

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & 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			Group		
	2Q2014	2Q2013	Increase / (decrease)	1H2014	1H2013	Increase / (decrease)
	1 Apr 2014 to 30 Jun 2014	1 Apr 2013 to 30 Jun 2013		1 Jan 2014 to 30 Jun 2014	1 Jan 2013 to 30 Jun 2013	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	96,851	90,432	7.1%	184,686	171,218	7.9%
Cost of sales	(70,981)	(66,288)	7.1%	(131,899)	(126,323)	4.4%
Gross profit	25,870	24,144	7.1%	52,787	44,895	17.6%
Other income	824	371	122.1%	1,442	1,057	36.4%
Selling and distribution expenses	(2,736)	(2,312)	18.3%	(4,843)	(4,375)	10.7%
General and administrative expenses	(3,936)	(4,316)	(8.8%)	(8,482)	(8,185)	3.6%
Other operating expenses	(1,031) #	165 #	N/M	(1,962) #	(785) #	149.9%
Finance costs	-	-	N/M	-	-	N/M
Profit before taxation	18,991	18,052	5.2%	38,942	32,607	19.4%
Income tax expense	(2,936)	(3,622)	(18.9%)	(6,870)	(6,331)	8.5%
Profit after taxation	16,055	14,430	11.3%	32,072	26,276	22.1%
Profit attributable to:						
Equity holders of the Company	16,055	14,430	11.3%	32,072	26,276	22.1%
Non-controlling interests	- *	- *	N/M	- *	- *	N/M
	16,055	14,430		32,072	26,276	

Consolidated Statement of Comprehensive Income

	Group			Group		
	2Q2014	2Q2013	Increase / (decrease)	1H2014	1H2013	Increase / (decrease)
	1 Apr 2014 to 30 Jun 2014	1 Apr 2013 to 30 Jun 2013		1 Jan 2014 to 30 Jun 2014	1 Jan 2013 to 30 Jun 2013	
	RM'000	RM'000	%	RM'000	RM'000	%
Profit after taxation	16,055	14,430	11.3%	32,072	26,276	22.1%
Other comprehensive expense:						
Foreign currency translation (loss)/ gain	(1,035)	(804)	28.7%	(1,126)	1,023	%
Total comprehensive income	15,020	13,626	10.2%	30,946	27,299	13.4%
Total comprehensive income attributable to:						
Equity holders of the Company	15,020	13,626	10.2%	30,946	27,299	13.4%
Non-controlling interests	- *	- *	N/M	- *	- *	N/M
	15,020	13,626		30,946	27,299	

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

	Group			Group		
	2Q2014	2Q2013	Increase / (decrease)	1H2014	1H2013	Increase / (decrease)
	1 Apr 2014 to 30 Jun 2014	1 Apr 2013 to 30 Jun 2013		1 Jan 2014 to 30 Jun 2014	1 Jan 2013 to 30 Jun 2013	
	RM'000	RM'000	%	RM'000	RM'000	%
Depreciation of property, plant and equipment	(4,632)	(4,742)	(2.3%)	(9,252)	(9,460)	(2.2%)
Net foreign exchange (loss)/ gain	(837) #	2,171 #	N/M	(2,131) #	2,620 #	N/M
Property, plant and equipment written off	(6)	-	N/M	(7)	(2)	N/M
(Loss)/ gain on disposal of property, plant and equipment	(9)	-	N/M	55	(1)	N/M
Fair value gain/ (loss) on derivatives	760 #	(1,185) #	N/M	1,834 #	(1,618) #	N/M
Research and development expenses	(715)	(636)	12.4%	(1,265)	(1,325)	(4.5%)
Interest income from bank balances	226	119	89.9%	528	208	153.8%
(Under)/ over provision of income tax	-	(2)	N/M	2	(2)	N/M

N/M Not Meaningful

* Denote amount less than RM500

The net foreign exchange (loss)/ gain and fair value gain/(loss) 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 30.06.14	As at 31.12.13	As at 30.06.14	As at 31.12.13
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	186,037	153,384	-	-
Other asset	12,421	12,421	-	-
Investments in subsidiary companies	-	-	168,708	170,284
	<u>198,458</u>	<u>165,805</u>	<u>168,708</u>	<u>170,284</u>
Current assets				
Inventories	43,022	35,667	-	-
Trade receivables	66,653	62,531	-	-
Other receivables	2,017	1,594	-	8
Prepayments	861	589	33	28
Tax recoverable	317	317	-	-
Derivatives	1,526	-	-	-
Fixed deposits	40,633	56,950	8,919	18,901
Cash at banks and in hand	48,554	57,054	3,246	1,620
	<u>203,583</u>	<u>214,702</u>	<u>12,198</u>	<u>20,557</u>
Current liabilities				
Payables and accruals	45,079	39,276	188	218
Amount due to a subsidiary company	-	-	160	2
Derivatives	-	308	-	-
Provision for taxation	7,038	5,271	1	4
	<u>52,117</u>	<u>44,855</u>	<u>349</u>	<u>224</u>
Net current assets	<u>151,466</u>	<u>169,847</u>	<u>11,849</u>	<u>20,333</u>
Non-current liabilities				
Deferred tax liabilities	12,993	12,993	-	-
	<u>12,993</u>	<u>12,993</u>	<u>-</u>	<u>-</u>
Net assets	<u>336,931</u>	<u>322,659</u>	<u>180,557</u>	<u>190,617</u>
Equity attributable to equity holders of the Company				
Share capital	156,337	156,337	156,337	156,337
Treasury shares	(815)	(815)	(815)	(815)
Reserves	181,405	167,133	25,035	35,095
	<u>336,927</u>	<u>322,655</u>	<u>180,557</u>	<u>190,617</u>
Non-controlling interests	4	4	-	-
Total equity	<u>336,931</u>	<u>322,659</u>	<u>180,557</u>	<u>190,617</u>

* Denote amount less than RM500

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		Group	
	2Q2014 1 Apr 2014 to 30 Jun 2014	2Q2013 1 Apr 2013 to 30 Jun 2013	1H2014 1 Jan 2014 to 30 Jun 2014	1H2013 1 Jan 2013 to 30 Jun 2013
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	18,991	18,052	38,942	32,607
Adjustments for:				
Depreciation of property, plant and equipment	4,632	4,742	9,252	9,460
Property, plant and equipment written off	6	-	7	2
Loss/ (gain) on disposal of property, plant and equipment	9	-	(55)	1
Fair value (gain)/ loss on derivatives	(760)	1,185	(1,834)	1,618
Interest income	(226)	(119)	(528)	(208)
Operating cash flows before working capital changes	22,652	23,860	45,784	43,480
Decrease/ (increase) in inventories	545	1,193	(7,355)	(3,522)
Increase in receivables and prepayments	(6,400)	(8,498)	(4,817)	(7,581)
Increase/ (decrease) in payables and accruals	10,649	(3,900)	5,803	(10,367)
Cash flows from operations	27,446	12,655	39,415	22,010
Income tax paid	(2,521)	(932)	(5,103)	(1,405)
Interest received	226	119	528	208
Net cash flows from operating activities	25,151	11,842	34,840	20,813
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	9	2	107	4
Purchase of property, plant and equipment	(27,426)	(7,140)	(42,222)	(7,925)
Net cash flows used in investing activities	(27,417)	(7,138)	(42,115)	(7,921)
Cash flows from financing activities				
Net proceeds from warrants conversion	-	9,089	-	28,348
Purchase of treasury shares	-	(718)	-	(718)
Dividends paid	(16,674)	(13,932)	(16,674)	(13,932)
Net cash flows (used in)/ from financing activities	(16,674)	(5,561)	(16,674)	13,698
Net (decrease)/ increase in cash and cash equivalents	(18,940)	(857)	(23,949)	26,590
Effect of foreign currency exchange rates	(760)	(503)	(868)	620
Cash and cash equivalents at beginning of period	108,887	92,557	114,004	63,987
Cash and cash equivalents at end of period	89,187	91,197	89,187	91,197
Cash and cash equivalents comprise the followings at end of the financial period				
Fixed deposits	40,633	53,169	40,633	53,169
Cash at banks and in hand	48,554	38,028	48,554	38,028
Cash and cash equivalent at end of the financial period	89,187	91,197	89,187	91,197

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	Share Capital RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Other Reserves RM'000	Total Reserves RM'000	Non-controlling Interests RM'000	Total Equity RM'000
1H2013							
Balance at 1 January 2013	123,846	(97)	182,744	(51,860)	130,884	4	254,637
Total comprehensive income for the period	-	-	26,276	1,023	27,299	- *	27,299
Payment of FY2012 final dividend	-	-	(13,932)	-	(13,932)	-	(13,932)
Issuance of ordinary shares upon the exercise of warrants	29,675	-	-	(1,327)	(1,327)	-	28,348
Purchase of treasury shares	-	(718)	-	-	-	-	(718)
Balance at 30 June 2013	153,521	(815)	195,088	(52,164)	142,924	4	295,634
1H2014							
Balance at 1 January 2014	156,337	(815)	218,155	(51,022)	167,133	4	322,659
Total comprehensive income for the period	-	-	32,072	(1,126)	30,946	- *	30,946
Payment of FY2013 final dividend	-	-	(16,674)	-	(16,674)	-	(16,674)
Balance at 30 June 2014	156,337	(815)	233,553	(52,148)	181,405	4	336,931
2Q2013							
Balance at 1 April 2013	144,005	(97)	194,590	(50,933)	143,657	4	287,569
Total comprehensive income for the period	-	-	14,430	(804)	13,626	- *	13,626
Payment of FY2012 final dividend	-	-	(13,932)	-	(13,932)	-	(13,932)
Issuance of ordinary shares upon the exercise of warrants	9,516	-	-	(427)	(427)	-	9,089
Purchase of treasury shares	-	(718)	-	-	-	-	(718)
Balance at 30 June 2013	153,521	(815)	195,088	(52,164)	142,924	4	295,634
2Q2014							
Balance at 1 April 2014	156,337	(815)	234,172	(51,113)	183,059	4	338,585
Total comprehensive income for the period	-	-	16,055	(1,035)	15,020	- *	15,020
Payment of FY2013 final dividend	-	-	(16,674)	-	(16,674)	-	(16,674)
Balance at 30 June 2014	156,337	(815)	233,553	(52,148)	181,405	4	336,931

* Denote amount less than RM500

	Share Capital RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Other Reserves RM'000	Total Reserves RM'000	Total Equity RM'000
<u>COMPANY</u>						
1H2013						
Balance at 1 January 2013	123,846	(97)	16,608	10,803	27,411	151,160
Total comprehensive income for the period	-	-	8,508	328	8,836	8,836
Payment of FY2012 final dividend	-	-	(13,932)	-	(13,932)	(13,932)
Issuance of ordinary shares upon the exercise of warrants	29,675	-	-	(1,327.00)	(1,327)	28,348
Purchase of treasury shares	-	(718)	-	-	-	(718)
Balance at 30 June 2013	153,521	(815)	11,184	9,804	20,988	173,694
1H2014						
Balance at 1 January 2014	156,337	(815)	19,401	15,694	35,095	190,617
Total comprehensive income for the period	-	-	8,340	(1,726)	6,614	6,614
Payment of FY2013 final dividend	-	-	(16,674)	-	(16,674)	(16,674)
Balance at 30 June 2014	156,337	(815)	11,067	13,968	25,035	180,557
2Q2013						
Balance at 1 April 2013	144,005	(97)	16,301	9,107	25,408	169,316
Total comprehensive income for the period	-	-	8,815	1,124	9,939	9,939
Payment of FY2012 final dividend	-	-	(13,932)	-	(13,932)	(13,932)
Issuance of ordinary shares upon the exercise of warrants	9,516	-	-	(427)	(427)	9,089
Purchase of treasury shares	-	(718)	-	-	-	(718)
Balance at 30 June 2013	153,521	(815)	11,184	9,804	20,988	173,694
2Q2014						
Balance at 1 April 2014	156,337	(815)	19,075	15,577	34,652	190,174
Total comprehensive income for the period	-	-	8,666	(1,609)	7,057	7,057
Payment of FY2013 final dividend	-	-	(16,674)	-	(16,674)	(16,674)
Balance at 30 June 2014	156,337	(815)	11,067	13,968	25,035	180,557

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 shares	Share Capital RM'000
Issued and fully paid up:		
As at 31 December 2013	<u>371,226,025</u>	<u>156,337</u>
As at 30 June 2014	<u>371,226,025</u>	<u>156,337</u>

As at 30 June 2014, the Company held 684,000 of its issued shares as treasury shares (31 December 2013: 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 30.06.14	As at 31.12.13
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 2013.

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:-

		Group	
		2Q2014	2Q2013
Earnings per share ("EPS") in sen (RM)			
a)	Basic	4.32	4.01
b)	On a fully diluted basis	4.32	3.99

Earnings per share for the second quarter ended 30 June 2014 is calculated based on profit from ordinary activities after taxation of RM16.1 million divided by weighted average of 371.2 million number of ordinary shares in issue. As for comparative, earnings per share for the second quarter ended 30 June 2013 is calculated based on profit attributable to shareholders of RM14.4 million divided by weighted average of 360.2 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 for the second quarter ended 30 June 2014 are the same. For the corresponding period ended 30 June 2013, the fully diluted earnings per share is calculated based on the weighted average number of 361.6 million ordinary shares after adjustments for the dilutive effects assuming the full exercise of warrants outstanding during the year and after adjusting the weighted average number of shares in issue during the year.

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.

	Group		Company	
	As at 30.06.14	As at 31.12.13	As at 30.06.14	As at 31.12.13
Net asset per share in sen (RM)	90.93	87.08	48.73	51.44

The Group and Company net asset backing per ordinary share as at 30 June 2014 and 31 December 2013 are calculated based on 370.5 million and 370.5 million ordinary shares in issue excluding treasury shares respectively.

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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 2Q2014, the profit before tax and profit after tax rose by 5.2% and 11.3% to RM19.0 million and RM16.1 million respectively when compared to 2Q2013. This was achieved on the back of an increase in total revenue by 7.1% from RM90.4 million in 2Q2013 to RM96.9 million in 2Q2014. The revenue growth is mainly due to the higher gloves demand. The Group's gross profit increased by 7.1% to RM25.9 million in 2Q2014 from RM24.1 million in 2Q2013.

The Group's other income increased to RM0.8 million in 2Q2014 from RM0.4 million in 2Q2013 mainly due to a utility rebate obtained by the Group and increase in interest income from fixed deposits in 2Q2014.

Selling and distribution expenses increased by RM0.4 million or 18.3% from RM2.3 million in 2Q2013 to RM2.7 million in 2Q2014 due to the increase in sales activities.

General and administrative expenses decreased by RM0.4 million or 8.8% from RM4.3 million in 2Q2013 to RM3.9 million in 2Q2014 mainly due to lesser amount spent in levy charges.

Other operating expenses increased to RM1.0 million in 2Q2014 as a result of net foreign exchange loss in 2Q2014 when compared to net foreign exchange gain in 2Q2013 and higher research and development expenses in 2Q2014.

The Group's effective tax rate was lower when compared to 2Q2013 mainly due to higher tax incentives claimable by the Group.

b) BALANCE SHEET REVIEW

As at 30 June 2014, non-current assets increased to RM198.5 million from RM165.8 million mainly due to acquisition of property, plant and equipment of RM42.2 million coupled with foreign exchange adjustment of RM0.2 million and offset by the depreciation charge of RM9.3 million.

Trade receivables and inventories increased from RM62.5 million to RM66.7 million and from RM35.7 million to RM43.0 million as at 30 June 2014 respectively mainly due to increase in sales and higher production volume.

Cash and cash equivalents reduced from RM114.0 million as at 31 December 2013 to RM89.2 million as at 30 June 2014. For the 2Q2014, the Group generated RM25.2 million in net cash flows from operating activities and net cash flows used in investing activities amounted to RM27.4 million were for the purchase of property, plant and equipment. The Group has net cash flows used in financing activities in 2Q2014 amounted to RM16.7 million for the payment of dividends.

Current liabilities increased by 16.2% from RM44.9 million as at 31 December 2013 to RM52.1 million as at 30 June 2014 mainly due to higher payables and accruals from RM39.3 million as at 31 December 2013 to RM45.1 million as at 30 June 2014 and the increase in provision of taxation from RM5.3 million as at 31 December 2013 to RM7.0 million as at 30 June 2014.

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 expansion plan in Taiping, Perak, Malaysia is on track with trial production starting in 3Q2014 and expect full production from the beginning of the 4th quarter of this year. By 31 December 2014, our Group is expected to have a total annual production capacity of 4.2 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

The Board has recommended to pay a one-tier tax exempt interim dividend of 2.35 sen (RM) per ordinary share for the financial year ending 31 December 2014.

(b) Corresponding period of the immediately preceding financial year

Yes

Name of Dividend	Interim Tax Exempt Dividend
Dividend Type	Cash
Dividend amount per Share (in sen)	2.300 sen (RM) per ordinary share
Tax Rate	Tax-exempt one-tier

(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

The dividend will be a one-tier tax exempt dividend and will not be taxable in the hands of shareholders in Singapore.

(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.

To be determined

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

Not applicable

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 second quarter ended 30 June 2014 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 August 2014

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.