
UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

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.**Consolidated Income Statement**

	Group		Increase / (decrease)
	1Q2011	1Q2010	
	1 Jan 2011 to 31 Mar 2011	1 Jan 2010 to 31 Mar 2010	
	RM'000	RM'000	%
Revenue	64,435	52,813	22.0%
Cost of sales	(48,867)	(36,342)	34.5%
Gross profit	15,568	16,471	(5.5%)
Other income	139	470	(70.4%)
Selling and distribution expenses	(1,412)	(1,423)	(0.8%)
General and administrative expenses	(2,990)	(2,770)	7.9%
Other operating expenses	(1,118)	(1,106)	1.1%
Finance costs	(4)	(11)	(63.6%)
Profit before taxation	10,183	11,631	(12.4%)
Taxation	(763)	(1,143)	(33.2%)
Profit after taxation	9,420	10,488	(10.2%)
Profit attributable to:			
Equity holders of the Company	9,420	10,488	(10.2%)
Non-controlling interests	-	-	N/M
	9,420	10,488	

Consolidated Statement of Comprehensive Income

	Group		Increase / (decrease)
	1Q2011	1Q2010	
	1 Jan 2011 to 31 Mar 2011	1 Jan 2010 to 31 Mar 2010	
	RM'000	RM'000	%
Profit after taxation	9,420	10,488	(10.2%)
Other comprehensive expense:			
Foreign currency translation	(561)	(2,323)	(75.9%)
Total comprehensive income	8,859	8,165	8.5%
Total comprehensive income attributable to:			
Equity holders of the Company	8,859	8,165	8.5%
Non-controlling interests	-	-	N/M
	8,859	8,165	

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

	Group		Increase / (decrease)
	1Q2011	1Q2010	
	1 Jan 2011 to 31 Mar 2011	1 Jan 2010 to 31 Mar 2010	
	RM'000	RM'000	%
Depreciation of property, plant and equipment	(3,332)	(2,544)	31.0%
Net foreign exchange loss	(502)	(769)	(34.7%)
Property, plant and equipment written off	(30)	(1)	N/M
Gain on disposal of property, plant and equipment	-	42	(100.0%)
Research and development expenses	(403)	(218)	84.9%
Interest income from bank balances	31	37	(16.2%)
Interest on borrowings	(4)	(11)	(63.6%)

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	As at	As at	As at
	31.03.11	31.12.10	31.03.11	31.12.10
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	122,716	122,730	-	-
Investments in subsidiary companies	-	-	107,347	106,743
	<u>122,716</u>	<u>122,730</u>	<u>107,347</u>	<u>106,743</u>
Current assets				
Inventories	26,991	26,752	-	-
Trade receivables	47,661	43,585	-	-
Other receivables	1,450	1,619	-	-
Amounts due from a subsidiary company	-	-	2,239	3,446
Prepayments	777	594	104	23
Tax recoverable	317	418	-	-
Fixed deposits	19,675	18,999	19,675	18,491
Cash and bank balances	25,796	25,150	1,778	1,516
	<u>122,667</u>	<u>117,117</u>	<u>23,796</u>	<u>23,476</u>
Current liabilities				
Payables and accruals	28,809	32,661	213	238
Hire purchase creditors	14	14	-	-
Bank borrowings (secured)	99	226	-	-
Provision for taxation	1,242	1,052	1	1
	<u>30,164</u>	<u>33,953</u>	<u>214</u>	<u>239</u>
Net current assets	<u>92,503</u>	<u>83,164</u>	<u>23,582</u>	<u>23,237</u>
Non-current liabilities				
Hire purchase creditors	5	8	-	-
Deferred taxation	5,626	5,626	-	-
	<u>5,631</u>	<u>5,634</u>	<u>-</u>	<u>-</u>
Net assets	<u>209,588</u>	<u>200,260</u>	<u>130,929</u>	<u>129,980</u>
Equity attributable to equity holders of the Company				
Share capital	110,621	110,129	110,621	110,129
Reserves	98,963	90,127	20,308	19,851
	<u>209,584</u>	<u>200,256</u>	<u>130,929</u>	<u>129,980</u>
Non-controlling interests	4	4	-	-
Total equity	<u>209,588</u>	<u>200,260</u>	<u>130,929</u>	<u>129,980</u>

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

	Group	
	As at 31.03.11	As at 31.12.10
	RM'000	RM'000
Amount repayable in one year or less, or on demand		
Hire purchase creditors (secured)	14	14
Bank borrowings (secured)	99	226
	<u>113</u>	<u>240</u>
Amount repayable after one year		
Hire purchase creditors (secured)	5	8
	<u>5</u>	<u>8</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	
	1Q2011 1 Jan 2011 to 31 Mar 2011	1Q2010 1 Jan 2010 to 31 Mar 2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	10,183	11,631
Adjustments:-		
Depreciation of property, plant and equipment	3,332	2,544
Property, plant and equipment written off	30	1
Gain on disposal of property, plant and equipment	-	(42)
Interest expense	4	11
Interest income	(31)	(37)
Operating cash flows before working capital changes	<u>13,518</u>	<u>14,108</u>
(Increase)/ decrease in inventories	(239)	46
Increase in receivables and prepayments	(3,989)	(2,598)
(Decrease)/ increase in payables and accruals	(3,852)	1,712
Cash flows from operations	<u>5,438</u>	<u>13,268</u>
Income taxes paid	(573)	(609)
Interest paid	(4)	(11)
Interest received	31	37
Net cash flows from operating activities	<u>4,892</u>	<u>12,685</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	65
Purchase of property, plant and equipment	(3,742)	(6,540)
Net cash flows used in investing activities	<u>(3,742)</u>	<u>(6,475)</u>
Cash flows from financing activities		
Net proceeds from warrants conversion	469	-
Repayment of term loans	(127)	(120)
Repayment of hire purchase creditors	(3)	(20)
Net cash flows from/ (used in) financing activities	<u>339</u>	<u>(140)</u>
Net increase in cash and cash equivalents	<u>1,489</u>	<u>6,070</u>
Effect of foreign currency exchange rates	(167)	(1,956)
Cash and cash equivalents at beginning of period	44,149	47,190
Cash and cash equivalents at end of period	<u>45,471</u>	<u>51,304</u>
Cash and cash equivalents comprise the followings at end of the financial period		
Fixed deposits	19,675	31,879
Cash at banks and in hand	25,796	19,425
Cash and cash equivalent at end of the financial period	<u>45,471</u>	<u>51,304</u>

* Denote amount less than RM500

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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.

GROUP

1Q2010

Balance at 1 January 2010

Total comprehensive income for the period

Balance at 31 March 2010

1Q2011

Balance at 1 January 2011

Total comprehensive income for the period

Issuance of ordinary shares upon the exercise of warrants

Balance at 31 March 2011

	Share Capital RM'000	Retained Earnings RM'000	Other Reserves RM'000	Total Reserves RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1 January 2010	106,788	119,509	(54,853)	64,656	3	171,447
Total comprehensive income for the period	-	10,488	(2,323)	8,165	- *	8,165
Balance at 31 March 2010	106,788	129,997	(57,176)	72,821	3	179,612
Balance at 1 January 2011	110,129	144,319	(54,192)	90,127	4	200,260
Total comprehensive income for the period	-	9,420	(561)	8,859	- *	8,859
Issuance of ordinary shares upon the exercise of warrants	492	-	(23)	(23)	-	469
Balance at 31 March 2011	110,621	153,739	(54,776)	98,963	4	209,588

* Denote amount less than RM500

COMPANY

1Q2010

Balance at 1 January 2010

Total comprehensive income for the period

Balance at 31 March 2010

1Q2011

Balance at 1 January 2011

Total comprehensive loss for the period

Issuance of ordinary shares upon the exercise of warrants

Balance at 31 March 2011

	Share Capital RM'000	Retained Earnings RM'000	Other Reserves RM'000	Total Reserves RM'000	Total Equity RM'000
Balance at 1 January 2010	106,788	10,617	5,357	15,974	122,762
Total comprehensive income for the period	-	7,969	(5,485)	2,484	2,484
Balance at 31 March 2010	106,788	18,586	(128)	18,458	125,246
Balance at 1 January 2011	110,129	15,167	4,684	19,851	129,980
Total comprehensive loss for the period	-	(255)	735	480	480
Issuance of ordinary shares upon the exercise of warrants	492	-	(23)	(23)	469
Balance at 31 March 2011	110,621	14,912	5,396	20,308	130,929

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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	Share Capital RM'000
Issued and fully paid up:		
As at 31 December 2010	<u>313,908,690</u>	<u>110,129</u>
As at 31 March 2011	<u>314,542,100</u>	<u>110,621</u>

On 19 May 2010, the Company announce a renounceable non-underwritten rights issue of up to 61,900,000 warrants at an issue price of S\$0.02 for each warrant, each warrant carrying the right to subscribe for one (1) new share at the exercise price of S\$0.31 for each new share, on the basis of one (1) warrant for every five (5) existing ordinary shares.

On 5 August 2010, the Company allotted and issued 61,900,000 rights warrants for valid acceptance received.

The warrants are exercisable within three (3) years from the date of issue of warrants on 5 August 2010 and will expire on 4 August 2013. As at 31 March 2011, total conversion of warrants to shares for the period amount to S\$196,357.10, the outstanding warrants were 56,857,900.

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

The Company wishes to announce that to-date, the total net proceeds of approximately S\$2.53 million from the issuance of warrants and conversion of warrants were fully used for the Group's general working capital.

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 31.03.11	As at 31.12.10
Total number of issued shares excluding treasury shares	<u>314,542,100</u>	<u>313,908,690</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

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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 2010.

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	
	1Q2011	1Q2010
Earnings per share ("EPS") in sen (RM)		
a) Basic	3.00	3.39
b) On a fully diluted basis	2.54	3.39

Earnings per share for the first equarter ended 31 March 2011 is calculated based on profit from ordinary activities after taxation of RM9.4 million divided by weighted average of 314.5 million number of ordinary shares in issue. As for comparative, earnings per share for the first quarter ended 31 March 2010 is calculated based on profit attributable to shareholders of RM10.5 million divided by weighted average of 309.5 million number of ordinary shares in issue.

The fully diluted earnings per share for the first quarter ended 31 March 2011 was calculated based on the weighted average number of 371.4 million ordinary shares assuming the full exercise of warrants outstanding during the period after adjusting the weighted average number of shares. As there were no share options and other potential issuance granted in first quarter ended 31 March 2010, 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 31.03.11	As at 31.12.10	As at 31.03.11	As at 31.12.10
Net asset per share in sen (RM)	66.63	63.80	41.63	41.41

The Group and Company net asset backing per ordinary share as at 31 March 2011 and 31 December 2010 are calculated based on 314.5 million and 313.9 million ordinary shares in issue respectively.

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.

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a) INCOME STATEMENT REVIEW

The Group's revenue for 1Q2011 rose 22.0% to RM64.4 million when compared to 1Q2010. The revenue growth is in line with the Group's continuous expansion in production capacity and growing demand of our products especially in healthcare glove. Despite higher revenue, the Group's gross profit reduced to RM15.6 million in 1Q2011 from RM16.5 million in 1Q2010. This was mainly due to the continued weakening of US dollar, high raw materials prices and delay in passing on the higher costs to our customers.

The Group's other income decreased from RM0.5 million in 1Q2010 to RM0.1 million in 1Q2011 mainly due to lower interest income and also 1Q2010 had a settlement received from a local utility company for the disruption caused to our normal operation.

Administrative, selling and distribution and other operating expenses in 1Q2011 were kept at the same level as in 1Q2010 despite the increase in sales activities.

Finance costs decreased by 63.6% in 1Q2011 due to the repayment of bank borrowing.

The Group's effective tax rate was lower when compared to 1Q2010 due to availability of higher reinvestment allowance claimable by the Group.

For the period under review, the Group's pretax profit and net profit reduced to RM10.2 million and RM9.4 million respectively for 1Q2011 as compared to 1Q2010.

b) BALANCE SHEET REVIEW

As at 31 March 2011, non-current assets stay at RM122.7 million, approximately the same as 31 December 2011 mainly due to acquisition of property, plant and equipment of RM3.7 million, offset by the depreciation charge of RM3.3 million and the foreign exchange adjustment of RM0.4 million.

Trade receivables and inventory increased from RM43.6 million to RM47.7 million and from RM26.8 million to RM27.0 million as at 31 March 2011 respectively due to increase in sales volume.

Other receivables reduced to RM1.5 million as at 31 March 2011 from to RM1.6 million as at 31 December 2010 mainly due to a lesser amount of advance given to secure the supply of raw material.

Prepayments increase from RM0.6 million to RM0.8 million as at 31 March 2011 mainly due to prepayment of levy for foreign workers.

Cash and cash equivalents increased from RM44.1 million as at 31 December 2010 to RM45.5 million as at 31 March 2011. For the 1Q2011, the Group generated RM4.9 million in net cash flows from operating activities and net cash flows used in investing was amounted to RM3.7 for the purchase of property, plant and equipment. The Group has net cash flows from financing activities in 1Q2011 amounted to RM0.3 million which mainly from the proceeds of warrants conversion to ordinary shares.

Current liabilities decreased by 11.2% mainly due to the decrease in payables and accruals from RM32.7 million as at 31 December 2010 to RM28.8 million as at 31 March 2011.

Total bank borrowings decreased to RM0.1 million from RM0.2 million due to repayment of the borrowings. The Group had not acquired additional bank borrowings during 1Q2011.

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.

The increase in commodity prices and the weakening of the US currency will continue to be a challenge for the Group. These may to some extent affect our Group's revenue and gross profit margin.

In response to these uncertainties, the Group will continue to take measures to mitigate these risks, control the cost and look out for further growth opportunities.

The Group has a higher demand for its gloves in the first quarter of 2011. The Group expects it will continue especially for the electronics industry for the forthcoming quarters.

The Group expects to complete Phase II expansion plan this year to further increase the current production capacity to meet the growth in gloves demand.

Barring other unforeseen circumstances, the Directors are optimistic that the Group will achieve positive results for 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

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

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 2011.

13. Interest person transactions

The aggregate value of interested person transactions entered into for the first quarter ended 31 March 2011 is as follow:

Name of interested persons	Aggregate value of all interested person transactions during the financial year 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\$55,132	0
Sea Transport	S\$43,195	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 first quarter ended 31 March 2011 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 May 2011

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.