

Company Registration No. 200510666D

Riverstone Holdings Limited

Condensed Interim Consolidated Financial Statements
For the second quarter and six months ended 30 June 2023

Table of Contents

A. Condensed interim consolidated statement of profit or loss and other comprehensive income	3
B. Condensed interim statements of financial position.....	4
C. Condensed interim statements of changes in equity	6
D. Condensed interim consolidated statement of cash flows.....	10
E. Notes to the condensed interim consolidated financial statements.....	12
F. Other information required by Listing Rule Appendix 7.2.....	24

Riverstone Holdings Limited and Subsidiary Companies

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

		2Q2023 1 Apr 2023 to 30 Jun 2023 RM'000	2Q2022 1 Apr 2022 to 30 Jun 2022 RM'000	6M2023 1 Jan 2023 to 30 Jun 2023 RM'000	6M2022 1 Jan 2022 to 30 Jun 2022 RM'000
Revenue	4	224,160	351,987	462,161	754,300
Cost of sales		(159,332)	(218,211)	(335,388)	(466,039)
Gross profit		64,828	133,776	126,773	288,261
Other income		7,424	5,315	15,609	10,977
Selling and distribution expenses		(3,731)	(5,433)	(7,293)	(10,610)
General and administrative expenses		(7,726)	(10,627)	(15,346)	(21,860)
Other operating income – net		842	3,901	1,504	4,190
Operating profit		61,637	126,932	121,247	270,958
Finance costs		–	(7)	–	(16)
Profit before taxation	6	61,637	126,925	121,247	270,942
Income tax expense	7	(14,773)	(26,735)	(27,664)	(62,009)
Profit for the financial period		46,864	100,190	93,583	208,933
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation gain		16,875	4,199	22,318	8,393
Other comprehensive income for the financial period		16,875	4,199	22,318	8,393
Total comprehensive income for the financial period		63,739	104,389	115,901	217,326
Profit attributable to:					
Equity holders of the Company		46,866	100,188	93,584	208,931
Non-controlling interests		(2)	2	(1)	2
		46,864	100,190	93,583	208,933
Total comprehensive income attributable to:					
Equity holders of the Company		63,741	104,387	115,902	217,324
Non-controlling interests		(2)	2	(1)	2
		63,739	104,389	115,901	217,326
Earnings per share					
Basic (sen)		3.16	6.76	6.31	14.10
Diluted (sen)		3.16	6.76	6.31	14.10

Riverstone Holdings Limited and Subsidiary Companies

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Non-current assets					
Property, plant and equipment	11	731,622	741,562	–	–
Investments in subsidiary companies		–	–	226,561	215,416
Deferred tax assets		965	1,230	–	–
		<u>732,587</u>	<u>742,792</u>	<u>226,561</u>	<u>215,416</u>
Current assets					
Inventories		81,748	82,368	–	–
Trade receivables		122,261	118,206	–	–
Other receivables		5,419	4,167	2,432	1,111
Prepayments		3,554	5,122	102	62
Derivatives	10	–	903	–	–
Tax recoverable		145	145	–	–
Cash and cash equivalents		899,033	1,066,061	401,264	410,146
		<u>1,112,160</u>	<u>1,276,972</u>	<u>403,798</u>	<u>411,319</u>
Total assets		<u>1,844,747</u>	<u>2,019,764</u>	<u>630,359</u>	<u>626,735</u>
Current liabilities					
Trade and other payables		68,660	84,875	347	438
Amount due to a subsidiary company		–	–	82	–
Lease liabilities		529	–	–	–
Contract liabilities		–	1,502	–	–
Derivatives	10	880	–	–	–
Provision for taxation		13,597	19,735	130	248
		<u>83,666</u>	<u>106,112</u>	<u>559</u>	<u>686</u>
Net current assets		<u>1,028,494</u>	<u>1,170,860</u>	<u>403,239</u>	<u>410,633</u>
Non-current liabilities					
Lease liabilities		844	–	–	–
Employee benefit obligations		866	803	–	–
Deferred tax liabilities		57,331	59,920	–	–
		<u>59,041</u>	<u>60,723</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>142,707</u>	<u>166,835</u>	<u>559</u>	<u>686</u>
Net assets		<u>1,702,040</u>	<u>1,852,929</u>	<u>629,800</u>	<u>626,049</u>

Riverstone Holdings Limited and Subsidiary Companies

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

	Note	Group		Company	
		30 June 2023 RM'000	31 December 2022 RM'000	30 June 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		1,546,515	1,697,403	474,278	470,527
		<u>1,702,037</u>	<u>1,852,925</u>	<u>629,800</u>	<u>626,049</u>
Non-controlling interests		3	4	–	–
Total equity		<u>1,702,040</u>	<u>1,852,929</u>	<u>629,800</u>	<u>626,049</u>
Total equity and liabilities		<u>1,844,747</u>	<u>2,019,764</u>	<u>630,359</u>	<u>626,735</u>

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	–	–	93,584	–	93,584	(1)	93,583
Other comprehensive income for the financial period	–	–	–	22,318	22,318	–	22,318
Total comprehensive income for financial period	–	–	93,584	22,318	115,902	(1)	115,901
Dividends (Note 8)	–	–	(266,790)	–	(266,790)	–	(266,790)
Balance at 30 June 2023	156,337	(815)	1,556,462	(9,947)	1,546,515	3	1,702,040
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

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 April 2023	156,337	(815)	1,657,812	(26,822)	1,630,990	5	1,786,517
Profit for the financial period	–	–	46,866	–	46,866	(2)	46,864
Other comprehensive income for the financial period	–	–	–	16,875	16,875	–	16,875
Total comprehensive income for financial period	–	–	46,866	16,875	63,741	(2)	63,739
Dividends (Note 8)	–	–	(148,216)	–	(148,216)	–	(148,216)
Balance at 30 June 2023	156,337	(815)	1,556,462	(9,947)	1,546,515	3	1,702,040
2022							
Balance at 1 April 2022	156,337	(815)	2,324,383	(34,516)	2,289,867	5	2,445,394
Profit for the financial period	–	–	100,188	–	100,188	2	100,190
Other comprehensive income for the financial period	–	–	–	4,199	4,199	–	4,199
Total comprehensive income for financial period	–	–	100,188	4,199	104,387	2	104,389
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

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	–	–	240,495	–	240,495	240,495
Other comprehensive income for the financial period	–	–	–	30,046	30,046	30,046
Total comprehensive income for the financial period	–	–	240,495	30,046	270,451	270,451
Dividends (Note 8)	–	–	(266,790)	–	(266,790)	(266,790)
Balance at 30 June 2023	156,337	(815)	380,809	93,469	474,278	629,800
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

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 April 2023	156,337	(815)	488,642	70,246	558,888	714,410
Profit for the financial period	–	–	40,383	–	40,383	40,383
Other comprehensive income for the financial period	–	–	–	23,223	23,223	23,223
Total comprehensive income for the financial period	–	–	40,383	23,223	63,606	63,606
Dividends (Note 8)	–	–	(148,216)	–	(148,216)	(148,216)
Balance at 30 June 2023	156,337	(815)	380,809	93,469	474,278	629,800
2022						
Balance at 1 April 2022	156,337	(815)	581,078	47,574	628,652	784,174
Profit for the financial period	–	–	149,421	–	149,421	149,421
Other comprehensive income for the financial period	–	–	–	9,320	9,320	9,320
Total comprehensive income for the financial period	–	–	149,421	9,320	158,741	158,741
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

Riverstone Holdings Limited and Subsidiary Companies

D. Condensed interim consolidated statement of cash flows

	Group			
	2Q2023 1 Apr 2023 to 30 Jun 2023 RM'000	2Q2022 1 Apr 2022 to 30 Jun 2022 RM'000	6M2023 1 Jan 2023 to 30 Jun 2023 RM'000	6M2022 1 Jan 2022 to 30 Jun 2022 RM'000
Cash flows from operating activities				
Profit before taxation	61,637	126,925	121,247	270,942
Adjustments for:				
Depreciation of property, plant and equipment	15,131	14,416	30,051	28,760
Property, plant and equipment written off	2	9	33	25
Gain on disposal of property, plant and equipment	(21)	(6)	(54)	(114)
Fair value loss on derivatives	1,748	3,507	2,243	5,038
Interest expense	–	7	–	16
Interest income	(7,157)	(4,826)	(15,037)	(9,744)
Foreign exchange differences	31,206	4,700	42,190	11,369
Operating cash flows before working capital changes	102,546	144,732	180,673	306,292
Decrease in inventories	13,024	10,825	620	36,771
Decrease/ (increase) in receivables and prepayments	7,915	27,893	(3,739)	45,359
Increase in employee benefit obligations	33	57	63	126
Decrease in payables, accruals and contract liabilities	(26,966)	(37,154)	(17,717)	(51,285)
Cash flows generated from operations	96,552	146,353	159,900	337,263
Interest paid	–	(7)	–	(16)
Interest received	7,157	4,826	15,037	9,744
Income tax paid	(22,422)	(24,469)	(36,126)	(107,167)
Net cash flows generated from operating activities	81,287	126,703	138,811	239,824
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	39	26	73	136
Purchase of property, plant and equipment	(9,731)	(26,049)	(18,365)	(55,335)
Installments paid for purchase of land	–	–	–	(1,757)
Net cash flows used in investing activities	(9,692)	(26,023)	(18,292)	(56,956)
Cash flows from financing activities				
Repayment of borrowings	–	–	–	(1,000)
Payment of principal portion of lease liabilities	–	8	(294)	(287)
Dividends paid	(148,216)	(563,224)	(266,790)	(563,224)
Net cash flows used in financing activities	(148,216)	(563,216)	(267,084)	(564,511)

Riverstone Holdings Limited and Subsidiary Companies

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

	Group			
	2Q2023 1 Apr 2023 to 30 Jun 2023 RM'000	2Q2022 1 Apr 2022 to 30 Jun 2022 RM'000	6M2023 1 Jan 2023 to 30 Jun 2023 RM'000	6M2022 1 Jan 2022 to 30 Jun 2022 RM'000
Net decrease in cash and cash equivalents	(76,621)	(462,536)	(146,565)	(381,643)
Effect of foreign currency exchange rates	(14,842)	(416)	(20,463)	(2,996)
Cash and cash equivalents at beginning of financial period	990,496	1,691,244	1,066,061	1,612,931
Cash and cash equivalents at end of the financial period	899,033	1,228,292	899,033	1,228,292

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 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 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 six months ended 30 June 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 April 2023 to 30 June 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External	199,907	11,024	8,797	4,432	–	224,160
Inter segment	24,089	11,415	957	41,891 ⁽¹⁾	(78,352)	–
Total revenue	223,996	22,439	9,754	46,323	(78,352)	224,160
Results:						
Segment result	62,912	12,564	696	45,523	(60,058)	61,637
Finance costs	–	–	–	–	–	–
Profit before taxation	62,912	12,564	696	45,523	(60,058)	61,637
Income tax expense	(12,055)	(1,874)	(161)	(4,189)	3,506	(14,773)
Total profit	50,857	10,690	535	41,334	(56,552)	46,864
Assets and liabilities:						
Segment assets	1,384,914	40,103	30,925	423,665	(34,860)	1,844,747
Segment liabilities	141,388	9,367	3,558	3,936	(15,542)	142,707
Other segment information:						
Additions to non-current assets	9,714	15	6	–	–	9,735

(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 April 2022 to 30 June 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External	314,349	16,843	13,575	7,220	–	351,987
Inter segment	61,592	17,038	883	150,000 ⁽¹⁾	(229,513)	–
Total revenue	375,941	33,881	14,458	157,220	(229,513)	351,987
Results:						
Segment result	104,486	21,222	2,888	151,102	(152,766)	126,932
Finance costs	–	–	(7)	–	–	(7)
Profit before taxation	104,486	21,222	2,881	151,102	(152,766)	126,925
Income tax expense	(20,746)	(3,173)	(808)	–	(2,008)	(26,735)
Total profit	83,740	18,049	2,073	151,102	(154,774)	100,190
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	26,036	13	–	–	–	26,049

⁽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)*

1 January 2023 to 30 June 2023	Malaysia	Thailand	China	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:						
External	409,940	23,097	19,486	9,638	–	462,161
Inter segment	77,301	26,097	1,489	239,004 ⁽¹⁾	(344,524)	–
Total revenue	487,241	49,827	20,975	248,642	(344,524)	462,161
Results:						
Segment result	102,796	27,670	1,789	246,659	(257,667)	121,247
Finance costs	–	–	–	–	–	–
Profit before taxation	102,796	27,670	1,789	246,659	(257,667)	121,247
Income tax expense	(21,595)	(3,989)	(448)	(4,189)	2,557	(27,664)
Total profit	81,201	23,681	1,341	242,470	(255,110)	93,583
Assets and liabilities:						
Segment assets	1,384,914	40,103	30,925	423,665	(34,860)	1,844,747
Segment liabilities	141,388	9,367	3,558	3,936	(15,542)	142,707
Other segment information:						
Additions to non-current assets	18,340	23	1,582	–	–	19,945

⁽¹⁾ Includes dividend income from subsidiaries.

E. Notes to the condensed interim consolidated financial statements

4. Segment information (cont'd)

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

	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

(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			
- 2 nd quarter ended 30 June 2023	219,963	4,197	224,160
- 2 nd quarter ended 30 June 2022	345,847	6,140	351,987
- 6 months ended 30 June 2023	454,167	7,994	462,161
- 6 months ended 30 June 2022	742,291	12,009	754,300

Riverstone Holdings Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements

6. Profit before taxation

6.1 Significant items

	Group			
	2 nd quarter ended 30 June 2023 RM'000	2 nd quarter ended 30 June 2022 RM'000	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
Income				
Interest income from bank balances	7,157	4,826	15,037	9,744
Expenses				
Interest expenses on borrowings	–	7	–	16
Depreciation of property, plant and equipment	15,131	14,416	30,051	28,760
Net foreign exchange gain – net	(3,189)	(8,300)	(5,260)	(11,237)
Fair value loss on derivatives	1,748	3,507	2,243	5,038
Property, plant and equipment written off	2	9	33	25
Gain on disposal of property, plant and equipment	(21)	(6)	(54)	(114)

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			
	2 nd Quarter ended 30 June 2023 RM'000	2 nd Quarter ended 30 June 2022 RM'000	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
Other related parties:				
Purchases of repair and maintenance services	27	2	30	63
Purchases of plant and equipment	7	–	7	–

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			
	2 nd Quarter ended 30 June 2023 RM'000	2 nd Quarter ended 30 June 2022 RM'000	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
Directors' fee	187	175	369	346
Short term benefits	1,404	638	2,230	1,605
Central Provident Fund contributions	128	64	200	135
Performance incentive scheme	1,238	3,373	2,377	8,190
	2,957	4,250	5,176	10,276
Comprise amounts paid to:				
- Directors of the Company	1,983	2,648	3,486	6,901
- Other key management personnel	974	1,602	1,690	3,375
	2,957	4,250	5,176	10,276

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:

	Group			
	2 nd Quarter ended 30 June 2023 RM'000	2 nd Quarter ended 30 June 2022 RM'000	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
Current income tax expense	17,952	20,313	29,989	52,221
(Over)/ under provision in respect of prior years	(1)	67	(1)	67
Deferred income tax expense relating to origination and reversal of temporary difference	(3,178)	6,355	(2,324)	9,721
	14,773	26,735	27,664	62,009

8. Dividends

	Group and Company	
	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 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 June 2023 RM	31 December 2022 RM	30 June 2023 RM	31 December 2022 RM
Net asset value per ordinary share	1.15	1.25	0.42	0.42

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 June 2023 RM'000	31 December 2022 RM'000
Financial assets/ (liabilities):		
<u>Derivatives (Note 5)</u>		
- Forward currency contracts	(880)	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 six months ended 30 June 2023, the Group acquired assets amounting to RM19,945,000 (30 June 2022: RM57,092,000) and disposed of assets amounting to RM19,000 (30 June 2022: RM22,000).

12. Share capital

	Group and Company			
	30 June 2023	31 December 2022	30 June 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 June/ 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 June 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 June 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 June 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 six 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 2Q2023, the Group achieved RM224.2 million in total revenue, a 36.3% reduction as compared to RM352.0 million in 2Q2022. Cost of sales at the same time reduced to RM159.3 million in 2Q2023. The Group's gross profit reduced 51.5% from RM133.8 million in 2Q2022 to RM64.8 million in 2Q2023. Group's gross profit margin deteriorated from 38.0% to 28.9% due to lower average selling price for the quarter.

The Group's other income increased by 39.7% to RM7.4 million in 2Q2023. These are mainly due to higher interest income from fixed deposits.

Selling and distribution expenses decreased by 31.3% in 2Q2023 mainly due to lesser sales activities.

General and administrative expenses reduced by 27.3% to RM7.7 million in 2Q2023 mainly due to decrease in performance incentives.

In 2Q2023, other operating income closed at RM0.8 million, a 78.4% decrease as compared to RM3.9 million in 2Q2022 mainly due to lower net foreign exchange gain.

The Group's effective tax rate was at 22.8% in 1H2023 similar to 22.9% in 1H2022. In 2Q2023, income tax expense decreased to RM14.8 million as a result of lower taxable income.

Overall for 2Q2023, the Group's profit before tax reduced by 51.4% to RM61.6 million and profit after tax decreased by 53.2% to RM46.9 million as compared to 2Q2022.

2b Balance Sheet Review

As at 30 June 2023, non-current assets which consist of property, plant and equipment (PPE) and deferred tax assets decreased to RM732.6 million from RM742.8 million. PPE decreased to RM731.6 million from RM741.6 million mainly on additions amounting to RM19.9 million offset by the depreciation charge of RM30.1 million and PPE written off or disposed. Deferred tax assets (DTA) has decreased to RM1.0 million.

Inventories decreased to RM81.7 million as at 30 June 2023 from RM82.4 million as at 31 December 2022 mainly due to lower production volume. Trade receivables increased from RM118.2 million to RM122.3 million mainly due to slower collection.

Cash and cash equivalents decreased to RM899.0 million as at 30 June 2023 from RM1,066.1 million as at 31 December 2022. For the 2Q2023, the Group generated RM81.3 million of net cash flows from operating activities and net cash flows used in investing activities amounting to RM9.7 million were mainly for the purchase of PPE. The Group has utilised RM148.2 million in 2Q2023 for payment of dividends.

OTHER INFORMATION

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

2b Balance Sheet Review (cont'd)

Current liabilities decreased to RM83.7 million as at 30 June 2023 mainly due to lower trade and other payables. Trade and other payables reduced to RM68.7 million as at 30 June 2023 from RM84.9 million as at 31 December 2022.

Non-current liabilities reduced to RM59.0 million as at 30 June 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.

Macroeconomic headwinds such as oversupply of healthcare gloves, 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)	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 10.00 sen (RM) per ordinary share) in respect of the first half year ended 30 June 2023.

5b Corresponding Period of the Immediate Preceding Financial Year

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

OTHER INFORMATION

5. Dividend information (cont'd)

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 months period ended 30 June 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
7 August 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.