

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010

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 (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	2Q2010 1 Apr 2010 to 30 Jun 2010 RM'000	2Q2009 1 Apr 2009 to 30 Jun 2009 RM'000	Increase / (decrease) %	1H2010 1 Jan 2010 to 30 Jun 2010 RM'000	1H2009 1 Jan 2009 to 30 Jun 2009 RM'000	Increase / (decrease) %
Revenue	53,994	37,731	43.1%	106,807	63,529	68.1%
Cost of sales	(38,332)	(26,531)	44.5%	(74,674)	(47,322)	57.8%
Gross profit	<u>15,662</u>	<u>11,200</u>	39.8%	<u>32,133</u>	<u>16,207</u>	98.3%
Other income	194	220	(11.8%)	664	372	78.5%
Selling and distribution expenses	(1,450)	(1,101)	31.7%	(2,873)	(2,321)	23.8%
General and administrative expenses	(3,076)	(2,348)	31.0%	(5,846)	(4,148)	40.9%
Other operating expenses	(333)	(673)	(50.5%)	(1,439)	(681)	111.3%
Finance costs	(10)	(17)	(41.2%)	(21)	(40)	(47.5%)
Profit before taxation	<u>10,987</u>	<u>7,281</u>	50.9%	<u>22,618</u>	<u>9,389</u>	140.9%
Taxation	(1,291)	(520)	148.3%	(2,434)	(804)	202.7%
Profit after taxation	<u>9,696</u>	<u>6,761</u>	43.4%	<u>20,184</u>	<u>8,585</u>	135.1%
Other comprehensive (expense)/ income:						
Foreign currency translation	(220)	150	N/M	(2,543)	1,498	N/M
Total comprehensive income	<u>9,476</u>	<u>6,911</u>	37.1%	<u>17,641</u>	<u>10,083</u>	75.0%
Profit attributable to:						
Equity holders of the Company	9,696	6,761	43.4%	20,184	8,585	135.1%
Minority interests	- *	- *	N/M	- *	- *	N/M
	<u>9,696</u>	<u>6,761</u>		<u>20,184</u>	<u>8,585</u>	
Total comprehensive income attributable to:						
Equity holders of the Company	9,476	6,911	37.1%	17,641	10,083	75.0%
Minority interests	- *	- *	N/M	- *	- *	N/M
	<u>9,476</u>	<u>6,911</u>		<u>17,641</u>	<u>10,083</u>	

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

	Group			Group		
	2Q2010 1 Apr 2010 to 30 Jun 2010 RM'000	2Q2009 1 Apr 2009 to 30 Jun 2009 RM'000	Increase / (decrease) %	1H2010 1 Jan 2010 to 30 Jun 2010 RM'000	1H2009 1 Jan 2009 to 30 Jun 2009 RM'000	Increase / (decrease) %
Depreciation of property, plant and equipment	(2,553)	(2,082)	22.6%	(5,097)	(4,109)	24.0%
Net foreign exchange (loss)/gain	360	(64)	N/M	(409)	354	N/M
Bad debts written off	(11)	-	N/M	(11)	-	N/M
Bad debts recovered	3	-	N/M	3	-	N/M
Property, plant and equipment written off	(1)	(39)	(97.4%)	(2)	(39)	(94.9%)
Gain on disposal of property, plant and equipment	27	11	145.5%	69	11	527.3%
Research and development expenses	(505)	(364)	38.7%	(723)	(776)	(6.8%)
Interest income from bank balances	21	81	(74.1%)	58	166	(65.1%)
Interest on borrowings	(10)	(17)	(41.2%)	(21)	(40)	(47.5%)

N/M Not Meaningful

* Denote amount less than RM500

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

	Group		Company	
	As at 30.06.10	As at 31.12.09	As at 30.06.10	As at 31.12.09
	RM'000	RM'000	RM'000	RM'000
Non current assets				
Property, plant and equipment	103,623	91,816	-	-
Investments in subsidiary companies	-	-	95,267	95,852
	<u>103,623</u>	<u>91,816</u>	<u>95,267</u>	<u>95,852</u>
Current assets				
Inventories	17,964	17,733	-	-
Trade receivables	40,273	37,594	-	-
Other receivables	1,366	722	-	-
Prepayments	874	265	222	16
Tax recoverable	317	317	-	-
Fixed deposits	17,741	22,754	16,734	18,111
Cash and bank balances	26,351	24,436	3,858	9,147
	<u>104,886</u>	<u>103,821</u>	<u>20,814</u>	<u>27,274</u>
Current liabilities				
Payables and accruals	20,484	17,713	152	219
Amounts due to a subsidiary company	-	-	237	144
Hire purchase creditors	13	42	-	-
Bank borrowings (secured)	473	489	-	-
Provision for taxation	1,906	490	-	1
	<u>22,876</u>	<u>18,734</u>	<u>389</u>	<u>364</u>
Net current assets	<u>82,010</u>	<u>85,087</u>	<u>20,425</u>	<u>26,910</u>
Non current liabilities				
Hire purchase creditors	15	22	-	-
Bank borrowings (secured)	-	224	-	-
Deferred taxation	5,196	5,210	-	-
	<u>5,211</u>	<u>5,456</u>	<u>-</u>	<u>-</u>
Net assets	<u>180,422</u>	<u>171,447</u>	<u>115,692</u>	<u>122,762</u>
Equity attributable to equity holders of the Company				
Share capital	106,788	106,788	106,788	106,788
Reserves	73,631	64,656	8,904	15,974
	<u>180,419</u>	<u>171,444</u>	<u>115,692</u>	<u>122,762</u>
Minority interests	3	3	-	-
Total equity	<u>180,422</u>	<u>171,447</u>	<u>115,692</u>	<u>122,762</u>

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

	Group	
	As at 30.06.10	As at 31.12.09
	RM'000	RM'000
Amount repayable in one year or less, or on demand		
Hire purchase creditors (secured)	13	42
Bank borrowings (secured)	473	489
	<u>486</u>	<u>531</u>
Amount repayable after one year		
Hire purchase creditors (secured)	15	22
Bank borrowings (secured)	-	224
	<u>15</u>	<u>246</u>

The hire purchases were secured by certain motor vehicles.

The bank borrowings were secured by a corporate guarantee of the Company.

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

	Group		Group	
	2Q2010	2Q2009	1H2010	1H2009
	1 Apr 2010 to 30 Jun 2010 RM'000	1 Apr 2009 to 30 Jun 2009 RM'000	1 Jan 2010 to 30 Jun 2010 RM'000	1 Jan 2009 to 30 Jun 2009 RM'000
Cash flows from operating activities				
Profit before taxation	10,987	7,281	22,618	9,389
Adjustments:-				
Depreciation of property, plant and equipment	2,553	2,082	5,097	4,109
Property, plant and equipment written off	1	39	2	39
Gain on disposal of property, plant and equipment	(27)	(11)	(69)	(11)
Bad debts written off	11	-	11	-
Interest expense	10	17	21	40
Interest income	(21)	(81)	(58)	(166)
Operating cash flows before working capital changes	13,514	9,327	27,622	13,400
(Increase)/ decrease in inventories	(277)	1,040	(231)	6,907
Increase in receivables and prepayments	(1,345)	(13,109)	(3,943)	(10,879)
Increase in payables and accruals	1,059	3,101	2,771	2,738
Cash flows from operations	12,951	359	26,219	12,166
Income taxes paid	(423)	(64)	(1,032)	(355)
Interest paid	(10)	(17)	(21)	(40)
Interest received	21	81	58	166
Net cash flows from operating activities	12,539	359	25,224	11,937
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	109	15	174	15
Purchase of property, plant and equipment	(10,954)	(2,146)	(17,494)	(4,583)
Net cash flows used in investing activities	(10,845)	(2,131)	(17,320)	(4,568)
Cash flows from financing activities				
Repayment of term loans	(120)	(164)	(240)	(456)
Repayment of hire purchase creditors	(16)	(18)	(36)	(42)
Dividends paid	(8,666)	(5,500)	(8,666)	(5,500)
Net cash flows used in financing activities	(8,802)	(5,682)	(8,942)	(5,998)
Net increase in cash and cash equivalents	(7,108)	(7,454)	(1,038)	1,371
Effect of foreign currency exchange rates	(104)	150	(2,060)	808
Cash and cash equivalents at beginning of period	51,304	56,009	47,190	46,526
Cash and cash equivalents at end of period	44,092	48,705	44,092	48,705
Cash and cash equivalents comprise the followings at end of the financial period				
Fixed deposits	17,741	20,855	17,741	20,855
Cash at banks and in hand	26,351	27,850	26,351	27,850
Cash and cash equivalent at end of the financial period	44,092	48,705	44,092	48,705

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- 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.

	Share Capital RM'000	Retained Earnings RM'000	Other Reserves RM'000	Total Reserves RM'000	Minority Interests RM'000	Total Equity RM'000
GROUP						
1H2009						
Balance at 1 January 2009	106,788	103,210	(55,961)	47,249	3	154,040
Total comprehensive income for the period	-	8,585	1,498	10,083	-	10,083
Payment of FY2008 final dividend	-	(5,500)	-	(5,500)	-	(5,500)
Balance at 30 June 2009	106,788	106,295	(54,463)	51,832	3	158,623
1H2010						
Balance at 1 January 2010	106,788	119,509	(54,853)	64,656	3	171,447
Total comprehensive income for the period	-	20,184	(2,543)	17,641	-	17,641
Payment of FY2009 final dividend	-	(8,666)	-	(8,666)	-	(8,666)
Balance at 30 June 2010	106,788	131,027	(57,396)	73,631	3	180,422
2Q2009						
Balance at 1 April 2009	106,788	105,034	(54,613)	50,421	3	157,212
Total comprehensive income for the period	-	6,761	150	6,911	-	6,911
Payment of FY2008 final dividend	-	(5,500)	-	(5,500)	-	(5,500)
Balance at 30 June 2009	106,788	106,295	(54,463)	51,832	3	158,623
2Q2010						
Balance at 1 April 2010	106,788	129,997	(57,176)	72,821	3	179,612
Total comprehensive income for the period	-	9,696	(220)	9,476	-	9,476
Payment of FY2009 final dividend	-	(8,666)	-	(8,666)	-	(8,666)
Balance at 30 June 2010	106,788	131,027	(57,396)	73,631	3	180,422

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<u>COMPANY</u>	Share Capital RM'000	Retained Earnings RM'000	Other Reserves RM'000	Total Reserves RM'000	Total Equity RM'000
1H2009					
Balance at 1 January 2009	106,788	8,524	3,705	12,229	119,017
Total comprehensive income for the period	-	(380)	1,071	691	691
Payment of FY2008 final dividend	-	(5,500)	-	(5,500)	(5,500)
Balance at 30 June 2009	106,788	2,644	4,776	7,420	114,208
1H2010					
Balance at 1 January 2010	106,788	10,617	5,357	15,974	122,762
Total comprehensive income for the period	-	7,548	(5,952)	1,596	1,596
Payment of FY2009 final dividend	-	(8,666)	-	(8,666)	(8,666)
Balance at 30 June 2010	106,788	9,499	(595)	8,904	115,692
2Q2009					
Balance at 1 April 2009	106,788	8,374	3,398	11,772	118,560
Total comprehensive income for the period	-	(230)	1,378	1,148	1,148
Payment of FY2008 final dividend	-	(5,500)	-	(5,500)	(5,500)
Balance at 30 June 2009	106,788	2,644	4,776	7,420	114,208
2Q2010					
Balance at 1 April 2010	106,788	18,586	(128)	18,458	125,246
Total comprehensive loss for the period	-	(421)	(467)	(888)	(888)
Payment of FY2009 final dividend	-	(8,666)	-	(8,666)	(8,666)
Balance at 30 June 2010	106,788	9,499	(595)	8,904	115,692

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- 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 '000	Share Capital RM'000
Issued and fully paid up:		
As at 31 December 2009	<u>309,500</u>	<u>106,788</u>
As at 30 June 2010	<u>309,500</u>	<u>106,788</u>

The Company does not have any outstanding share convertibles and treasury shares 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 30.06.10 '000	As at 31.12.09 '000
Total number of issued shares excluding treasury shares	<u>309,500</u>	<u>309,500</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.

Not applicable

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.

The accounting policies and method of computation applied in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2009.

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.

Not applicable

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	
	2Q2010	2Q2009
Earnings per share ("EPS") in sen (RM)		
a) Basic	3.13	2.19
b) On a fully diluted basis	3.13	2.19

Earnings per share for the second quarter ended 30 June 2010 is calculated based on profit from ordinary activities after taxation of RM9.7 million divided by weighted average of 309.5 million number of ordinary shares in issue. As for comparative, earnings per share for the second quarter ended 30 June 2009 is calculated based on profit attributable to shareholders of RM6.8 million divided by weighted average of 309.5 million number of ordinary shares in issue. As there were no share options and other potential issuance granted, the basic and 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.

	Group		Company	
	As at 30.06.10	As at 31.12.09	As at 30.06.10	As at 31.12.09
Net asset per share in sen (RM)	58.29	55.39	37.38	39.66

The Group and Company net asset backing per ordinary share as at 30 June 2010 and 31 December 2009 are calculated based on 309.50 million ordinary shares in issue.

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 1H2010, the Group achieved 140.9% and 135.1% growth in pretax profit and net profit to RM22.6 million and RM20.2 million respectively when compared to 1H2009. This was achieved on the back of an increase in total revenue by 68.1% from RM63.5 million in 1H2009 to RM106.8 million in 1H2010. The Group's gross profit rose 98.3% from RM16.2 million in 1H2009 to RM32.1 million in 1H2010. Gross profit margin increased from 25.5% in 1H2009 to 30.1% in 1H2010.

For the 2Q2010, the Group achieved 50.9% and 43.4% growth in pretax profit and net profit respectively when compared to 2Q2009. This was achieved on the back of an increase in total revenue by 43.1% from RM37.7 million in 2Q2009 to RM54.0 million in 2Q2010. This was mainly due to improve demand for the Group's products from customers in the semiconductor and healthcare industries.

The Group's gross profit rose 39.8% from RM11.2 million in 2Q2009 to RM15.7 million in 2Q2010. Gross profit margin came down from 29.7% in 2Q2009 to 29.0% in 2Q2010 mainly due to higher raw material prices and a weaker US Dollar.

Other income comprised mainly interest income from deposits. The Group's other income reduced 11.8% when compared 2Q2010 to 2Q2009 as a result of the lower interest income.

Selling and distribution expenses increased by 31.7% from RM1.1 million in 2Q2009 to RM1.5 million in 2Q2010 due to increase overseas promotional activities coupled with the higher handling and forwarding expenses.

General and administrative expenses increased by RM0.7 million or 31.0% from RM2.4 million in 2Q2009 to RM3.1 million in 2Q2010 mainly because of increase in payroll cost.

Other operating expenses decreased to RM0.3 million mainly as a result of net foreign exchange gain in 2Q2010 when compare to net foreign exchange loss in 2Q2009.

Finance costs decreased by 41.2% to RM0.01 in 2Q2010 due to the repayment of bank borrowing.

The effective tax rate was 11.8% in 2Q2010 as compared to 7.1% in 2Q2009 due to certain overseas subsidiaries enjoying a reduce tax concession as compared to 2Q2009.

b) BALANCE SHEET REVIEW

As at 30 June 2010, fixed assets increased from RM91.8 million to RM103.6 million mainly due to the acquisition of property, plant and equipment of RM17.5 million, offset by the depreciation charge of RM5.1 million and the foreign exchange adjustment of RM0.5 million.

Trade receivables and inventories increased by RM2.7 million to RM40.3 million and by RM0.3 million to RM18.0 million respectively as at 30 June 2010 due mainly to the increase in sales.

Other receivables increased from RM0.7 million to RM1.4 million as at 30 June 2010 mainly due to higher unrealized exchange gain from the forward exchange contracts coupled with an advance given to secure the supply of raw material.

Prepayments increase from RM0.3 million to RM0.9 million as at 30 June 2010 mainly due to prepayment of Malaysian government levy for foreign workers.

Cash and cash equivalents increased from RM47.2 million as at 31 December 2009 to RM44.1 million as at 30 June 2010. For the 2Q2010, the Group generated RM12.5 million in net cash flows from operating activities whereas net cash flows used in investing and financing activities amounted to RM10.8 million and RM8.8 million respectively, and were mainly used to finance the purchase of property, plant and equipment and payment of dividends.

Payables and accruals increased by RM2.8 million from RM17.7 million as at 31 December 2009 to RM20.5 million as at 30 June 2010 as a result of longer credit term granted by a few main suppliers and contractors.

Total bank borrowings decreased by RM0.1 million from RM0.7 million to RM0.5 million due to repayment of the borrowings. The Group had not acquired additional bank borrowings during 2Q2010.

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

There is no material variance from the statement provided in the previous announcement.

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.

We expect the electronics and healthcare industries to continue to remain strong for the rest of the financial year. While the volatility of the commodity prices and the weakening of the US currency will be a challenge for the Group, we expect the demand for our cleanroom and healthcare products to grow in the forthcoming quarters.

The Group previously announced expansion plan is on schedule and barring other unforeseen circumstances, the Directors are optimistic that the Group will achieve good results in the forthcoming quarters.

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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 2.2 sen (RM) per ordinary share for the financial year ending 31 December 2010.

(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 where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

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.

To be determined

(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. Interest person transactions

The aggregate value of interested person transactions entered into for the second quarter ended 30 June 2010 is as follow:

Name of interested persons	Aggregate value of all interested person transactions during the financial quarter under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Hoe Hup Heng Engineering	S\$3,520	0
Sea Transport	S\$48,093	0

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 2010 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

4 August 2010

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.