2023 from RM60.7 million mainly due to the reversal of 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.

Oversupply of gloves continue to be a major problem. Coupled with price competition, currency fluctuations, volatile raw material prices and increase in production costs, the Group encounters challenge in growing the business.

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)	5.00 sen (RM) per ordinary share
Tax Rate	Tax-exempt one-tier

Yes. The Board is pleased to declare a one-tier tax exempt interim dividend of 5.00 sen (RM) per ordinary share (2022: tax exempt one-tier cash dividend of 6.00 sen (RM) per ordinary share) in respect of the nine months period ended 30 September 2023.

OTHER INFORMATION

5. Dividend information (cont'd)

5b Corresponding Period of the Immediate Preceding Financial Year

Name of Dividend	Interim
Dividend Type	Cash
Dividend amount per Share (in sen)	6.00 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 nine months period ended 30 September 2023 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
3 November 2023

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.