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Riverstone maintains its growth trajectory as revenue climbs 10.9% to RM167.0 million for 3QFY2016

- Gross profit margin recovers from preceding quarter to stabilise at 26.1% through improving operational efficiencies, despite intense industry competition
- Continues to generate strong positive operating cash flow of RM34.3 million, contributing to a robust balance sheet with net cash position of RM110.1 million
- Phase 3 expansion which adds one billion pieces of gloves in total annual production capacity to 6.2 billion is on track for completion by end FY2016 with orders fully committed

Financial Highlights

<u>RM million (Y/E Dec)</u>	<u>3QFY2016</u>	<u>3QFY2015</u>	<u>Change (%)</u>
Revenue	167.0	150.6	10.9
Cost of Goods Sold	(123.4)	(102.6)	20.3
Gross Profit	43.6	48.0	(9.2)
Profit Before Tax	34.1	40.1	(15.0)
Net Profit	29.8	35.3	(15.6)
EPS* - fully diluted (sen)	4.19	9.52	N.M.

*Based on weighted average of 711.5 million ordinary shares in issue (3QFY2015: 371.2 million ordinary shares in issue)

SINGAPORE – 9 November 2016 – Mainboard-listed Riverstone Holdings Limited (“Riverstone” or “the Group”) 立合斯顿有限公司, a leading manufacturer of specialised cleanroom and healthcare gloves, today announced its financial results for the three months ended 30 September 2016 (“3QFY2016”).

“While encouraged by the progress made in the US and Japan markets which witnessed strong demand for our premium healthcare and cleanroom gloves, we remain equally cognisant of the overall macroeconomic challenges weighing on our industry. The highly competitive landscape that we operate in has translated to downward pressure on our margins and profitability. We however believe such situation will stabilise over time as demand and supply comes into equilibrium. This is evidenced by the recovery in gross profit margin to 26.1% for 3QFY2016 as compared to the preceding quarter where we registered 24.4%.

Faced with rising operational costs in labour and utilities, we recognise the importance of prudent cost management. To that end, we successfully reduced overall marketing, general and administrative expenses without compromising top line growth. This was bolstered by our continued emphasis on improving operational efficiencies and maintaining high utilisation rates.”

- **Executive Chairman and CEO, Mr Wong Teek Son (黄德顺)**

Income statement

Overall, the Group maintains its growth trajectory as total revenue posted a 10.9% increase to RM167.0 million for 3QFY2016. In view of the competitive industry environment, gross profit however declined 9.2% year on year (“yoy”) to RM43.6 million while gross profit margin correspondingly slipped to 26.1% for the period.

As part of the Group’s strategy in managing costs, selling and distribution expenses decreased 2.4% yoy to RM4.0 million as marketing expenses reduced. General and administrative expenses also fell 33.3% yoy to RM5.4 million for 3QFY2016 with lower commission and incentives.

With majority of the Group’s revenue denominated in the US Dollar, it is susceptible to foreign exchange fluctuation. A lower foreign exchange gain of RM0.6 million was recorded for 3QFY2016 as compared to the previous corresponding period of RM4.8 million, representing a 88.4% yoy decline. This contributed substantially to the Group’s overall 15.6% yoy decline in net profit to RM29.8 million for 3QFY2016.

Balance sheet

As at 30 September 2016, property, plant and equipment (“PPE”) increased to RM318.8 million from RM276.7 million as at 31 December 2015. The net increase stemmed from an acquisition of PPE amounting RM64.5 million and foreign exchange adjustment of RM0.2 million, offsetting RM21.7 million depreciation charge and PPE disposal of RM0.5 million.

Trade receivables increased from RM103.1 million as at 31 December 2015 to RM113.4 million as at 30 September 2016. Inventories, however, recorded a decrease in levels from RM61.2 million as at to RM60.2 million due mainly to an increase in sales.

Within the same period, current liabilities declined from RM92.1 million to RM86.1 million. This was due mainly to a dip in payables and accruals from RM84.4 million to RM81.4 million and a decrease in provision for taxation from RM7.6 million to RM3.1 million.

Cash flow

Backed by the Group’s robust cash cycles, RM34.3 million of positive operating cash flow was generated for 3QFY2016 while RM25.4 million was utilised for investing activities due to the acquisition of PPE for the purpose of pursuing the Group’s third phase of expansion plans.

The Group continues to be in a net cash position with cash and cash equivalents of RM110.1 million.

Outlook

On the Group’s prospects, **Mr Wong** remarked, “Our operating environment remains challenging and highly fluid due to the fluctuation in variables such as raw material prices and foreign exchange rates. This calls for utmost vigilance on our part to respond promptly to changing market conditions. Maintaining a healthy balance sheet and the ability to consistently generate positive operating cash flow however position us favourably to mitigate any macroeconomic uncertainties.

Looking ahead, we are on track to complete our third phase of expansion by the end of FY2016, adding one billion pieces of gloves yearly to a total production capacity of 6.2 billion. With a gradual commissioning of production lines since the start of 3QFY2016, it ensures a seamless transition as we maintain our utilisation levels in excess of 90%. The additional capacity to be introduced has also been fully undertaken by new and existing customers as we continue to carve our niche in providing customised healthcare and cleanroom gloves.”

-- The End --

About Riverstone Holdings Limited (“Riverstone” or 立合斯顿有限公司)

Malaysia-based Riverstone is a global market leader in the manufacturing of nitrile and natural rubber clean room gloves used in highly controlled and critical environments as well as premium nitrile gloves used in the healthcare industry. The company’s proprietary “RS Riverstone Resources” brand is the preferred cleanroom glove for use in high-tech manufacturing industries. The company also manufactures cleanroom consumables such as finger cots and facemasks. Its customers are global leaders in the HDD, LCD, semiconductor, consumer electronics, pharmaceutical and healthcare industries. The company employs more than 1,000 people throughout its six manufacturing facilities in Malaysia (4), Thailand (1) and China (1) with an annual production capacity of 5.2 billion gloves as at 31 December 2015. It also has an established global network of sales offices to serve its customers in Singapore, Malaysia, Thailand, the Philippines, China and the U.S. Riverstone was listed on the Mainboard of the Singapore in 2006. (www.riverstone.com.my)

Issued for and on behalf of **Riverstone Holdings Limited** by

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