

## UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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

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

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

Consolidated Income Statement

|                                     | Group                        |                              | Increase /<br>(decrease) |
|-------------------------------------|------------------------------|------------------------------|--------------------------|
|                                     | 1Q2015                       | 1Q2014                       |                          |
|                                     | 1 Jan 2015 to<br>31 Mar 2015 | 1 Jan 2014 to<br>31 Mar 2014 |                          |
|                                     | RM'000                       | RM'000                       | %                        |
| <b>Revenue</b>                      | <b>127,173</b>               | <b>87,835</b>                | 44.8%                    |
| Cost of sales                       | (87,014)                     | (60,918)                     | 42.8%                    |
| <b>Gross profit</b>                 | <b>40,159</b>                | <b>26,917</b>                | 49.2%                    |
| Other income                        | 328                          | 618                          | (46.9%)                  |
| Selling and distribution expenses   | (3,260)                      | (2,107)                      | 54.7%                    |
| General and administrative expenses | (6,045)                      | (4,546)                      | 33.0%                    |
| Other operating expenses            | 1,697 #                      | (931) #                      | N/M                      |
| <b>Profit before taxation</b>       | <b>32,879</b>                | <b>19,951</b>                | 64.8%                    |
| Income tax expense                  | (5,871)                      | (3,934)                      | 49.2%                    |
| <b>Profit after taxation</b>        | <b>27,008</b>                | <b>16,017</b>                | 68.6%                    |
| <b>Profit attributable to:</b>      |                              |                              |                          |
| Equity holders of the Company       | 27,008                       | 16,017                       | 68.6%                    |
| Non-controlling interests           | - *                          | - *                          | N/M                      |
|                                     | <b>27,008</b>                | <b>16,017</b>                |                          |

Consolidated Statement of Comprehensive Income

|                                                    | Group                        |                              | Increase /<br>(decrease) |
|----------------------------------------------------|------------------------------|------------------------------|--------------------------|
|                                                    | 1Q2015                       | 1Q2014                       |                          |
|                                                    | 1 Jan 2015 to<br>31 Mar 2015 | 1 Jan 2014 to<br>31 Mar 2014 |                          |
|                                                    | RM'000                       | RM'000                       | %                        |
| <b>Profit after taxation</b>                       | <b>27,008</b>                | <b>16,017</b>                | 68.6%                    |
| <b>Other comprehensive expense:</b>                |                              |                              |                          |
| Foreign currency translation gain/ (loss)          | 4,520                        | (91)                         | N/M                      |
| <b>Total comprehensive income</b>                  | <b>31,528</b>                | <b>15,926</b>                | 98.0%                    |
| <b>Total comprehensive income attributable to:</b> |                              |                              |                          |
| Equity holders of the Company                      | 31,528                       | 15,926                       | 98.0%                    |
| Non-controlling interests                          | - *                          | - *                          | N/M                      |
|                                                    | <b>31,528</b>                | <b>15,926</b>                |                          |

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

|                                                           | Group                        |                              | Increase /<br>(decrease) |
|-----------------------------------------------------------|------------------------------|------------------------------|--------------------------|
|                                                           | 1Q2015                       | 1Q2014                       |                          |
|                                                           | 1 Jan 2015 to<br>31 Mar 2015 | 1 Jan 2014 to<br>31 Mar 2014 |                          |
|                                                           | RM'000                       | RM'000                       | %                        |
| Depreciation of property, plant and equipment             | (5,958)                      | (4,620)                      | 29.0%                    |
| Net foreign exchange gain/ (loss)                         | 1,882 #                      | (1,294) #                    | N/M                      |
| Property, plant and equipment written off                 | (15)                         | (1)                          | N/M                      |
| (Loss)/ gain on disposal of property, plant and equipment | (162)                        | 64                           | N/M                      |
| Fair value gain on derivatives                            | 810 #                        | 1,074 #                      | (24.6%)                  |
| Research and development expenses                         | (524)                        | (550)                        | (4.7%)                   |
| Interest income from bank balances                        | 127                          | 302                          | (57.9%)                  |

N/M Not Meaningful

\* Denote amount less than RM500

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

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

|                                                             | Group             |                   | Company           |                   |
|-------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                             | As at<br>31.03.15 | As at<br>31.12.14 | As at<br>31.03.15 | As at<br>31.12.14 |
|                                                             | RM'000            | RM'000            | RM'000            | RM'000            |
| <b>Non-current assets</b>                                   |                   |                   |                   |                   |
| Property, plant and equipment                               | 234,832           | 227,587           | -                 | -                 |
| Investments in subsidiary companies                         | -                 | -                 | 177,202           | 173,605           |
| Deferred tax asset                                          | 2,886             | 3,110             | -                 | -                 |
|                                                             | <u>237,718</u>    | <u>230,697</u>    | <u>177,202</u>    | <u>173,605</u>    |
| <b>Current assets</b>                                       |                   |                   |                   |                   |
| Inventories                                                 | 50,082            | 42,117            | -                 | -                 |
| Trade receivables                                           | 94,465            | 86,713            | -                 | -                 |
| Other receivables                                           | 1,493             | 1,466             | -                 | -                 |
| Prepayments                                                 | 1,303             | 341               | 70                | 19                |
| Fixed deposits                                              | 56,834            | 44,446            | 20,181            | 19,755            |
| Cash at banks and in hand                                   | 39,944            | 34,986            | 2,447             | 2,765             |
|                                                             | <u>244,121</u>    | <u>210,069</u>    | <u>22,698</u>     | <u>22,539</u>     |
| <b>Current liabilities</b>                                  |                   |                   |                   |                   |
| Payables and accruals                                       | 57,965            | 50,441            | 205               | 196               |
| Amount due to a subsidiary company                          | -                 | -                 | 116               | 65                |
| Derivatives                                                 | 1,552             | 2,362             | -                 | -                 |
| Provision for taxation                                      | 5,912             | 3,316             | 2                 | 2                 |
|                                                             | <u>65,429</u>     | <u>56,119</u>     | <u>323</u>        | <u>263</u>        |
| <b>Net current assets</b>                                   | <u>178,692</u>    | <u>153,950</u>    | <u>22,375</u>     | <u>22,276</u>     |
| <b>Non-current liabilities</b>                              |                   |                   |                   |                   |
| Deferred tax liabilities                                    | 13,330            | 13,095            | -                 | -                 |
|                                                             | <u>13,330</u>     | <u>13,095</u>     | <u>-</u>          | <u>-</u>          |
| <b>Net assets</b>                                           | <u>403,080</u>    | <u>371,552</u>    | <u>199,577</u>    | <u>195,881</u>    |
| <b>Equity attributable to equity holders of the Company</b> |                   |                   |                   |                   |
| Share capital                                               | 156,337           | 156,337           | 156,337           | 156,337           |
| Treasury shares                                             | (815)             | (815)             | (815)             | (815)             |
| Reserves                                                    | 247,554           | 216,026           | 44,055            | 40,359            |
|                                                             | <u>403,076</u>    | <u>371,548</u>    | <u>199,577</u>    | <u>195,881</u>    |
| <b>Non-controlling interests</b>                            | 4                 | 4                 | -                 | -                 |
| <b>Total equity</b>                                         | <u>403,080</u>    | <u>371,552</u>    | <u>199,577</u>    | <u>195,881</u>    |

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

Not applicable

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

|                                                                                         | Group                     |                           |
|-----------------------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                                         | 1Q2015                    | 1Q2014                    |
|                                                                                         | 1 Jan 2015 to 31 Mar 2015 | 1 Jan 2014 to 31 Mar 2014 |
|                                                                                         | RM'000                    | RM'000                    |
| <b>Cash flows from operating activities</b>                                             |                           |                           |
| Profit before taxation                                                                  | 32,879                    | 19,951                    |
| Adjustments for:                                                                        |                           |                           |
| Depreciation of property, plant and equipment                                           | 5,958                     | 4,620                     |
| Property, plant and equipment written off                                               | 15                        | 1                         |
| Loss/ (gain) on disposal of property, plant and equipment                               | 162                       | (64)                      |
| Fair value gain on derivatives                                                          | (810)                     | (1,074)                   |
| Interest income                                                                         | (127)                     | (302)                     |
| Operating cash flows before working capital changes                                     | 38,077                    | 23,132                    |
| Increase in inventories                                                                 | (7,965)                   | (7,900)                   |
| (Increase)/ decrease in receivables and prepayments                                     | (8,741)                   | 1,583                     |
| Increase/ (decrease) in payables and accruals                                           | 7,524                     | (4,846)                   |
| Cash flows from operations                                                              | 28,895                    | 11,969                    |
| Income tax paid                                                                         | (2,816)                   | (2,582)                   |
| Interest received                                                                       | 127                       | 302                       |
| Net cash flows from operating activities                                                | 26,206                    | 9,689                     |
| <b>Cash flows from investing activities</b>                                             |                           |                           |
| Proceeds from disposal of property, plant and equipment                                 | 9                         | 98                        |
| Purchase of property, plant and equipment                                               | (12,157)                  | (14,796)                  |
| Net cash flows used in investing activities                                             | (12,148)                  | (14,698)                  |
| Net increase/ (decrease) in cash and cash equivalents                                   | 14,058                    | (5,009)                   |
| Effect of foreign currency exchange rates                                               | 3,288                     | (108)                     |
| Cash and cash equivalents at beginning of period                                        | 79,432                    | 114,004                   |
| Cash and cash equivalents at end of period                                              | 96,778                    | 108,887                   |
| <b>Cash and cash equivalents comprise the followings at end of the financial period</b> |                           |                           |
| Fixed deposits                                                                          | 56,834                    | 49,994                    |
| Cash at banks and in hand                                                               | 39,944                    | 58,893                    |
| Cash and cash equivalent at end of the financial period                                 | 96,778                    | 108,887                   |

## 1 (d) (i)

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

**GROUP****1Q2014****Balance at 1 January 2014**

Total comprehensive income for the period

**Balance at 31 March 2014****1Q2015****Balance at 1 January 2015**

Total comprehensive income for the period

**Balance at 31 March 2015**

| Share<br>Capital<br>RM'000 | Treasury<br>Shares<br>RM'000 | Retained<br>Earnings<br>RM'000 | Other<br>Reserves<br>RM'000 | Total<br>Reserves<br>RM'000 | Non-<br>controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|----------------------------|------------------------------|--------------------------------|-----------------------------|-----------------------------|--------------------------------------------|---------------------------|
| 156,337                    | (815)                        | 218,155                        | (51,022)                    | 167,133                     | 4                                          | 322,659                   |
| -                          | -                            | 16,017                         | (91)                        | 15,926                      | - *                                        | 15,926                    |
| 156,337                    | (815)                        | 234,172                        | (51,113)                    | 183,059                     | 4                                          | 338,585                   |
| 156,337                    | (815)                        | 263,725                        | (47,699)                    | 216,026                     | 4                                          | 371,552                   |
| -                          | -                            | 27,008                         | 4,520                       | 31,528                      | - *                                        | 31,528                    |
| 156,337                    | (815)                        | 290,733                        | (43,179)                    | 247,554                     | 4                                          | 403,080                   |

\* Denote amount less than RM500

**COMPANY****1Q2014****Balance at 1 January 2014**

Total comprehensive income for the period

**Balance at 31 March 2014****1Q2015****Balance at 1 January 2015**

Total comprehensive income for the period

**Balance at 31 March 2015**

| Share<br>Capital<br>RM'000 | Treasury<br>Shares<br>RM'000 | Retained<br>Earnings<br>RM'000 | Other<br>Reserves<br>RM'000 | Total<br>Reserves<br>RM'000 | Total Equity<br>RM'000 |
|----------------------------|------------------------------|--------------------------------|-----------------------------|-----------------------------|------------------------|
| 156,337                    | (815)                        | 19,401                         | 15,694                      | 35,095                      | 190,617                |
| -                          | -                            | (326)                          | (117)                       | (443)                       | (443)                  |
| 156,337                    | (815)                        | 19,075                         | 15,577                      | 34,652                      | 190,174                |
| 156,337                    | (815)                        | 21,001                         | 19,358                      | 40,359                      | 195,881                |
| -                          | -                            | (358)                          | 4,054                       | 3,696                       | 3,696                  |
| 156,337                    | (815)                        | 20,643                         | 23,412                      | 44,055                      | 199,577                |

## 1 (d) (ii)

Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current period reported on and as at the end of the corresponding year of the immediately preceding financial year.

| Share capital             | Number of<br>shares | Share Capital<br>RM'000 |
|---------------------------|---------------------|-------------------------|
| Issued and fully paid up: |                     |                         |
| As at 31 December 2014    | <u>371,226,025</u>  | <u>156,337</u>          |
| As at 31 March 2015       | <u>371,226,025</u>  | <u>156,337</u>          |

As at 31 March 2015, the Company held 684,000 of its issued shares as treasury shares (31 December 2014: 684,000).

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

1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

|                                                         | As at<br>31.03.15  | As at<br>31.12.14  |
|---------------------------------------------------------|--------------------|--------------------|
| Total number of issued shares                           | 371,226,025        | 371,226,025        |
| Less: Treasury shares                                   | <u>(684,000)</u>   | <u>(684,000)</u>   |
| Total number of issued shares excluding treasury shares | <u>370,542,025</u> | <u>370,542,025</u> |

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

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

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable

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

Except as explained in note 5, the Group and the Company have applied the same accounting policies and method of computation applied in the financial statements for the current reporting period as those adopted in the most recently audited consolidated financial statements for the financial year ended 31 December 2014.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new and revised FRSs is assessed to have no material impact to the results of the Group and the Company for the financial year ended 31 December 2014.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**

|                                        |                          | <b>Group</b>  |               |
|----------------------------------------|--------------------------|---------------|---------------|
|                                        |                          | <b>1Q2015</b> | <b>1Q2014</b> |
| Earnings per share ("EPS") in sen (RM) |                          |               |               |
| a)                                     | Basic                    | 7.28          | 4.31          |
| b)                                     | On a fully diluted basis | 7.28          | 4.31          |

Earnings per share for the first quarter ended 31 March 2015 is calculated based on profit from ordinary activities after taxation of RM27.0 million divided by weighted average of 371.2 million number of ordinary shares in issue. As for comparative, earnings per share for the first quarter ended 31 March 2014 is calculated based on profit attributable to shareholders of RM16.0 million divided by weighted average of 371.2 million number of ordinary shares in issue.

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

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

|                                 | <b>Group</b>              |                           | <b>Company</b>            |                           |
|---------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                 | <b>As at<br/>31.03.15</b> | <b>As at<br/>31.12.14</b> | <b>As at<br/>31.03.15</b> | <b>As at<br/>31.12.14</b> |
| Net asset per share in sen (RM) | 108.78                    | 100.27                    | 53.86                     | 52.86                     |

The Group and Company net asset backing per ordinary share as at 31 March 2015 and 31 December 2014 are calculated based on 370.5 million ordinary shares in issue excluding treasury shares.

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8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **a) INCOME STATEMENT REVIEW**

For the 1Q2015, the Group recorded RM32.9 million and RM27.0 million of profit before taxation and profit after tax representing 64.8% and 68.6% growth respectively when compared to 1Q2014. This was achieved on the back of an increase in total revenue by 44.8% from RM87.8 million in 1Q2014 to RM127.2 million in 1Q2015. The revenue growth is mainly due to the higher gloves demand. The Group's gross profit increased by 49.2% to RM40.2 million in 1Q2015 from RM26.9 million in 1Q2014.

The Group's other income decreased to RM0.3 million in 1Q2015 from RM0.6 million in 1Q2014 mainly due to a decrease in interest income from fixed deposits in 1Q2015.

Selling and distribution expenses increased by RM1.2 million or 54.7% from RM2.1 million in 1Q2014 to RM3.3 million in 1Q2015 due to the increase in sales activities.

General and administrative expenses increased by RM1.5 million or 33.0% from RM4.5 million in 1Q2014 to RM6.0 million in 1Q2015 mainly due to increase in payroll cost.

Other operating expenses decreased by RM2.6 million mainly as a result of net foreign exchange gain in 1Q2015 when compare to net foreign exchange loss in 1Q2014 and lower research and development expenses in 1Q2015.

The Group's effective tax rate was lower when compared to 1Q2014 mainly due to higher tax incentives claimable by the Group.

### **b) BALANCE SHEET REVIEW**

As at 31 March 2015, property, plant and equipment increased to RM234.8 million from RM227.6 million mainly due to acquisition of property, plant and equipment of RM12.0 million coupled with foreign exchange adjustment of RM1.2 million and offset by the depreciation charge of RM6.0 million.

Trade receivables and inventories increased from RM86.7 million to RM94.5 million and from RM42.1 million to RM50.1 million as at 31 March 2015 respectively mainly due to increase in sales and higher production volume.

Cash and cash equivalents increased from RM79.4 million as at 31 December 2014 to RM96.8 million as at 31 March 2015. For the 1Q2015, the Group generated RM26.2 million in net cash flows from operating activities and net cash flows used in investing activities amounted to RM12.1 million were for the purchase of property, plant and equipment. The Group has no net cash flows used in financing activities in 1Q2015.

Current liabilities increased by 16.6% from RM56.1 million as at 31 December 2014 to RM65.4 million as at 31 March 2015 mainly due to higher payables and accruals from RM50.4 million as at 31 December 2014 to RM58.0 million as at 31 March 2015 and the increase in provision of taxation from RM3.3 million as at 31 December 2014 to RM5.9 million as at 31 March 2015.

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

Not applicable

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Our Group's phase II expansion plan in Taiping, Perak, Malaysia has progressed well. By 31 December 2015, our Group is expected to have a total annual production capacity of 5.2 billion gloves.

The movement in commodity prices, the US currency fluctuation and competition from the other glove manufacturers remain as challenges for the Group.

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

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

None

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

None

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country**

Not applicable

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

Not applicable

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

Not applicable

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the first quarter ended 31 March 2015.

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

The Company does not have an Interested Person Transactions mandate.

**14. Statement by Directors**

**Pursuant to SGX Listing Rule 705(5)**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of Riverstone Holdings Limited for the first quarter ended 31 March 2015 presented in this announcement to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

WONG TEEK SON  
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

04 May 2015