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Riverstone posts third quarter profit growth as net profit surges 49.3% to RM15.7 million in 3Q2013

- Revenue increases 18.9% to RM94.0 million on expanded production capacity to meet growing demand for healthcare gloves
- Gross profit outpaces revenue growth with 36.8% increase to RM26.2 million due to better productivity and favourable raw material prices
- Strong balance sheet and net cash position of RM116.3 million

Financial Highlights

RM million (Y/E Dec)	3Q2013	3Q2012	Change (%)	9M2013	9M2012	Change (%)
Revenue	94.0	79.0	18.9	265.2	230.6	15.0
Cost of Goods Sold	(67.7)	(59.8)	13.2	(194.1)	(178.5)	8.7
Gross Profit	26.2	19.2	36.8	71.1	52.1	36.5
Profit Before Tax	19.8	12.6	57.4	52.4	35.6	47.3
Net Profit	15.7	10.5	49.3	42.0	31.3	34.3
EPS* - basic (sen)	4.33	3.23		11.59	9.60	
EPS# - fully diluted (sen)	4.33	3.12		11.59	9.29	

*Based on weighted average of 361.9 million shares (3Q2012: 325.6 million shares)

Based on weighted average of 361.9 million shares (3Q2012: 336.3 million shares)

SINGAPORE - 7 November 2013 – 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, announced its financial results for the three months ended 30 September 2013 (“3Q2013”).

“We are pleased to report another quarter of strong results as we grew our topline while enhancing our profitability with better efficiency through an increase in automation processes and improved staff productivity levels. In addition, favourable raw material prices also contributed to an overall improvement in our bottomline as we posted our third quarter profit this year. This is in tandem with our objective to maximize shareholder value through sustainable corporate growth and developments.”

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

Income statement review

The Group recorded another quarter of breakthrough turnover achieving a high of RM94.0 million for 3Q2013, marking an increase of 18.9% over 3Q2012. This was broadly driven by the Group's expansion in its production capacity and an overall growing demand of its products, particularly in the healthcare gloves segment.

Gross profit correspondingly increased 36.8% to RM26.2 million in 3Q2013, attributed to the improvement in productivity and favourable raw material prices.

The Group's selling and distribution expenses increased 18.0% to RM2.4 million in 3Q2013 due to the increase in sales activities from cleanroom and healthcare gloves. General and administrative expenses also rose 23.2% to RM4.5 million in 3Q2013 due to an increase in payroll cost. For other operating expenses, the Group reversed net foreign exchange loss of RM1.1 million in 3Q2012 to a gain of RM0.2 million in 3Q2013.

Consequently, the Group achieved a 49.3% increase in profit after tax and minority interest of RM15.7 million in 3Q2013.

Balance sheet review

As at 30 September 2013, non-current assets decreased marginally to RM159.3 million from RM161.0 in 31 December 2012 due to acquisition of property, plant and equipment amounting to RM11.8 million and foreign exchange adjustment of RM0.7 million, offset by the depreciation charge of RM14.2 million.

Trade receivables increased from RM58.1 million as at 31 December 2012 to RM63.2 million as at 30 September 2013 while inventories also saw a 12.5% increase to RM34.2 million as at 30 September 2013 due to an increase in sales and higher production volume.

On the other hand, current liabilities declined 5.2% to RM47.1 million as at 30 September 2013 compared to RM49.7 million as at 31 December 2012. This was owed to a decline in payables and accruals offset with increases in derivatives and provision for taxation.

Cash flow statement review

For 3Q2013, the Group generated net cash flow from operating activities of RM24.5 million and net cash flow used in investing activities of RM3.9 million, which were mainly used for purchase of property, plant and equipment. From financing activities, the Group also recorded a net cash flow of RM2.7 million from proceeds of warrants conversion to ordinary shares.

The Group continues to be debt-free and maintains a healthy cash balance. As at 30 September 2013, cash and cash equivalents for the Group increased 81.7% to RM116.3 million from RM64.0 million in 31 December 2012.

Outlook

The overall increases in health awareness and healthcare spending by emerging markets have raised the demand for healthcare gloves. In particular, nitrile gloves which does away with the risk of latex sensitivity, is fast gaining popularity. The current global nitrile gloves consumption of 60 billion pieces a year is expected to increase by 12 billion pieces per annum recording a 20% growth¹.

The Group is well-poised to tap on the global increase in demand with a 30-acre site in Taiping, Malaysia earmarked to supplement expansion plans. With the first phase of the expansion scheduled to complete and commence operations in mid-2014. In addition to the growing demand for healthcare gloves, the Group expects to see a strong take-up of cleanroom gloves product line targeted at manufacturers of tablets and mobile devices.

Mr Wong added, "Our overall strategy is to maintain our leadership in the cleanroom gloves segment while increasing our market share in the fast-growing healthcare gloves segment. Moving forward, we continue to be prudent in our expansion plans while taking precautionary measures to mitigate fluctuations in the US dollar and commodity prices."

-- 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 five manufacturing facilities in Malaysia (3), Thailand (1) and China (1) with an annual production capacity of 3.1 billion gloves as at 31 December 2012. 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.my)

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

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¹ The Edge Malaysia, "Glove makers gaining from demand", 5 August 2013