



RIVERSTONE HOLDINGS LIMITED

ANNUAL REPORT 2014

Leader in the Manufacturing of
Cleanroom and Healthcare Gloves



Company Vision & Mission

Riverstone's business is built on a foundation of deep technical knowledge to meet the exacting standards for particle and static control that the electronics industry demands. We offer a wide range of products for all classes of cleanrooms to meet our customers' unique needs. Our desire is to provide top quality and innovative products and to do so in a timely, reliable and efficient manner.

We strive to be a global leader in the manufacture of cleanroom and healthcare gloves. Our brand, "RS", symbolizes superior quality and we are the first-choice glove supplier for users in the highly controlled and critical manufacturing and healthcare environment.

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Certifications and Awards



- 1. ISO 14001:2004 BS EN ISO 14001:2004
- 2. Intertek MS 1722:2011
- 3. Intertek OHSAS 18001:2007
- 4. ISO 9001:2008
- 5. ISO 13485:2003 ENISO 13485:2012
- 6. Directive 93/42/EEC

Singapore 1000 Company
Public Listed Companies 2011-2014



Forbes Asia Best Under A Billion 2010



Business Excellence Award 2006 President's Award
Malaysia Canada Business Council Business Excellence Award 2006 President's Award

SMB Best Overall Award Series 2005
Small and Medium Industries Association of Malaysia

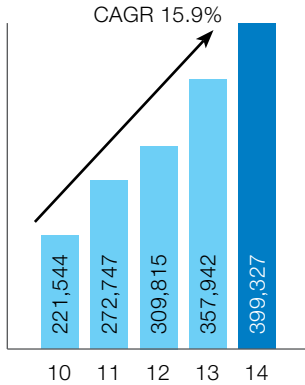


Golden Bull Awards 2003/2005/2006
Nanyang Siang Pau

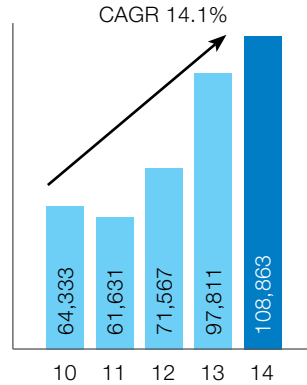
1st in Enterprise 50 Awards 2006
Small and Medium Industries Development Corporation Malaysia

Group Financial Highlights

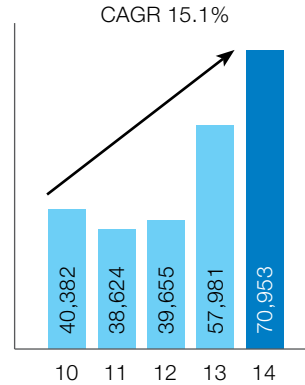
REVENUE (RM'000)



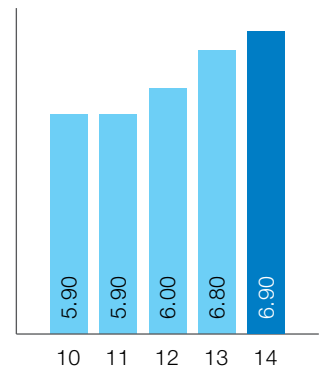
GROSS PROFIT (RM'000)



NET PROFIT (RM'000)



DIVIDENDS DECLARED (RM SEN/SHARE)



	FY14	FY13	FY12	FY11	FY10
FOR THE YEAR (RM'000)					
Revenue	399,327	357,942	309,815	272,747	221,544
Gross Profit	108,863	97,811	71,567	61,631	64,333
Gross Profit Margin	27.3%	27.3%	23.1%	22.6%	29.0%
Profit Before Tax	81,112	72,626	48,317	42,901	43,709
Net Profit	70,953	57,981	39,655	38,624	40,382
Net Profit Margin	17.8%	16.2%	12.8%	14.2%	18.2%
Cashflow from Operations	62,834	80,242	59,529	41,364	50,707
AT YEAR END (RM'000)					
Total Assets	437,656	380,507	316,519	267,640	239,847
Shareholders Equity	371,552	322,659	254,637	224,015	200,260
Cash and Cash Equivalents	79,432	114,004	63,987	41,570	44,149
Debt *	-	-	-	-	226
Debt Equity Ratio	N/A	N/A	N/A	N/A	0.00 : 1
Return on Equity	19.1%	18.0%	15.6%	17.2%	20.2%
Return on Assets	16.2%	15.2%	12.5%	14.4%	16.8%
PER SHARE (RM SEN)					
Earnings (Basic) **	19.1	16.0	12.2	12.2	13.0
Earnings (Diluted basis)	19.1	16.0	11.7	11.7	12.0
Net Tangible Asset	100.3	87.1	76.9	70.5	63.8
Dividend Declared for the Financial Year	6.9***	6.8	6.0	5.9	5.9

* Excludes finance leases.

** For FY14, EPS is computed based on weighted average number of shares of 371.2 million.
For FY13, EPS is computed based on weighted average number of shares of 361.9 million.
For FY12, EPS is computed based on weighted average number of shares of 325.7 million.
For FY11, EPS is computed based on weighted average number of shares of 316.8 million.
For FY10, EPS is computed based on weighted average number of shares of 311.2 million

*** Dividends are tax-exempted (one-tier). The proposed dividend of 4.55 sen (RM) per ordinary share is subject to approval by shareholders at the Annual General Meeting on 20 April 2015.

N/A: Not Applicable

Key Milestones

2014

- Commissioned additional one line in Thailand plant in March 2014.
- 1st Phase of expansion plan in Taiping, Perak, Malaysia completed in December 2014 with a factory building and 6 production dipping lines and increased total annual production capacity to 4.2 billion gloves.
- Fully in compliance with Business Social Compliance Initiative “BSCI” Code of Conduct in January 2015. (BSCI audit summary report reference number DBID: 338381 is available online to BSCI members)

2013

- Entered into a Sale and Purchase Agreement to acquire a piece of land of 30 acres (approximately 1.5 acres to be surrendered to local authority for service road) acres located at Kamunting Raya Industrial Estate, Taiping, Perak, Malaysia in April 2013 to support the business expansion of the Group.
- Awarded OHSAS 18001 & MS 1722 certification for the Occupational Safety & Health Management System.

2012

- Commissioned additional 6 production lines in the Malaysia plant in December 2012 and increased annual production capacity from 2.5 billion to 3.1 billion gloves.
- Completed an extension of factory building in Taiping, Perak Darul Ridzuan, Malaysia.

2011

- Commissioned additional 4 lines through the completion of Taiping plant's Phase II expansion plan and also added one new line at Bukit Beruntung plant. Total annual production capacity increased from 1.76 billion to 2.5 billion gloves.
- Commissioned one new biomass water tube boiler each at Taiping and Bukit Beruntung plants and each boiler will have a capacity to supply 15 tons of steam per hour for use in the process of glove manufacturing.
- Achieved “2011 Singapore 1000 Company” from Singapore 1000 Family of Rankings.

2010

- Completed a new factory located in Taiping, Perak Darul Ridzuan, Malaysia.
- Completed Phase I expansion plan by commissioned additional 5 lines in the Malaysia plant and 1 line in the Thailand plant and increased annual production capacity by 800 million to 1.76 billion gloves.
- Awarded “Best Under A Billion” by Forbes Asia.
- Awarded Food and Drug Administration “FDA” 510(K) Pre-Market Application certification by FDA, USA.
- Awarded Directive 93/42/EEC – Sterile Nitrile Gloves by SGS United Kingdom Ltd. System & Services Certification.

2009

- Commissioned additional line in the Malaysia plant in December 2009 and increased annual production capacity by 60 million to 960 million gloves.
- Completed construction of 3 storey building for Research and Development, Quality Assurance and Chlorination facilities.
- Cleanrooms for packaging materials and facemasks were completed in November 2009.
- Awarded ISO 13485:2003 Quality Management System certifications for Medical Devices.
- Ventured into production of premium healthcare gloves.

2008

- Completed construction of 3 storey new factory canteen and office building in Malaysia.
- Commissioned additional 2 lines in the Malaysia plant in August and December and increased annual production by 120 million to 900 million gloves.
- Acquired Sinetimed Consumables Sdn Bhd to manufacture cleanroom gloves and fingers cots.
- Entered into Sales and Purchase Agreement with WRP Sinetimed Sdn Bhd to acquire certain property and fixed assets.
- Construction of 1½ storey new factory in Malaysia completed in December.

2007

- Acquired land in Malaysia in August to expand group business into production of cleanroom facemasks and packaging materials.
- Commissioned additional line in Thailand plant in December and increased annual production capacity by 60 million to 780 million gloves.

2006

- Successfully listed on the Mainboard of Singapore Exchange in November.
- Commissioned additional lines in December and increased annual production capacity by 120 million to 720 million gloves.
- Acquired new equipment to increase annual production capacity of cleanroom packaging materials to 1,000 tonnes.

- China plant commenced operations to provide chlorination and packaging services for customers in China.
- Awarded ISO 14001:2004 certification for environmental management system.

2005

- Expanded annual production capacity to 601 million gloves and 876 tonnes of cleanroom packaging materials.
- Successfully adopted the Six Sigma program to assess product quantity, maintain consistency and reliability in our end-to-end manufacturing process.

2004

- Expanded annual production capacity to 475 million gloves and 660 tonnes of cleanroom packaging materials.

2002-2003

- Expanded annual production capacity to 411 million gloves and 475 million finger cots.

2001

- Established manufacturing facilities in Thailand with production capacity of 120 million gloves and increased the Group's annual production capacity to 391 million gloves.
- Set up sales office in US to service customers in Northern and Central America.

2000

- Developed capability to manufacture higher quality Class 10 cleanroom gloves. Installed special dipping line solely for research and development purposes.
- Set up office in the Philippines.
- Expanded annual production capacity to 271 million gloves.

1999

- Expanded annual production capacity to 216 million gloves.

1998

- Expanded annual production capacity for gloves and finger cots to 168 million and 187 million pieces respectively.
- Awarded ISO 9001:2000 certifications for quality management system.
- Set up sales offices in Penang and Singapore to serve customers better.

1995-1996

- Ventured into production of other non-glove cleanroom consumables such as cleanroom packaging materials and finger cots.

1994

- Expanded annual production capacity to 120 million gloves.
- Pioneered the manufacture of nitrile cleanroom gloves in Malaysia.

1991

- Incorporated Riverstone Resources Sdn Bhd to manufacture cleanroom gloves.

Corporate Profile



1. **Malaysia - Head Office**
Riverstone Resources Sdn Bhd
2. **Malaysia - Taiping**
Riverstone Resources Sdn Bhd
3. **Malaysia - Bukit Beruntung**
Riverstone Resources Sdn Bhd
4. **Malaysia - Taiping**
Eco Medi Glove Sdn Bhd
5. **Thailand**
Protective Technology Company Limited
6. **China**
Riverstone Resources (Wuxi) Company Limited

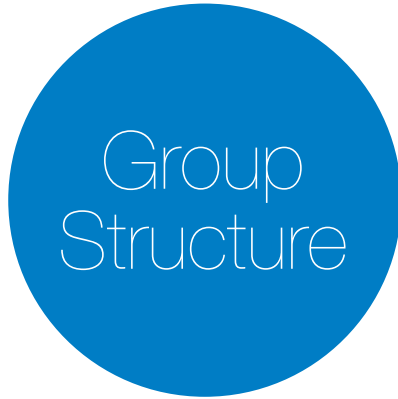
Riverstone was established in 1991 and listed on the Mainboard of the Singapore Stock Exchange in 2006.

We specialize in the production of Cleanroom and Healthcare Gloves, fancots, cleanroom packaging bags and face masks. Over the years, with the full support of our valued customers and the commitment of our staff, we have grown to become the leading global supplier for Cleanroom and Healthcare Gloves.

Our products are widely qualified and used by major global players in the hard disk drive (“HDD”), semiconductor and healthcare industries. We export more than 85% of our products to key high technology customers in Asia, the Americas and Europe.

As a global supplier of Cleanroom and Healthcare Gloves, currently we have four manufacturing facilities, located in Malaysia, Thailand and China and established network of sales offices and strategic partners in Asia, the Americas and Europe.

Market Reach



MALAYSIA
<ul style="list-style-type: none"> • Riverstone Resources Sdn Bhd • Riverstone Industrial Products Sdn Bhd • Eco Medi Glove Sdn Bhd
CHINA
<ul style="list-style-type: none"> • Riverstone Resources (Wuxi) Company Limited
SINGAPORE
<ul style="list-style-type: none"> • Riverstone Holdings Limited • Riverstone Resources (S) Pte Ltd
THAILAND
<ul style="list-style-type: none"> • Protective Technology Company Limited

AS A GLOBAL SUPPLIER OF CLEANROOM CONSUMABLES AND HEALTHCARE GLOVES, WE HAVE NETWORK OF SALES OFFICES AND STRATEGIC PARTNERS IN ASIA, AMERICAS AND EUROPE.



R&D and Technical Expertise



OUR FOCUS ON RESEARCH AND PRODUCT DEVELOPMENT ENABLES US TO ENGAGE BETTER IN TECHNICAL COLLABORATIVE PROJECTS WITH OUR CUSTOMERS TO DELIVER CUSTOMISED SOLUTIONS.

Our customers are major manufacturers in the HDD and semiconductor industries. The production and assembly of electronic products in these industries demand exacting cleanroom standards for particle and static control in order to protect highly sensitive electronic components from contamination.

Our Group has been involved in the manufacturing of cleanroom gloves for more than 24 years. We strive to create an environment rich in technological innovation and manufacturing excellence. Over the years, we have developed deep technical knowledge in formulation and process techniques. We are able to customize gloves to meet our customers' unique requirements for all classes of cleanrooms.

Our 20-strong R&D and technical team consists of experienced professionals including chemists and chemical engineers. Our focus on research and product development enables us to engage in technical collaborative projects with our customers to deliver customised solutions. This enables us to strengthen our long-standing customer relationships, keeping abreast of industry trends and meeting the specific needs of our customers.

Our strength in research and product development have enabled us to successfully produce high quality healthcare gloves and gain recognition from multi-national corporations as customers in the healthcare industry over a short period of time.

As a testament to our high quality control and production standards, we have been accorded international manufacturing certifications:

- ISO 9001:2008 Quality management system
- ISO 14001:2004 Environmental management system
- ISO 13485:2003 Quality management system for medical devices
- Six Sigma program
- SGS United Kingdom Ltd System & Services Certification
- Certified OHSAS 18001 & MS 1722
- Certified Directive 93/42/EEC for Sterile Nitrile Gloves
- Registered US FDA 510(K) for medical devices

Letter to Shareholders

Dear Shareholders

CREATING SUSTAINABLE SUCCESS WITH THE RIGHT STRATEGY

The year 2014 marked a chapter of significance for us as we registered eight consecutive years of growth since IPO. In order to stay ahead of the challenging industry landscape, we are pleased to share that our strategy of adopting a two-prong venture into both cleanroom and healthcare gloves has been successful in driving our strong financial performance.

We clinched a new milestone in revenue performance with a 11.6% year-on-year (yoy) growth to RM399.3 million for the full year ended 31 December 2014 (FY2014) while gross profit correspondingly gained 11.3% yoy growth to RM108.9 million. Despite the increasingly competitive environment, we were able to maintain our profit margin through various cost saving activities. Our net profit contributions also grew 22.4% yoy to a record high of RM71.0 million.

Leveraging on our extensive track record and expertise, we continue to grow our cleanroom gloves business by reinventing and staying relevant to industry developments with customised products. On the other hand, our healthcare gloves also achieved good traction in the market driven by increased demand as we focus on providing differentiated quality products to our customers.

This set of solid performance was a collective result of favourable raw material prices and increase in output from our new facility. We were also able to benefit from the reinvestment allowance tax incentives which contributed to our bottom line growth.



Letter to Shareholders (cont'd)

ACCELERATING OUR GROWTH MOMENTUM

We are pleased to share that our expansion plans in Taiping are on track as the first phase, which added one billion pieces in production capacity per annum, was completed in the last quarter of 2014 bringing our total production capacity to 4.2 billion pieces per annum presently.

In order to capture the growing market, we have already started work on the second phase of our expansion plan which would equally add another billion pieces in production capacity per annum. Like the initial phase, we will be funding this second stage of growth internally with our strong balance sheet. We expect to complete construction by the third quarter of 2015 and would then have a total production capacity of 5.2 billion pieces per annum by the end of 2015.

For the new plant, we have been able to build on our experience and designed our own production lines. With the adaptation of advanced technology, we were able to integrate automation processes such as glove-stripping in a more conducive environment. This has helped us to reduce reliance on labour and more importantly, improves our overall operational efficiency and productivity, resulting in a high utilisation rate of 90%. As we develop our niche in customising products for our customers, we remain committed to value-add with new solutions. With our expanded facility, we partnered some of our customers and made arrangements to dedicate production lines for their orders on a long-term basis.

CHALLENGING BUT POSITIVE OUTLOOK

The overall glove manufacturing landscape remains challenging as we see increasing competition particularly from the healthcare gloves segment. While this has resulted in a lower average selling price. However, growth outlook for the segment is encouraging as the world market demand is expected to grow at 10% yearly.

With a focus on our higher margin cleanroom gloves, we look to expand our market leadership position with growth driven by flat panels, tablets and mobile sectors. Going forward, we will continue to remain innovative in order to develop new products to meet the stringent requirements.

APPRECIATION

As we reflect our achievements in 2014, I would like to express my most sincere appreciation to our team of management and staffs. The success we have today would not have been possible without the efforts of each and every devoted member.

In addition, I would also like to take this opportunity to thank all our partners, customers and shareholders for their support and confidence in us. Consistent with our yearly dividend payouts since listing in 2006, the Board of Directors is pleased to recommend a final dividend of 4.55 sen (RM) per share, bringing our full year dividends to 6.9 sen (RM) per share.

As we gain momentum from our strong performance, we look forward to achieving greater heights in 2015.

WONG TEEK SON

Executive Chairman and Chief Executive Officer

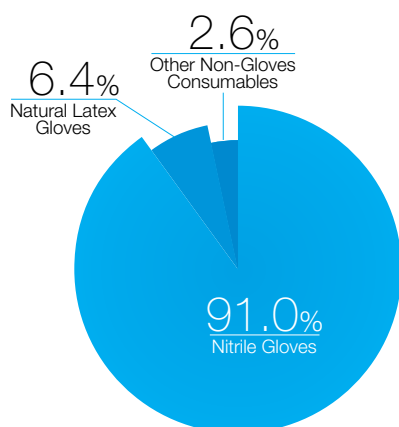
Operations and Financial Review

REVENUE

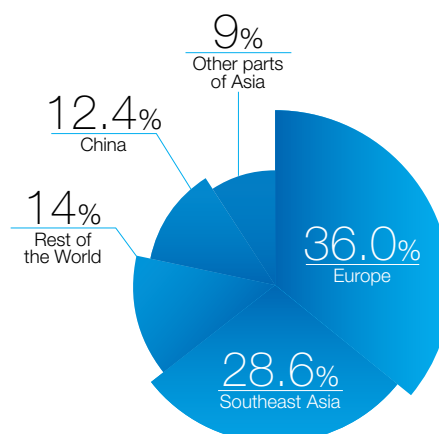
For the FY2014, the Group's total revenue rose by 11.6% from RM357.9 million in FY2013 to RM399.3 million in FY2014. Sales contribution from gloves increased 12.2% to RM389.0 million (FY2013: RM346.8 million) and contribution from other non-glove products reduced by 7.6% to RM10.3 million (FY2013: RM11.2 million). Sales from non-glove consumables were from finger cots, static shielding bags, face masks, wipers and packaging materials.

In FY2014, sales of nitrile gloves contributed RM363.4 million or 91.0% (FY2013: RM322.6 million or 90.2%) of our total sales. Natural latex gloves contributed RM25.6 million or 6.4% (FY2013: RM24.1 million or 6.7%) of total sales.

For FY2014, the key geographical markets contributing to the revenue were Europe, Southeast Asia and Greater China. Total Revenue from Europe was recorded at RM143.9 million (FY2013: RM125.3 million), whereas total Revenue from Southeast Asia and Greater China was at RM114.1 million (FY2013: RM108.6 million) and at RM49.6 million (FY2013: RM51.8 million) respectively.



REVENUE BY PRODUCTS 2014



REVENUE BY REGIONS 2014

GROSS PROFIT

The Group's gross profit margin stay at approximately 27.3% for FY2013 and FY2014. The Group's gross profit rose 11.3% from approximately RM97.8 million in FY2013 to approximately RM108.9 million in FY2014.

OPERATING EXPENSES

Operating expenses incurred include selling and distribution expenses, general and administration expenses, other operating expenses and finance costs.

Selling and distribution expenses increased by 17.8% from RM9.4 million in FY2013 to RM11.1 million in FY2014 due to the increase in sales activities.

General and administrative expenses increased by RM0.9 million or 5.3% from RM17.3 million in FY2013 to RM18.2 million in FY2014 mainly due to increase in payroll cost.

Other operating expenses increased by approximately RM0.2 million or 25.5% mainly as a result of higher general maintenance expenses when compared to FY2013.

Operations and Financial Review (cont'd)

OTHER OPERATING INCOME

The Group's other income increased to RM2.4 million in FY2014 from RM2.2 million in FY2013 mainly due to a utility rebate obtained by the Group and increase in interest income from fixed deposits in FY2014.

NET PROFIT

The Group's profit before taxation for the year had increased by 11.7% from approximately RM72.6 million to RM81.1 million.

The Group's profit attributable to shareholders was RM71.0 million, an increase of RM13.0 million or 22.4% from FY2013 of RM58.0 million. The Group's effective tax rate was lower when compared to FY2013 mainly due to higher tax incentives claimable by the Group.

FINANCIAL POSITION

Our non-current assets increased by RM64.9 million to RM230.7 million in FY2014. Property, plant and equipment and other asset increased by RM80.3 million coupled with the foreign exchange adjustment of approximately RM0.9 million and offset by the depreciation charge of RM19.4 million. Deferred tax assets balance in FY2014 was RM3.1 million as a result of recognizing the tax credit from the unutilized tax incentives and tax allowances.

Our current assets decreased by 2.2% from RM214.7 million as at 31 December 2013 to RM210.1 million as at 31 December 2014. The trade receivables increased by RM24.2 million to RM86.7 million as at 31 December 2014 and inventories level increased from RM35.7 million as at 31 December 2013 to RM42.1 million as at 31 December 2014, mainly due to increase in sales and higher production volume. Other receivables decreased to RM1.5 million as at 31 December 2014 from RM1.6 million as at 31 December 2013 mainly due to lesser advances made to supplier to secure the project material. Prepayments reduced from RM0.6 million to RM0.3 million as at 31 December 2014 mainly due to lower prepayment of Malaysian government levy for foreign workers.

Cash and cash equivalent included fixed deposits, cash at banks and in hand. Cash and cash equivalents reduced from RM114.0 million to RM79.4 million as at 31 December 2014. The net cash flows generated from operating activities and financing activities are RM62.8 million and RM24.2 million respectively. These were offset by net cash used in investing activities and financing activities of RM75.4 million. The Group's investing activities were mainly on the purchase of property, plant and equipment of RM73.7 million and final installments paid for purchase of land of RM1.9 million whereas the financing activities consist of Government grant received amounted to RM1.0 million offset with dividend payout of RM25.4 million.

There was a slight increase in non-current liabilities of RM0.1 million from RM13.0 million as at 31 December 2013 to RM13.1 million as at 31 December 2014 due to the increased in the provision of deferred taxation.

Current liabilities increased by RM11.3 million to RM56.1 million as at 31 December 2014 mainly due to higher payables and accruals from RM39.3 million as at 31 December 2013 to RM50.4 million as at 31 December 2014, increase in derivatives to RM2.4 million and offset by the decrease in provision of taxation from RM5.3 million as at 31 December 2013 to RM3.3 million as at 31 December 2014.

NET ASSETS PER SHARE

The net asset backing per share increased to 100.27 sen (RM) in FY2014 from 87.08 sen (RM) in FY2013 as a result of a 15.2% increase in shareholders' equity to RM371.6 million in FY2014 from RM322.7 million in FY2013.

Directors' Profile



Wong Teek Son

Executive Chairman & Chief Executive Officer

Wong Teek Son is the founder and Chief Executive Officer of Riverstone. He was appointed to the Board as Executive Chairman on 3 August 2005. Mr Wong has been instrumental in expanding the Group's customer base and cementing business relationships with its international customers. Mr Wong's executive responsibilities include developing business strategies and overseeing the Group's operations. Mr Wong holds a Master in Business Administration from Monash University and a Bachelor of Science (Hons) from the University of Malaya.

Lee Wai Keong

Chief Operating Officer / Executive Director

Lee Wai Keong is the co-founder and Chief Operating Officer of Riverstone. He was appointed to the Board as an Executive Director on 3 August 2005. He has contributed to the Group's high quality control and production standards required to meet stringent international standards in the highly demanding cleanroom industry. Mr Lee is responsible for the Group's production facilities in Malaysia, Thailand and China.



Wong Teck Choon

Group Business Development Manager / Executive Director

Wong Teck Choon joined Riverstone in 1991 and is the Group Business Development Manager. He was appointed to the Board as an Executive Director on 2 October 2006. Mr Wong has been involved in various business units of the Group and has contributed to the Group's expansion of other non-glove cleanroom consumables. Mr Wong is responsible for the production of cleanroom finger cots and exploring business development opportunities for the Group for other cleanroom consumables.



Directors' Profile (cont'd)



Albert Ho Shing Tung

Independent Non-Executive Director

Albert Ho Shing Tung was appointed to the Board on 2 October 2006. He is currently a director of Centrum Capital, an investment and asset management firm. Mr Ho has a background in finance and investment banking and has worked at various international financial institutions since 1990. Mr Ho holds a Bachelor of Commerce degree from the Australian National University and is a Fellow CPA (Australia). Mr Ho is currently the Deputy Chairman of CPA Australia's Corporate-SME Committee in Singapore.

Low Weng Keong

Lead Independent Non-Executive Director

Low Weng Keong was appointed to the Board as an Independent Non-Executive Director on 2 October 2006. Mr Low is also an independent director of UOL Group Limited, a company listed on the Singapore Stock Exchange, and Sateri Holdings Limited, a company listed on the Hong Kong Stock Exchange. He stepped down as an independent director of Unionmet (Singapore) Limited and Pan Pacific Hotel Group Limited, both companies listed on the Singapore Stock Exchange, in 2013.

Mr Low is a Fellow Chartered Accountant (UK), Fellow Singapore Chartered Accountant, Life Member CPA Australia, Chartered Tax Advisor (UK) and Accredited Tax Adviser (Singapore). Mr Low was a former Country Managing Partner of Ernst & Young Singapore and former global Chairman and President of CPA Australia. He is a Director of the Confederation of Asian and Pacific Accountants as well as the Singapore Institute of Accredited Tax Practitioners.



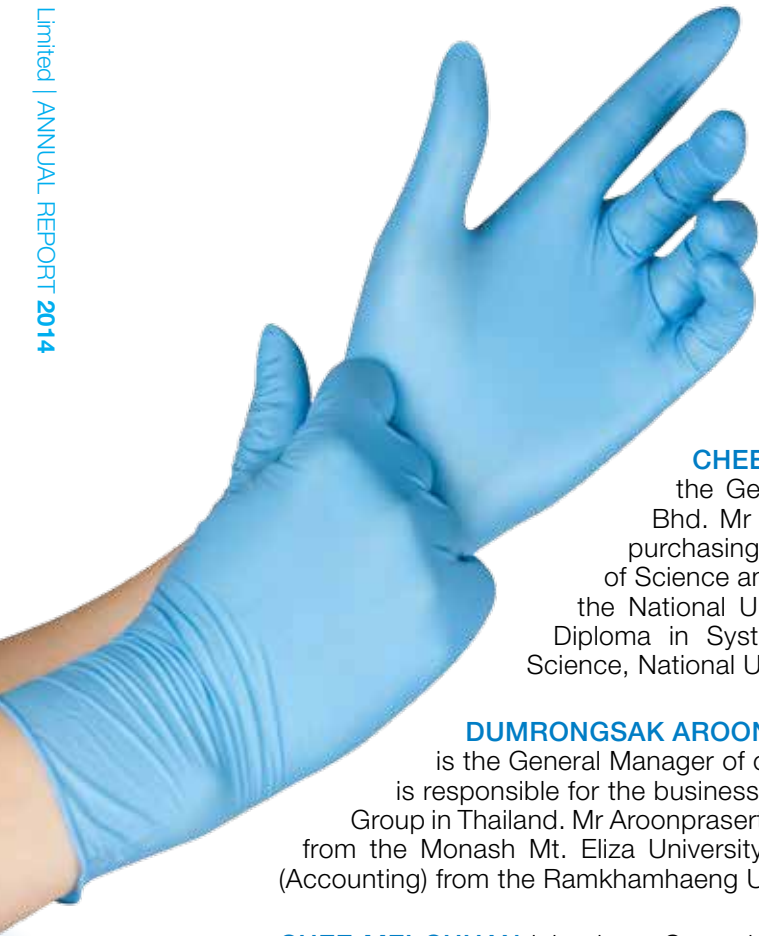
Hong Chin Fock

Independent Non-Executive Director



Hong Chin Fock was appointed to the Board as an Independent Non-Executive Director on 2 October 2006. In addition to this appointment, Mr Hong is also an independent non-executive director of Prima Limited and two foreign listed companies, Chailease Holding Company Limited and Gigamedia Limited. He is also a director of Shared Services for Charities Ltd and BinjaiTree Limited. Mr Hong holds a Bachelor of Social Science from the University of Singapore. Mr Hong was formerly a tax principal at KPMG and a tax consultant at Allen & Gledhill. He was a part time lecturer at the Singapore Management University.

Executive Management



CHEE TING TUAN joined our Group in 1998 and is the General Manager of Riverstone Resources Sdn Bhd. Mr Chee is responsible for marketing, sales and purchasing functions of our Group. He holds a Bachelor of Science and a Post-Graduate Diploma in education from the National University of Singapore, and a Post-Graduate Diploma in Systems Analysis from the Institute of System Science, National University of Singapore.

DUMRONGSAK AROONPRASERTKUL joined our Group in 2001 and is the General Manager of our operations in Thailand. Mr Aroonprasertkul is responsible for the business and strategic growth and development of our Group in Thailand. Mr Aroonprasertkul holds a Masters in Business Administration from the Monash Mt. Eliza University and a Bachelor of Business Administration (Accounting) from the Ramkhamhaeng University.

CHEE MEI CHUAN joined our Group in 1995 and is the Human Resource Manager of Riverstone Resources Sdn Bhd where he is responsible for the development and implementation of human resource policies of our Malaysian subsidiaries. Mr Chee holds a Bachelor of Science with Education (Hons) from the University of Malaya.

LIM SING POEW joined our Group as the Chief Financial Officer on 1 November 2006. He is responsible for controlling and managing the finance and accounting functions of our Group. Mr Lim obtained his qualifications as a Chartered Certified Accountants in 1993. He is a Fellow member of the Association of Chartered Certified Accountants, UK, a member of the Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia. Mr. Lim was appointed as the Executive Committee of The Malaysian Rubber Glove Manufacturers' Association (MARGMA) on April 2011.

CASEY KHOR KUAN CHING joined our Group in 2008 and is the General Manager of Eco Medi Glove Sdn Bhd. She holds a Bachelor of Economics (Accounting) from the University of Manchester, and has a background in finance and banking having served with accounting and financial institutions, both in the UK and Malaysia.

CHEE HENG TUAN joined our Group in 1998 and has been a Director and Sales Manager of Riverstone Resources (S) Pte Ltd. He was instrumental in developing our business in the Singapore, Indonesia and Korea markets. Mr Chee holds a Bachelor of Engineering in Electronics and Electrical Engineering from the University of Glasgow and a Diploma in Electrical and Electronics Engineering from the Singapore Polytechnic.

Corporate Information

Board of Directors

WONG TEEK SON

Executive Chairman & Chief Executive Officer

LEE WAI KEONG

Executive Director & Chief Operating Officer

WONG TECK CHOON

Executive Director & Group Business Development Manager

ALBERT HO SHING TUNG

Independent Non-Executive Director

LOW WENG KEONG

Lead Independent Non-Executive Director

HONG CHIN FOCK

Independent Non-Executive Director

Audit Committee

LOW WENG KEONG

Chairman

HONG CHIN FOCK

ALBERT HO SHING TUNG

Nominating Committee

LOW WENG KEONG

Chairman

HONG CHIN FOCK

WONG TEEK SON

Remuneration Committee

HONG CHIN FOCK

Chairman

LOW WENG KEONG

ALBERT HO SHING TUNG

Company Secretary

CHAN LAI YIN

ACIS

LOW SIEW TIAN

ACIS

Share Registrar

BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD

50 Raffles Place

Singapore Land Tower #32-01

Singapore 048623

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#02-00 Singapore 068898

Tel : +65 6236 3333

Fax: +65 6236 4399

Auditors

ERNST & YOUNG LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Partner-in-charge: Tham Chee Soon

(Date of appointment: since financial year ended 31 December 2012)

Financial Contents

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Corporate Governance Statement

The Board of Directors of Riverstone Holdings Limited (the “Board”) recognises that sound corporate governance practices are important to the proper functioning of the Group and the enhancement of shareholders’ value. The Board is pleased to confirm that the Group has adhered to the principles and guidelines as set out in the Code of Corporate Governance (the “2012 Code”) issued by the Monetary Authority of Singapore for the financial year ended 31 December 2014.

BOARD MATTERS

Principle 1: The Board’s Conduct of Its Affairs

The Board currently comprises three executive directors and three non-executive directors. All of the non-executive directors are independent from management.

The primary function of the Board is to protect and enhance long-term value and return for its shareholders. Besides carrying out its statutory responsibilities, the roles of the Board are to:

- guide formulation of the Group’s overall long-term strategic objectives and directions. This include setting the Group’s policies and strategic plans and to monitor the achievement of these corporate objectives;
- establish appropriate risk management system to ensure that key potential risks faced by the Group are properly identified and managed, including safeguarding of shareholder’s interests and the Company’s assets;
- conduct periodic review of the Group’s internal controls, financial performance, compliance practices and resource allocation;
- provide oversight in the proper conduct of the Group’s business and assume responsibility for corporate governance;
- ensure the management discharges business leadership and management skills with the highest level of integrity;
- consider sustainability issues relating to the environment and social factors as part of the strategic formulation of the Group; and
- to set the Company’s values and standards and to provide guidance to Management to ensure that the Company’s obligations to its shareholders and the public are met.

The Board’s approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptances of bank facilities, annual budget, the release of the Group’s quarterly and full year’s results and interested person transaction of a material nature. The Board works closely with management. All directors objectively make decisions at all times as fiduciaries in the interests of the Company.

The Board conducts scheduled meetings on a quarterly basis to coincide with the announcement of the Group’s quarterly results. Ad-hoc Board meetings are convened as and when they are deemed necessary in between the scheduled meetings. The Articles of Association of the Company provide for directors to convene meetings by teleconferencing or videoconferencing. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means.

To assist in the execution of its responsibilities, the Board of Directors has formed three committees, namely, Audit Committee (“AC”), Remuneration Committee (“RC”) and Nominating Committee (“NC”). These committees function within written terms of reference and operating procedures, which are reviewed on a regular basis. Each committee reports to the Board with their recommendations. The ultimate responsibility for final decision on all matters lies with the entire Board. The effectiveness of each committee will be constantly reviewed by the Board.

Corporate Governance Statement (cont'd)

The attendance of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings are append below. Minutes of all Board Committee and Board meetings are circulated to members for review and confirmation. These minutes could also enable Directors to be kept abreast of matters discussed at such meetings.

Attendance at Meetings

Name of Director	Board		AC		RC		NC	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Wong Teek Son	4	4	-	-	-	-	1	1
Lee Wai Keong	4	4	-	-	-	-	-	-
Wong Teck Choon	4	4	-	-	-	-	-	-
Low Weng Keong	4	4	6	6	1	1	1	1
Hong Chin Fock	4	4	6	6	1	1	1	1
Albert Ho Shing Tung	4	4	6	6	1	1	-	-

Newly appointed directors will be briefed on the profile of the Group and Management, businesses of the Group, strategic plans and mission of the Company. Directors will be provided with updates on the latest governance and listing policies as appropriate from time to time. The Company shall be responsible for arranging and funding the training of Directors. The Company will issue a formal letter of appointment to new Directors setting out their duties and obligations when they are appointed.

The Directors are updated on the major events of the Group by the Management. The Directors are briefed on the strategic plans and objectives from time to time.

Principle 2: Board Composition and Guidance

The Board comprises six directors of which half of the Board are independent directors. The independent directors are Mr Low Weng Keong, Mr Hong Chin Fock and Mr Albert Ho Shing Tung. The criteria for independence are determined based on the definition as provided in the 2012 Code.

There is an independent element on the Board. The Board considers an “independent” director as one who has no relationship with the Group, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgment with a view to the best interests of the Company and Group. With three of the directors deemed to be independent, the Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues. Furthermore, the Board is able to interact and work with the management team through robust exchange of ideas and views to help shape the Group’s strategic direction. No individual or small group of individuals dominate the board’s decision making process. Non-executive directors monitor and review the performance of management and meet regularly without management present.

The Board comprise businessmen and professionals with strong financial and business background, providing the necessary experience and expertise to direct and lead the Group. The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. These include finance, banking, accounting, and tax with entrepreneurial and management experience and familiarity with regulatory requirements and risk management. The Board will constantly examine its size annually with a view to determine its impact upon its effectiveness and review its appropriateness for the nature and scope of the Group’s operations. The Directors were furnished with updates on the relevant laws such as changes to the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Corporate Governance Statement (cont'd)

Currently, there are no Independent Directors who have served on the Board beyond nine (9) years from the date of appointment.

The latest profiles of the directors are set out on pages 12 and 13 of this Annual Report.

Principle 3: Chairman and Chief Executive Officer

Mr Wong Teek Son is both the Executive Chairman and Chief Executive Officer (“CEO”) of the Company. He is not an independent director. The Board believes that there is no need for the role of Chairman of the Board and the CEO to be separated as there is a good balance of power and authority with all critical committees chaired by the independent directors.

The Executive Chairman bears responsibility for the conduct of the Board. The CEO together with the Executive Directors have full executive responsibilities over the business directions and operational decisions. The CEO is responsible to the Board for all corporate governance procedures to be implemented by the Group and to ensure conformance by the management to such practices. The CEO maintains effective communications with shareholders of the Company.

The Board has appointed Mr Low Weng Keong as the Lead Independent Director of the Company, who will be available to shareholders who have concerns and for which contact through the normal channels of the Executive Chairman and CEO or the Chief Financial Officer (“CFO”) has failed to resolve or is inappropriate.

Principle 4: Board Membership

The NC comprises two independent directors, Mr Low Weng Keong and Mr Hong Chin Fock, as well as the CEO, Mr Wong Teek Son. Mr Low Weng Keong, who is Lead Independent Director, is the Chairman of the NC. There is no alternate director appointed in the Board.

The NC’s main functions as defined in the written terms of reference are as follows:

- (a) make recommendations to the Board on all board appointments;
- (b) assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board;
- (c) determine annually whether or not a Director is independent;
- (d) recommend re-nomination and re-election of directors; and
- (e) review training and professional development programs for the Board.

With regard to the responsibility of determining annually, and as and when circumstances require, if a director is independent, each NC member will not take part in determining his own re-nomination or independence. Each director is required to submit a return of independence to the Company Secretary as to his independence, who will submit the returns to the NC. The NC shall review the returns and determine the independence of each of the Directors and recommend to the Board. An Independent Director shall notify the NC immediately, if as a result of a change in circumstances, he no longer meets the criteria for independence. The NC shall review the change in circumstances and make its recommendations to the Board. During the year, the NC has reviewed and determined that Mr Low Weng Keong, Mr Hong Chin Fock and Mr Albert Ho Shing Tung are independent directors of the Company.

The Company’s Articles of Association require newly appointed director to hold office until the next Annual General Meeting (“AGM”) and at least one-third of the directors to retire by rotation at every AGM. A retiring director is eligible for re-election by the shareholders of the Company at the AGM. The NC recommended to the Board the re-election of Mr Lee Wai Keong and Mr Albert Ho Shing Tung, who are due for retirement by rotation at the forthcoming AGM.

Corporate Governance Statement (cont'd)

Although the non-executive directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as directors. These directors would widen the experience of the Board and give it a broader perspective. The Board, except the independent and non-executive directors with multiple directorships, has confirmed that the independent and non-executive directors have committed sufficient time, attention, resources and expertise to the affairs of the Company.

Where new appointments are required, the NC will consider recommendation for new directors, review their qualifications and meet with such candidates before decision is made on a selection. In view of the foregoing, the Board is of the view that there is an adequate process for the appointment of new directors. There was no change in the executive directors or senior management during the financial year.

Details of other principal commitments of the Directors are set out in pages 12 and 13 of this Annual Report.

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ chairmanship both present and those held over the preceding three years in other listed company
Wong Teek Son	3 August 2005	21 April 2014	Executive Chairman/ Chief Executive Officer	Member of Nominating Committee	None
Wong Teck Choon	2 October 2006	22 April 2013	Executive Director/ Group Business Development Manager	None	None
Lee Wai Keong	3 August 2005	23 April 2012	Executive Director/ Chief Operating Officer	None	None
Low Weng Keong	2 October 2006	22 April 2013	Lead Independent Director	Chairman of Audit Committee and Nominating Committee, Member of Remuneration Committee	UOL Group Limited Sateri Holdings Limited Pan Pacific Hotels Group Limited (resigned on 31/10/2013) Unionmet (Singapore) Limited (resigned on 29/07/2013)

Corporate Governance Statement (cont'd)

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ chairmanship both present and those held over the preceding three years in other listed company
Hong Chin Fock	2 October 2006	21 April 2014	Independent Director	Chairman of Remuneration Committee, Member of Audit Committee and Nominating Committee	Chaillese Holding Company Limited Gigamedia Limited ASL Marine Holdings Ltd (resigned on 30/11/2013)
Albert Ho Shing Tung	2 October 2006	23 April 2012	Independent Director	Member of Audit Committee and Remuneration Committee	None

Principle 5: Board Performance

The Board performance is ultimately reflected in the performance of the Group. The Board should ensure compliance with the applicable laws and the Board members should act in good faith, with due diligence and care in the best interests of the Company and its shareholders. An effective Board is able to lend support to management at all times and to steer the Group in the right direction.

More importantly, the Board, through the NC, has used its best effort to ensure that directors appointed to the Board whether individually or collectively possess the background, experience, knowledge in our business, competencies in finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The Board has a formal process for assessing the effectiveness of the Board as a whole and its board committees with objective performance criteria and contribution of each individual director to the effectiveness of the Board. The NC reviews and evaluates the performance of the Board as a whole. The Board assessment also takes into consideration both qualitative and quantitative criteria, such as return on equity, success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring the Management's performance against the goals that had been set by the Board. Each member of the NC shall abstain from deliberating in respect of the assessment of his performance.

Principle 6: Access to Information

Directors receive complete and regular supply of information from Management about the Group's financial and operational performance so that they are equipped to play as full a part as possible in Board meetings. Detailed board papers and related materials will be prepared for each meeting of the Board. The Board papers include sufficient information on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

Corporate Governance Statement (cont'd)

Directors are given board papers in advance of meetings for them to be adequately prepared for the meeting and senior management staff (who are not executive directors) are in attendance at Board and Board committee meetings, whenever necessary.

All Directors have unrestricted access to the Group's records and information to enable them to carry out their duties. Directors also liaise with senior management as and when required. In addition, Directors have separate and independent access to the Company Secretary. The company secretary's responsibilities are to administer, attend and prepare minutes of Board and Board committee meetings, advising the Board on all governance matters and assists the Chairman in ensuring that board procedures are followed and reviewed so that the board functions effectively, and the relevant rules and regulations, including requirements of the Companies Act, Cap 50 and the Listing Manual of SGX-ST, are complied with. The appointment and the removal of the company secretary are decisions taken by the Board as a whole. Where the directors, either individually or as a group, in the furtherance of their duties require professional advice, if necessary, the cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Principle 7 - Procedures for Developing Remuneration Policies

Principle 8 - Level and Mix of Remuneration

Principle 9 - Disclosure on Remuneration

The RC comprises three independent directors, namely Mr Low Weng Keong, Mr Hong Chin Fock and Mr Albert Ho Shing Tung. Mr Hong Chin Fock is the Chairman of the RC.

The RC's responsibilities as written in the terms of reference include:-

- (a) ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual directors and senior management;
- (b) reviewing the remuneration packages with the aim of building capable and committed management teams through competitive compensation and focused management and progressive policies;
- (c) recommending to the Board, a framework of remuneration for the Board and the key management personnel of the Group covering all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share options, benefits-in-kind and specific remuneration packages for each director and key management personnel;
- (d) considering the various disclosure requirements for directors' remuneration, particularly those required by regulatory bodies such as SGX and to ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;
- (e) recommending to the Board any appropriate extensions or changes in the duties and powers of the Remuneration Committee;
- (f) retaining such professional consultancy firm as the Remuneration Committee may deem necessary to enable it to discharge its duties hereunder satisfactorily; and
- (g) carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the Remuneration Committee by the Board of Directors from time to time.

In carrying out their duties, the RC may obtain independent external legal and other professional advice as mentioned above, as it deems necessary, relating to the remuneration policy and in determining the level and mix of remuneration for Directors and key management personnel. The expenses of such advice shall be borne by the Company.

Corporate Governance Statement (cont'd)

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors.

The Executive Directors do not receive Directors' fees. Mr Wong Teek Son, the Executive Chairman and CEO, with the two Executive Directors namely Mr Lee Wai Keong and Mr Wong Teck Choon, are paid a basic salary and a performance-related profit sharing bonus. No director will be involved in deciding his own remuneration.

The independent and non-executive directors do not have any service agreements with the Company. Non-executive directors are compensated based on a fixed annual fee taking into consideration their respective contributions and attendance at meetings. Their fees are recommended to shareholders for approval at the AGM.

The RC also administers the Riverstone Performance Share Plan ("Plan") which was approved on 4 October 2006 as a share incentive scheme. Any employees of the Group who are entitled to profit-sharing under any service agreement with the Company or under any profit-sharing schemes administered by the Group shall not be eligible to participate in this Plan. Currently, Mr Wong Teek Son, the CEO, who is entitled to a share of the Group's Profit under his service agreement with the Company, is not eligible to participate in this Plan. Messrs Lee Wai Keong, Wong Teck Choon, Chee Ting Tuan, Chee Mei Chuan and Dumrongsak Aroonprasertkul who are entitled to participate in the profit-sharing schemes are also not eligible to participate in this Plan. As at the date of this Annual Report, no awards have been granted under the Plan.

The two independent directors, Mr Hong Chin Fock and Mr Albert Ho Shing Tung are existing shareholders of the Company since 2006.

The RC reviewed the service agreement of the CEO, Mr Wong Teek Son ("Mr Wong"). Under Mr Wong's service agreement, Mr Wong was appointed as CEO of the Company for a fixed period of three (3) years ("Initial Term") with effect from the date of the Company's admission to the official List of SGX-ST. After the Initial Term, the service agreement shall be automatically renewed unless terminated by either party giving the other not less than 6 months' prior written notice or terminated in accordance with the terms of the service agreement.

The RC discussed and reviewed the remuneration of the Directors, CEO and key management personnel. No directors or member of the RC shall be involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist in its deliberation.

The remuneration (including salary, bonus, directors' fees, performance-related profit-sharing bonus and benefits-in-kind) paid to Directors and top 5 management personnel of the Group (who are not also directors) on an individual basis and in remuneration bands during the financial year are as follows:

Remuneration Band and Name of Directors	Salaries, allowances and benefits-in-kind	Bonus	Profit sharing	Directors' Fees	Total %
S\$750,000 to below S\$1,000,000					
Wong Teek Son	46%	-	54%	-	100%
S\$500,000 to below S\$750,000					
Lee Wai Keong	55%	-	45%	-	100%

Corporate Governance Statement (cont'd)

Remuneration Band and Name of Directors	Salaries, allowances and benefits-in-kind	Bonus	Profit sharing	Directors' Fees	Total %
Below S\$250,000					
Wong Teck Choon	51%	-	49%	-	100%
Albert Ho Shing Tung	-	-	-	100%	100%
Low Weng Keong	-	-	-	100%	100%
Hong Chin Fock	-	-	-	100%	100%

Remuneration Band and Name of top 5 key management personnel	Salaries, allowances and benefits-in-kind	Bonus	Profit sharing	Directors' Fees	Total
Below S\$250,000					
Chee Ting Tuan	51%	-	49%	-	100%
Chee Mei Chuan	48%	-	52%	-	100%
Dumrongsak Aroonprasertkul	35%	-	65%	-	100%
Lim Sing Poew	87%	13%	-	-	100%
Casey Khor Kuan Ching	87%	13%	-	-	100%

For competitive reasons, the Company is not disclosing each individual Director's remuneration. Instead, the Company is disclosing the remuneration of each Director in bands of S\$250,000.00. To maintain confidentiality of staff remuneration and to prevent poaching of key management personnel, the Company shall not disclose the aggregate remuneration paid to top 5 key management personnel of the Group in this report.

Mr Wong Teek Son and Mr Wong Teck Choon are brothers. Whereas, Mr Chee Ting Tuan and Mr Chee Mei Chuan are also brothers. The Group does not have any employees who are immediate family members of a Director or the CEO and whose remuneration exceeded S\$50,000 for the financial year ended 31 December 2014.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is accountable to the shareholders while the Management is accountable to the Board. The Board is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and SGX-ST Listing Manual.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports and where appropriate, press release and media and analysts briefings, will be announced or issued within the prescribed periods. The Board takes adequate step to ensure compliance with regulatory requirements. It seeks to present a balanced and informed assessment of the Company's performance, position and prospects.

Corporate Governance Statement (cont'd)

Principle 11: Risk Management and Internal Controls

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board considers it is necessary to increase emphasis on risk management and internal controls in a complex business and economic environment. The Board oversees that Management maintains a sound system of risk management and internal controls to safeguard shareholder's interests and Company's assets. The Board has adopted an enterprise risk management framework to ensure that a robust risk management and internal controls are in place. The head of departments had oversight of the Group's risk governance as follow:

- Review the effectiveness of the Group's risk management systems and their controls and also identify key risks.
- Implement risk management policies, processes, assessment and mitigation of risks.
- Oversee and advise the Board on the Group's risk management and internal controls.

Risk register will be updated and assessments carried out periodically. Risk register is to capture the significant business risks and internal controls to mitigate these risks. Summary report of the review of the effectiveness of the internal controls systems will be prepared for the consideration by the Board periodically. These reports include assessment of the Group's key risks and plans undertaken to manage key risks.

Self assurance process to evaluate and manage risks effectively is initiated by the head of departments. External auditor reports to the AC and Board on the operations of the internal controls as part of the annual or continuance audit of the Group. Internal auditor provides assessment on the adequacy and effectiveness of the Group's internal control framework in addressing the financial, operational, compliance risks and information technology systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the AC, are of the opinion that the Group's internal controls, addressing financial, operational, compliance risks and information technology systems, were adequate as at 31 December 2014. These controls are and will be continually assessed for improvement. The Board received assurance in writing from CEO and CFO that financial records have been properly maintained and financial statements of the Company give a true and fair view of the Company's operations and finance. The assurance from CEO and CFO also includes effectiveness of the Company's risk management and internal control systems. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

Principle 12: Audit Committee

The AC comprises three independent directors, namely Mr Low Weng Keong, Mr Hong Chin Fock and Mr Albert Ho Shing Tung. Mr Low Weng Keong is the Chairman of the AC.

All three members bring with them invaluable managerial and professional expertise in the financial, taxation, legal and business management spheres. The AC holds periodic meetings and reviews primarily with the Group's external auditors and its executive management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

Corporate Governance Statement (cont'd)

The AC carries out the functions set out in the written terms of reference which include reviewing the financial statements, the written reports from internal and external auditors, the internal auditors' evaluation of the system of internal accounting controls, the scope and results of the internal audit procedures, the cost effectiveness, independence and objectivity of the external auditors and interested person transactions. The AC gives its recommendation to the Board on the appointment, re-appointment or removal of external auditors, remuneration and terms of engagement of external auditors.

The AC has explicit authority by the Board to investigate any matter within its terms of reference, and has full and unlimited access to, and the co-operation of, the management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any executive director or executive officer to attend its meetings. The AC meets with the internal auditors and the external auditors separately, at least once a year, without the presence of management, to discuss the reasonableness of the financial reporting process, to monitor and review the adequacy of audit arrangements with particular emphasis on the observations and recommendations of the external auditors. During the year, the AC has reviewed the scope and quality of their audits and the independence and objectivity of the external auditors as well as the cost effectiveness. It also reviewed all audit and non-audit fees paid to the external auditor. Please refer to page 58 for details of the audit and non-audit fees. The AC received update on changes in accounting standards from external auditors periodically. During the year, the AC was updated on the key changes to Regulatory and Reporting Accounting Standards by the external auditors.

The AC had reviewed the non-audit related work carried out by the external auditors, Messrs Ernst & Young LLP, during the current financial year and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC is satisfied that the Company's auditors are still able to meet the audit requirements and statutory obligation of the Company. The AC had recommended to the Board the re-appointment of Messrs Ernst & Young LLP as the Company's external auditors at the forthcoming AGM.

The Group has appointed different auditors for its overseas subsidiaries. The Board and the AC are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company is in compliance with Rule 712 and 715 of the Listing Manuals of the SGX-ST.

The Company had established a whistle blowing policy to enable persons employed by the Group a channel to report any suspected non-compliance with regulations, policies, fraud and/or other matters to the appropriate authority for resolution, without any prejudicial implications for these employees. The AC is vested with the power and authority to receive, investigate and enforce appropriate action when any such non-compliance matter is brought to its attention.

Principle 13: Internal Audit

The internal audit function of the Group is outsourced to an auditing firm. The AC had considered the independence, skills and experience of the firm prior to making recommendation to the Board for their appointment.

The AC reviews the audit plan of the internal auditors, ensures that adequate resources are directed to carry out those plans and will review the results of the internal auditors' examination of the Group's system of internal controls. The internal auditor has access to all records including access to the AC.

The Company has engaged Crowe Horwath Governance Sdn Bhd as the internal auditor to perform the Company's internal audit function. Crowe Horwath Governance Sdn Bhd is a Corporate Member of the Malaysian Institute of Internal Auditors and is guided by The Institute of Internal Auditors Inc. International Professional Practice Framework in the delivery of their internal audit services.

Corporate Governance Statement (cont'd)

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of shareholder meetings

The Board is accountable to the shareholders and is mindful of its obligation to provide timely and fair disclosure of material information to shareholders, investors and public. The Board treat all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholder's rights.

Results and other material information are released on a timely basis for dissemination to shareholders and the public in accordance with the requirements of the SGX-ST. All material information and financial results are released through SGXNET, media and analyst briefings. The media and analyst briefings would be attended by key management. The Company has appointed an Investor Relations ("IR") firm in Singapore to manage all its investor relations affairs, including but not limited to establish and maintain regular dialogue with shareholders.

In consideration for dividend payment, the Company takes into account, among other factors, current cash position, future cash needs, profitability, retained earnings and business outlook. It has been declaring dividend payments each and every year since its public listing. For FY2014, in addition to the already paid RM0.0235 per share interim dividend (tax-exempt 1-tier), the Company is recommending a final dividend of RM0.0455 per share (tax-exempt 1-tier) for the approval of shareholders at the AGM. Currently, the Company does not have a fixed dividend policy.

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. The Company's Articles of Association allows shareholders the right to appoint a proxy to attend and vote on their behalf of the shareholder's meetings. All shareholders of the Company will receive the Annual Report and notice of AGM. Shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to the Directors including the chairpersons of each of the Board committees. All Directors attend AGM. The external auditors are also present to assist the Directors in addressing any relevant queries from the shareholders. Shareholders are encouraged to attend the AGM of the Company to ensure a high level of accountability and to stay informed of the Company's strategy and goals. The Board allows all shareholders to exercise its voting rights by participation and voting at general meetings. Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of the meeting and responses from the Board and Management. These minutes would be available to shareholders upon their request.

The Company's website at www.riverstone.com.my provides corporate information, the latest financial results, annual report and various other announcements. The Company does not practice selective disclosure. Price-sensitive information is first publicly released via SGXNET, either before the Company meets with any group of investors or analysis or simultaneously with such meetings.

DEALINGS IN SECURITIES (Listing Manual Rule 1207(19))

The Group has adopted an internal code on dealings in securities in its shares that are applicable to the Company, all its officers including Directors, management staff and employees in possession of confidential information. The Company, the Group's Directors and affected employees are also expected to observe insider-trading laws at all times and are not allowed to deal in securities on short term considerations or while in possession of price-sensitive information or during the period commencing 2 weeks before the announcement of the Company's financial statements for each of the first 3 quarters of the financial year and one month before announcement of the Company's full year financial statements, as the case may be, and ending on the date of the relevant results.

This internal code has been disseminated to Directors and affected employees. A copy of the code on dealings in securities is also issued to any new affected employees at the time of them joining the Group.

Corporate Governance Statement (cont'd)

INTERESTED PERSON TRANSACTIONS (Listing Manual Rule 907)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out at arm's length and on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

The Company does not have an Interested Person Transactions Mandate.

The aggregate value of interested person transactions entered into for the financial year ended 31 December 2014 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\$296,177	(equivalent to RM764,998)	S\$0	(equivalent to RM0)
Cheong Sheng Trading	S\$99,340	(equivalent to RM256,586)	S\$0	(equivalent to RM0)

Apart from the above, there were no other interested person transactions during the financial year.

MATERIAL CONTRACTS (Listing Manual Rule 1207(8))

Save for the service agreement between the CEO and the Company, there were no material contracts entered into by the Company and its subsidiaries involving the interest of any director or controlling shareholders, which are subsisting at the end of the financial year ended 31 December 2014.

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Riverstone Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014.

DIRECTORS

The directors of the Company in office at the date of this report are:

Wong Teek Son (Chairman)
 Lee Wai Keong
 Wong Teck Choon
 Albert Ho Shing Tung
 Low Weng Keong
 Hong Chin Fock

In accordance with Article 93 of the Company's Articles of Association, Lee Wai Keong and Albert Ho Shing Tung retire and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in the report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors of the Company who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company as stated below:

	Direct interest			Deemed interest		
	As at 1 January 2014	As at 31 December 2014	As at 21 January 2015	As at 1 January 2014	As at 31 December 2014	As at 21 January 2015
Ordinary shares of the Company						
Wong Teek Son	176,033,280	176,033,280	176,033,280	12,000,000*	12,000,000*	12,000,000*
Lee Wai Keong	48,195,900	43,195,900	43,195,900	–	–	–
Wong Teck Choon	14,739,080	14,739,080	14,739,080	–	–	–
Albert Ho Shing Tung	–	–	–	702,800#	452,800#	452,800#
Hong Chin Fock	240,000	240,000	240,000	–	–	–

* Held in the name of HSBC (Singapore) Nominees Pte Ltd as nominee of Ringlet Investment Limited in trust for Wong Teek Son.

Held in the name of Citibank N.A. Singapore as nominee of Albert Ho Shing Tung for Albert Ho Shing Tung.

Directors' Report (cont'd)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

By virtue of Section 7 of the Companies Act, Cap. 50, Wong Teek Son is deemed to have interests in shares of the subsidiary companies to the extent held by the Company.

Except as disclosed in this report, since the end of the previous financial year, no director of the Company who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or related corporations either at the beginning of the financial year or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFIT

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

THE RIVERSTONE PERFORMANCE SHARE PLAN

The Riverstone performance share plan (the "Plan") was approved by the Shareholders pursuant to shareholders' resolutions in writing dated 4 October 2006. The purpose of the Plan is to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The Plan is administered by the Remuneration Committee whose members are Hong Chin Fock, Low Weng Keong and Albert Ho Shing Tung.

The size of the Plan shall not exceed 15% of the issued ordinary share capital of the Company. The Participants are not required to pay for the grant of Awards ("the Grant") or for the shares allotted or allocated pursuant to an Award.

Directors (including non-executive directors and independent directors) and all confirmed full-time employees of the Group and associated companies, who have attained the age of twenty-one on or prior to the Date of Grant and are not undischarged bankrupts and have not entered into a composition with their respective creditors and who, in the opinion of the Remuneration Committee, have contributed to the success and development of the Group and its associated companies, are eligible to participate in the Plan. However, any employees of the Group and associated companies who are entitled to profit-sharing under any service agreement with the Company or under any profit-sharing schemes administered by the Group and the associated companies shall not be eligible to participate in this Plan.

Controlling Shareholders and their Associates are not eligible to participate in the Plan unless:

- (a) written justifications have been provided to Shareholders for their participation at the introduction of the Plan or prior to the first grant of Awards to them;
- (b) the actual number and terms of any Shares to be granted to them have been specifically approved by Shareholders of the Company who are not beneficiaries of the Grant in a general meeting in separate resolutions for each such Controlling Shareholder or his Associates; and
- (c) all conditions for their participation in the Plan as may be required by the regulation of the SGX-ST from time to time are satisfied.

Directors' Report (cont'd)

THE RIVERSTONE PERFORMANCE SHARE PLAN (CONT'D)

The Grant made to grantees, if not accepted within 30 days, will automatically lapse and be null and void. A Participant may accept or refuse the whole but not part of a Grant.

The Plan shall be in force up to a maximum period of 10 years from the date on which the Plan was adopted and may be continued beyond the stipulated period with the approval of shareholders by way of ordinary resolution in general meeting and of such relevant authorities which may then be required.

During the financial year, no awards were granted under the Plan. As at the date of the financial year end, no awards have been granted under the Plan.

AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Wong Teek Son
Director

Lee Wai Keong
Director

23 March 2015

Statement by Directors

We, Wong Teek Son and Lee Wai Keong, being two of the directors of Riverstone Holdings Limited, do hereby state that, in the opinion of the directors,

- (a) the accompanying statements of financial position, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Wong Teek Son
Director

Lee Wai Keong
Director

23 March 2015

Independent Auditor's Report

to the Members of Riverstone Holdings Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Riverstone Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages 35 to 81, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company and the statement of comprehensive income and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Independent Auditor's Report (cont'd)

to the Members of Riverstone Holdings Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants
and Chartered Accountants
Singapore

23 March 2015

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2014

	Note	2014 RM'000	2013 RM'000
Revenue	3	399,327	357,942
Cost of sales		(290,464)	(260,131)
Gross profit		108,863	97,811
Other income		2,393	2,185
Selling and distribution expenses		(11,055)	(9,382)
General and administrative expenses		(18,164)	(17,251)
Other operating expenses		(925)	(737)
Profit before taxation	4	81,112	72,626
Income tax expense	5	(10,159)	(14,645)
Profit for the year		70,953	57,981
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation gain		3,322	2,182
Other comprehensive income for the year		3,322	2,182
Total comprehensive income for the year		74,275	60,163
Profit attributable to:			
Equity holders of the Company		70,953	57,981
Non-controlling interests		— ⁽¹⁾	— ⁽¹⁾
		70,953	57,981
Total comprehensive income attributable to:			
Equity holders of the Company		74,275	60,163
Non-controlling interests		— ⁽¹⁾	— ⁽¹⁾
		74,275	60,163
Earnings per share	6		
Basic (sen)		19.11	16.02
Diluted (sen)		19.11	16.02

⁽¹⁾ Denotes amounts less than RM500.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current assets					
Property, plant and equipment	7	227,587	153,384	–	–
Other asset	8	–	12,421	–	–
Investments in subsidiary companies	9	–	–	173,605	170,284
Deferred tax asset	17	3,110	–	–	–
Current assets					
Inventories	10	42,117	35,667	–	–
Trade receivables	11	86,713	62,531	–	–
Other receivables	12	1,466	1,594	–	8
Prepayments		341	589	19	28
Tax recoverable		–	317	–	–
Fixed deposits	13	44,446	56,950	19,755	18,901
Cash at banks and in hand	13	34,986	57,054	2,765	1,620
		210,069	214,702	22,539	20,557
Current liabilities					
Payables and accruals	14	50,441	39,276	196	218
Amount due to a subsidiary company	15	–	–	65	2
Derivatives	16	2,362	308	–	–
Provision for taxation		3,316	5,271	2	4
		56,119	44,855	263	224
Net current assets		157,060	169,847	22,276	20,333
Non-current liabilities					
Deferred tax liabilities	17	(13,095)	(12,993)	–	–
Net assets		371,552	322,659	195,881	190,617
Equity attributable to equity holders of the Company					
Share capital	18	156,337	156,337	156,337	156,337
Treasury shares	19	(815)	(815)	(815)	(815)
Reserves		216,026	167,133	40,359	35,095
		371,548	322,655	195,881	190,617
Non-controlling interests		4	4	–	–
Total equity		371,552	322,659	195,881	190,617

⁽¹⁾ Denotes amounts less than RM500.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2014

Group	Attributable to equity holders of the Company				Total reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital (Note 18) RM'000	Treasury shares (Note 19) RM'000	Retained earnings RM'000	Other reserves (Note 20) RM'000			
Balance at 1 January 2013	123,846	(97)	182,744	(51,860)	130,884	4	254,637
Profit for the year	–	–	57,981	–	57,981	– ⁽¹⁾	57,981
Other comprehensive income for the year	–	–	–	2,182	2,182	–	2,182
Total comprehensive income for the year	–	–	57,981	2,182	60,163	– ⁽¹⁾	60,163
Issuance of ordinary shares upon exercise of warrants	32,491	–	–	(1,459)	(1,459)	–	31,032
Transfer to statutory reserve	–	–	(115)	115	–	–	–
Purchase of treasury shares	–	(718)	–	–	–	–	(718)
Dividends (Note 21)	–	–	(22,455)	–	(22,455)	– ⁽¹⁾	(22,455)
Balance at 31 December 2013	156,337	(815)	218,155	(51,022)	167,133	4	322,659
Balance at 1 January 2014	156,337	(815)	218,155	(51,022)	167,133	4	322,659
Profit for the year	–	–	70,953	–	70,953	– ⁽¹⁾	70,953
Other comprehensive income for the year	–	–	–	3,322	3,322	–	3,322
Total comprehensive income for the year	–	–	70,953	3,322	74,275	– ⁽¹⁾	74,275
Transfer to statutory reserve	–	–	(1)	1	–	–	–
Dividends (Note 21)	–	–	(25,382)	–	(25,382)	– ⁽¹⁾	(25,382)
Balance at 31 December 2014	156,337	(815)	263,725	(47,699)	216,026	4	371,552

⁽¹⁾ Denotes amounts less than RM500.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)

for the financial year ended 31 December 2014

Company	Share capital (Note 18) RM'000	Treasury shares (Note 19) RM'000	Retained earnings RM'000	Other reserves (Note 20) RM'000	Total reserves RM'000	Total equity RM'000
Balance at 1 January 2013	123,846	(97)	16,608	10,803	27,411	151,160
Profit for the year	–	–	25,248	–	25,248	25,248
Other comprehensive income for the year	–	–	–	6,350	6,350	6,350
Total comprehensive income for the year	–	–	25,248	6,350	31,598	31,598
Issuance of ordinary shares upon exercise of warrants	32,491	–	–	(1,459)	(1,459)	31,032
Purchase of treasury shares	–	(718)	–	–	–	(718)
Dividends (Note 21)	–	–	(22,455)	–	(22,455)	(22,455)
Balance at 31 December 2013	156,337	(815)	19,401	15,694	35,095	190,617
Balance at 1 January 2014	156,337	(815)	19,401	15,694	35,095	190,617
Profit for the year	–	–	26,982	–	26,982	26,982
Other comprehensive income for the year	–	–	–	3,664	3,664	3,664
Total comprehensive income for the year	–	–	26,982	3,664	30,646	30,646
Dividends (Note 21)	–	–	(25,382)	–	(25,382)	(25,382)
Balance at 31 December 2014	156,337	(815)	21,001	19,358	40,359	195,881

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2014

	2014 RM'000	2013 RM'000
Cash flows from operating activities		
Profit before taxation	81,112	72,626
Adjustments for:		
Depreciation of property, plant and equipment	19,366	18,988
Property, plant and equipment written off	8	4
(Gain)/ loss on disposal of property, plant and equipment	(61)	7
Fair value loss on derivatives	2,054	971
Trade receivables written off	321	13
Interest income	(754)	(659)
Operating cash flows before working capital changes	102,046	91,950
Increase in inventories	(6,450)	(5,261)
Increase in receivables and prepayments	(24,127)	(4,666)
Increase in payables and accruals	5,415	7,826
Cash flows from operations	76,884	89,849
Interest received	754	659
Income tax paid	(14,805)	(10,266)
Net cash flows from operating activities	62,833	80,242
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	169	56
Purchase of property, plant and equipment (Note 13)	(73,705)	(29,472)
Instalments paid for purchase of land	(1,862)	(10,559)
Net cash flows used in investing activities	(75,398)	(39,975)
Cash flows from financing activities		
Net proceeds from issue of shares	–	31,032
Purchase of treasury shares	–	(718)
Government grant received	1,000	–
Dividends paid	(25,382)	(22,455)
Net cash flows (used in)/ generated from financing activities	(24,382)	7,859
Net (decrease)/ increase in cash and cash equivalents	(36,947)	48,126
Effect of foreign currency exchange rates	2,375	1,891
Cash and cash equivalents at beginning of year (Note 13)	114,004	63,987
Cash and cash equivalents at end of year (Note 13)	79,432	114,004

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2014

1. CORPORATE INFORMATION

Riverstone Holdings Limited (the “Company”) is a limited liability company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Company’s registered office is at 80 Robinson Road, #02-00, Singapore 068898. The Company’s principal place of business is located at 362 Upper Paya Lebar Road, #03-14 Da Jin Factory Building, Singapore 534963.

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are set out in Note 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 January 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
- Amendments to FRS 102 <i>Share Based Payments</i>	1 July 2014
- Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
- Amendments to FRS 108 <i>Operating Segments</i>	1 July 2014
- Amendments to FRS 16 <i>Property, Plant and Equipment</i>	1 July 2014
- Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
- Amendments to FRS 38 <i>Intangible Assets</i>	1 July 2014

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Improvements to FRSs (February 2014)	
- Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
- Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
- Amendments to FRS 40 <i>Investment Property</i>	1 July 2014
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Improvements to FRSs (November 2014)	
- Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
- Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
- Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
- Amendments to FRS 34 <i>Interim Financial Reporting</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110 and FRS 2 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018

Except for FRS 115 and FRS 109, the Group expects the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The Group is currently determining the impact of these standards.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The formation of the Group has been accounted for as a reorganisation of companies under common control using the pooling-of-interest method. Assets and liabilities of these companies were brought into the consolidated balance sheets at its existing values. Such manner of reorganisation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until 4 October 2006, the date of the Restructuring Exercise.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the statement of comprehensive income;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to the statement of comprehensive income or retained earnings, as appropriate.

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 has not been restated.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with FRS 39 either in the statement of comprehensive income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the statement of comprehensive income.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the statement of comprehensive income on the acquisition date.

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations (cont'd)

Business combinations prior to 1 January 2010 (cont'd)

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Functional and foreign currency

(a) Functional and presentation currency

The Company's functional currency is Singapore dollar ("SGD") because the Company uses the currency of its local environment which is Singapore. The financial statements are presented in RM as the Group's principal operations are conducted in Malaysia and the functional currency of the significant companies in the Group is RM.

The financial statements of the Company are translated from SGD to RM based on Note 2.6(c).

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Functional and foreign currency (cont'd)

(b) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the statement of comprehensive income of the Group on disposal of the foreign operation.

(c) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in statement of comprehensive income.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to statement of comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. All items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, any trade discounts and rebates are deducted in arriving at the purchase price. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of comprehensive income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	85 to 88 years
Buildings	20 to 50 years
Plant and machinery	10 years
Office equipment and computers	5 to 10 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 years

Capital work-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

2.8 Subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets

Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the statement of comprehensive income. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the statement of comprehensive income.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and bank overdrafts which are subject to an insignificant risk of changes in value.

2.12 Impairment

(a) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the statement of comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of comprehensive income.

(b) Impairment of financial assets

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the statement of comprehensive income.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment (cont'd)

(b) Impairment of financial assets (cont'd)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statement of comprehensive income.

2.13 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. For financial liabilities other than derivatives, gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of comprehensive income. Net gains or losses on derivatives include exchange differences.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Derivatives

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associate with foreign currency fluctuations. Such derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each statement of financial position date.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the statement of comprehensive income for the year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Employee benefits (cont'd)

(b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted.

The cost is recognised in the statement of comprehensive income, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

2.18 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) Finance leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Leases (cont'd)

(b) Operating leases

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividends

Dividends is recognised when the Group and the Company's right to receive the payment is established.

2.20 Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

2.21 Income taxes

(a) Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Income taxes (cont'd)

(a) Current tax (cont'd)

Current income taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised outside the profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting profit nor taxable profit or loss;
- In respect of temporary differences associated with investments in subsidiary companies, associated companies and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date.

Deferred taxes are recognised in the statement of comprehensive income except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Income taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 24, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Treasury shares

The Group's own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received is recognised directly in equity.

2.25 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Contingencies (cont'd)

- (b) a present obligation that arises from past events but is not recognised because:
- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 Related parties

A party is considered to be related to the Group in the following circumstances:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person,
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company;
- (b) An entity is related to the Group and the Company if any of the following conditions applies :
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payment when due.

Financial guarantees are recognised initially as a liability at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the statement of comprehensive income over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the statement of comprehensive income.

2.28 Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognized in the statement of financial position by deducting the grants in arriving at the carrying amount of the asset.

2.29 Significant accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made.

They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of gloves, finger cots and plastic products is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at 31 December 2014 was RM123,655,000 (2013: RM91,979,000).

(b) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.29 Significant accounting estimates and judgements (cont'd)

(b) Income taxes (cont'd)

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's provision for taxation and deferred tax liabilities at 31 December 2014 were RM3,316,000 and RM9,985,000 (2013: RM5,271,000 and RM12,993,000) respectively.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is recognised to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

(c) Impairment of loans and receivables

The Group assesses at each end of reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 28 to the financial statements.

3. REVENUE

Revenue represents the invoiced value of goods sold, less returns inward and discounts allowed.

4. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	Group	
	2014 RM'000	2013 RM'000
Foreign exchange gain (net)	(5,004)	(3,460)
Interest income from bank balances	(754)	(659)
Bad debts recovered	–	(52)
Inventories recognised as an expense in cost of sales	290,464	260,131

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

4. PROFIT BEFORE TAXATION (CONT'D)

	Group	
	2014 RM'000	2013 RM'000
Staff costs*	51,819	45,024
Depreciation of property, plant and equipment	19,366	18,988
Rental expenses	829	896
Fair value loss on derivatives	2,054	971
Directors' fee	413	403
Auditors' remuneration		
- audit fee paid to the auditor of the Company	93	92
- audit fee paid to member firms of the auditor of the Company	190	175
- audit fee paid to other auditors	34	37
- non audit fee paid to member firms of the auditor of the Company	15	17
Trade receivables written off	321	13
Property, plant and equipment written off	8	4
(Gain)/loss on disposal of property, plant and equipment	(61)	7

* Included in staff costs (excluding directors' remunerations) are contributions to defined contribution schemes of RM1,984,000 (2013: RM1,680,000).

5. INCOME TAX EXPENSE

The major components of income tax expense for the year ended 31 December are:

	Group	
	2014 RM'000	2013 RM'000
Current income tax		
Current income taxation	13,298	13,068
Over provision in respect of prior years	(131)	(302)
Withholding tax on foreign-sourced income	-	1,080
	13,167	13,846
Deferred income tax		
Movement in temporary differences	(2,980)	460
(Over)/under provision in respect of prior years	(28)	339
	(3,008)	799
	10,159	14,645

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

5. INCOME TAX EXPENSE (CONT'D)

Relationship between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rates is as follows:

	Group	
	2014 RM'000	2013 RM'000
Profit before taxation	81,112	72,626
Tax at domestic statutory tax rates applicable to profits in the countries where the Group operates	19,620	17,347
Effects of expenses not deductible for tax purposes	435	106
Effects of non-taxable income	(2,435)	(1,772)
Effects of utilisation of allowances for increase in export of manufactured products	(1,639)	(1,629)
Deferred tax assets on unutilised reinvestment allowances	(5,427)	–
(Over)/under provision in respect of prior years	(159)	37
Effects of double deduction of expenses	(661)	(524)
Withholding tax on foreign source of dividend income	–	1,080
Deferred tax liability on withholding tax on undistributed foreign-sourced dividend income	749	–
Others	(324)	–
Income tax expense recognised in statement of comprehensive income	10,159	14,645

During the financial year ended 31 December 2014, Riverstone Resources Sdn Bhd (“RRSB”) was eligible to claim for allowances pertaining to increase in export of manufactured products of approximately RM6,554,000 (2013: RM6,518,000). These allowances are subject to the agreement of the authorities and compliance with certain provisions of the tax legislation in Malaysia. RRSB is also entitled to a 200% deduction on certain qualifying expenses.

During the financial year ended 31 December 2014, Riverstone Industrial Products Sdn Bhd (“RI”) and Eco Medi Glove Sdn Bhd (“EMG”) was eligible to claim for reinvestment allowances of approximately RM21,707,000 (2013: nil). These allowances are subject to the agreement of the authorities and compliance with certain provisions of the tax legislation in Malaysia. As at 31 December 2014, there were unutilized reinvestment allowances of approximately RM21,707,000 (2013: nil) for which deferred tax asset has been recognized in Note 17. The statutory income tax rate applicable to the companies incorporated in Malaysia was 25% for the years of assessment 2013 and 2014.

Protective Technology Co. Ltd is exempted from corporate income tax in Thailand on net profit of promoted operations for a period of 8 years, commencing from the first revenue generating year and thereafter is entitled to a 50% relief from income tax payable for the next five years. Withholding tax of 10% is payable upon remittance of dividends declared out of non-exempted profits.

The statutory income tax rate for Riverstone Resources (Wuxi) Co. Ltd. is 25% for the years of assessment 2013 and 2014.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

5. INCOME TAX EXPENSE (CONT'D)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

There is no income tax consequence (2013: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 21).

6. EARNINGS PER SHARE

Earnings per share for the financial year ended 31 December 2014 is calculated based on profit for the year of RM70,953,000 (2013: RM57,981,000) divided by the weighted average number of 371,226,000 (2013: 361,907,000) ordinary shares.

As there were no warrants outstanding at 31 December 2014 and 2013, the basic and fully diluted earnings per share for the financial years ended 31 December 2014 and 2013 were the same.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings RM'000	Plant and machinery RM'000	Office equipment and computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
Balance at 1 January							
2013	68,502	166,531	2,353	2,933	5,841	198	246,358
Additions	275	1,416	335	306	607	8,195	11,134
Disposals	(3)	(5)	(12)	–	(92)	–	(112)
Transfer from/(to) building, plant and machinery under construction	71	1,675	–	–	–	(1,746)	–
Write-off	–	(56)	(8)	–	–	–	(64)
Translation adjustments	12	464	48	18	– ⁽¹⁾	– ⁽¹⁾	542
Balance at 31 December							
2013 and 1 January							
2014	68,857	170,025	2,716	3,257	6,356	6,647	257,858
Additions	516	2,117	356	398	1,438	75,492	80,317
Disposals	–	(198)	(7)	–	(601)	–	(806)
Reclassification on leasehold land (Note 8)	12,421	–	–	–	–	–	12,421
Transfer from/(to) building, plant and machinery under construction	29,566	44,093	104	–	–	(73,763)	–
Write-off	(4)	(31)	(12)	– ⁽¹⁾	–	–	(47)
Translation adjustments	619	1,477	24	38	22	7	2,187
Balance at 31 December							
2014	111,975	217,483	3,181	3,693	7,215	8,383	351,930

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Land and buildings RM'000	Plant and machinery RM'000	Office equipment and computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation							
Balance at 1 January							
2013	15,016	63,038	1,599	1,689	4,002	–	85,344
Charge for the year	2,971	14,859	208	216	734	–	18,988
Disposals	– ⁽¹⁾	(4)	(11)	–	(34)	–	(49)
Write-off	–	(54)	(6)	–	–	–	(60)
Translation adjustments	(10)	207	36	18	– ⁽¹⁾	–	251
Balance at 31 December							
2013 and 1 January							
2014	17,977	78,046	1,826	1,923	4,702	–	104,474
Charge for the year	3,099	15,011	253	230	773	–	19,366
Disposals	–	(125)	(5)	–	(568)	–	(698)
Write-off	(2)	(26)	(11)	– ⁽¹⁾	–	–	(39)
Translation adjustments	251	922	19	34	14	–	1,240
Balance at 31 December							
2014	21,325	93,828	2,082	2,187	4,921	–	124,343
Net carrying amount							
At 31 December 2014	90,650	123,655	1,099	1,506	2,294	8,383	227,587
At 31 December 2013	50,880	91,979	890	1,334	1,654	6,647	153,384

⁽¹⁾ Denotes amounts less than RM500.

- (a) Included in land and buildings are freehold lands with carrying amounts of RM8,311,000 (2013: RM8,226,000).
- (b) Included in land and buildings are leasehold lands with carrying amounts of RM15,081,000 (2013: RM2,248,000). The unexpired lease period of these leasehold lands of the Group are 83 years (2013: 84 years) and 84 years.
- (c) Land and buildings with a carrying amount of RM5,814,000 (2013: RM5,860,000) are pledged to the bank for banking facilities granted to the Group.

8. OTHER ASSET

As at 31 December 2013, other asset pertains to installments paid and payable for acquisition of a piece of land located at Kamunting Raya Industrial Estate, Taiping, Perak, Malaysia. In the current financial year, the remaining installment was paid up, and the lot of land was capitalised to property, plant and equipment.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

9. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted equity shares, at cost	173,605	170,284

Details of subsidiary companies are as follows:

Name of company (Country of incorporation)	Principal activities	Cost of Investment		Percentage of equity held by the Group	
		2014 RM'000	2013 RM'000	2014 %	2013 %
(1) Riverstone Resources Sdn Bhd (Malaysia)	Manufacturer and distributor of cleanroom and healthcare gloves and finger cots	99,373	97,472	100	100
(1) Riverstone Industrial Products Sdn Bhd (Malaysia)	Manufacturer of plastic bags and trader in latex products	1,618	1,587	100	100
(1) Eco Medi Glove Sdn Bhd (Malaysia)	Manufacturer and distributor of cleanroom and healthcare gloves and finger cots	52,650	51,643	100	100
(2) Protective Technology Co. Ltd (Thailand)	Manufacturer and distributor of cleanroom gloves	19,251	18,883	99.99	99.99
(3) Riverstone Resources (S) Pte Ltd (Singapore)	Distributor of cleanroom products	713	699	100	100
		173,605	170,284		

Subsidiary company held by Riverstone Resources Sdn Bhd:

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Group	
		2014 %	2013 %
(4) Riverstone Resources (Wuxi) Co. Ltd (People's Republic of China)	Processing and packing of cleanroom gloves	100	100

(1) Audited by Ernst & Young, Malaysia

(2) Audited by Thai-Audit The Truth Limited

(3) Audited by Ernst & Young LLP, Singapore

(4) Audited by Wuxi Jiayu Certified Public Accountants Co., Ltd

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

10. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
Raw materials	16,731	14,766
Work-in-progress	12,884	11,620
Finished goods	12,502	9,281
Total inventories at lower of cost and net realisable value	<u>42,117</u>	<u>35,667</u>

11. TRADE RECEIVABLES

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 90 days' (2013: 30 to 90 days') terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM19,714,000 (2013: RM16,127,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2014 RM'000	2013 RM'000
Trade receivables that are past due but not impaired:		
- Less than 3 months	18,983	14,492
- 3 months to 6 months	731	1,635
	<u>19,714</u>	<u>16,127</u>
Trade receivables that are impaired:		
- Trade receivables – nominal amounts	349	14
- Less: Trade receivables written off (Note 4)	(321)	(13)
- Net exchange differences	(28)	(1)
Balance at 31 December	<u>-</u>	<u>-</u>

Trade receivables that are individually determined to be impaired at the statement of financial position date relate to trade debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

11. TRADE RECEIVABLES (CONT'D)

Trade receivables are denominated in the following currencies:

	Group	
	2014 RM'000	2013 RM'000
United States dollar	64,400	42,155
Thai Baht	8,140	7,131
Renminbi	6,695	7,378
Ringgit Malaysia	6,113	4,356
Hong Kong dollar	806	884
Singapore dollar	559	627
	86,713	62,531

12. OTHER RECEIVABLES

	Group	
	2014 RM'000	2013 RM'000
Sundry receivables	747	823
Deposits	578	282
VAT recoverable	89	54
Advances to suppliers	52	435
	1,466	1,594

Other receivables are denominated in the following currencies:

	Group	
	2014 RM'000	2013 RM'000
Ringgit Malaysia	1,135	804
Thai Baht	258	675
Renminbi	64	98
Singapore dollar	9	17
	1,466	1,594

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fixed deposits	44,446	56,950	19,755	18,901
Cash at banks and in hand	34,986	57,054	2,765	1,620
	79,432	114,004	22,520	20,521

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.50% to 2.71% per annum (2013: 0.01% to 2.71% per annum). Fixed deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective fixed deposit rates.

The weighted average effective interest rate of fixed deposits is 0.34% per annum (2013: 0.84% per annum).

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
United States dollar	36,469	37,402	7	7
Singapore dollar	25,697	23,716	22,513	20,514
Thai Baht	7,070	7,814	–	–
Ringgit Malaysia	6,339	41,329	–	–
Renminbi	3,278	2,631	–	–
Hong Kong dollar	578	1,106	–	–
Philippine peso	1	6	–	–
	79,432	114,004	22,520	20,521

Note to the consolidated statement of cash flows

	Group	
	2014 RM'000	2013 RM'000
Purchase of property, plant and equipment :		
Aggregate cost of property, plant and equipment acquired (Note 7)	80,317	11,134
Adjustment :		
(Increase)/ decrease in payables for purchase of plant and equipment	(7,612)	18,338
Government grant received	1,000	–
Cash payments to acquire property, plant and equipment	73,705	29,472

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

14. PAYABLES AND ACCRUALS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Payables for raw materials	24,210	20,425	–	–
Accruals for operating expenses	15,212	13,582	196	218
Payables for purchase of plant and equipment ⁽¹⁾	11,019	3,407	–	–
Payable for purchase of land	–	1,862	–	–
	50,441	39,276	196	218

Payables are unsecured, interest-free and are normally settled on 30 to 60 days' (2013: 30 to 60 days') terms.

⁽¹⁾ Included in payables for purchase of plant and equipment is an amount due to a related company of RM149,000 (2013: RM12,000). This amount is trade related, unsecured, non-interest bearing, repayable on demand and to be settled in cash. Related party transactions during the year are disclosed in Note 22.

Payables and accruals are denominated in the following currencies:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	31,093	24,122	–	58
United States dollar	15,663	11,741	–	–
Thai Baht	2,750	2,375	–	–
Renminbi	723	834	–	–
Singapore dollar	210	195	196	160
Hong Kong dollar	2	9	–	–
	50,441	39,276	196	218

15. AMOUNTS DUE TO A SUBSIDIARY COMPANY

The amount due to a subsidiary company relates to expenses paid on behalf by a subsidiary company. These expenses are denominated in Ringgit Malaysia, interest-free, unsecured and are expected to be repaid within the next 12 months in cash.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

16. DERIVATIVES

	2014		Group		2013	
	Contract/ Notional Amount RM'000	Liabilities RM'000	Contract/ Notional Amount RM'000	Liabilities RM'000	Contract/ Notional Amount RM'000	Liabilities RM'000
Forward currency contracts	70,647	2,362	51,473	308		

The forward currency contracts are used to hedge the Group's sales and purchases denominated in United States Dollar for which firm commitments existed at the statement of financial position date, extending to September 2015 (2013: June 2014).

17. DEFERRED TAX

	Group	
	2014 RM'000	2013 RM'000
Deferred tax asset:		
Balance at 1 January	–	–
Credit to statement of comprehensive income (Note 5)	3,110	–
Balance at 31 December	3,110	–
Deferred tax liabilities:		
Balance at 1 January	(12,993)	(12,194)
Charged to statement of comprehensive income (Note 5)	(102)	(799)
Balance at 31 December	(13,095)	(12,993)

Deferred tax asset/(liabilities) as at 31 December related to the following:

	Group	
	2014 RM'000	2013 RM'000
Deferred tax asset		
Differences in depreciation for tax purposes	(4,735)	–
Unutilised reinvestment allowances	5,415	–
Unutilised capital allowances	2,106	–
Others	324	–
	3,110	–

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

17. DEFERRED TAX

Deferred tax asset/(liabilities) as at 31 December related to the following: (cont'd)

	Group	
	2014 RM'000	2013 RM'000
Deferred tax liabilities		
Differences in depreciation for tax purposes	(12,378)	(12,993)
Withholding tax on undistributed foreign-sourced dividend income	(749)	–
Unutilised reinvestment allowances	12	–
Unutilised capital allowances	20	–
	(13,095)	(12,993)

18. SHARE CAPITAL

	Group and Company			
	2014 No. of shares	2013 No. of shares	2014 RM'000	2013 RM'000
Issued and fully paid:				
Balance at 1 January	371,226,025	331,149,702	156,337	123,846
Issuance of ordinary shares on conversion of warrants	–	40,076,323	–	32,491
Balance at 31 December	371,226,025	371,226,025	156,337	156,337

The holders of ordinary shares which have no par value are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

19. TREASURY SHARES

	Group and Company			
	2014 No. of shares	2013 No. of shares	2014 RM'000	2013 RM'000
Balance at 1 January	(684,000)	(96,000)	(815)	(97)
Acquired during the financial year	–	(588,000)	–	(718)
Balance at 31 December	(684,000)	(684,000)	(815)	(815)

Treasury shares relate to ordinary shares of the Company held by the Company.

In 2013, the Company acquired 588,000 shares in the Company by way of market acquisitions on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was RM718,000 and this was presented as a component within shareholders' equity. There was no transaction for the Company in 2014.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

20. OTHER RESERVES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(a) Foreign currency translation reserve				
Balance at 1 January	5,106	2,924	15,694	9,344
Movement for the year	3,322	2,182	3,664	6,350
Balance at 31 December	8,428	5,106	19,358	15,694
(b) Statutory reserve				
Balance at 1 January	2,440	2,325	–	–
Movement for the year	1	115	–	–
Balance at 31 December	2,441	2,440	–	–
(c) Merger reserve				
Balance at 1 January and 31 December	(58,568)	(58,568)	–	–
(d) Capital reserve				
Balance at 1 January	–	1,459	–	1,459
Issuance of ordinary shares on conversion of warrants	–	(1,459)	–	(1,459)
Balance at 31 December	–	–	–	–
Total other reserves	(47,699)	(51,022)	19,358	15,694

Foreign currency transaction reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company from Singapore dollar to RM and of subsidiary companies whose functional currencies are different from that of the Group's presentation currency.

Statutory reserve

The statutory reserve relates to the appropriation to reserves from the net profit of a subsidiary company established in Thailand. In accordance with the local laws, before dividends for a particular year are declared, companies are required to appropriate 5% of their profit before taxation reported in the statutory accounts for that year to a statutory reserve. The maximum balance of the reserve is capped at 10% of the registered capital. This reserve can only be distributed to the shareholders upon liquidation of the company or utilised in the event of a reduction in share capital. The subsidiary company had reached the limit of 10% on the registered capital of THB90,000,000 in February 2010.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

20. OTHER RESERVES (CONT'D)

Statutory reserve (cont'd)

In accordance with the relevant laws and regulations of the People's Republic of China ("PRC"), a wholly owned PRC entity by a subsidiary of the Group is required to transfer at least 10% of its profit after taxation prepared in accordance with the accounting standards and regulations of the PRC to the Statutory Reserve Fund ("SRF") until the accumulative total SRF balance reaches 50% of the registered capital. Subject to approval from the relevant PRC authorities, such SRF may be used to offset any accumulated losses or increase the registered capital of the PRC entity and is not available for distribution to shareholders other than in liquidation. As at end of the financial year 2014, the subsidiary's SRF balance has not reached the limit of 50% of the registered capital.

Merger reserve

The merger reserve represents the difference between the nominal value of shares issued by the Company over the nominal value of the shares acquired in exchange for those shares, accounted for using the pooling-of-interest method.

Capital reserve

In 2010, the Company had undertaken a renounceable non-written rights issue of 61,900,000 warrants ("Warrants") at an issue price of S\$0.02 for each Warrant, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("New Share") at an exercise price of S\$0.31 for each New Share during the exercise period on the basis of one (1) Warrant for every five (5) existing ordinary shares in the capital of the Company held by the entitled shareholders as at the book closure date, fractional entitlements to be disregarded.

The 61,900,000 Warrants allotted were listed and quoted on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 5 August 2010. The New Shares arising from the exercise of the Warrants were listed and quoted on the Main Board of SGX-ST.

The value ascribed to the Warrants less issue expenses was credited as a reserve in equity under capital reserve and an appropriate amount was transferred to the share capital account as and when the Warrants were exercised.

The Warrants issued by the Company did not entitle the holders of the Warrants, by virtue of such holdings, to any right to participate in any share issue of any other subsidiary companies.

In 2013, 40,076,323 Warrants were exercised to acquire 40,076,323 New Shares. The unexercised Warrants expired on 4 August 2013 and, as such, as at 31 December 2014 and 2013, no Warrants were outstanding.

The above reserves are not available for dividend distribution to shareholders.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

21. DIVIDENDS

(a) Declared and paid during the financial year

	Group and Company	
	2014	2013
	RM'000	RM'000
Final exempt (one-tier) dividend for 2013: 4.50 sen (2012: 3.80 sen) per ordinary share	16,674	13,932
Interim exempt (one-tier) dividend for 2014: 2.35 sen (2013: 2.30 sen) per ordinary share	8,708	8,523
	<u>25,382</u>	<u>22,455</u>

(b) Proposed but not recognised as a liability as at 31 December

	Group and Company	
	2014	2013
	RM'000	RM'000
Final exempt (one-tier) dividend for 2014 of 4.55 sen (2013: 4.50 sen) per ordinary share	16,860	16,674

22. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and its related parties took place on terms agreed between the parties during the financial year.

	Group	
	2014	2013
	RM'000	RM'000
Other related parties:		
Purchases of raw materials	257	–
Purchases of repair and maintenance services	19	48
Purchases of plant and equipment	746	30

Other related parties comprise of companies in which the major shareholder is a close family member of certain directors of the Company.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

22. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel

	Group	
	2014 RM'000	2013 RM'000
Directors' fee	413	403
Short term benefits	2,317	2,424
Central Provident Fund contributions	227	231
Performance incentive scheme contributions	3,799	4,032
	6,756	7,090
Comprise amounts paid to:		
Directors of the Company	4,572	4,950
Other key management personnel	2,184	2,140
	6,756	7,090

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

23. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Group has entered into operating lease agreements for office and factory premises. These non-cancellable leases have remaining lease terms within one year. Future minimum lease payments under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2014 RM'000	2013 RM'000
Within one year	101	455

(b) Capital commitments

Capital expenditure contracted for as at the statement of financial position date but not recognised in the financial statements is as follows:

	Group	
	2014 RM'000	2013 RM'000
Acquisition of property, plant and equipment	5,948	16,690

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

24. SEGMENT INFORMATION

The management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Malaysia, Thailand and China. All geographic locations are engaged in the manufacture and sale of gloves.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Inter-segment pricing, if any, is determined on an arm's length basis. Segment revenue, expenses and results include transfers between segments. These transfers are eliminated on consolidation.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets which are expected to be used for more than one period.

(a) Geographical information

2014					Adjustments and	Total RM'000
	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	
Revenue:						
External	342,678	29,038	25,029	2,582	–	399,327
Inter segment	59,191	32,542	–	28,254	(119,987)	–
Total revenue	401,869	61,580	25,029	30,836	(119,987)	399,327
Results:						
Segment result	66,584	17,963	(367)	27,018	(30,086)	81,112
Profit before taxation	66,584	17,963	(367)	27,018	(30,086)	81,112
Income tax (expense)/ credit	(8,857)	(888)	8	3	(425) ⁽²⁾	(10,159)
Profit for the year	57,727	17,075	(359)	27,021	(30,511)	70,953
Assets and liabilities:						
Segment assets	410,792	45,955	20,435	24,598	(64,124)	437,656
Segment liabilities	110,768	5,818	6,836	455	(57,773)	66,104
Other segment information:						
Additions to non-current assets	75,593	4,670	54	– ⁽¹⁾	–	80,317
Other non-cash expense	326	–	3	–	–	329
Depreciation of property, plant and equipment	17,140	1,736	488	2	–	19,366
Fair value loss on derivatives	2,049	5	–	–	–	2,054

⁽¹⁾ Denotes amounts less than RM 500.

⁽²⁾ Consists of withholding tax adjusted on consolidation, and deferred tax arising from profits on inter-segment sales eliminated on consolidation.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

24. SEGMENT INFORMATION (CONT'D)

(a) Geographical information (cont'd)

2013	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Adjustments and Eliminations RM'000	Total RM'000
Revenue:						
External	298,415	29,143	27,264	3,120	–	357,942
Inter segment	38,439	24,008	–	27,854	(90,301)	–
Total revenue	336,854	53,151	27,264	30,974	(90,301)	357,942
Results:						
Segment result	58,632	15,293	1,458	26,412	(29,169)	72,626
Profit before taxation	58,632	15,293	1,458	26,412	(29,169)	72,626
Income tax expense	(12,435)	(840)	(368)	(1,002)	–	(14,645)
Profit for the year	46,197	14,453	1,090	25,410	(29,169)	57,981
Assets and liabilities:						
Segment assets	321,144	39,953	20,801	22,515	(23,906)	380,507
Segment liabilities	64,847	5,015	7,355	390	(19,759)	57,848
Other segment information:						
Additions to non-current assets	23,038	280	237	– ⁽¹⁾	–	23,555
Other non-cash expense	4	–	13	–	–	17
Depreciation of property, plant and equipment	16,793	1,733	445	17	–	18,988
Fair value loss on derivatives	959	12	–	–	–	971

⁽¹⁾ Denotes amounts less than RM500.

(b) Business information

The following table presents the revenue information regarding the business segments for the years ended 31 December 2014 and 2013. The Group predominantly manufactures and sells gloves. It is not meaningful to show the total assets employed and capital expenditure by business activities as the assets and liabilities are generally shared and not identifiable by business segments.

	Gloves RM'000	Others RM'000	Total RM'000
Revenue:			
Sales to external customers			
- 2014	388,998	10,329	399,327
- 2013	346,768	11,174	357,942

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

24. SEGMENT INFORMATION (CONT'D)

(c) Geographical location of customers

The following table presents the revenue information by the geographical location of its customers.

	Europe RM'000	Malaysia RM'000	China RM'000	Thailand RM'000	Other parts of South East Asia RM'000	Other parts of Asia RM'000	Rest of the world RM'000	Total RM'000
Revenue:								
Sales to external customers								
- 2014	143,882	51,601	49,551	37,064	25,425	35,757	56,047	399,327
- 2013	125,262	51,638	51,774	34,342	22,609	30,908	41,409	357,942

(d) Information about major customers

No single customer accounts for more than 10% (2013: 10%) of the Group's revenue.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, liquidity risk, credit risk and commodity price risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight on the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The companies in the Group primarily transact in their respective functional currencies. The exposure of the Group to foreign currency risk arises from certain transactions denominated in foreign currencies, primarily in United States dollar and Hong Kong dollar. The Group entered into forward foreign exchange contracts to manage its foreign currency risk as disclosed in Note 16.

The Group holds fixed deposits of RM19,755,000 (2013: RM18,901,000) denominated in Singapore dollar ("SGD") and RM20,961,000 (2013: RM23,023,000) denominated in United States Dollar ("USD"), which also gives rise to foreign currency exposure. The Group is also exposed to currency translation risk arising from its net investments in companies whose functional currencies are not Ringgit Malaysia.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD and Hong Kong Dollar ("HKD") rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2014	2013
		RM'000	RM'000
		Profit before	Profit before
		taxation	taxation
USD/RM	- strengthened 1% (2013: 1%)	852	678
	- weakened 1% (2013: 1%)	(852)	(678)
HKD/RM	- strengthened 1% (2013: 1%)	14	20
	- weakened 1% (2013: 1%)	(14)	(20)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. There is no significant exposure to liquidity risk. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. The Group's liquidity risk management policy is to match maturities of financial assets and liabilities and to maintain available banking facilities of a reasonable level to its overall debt position.

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities as at the statement of financial position date based on contractual undiscounted payments.

Group	2014			2013		
	1 year or less RM'000	1 to 5 years RM'000	Total RM'000	1 year or less RM'000	1 to 5 years RM'000	Total RM'000
Financial assets:						
Trade receivables	86,713	-	86,713	62,531	-	62,531
Other receivables	1,466	-	1,466	1,594	-	1,594
Cash and cash equivalents	79,432	-	79,432	114,004	-	114,004
Total undiscounted financial assets	167,611	-	167,611	178,129	-	178,129

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Group	1 year or less RM'000	2014 1 to 5 years RM'000	Total RM'000	1 year or less RM'000	2013 1 to 5 years RM'000	Total RM'000
Financial liabilities:						
Payables and accruals	50,441	–	50,441	39,276	–	39,276
Derivatives:	2,362	–	2,362	308	–	308
- forward currency contracts						
– gross payments ⁽¹⁾	70,647	–	70,647	51,473	–	51,473
- forward currency contracts						
– gross receipts ⁽²⁾	(68,285)	–	(68,285)	(51,165)	–	(51,165)
Total undiscounted financial liabilities	52,803	–	52,803	39,584	–	39,584
Total net undiscounted financial assets	114,808	–	114,808	138,545	–	138,545

⁽¹⁾ Included in forward currency contracts are gross payments denominated in USD.

⁽²⁾ Included in forward currency contracts are gross receipts denominated in RM and THB.

Company	1 year or less RM'000	2014 1 to 5 years RM'000	Total RM'000	1 year or less RM'000	2013 1 to 5 years RM'000	Total RM'000
Financial assets:						
Other receivables	–	–	–	8	–	8
Cash and cash equivalents	22,520	–	22,520	20,521	–	20,521
Total undiscounted financial assets	22,520	–	22,520	20,529	–	20,529
Financial liabilities:						
Payables and accruals	196	–	196	218	–	218
Amount due to a subsidiary company	65	–	65	2	–	2
Total undiscounted financial liabilities	261	–	261	220	–	220
Total net undiscounted financial assets	22,259	–	22,259	20,309	–	20,309

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amounts of trade and other receivables, fixed deposits and cash and bank balances represent the Group's maximum exposure to credit risk.

The Group trades with recognised and credit worthy third parties. It is the Group's policy that local customers who wish to trade on credit terms are subject to credit verification procedures, and hence there is no requirement for collateral. New overseas customers will be required either to trade in advance telegraphic transfer or letter of credits issued by reputable banks in countries where the customers are based. Once they become regular customers and proven to be creditworthy, these customers will be assigned a credit term approved by management and letter of credit will no longer be required.

The Group manages its credit risk through regular review on collectibility of receivables. Cash and deposits are placed with reputable financial institutions.

Credit risk concentration profile

Concentration of credit risk exists when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group is principally involved in manufacturing activities associated with the semi-conductor, electronics and healthcare industries. Consequently, the risk of non-payment from its trade receivables is affected by any unfavourable economic changes to these industries. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2014		2013	
	RM'000	% of total	RM'000	% of total
By Country:				
Malaysia	15,312	18%	9,463	15%
United Kingdom	12,202	14%	7,767	12%
China	11,353	13%	11,200	18%
United States	11,292	13%	7,629	12%
Thailand	9,229	11%	8,218	13%
Netherland	6,708	7%	–	–
Sweden	3,292	4%	3,454	6%
Germany	3,246	4%	5,329	9%
Japan	2,429	3%	2,407	4%
Philippines	2,333	3%	1,968	3%
Singapore	2,230	2%	2,104	3%
Other countries	7,087	8%	2,992	5%
	86,713	100%	62,531	100%

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 11.

(d) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in commodity prices. The Group's raw materials are mainly latex and nitrile. Latex is a traded commodity and its price is subject to the fluctuations of the commodity market. Nitrile is a petroleum-based product and is affected by the increase in the prices of crude oil. Any significant increase in the prices of latex and nitrile will have a material adverse impact on the financial position and results of the operations. The Group monitors price fluctuations closely and evaluates alternative sources of supply and pricing policies.

Sensitivity analysis for commodity price risk

As at 31 December 2014, if the raw materials price had been 2% (2013: 2%) higher/ lower, with all other variables held constant, the Group's profit net of tax would have been lower/ higher by RM3,622,000 (2013: RM3,309,000).

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The Group do not have financial assets and liabilities that are measured at fair value on a non-recurring basis in the statement of financial position after initial recognition.

Financial instruments whose carrying amounts approximate fair value

Trade and other receivables (Note 11 and 12), cash and fixed deposits (Note 13), payables and accruals (Note 14) and amount due to a subsidiary company (Note 15)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

26. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Liabilities measured at fair value

Recurring fair value measurements

Derivatives

The fair value of the forward currency contracts as at 31 December 2014 was RM2,362,000 (2013: RM308,000). Forward currency contracts are valued using a valuation technique with market observable inputs (Level 2 inputs) including the credit quality of counterparties, foreign exchange spot and forward rates and curves.

27. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to ensure that it maintains a healthy capital to support its operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 2013.

A Thailand subsidiary company of the Group is required by the local laws to contribute to and maintain a non-distributable statutory reserve fund. The reserve can only be distributed to the shareholders upon liquidation of the company or utilised in the event of a reduction in share capital. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary company for the financial years ended 31 December 2014 and 2013 (Note 20).

A wholly owned People's Republic of China ("PRC") entity by a subsidiary of the Group is required by the relevant laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2014 and 2013 (Note 20).

The Group monitors capital using the net tangible asset value of the Group, which is total tangible assets less total liabilities of the Group. The net tangible assets values of the Group as at 31 December 2014 and 2013 were RM371,552,000 and RM322,659,000 respectively.

Notes to the Financial Statements (cont'd)

for the financial year ended 31 December 2014

28. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The table below is an analysis of the carrying amounts of financial instruments by categories.

(a) Loans and receivables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables (Note 11)	86,713	62,531	–	–
Other receivables (Note 12)	1,466	1,594	–	8
Fixed deposits (Note 13)	44,446	56,950	19,755	18,901
Cash at banks and in hand (Note 13)	34,986	57,054	2,765	1,620
	167,611	178,129	22,520	20,529

(b) Financial liabilities measured at amortised cost

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Payables and accruals (Note 14)	50,441	39,276	196	218
Amount due to a subsidiary company (Note 15)	–	–	65	2
	50,441	39,276	261	220

(c) Financial liabilities at fair value through profit or loss

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Derivatives (Note 16)	2,362	308	–	–

29. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 23 March 2015.

Statistics of Shareholdings

as at 10 March 2015

Total no. of issued shares excluding treasury shares	:	370,542,025
Total no. of treasury shares	:	684,000
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	334	26.98	3,430	0.00
100 - 1,000	114	9.21	81,303	0.02
1,001 - 10,000	443	35.78	2,583,521	0.70
10,001 - 1,000,000	322	26.01	25,593,600	6.91
1,000,001 AND ABOVE	25	2.02	342,280,171	92.37
TOTAL	1,238	100.00	370,542,025	100.00

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Wong Teek Son	176,033,280	47.51	12,000,000	3.24 ⁽¹⁾
Lee Wai Keong	43,195,900	11.66	-	-

⁽¹⁾ Held in the name of HSBC (Singapore) Nominees Pte Ltd as nominee of Ringlet Investment Limited in trust for Wong Teek Son

TWENTY LARGEST SHAREHOLDERS

No.	Name.	No. of Shares	%
1	WONG TEEK SON	176,033,280	47.51
2	LEE WAI KEONG	43,195,900	11.66
3	CITIBANK NOMINEES SINGAPORE PTE LTD	16,541,400	4.46
4	WONG TECK CHOON	14,739,080	3.98
5	RAFFLES NOMINEES (PTE) LIMITED	13,484,700	3.64
6	HSBC (SINGAPORE) NOMINEES PTE LTD	13,225,375	3.57
7	DBS NOMINEES (PRIVATE) LIMITED	8,365,142	2.26
8	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	7,989,000	2.16
9	BANK OF SINGAPORE NOMINEES PTE. LTD.	5,416,000	1.46
10	DB NOMINEES (SINGAPORE) PTE LTD	4,966,200	1.34
11	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	4,610,600	1.24
12	DUMRONGSAK AROONPRASERTKUL	4,410,850	1.19
13	HL BANK NOMINEES (SINGAPORE) PTE LTD	3,619,300	0.98
14	CHEE TING TUAN	2,887,000	0.78
15	PHILLIP SECURITIES PTE LTD	2,792,039	0.75
16	KONG FRANCIS	2,781,262	0.75
17	LAM YOON CHAN	2,692,000	0.73
18	CHEE MEI CHUAN	2,631,603	0.71
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,596,300	0.70
20	UOB KAY HIAN PRIVATE LIMITED	2,390,320	0.65
TOTAL		335,367,351	90.52

Statistics of Shareholdings (cont'd)

as at 10 March 2015

SHAREHOLDINGS HELD ON THE HANDS OF THE PUBLIC

Based on information available to the Company as at 10 March 2015, approximately 30.3% of the total number of issued shares excluding treasury shares of the Company was held by the public. Therefore, the Company is in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

TREASURY SHARES

As at 10 March 2015, the Company held 684,000 treasury shares, representing 0.185% of the total issued shares excluding treasury shares.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Raffles Hotel Singapore, 1 Beach Road Singapore 189673, on Monday 20 April 2015 at 2.00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final tax exempt (1-tier) dividend of 4.55 sen (RM) per ordinary share for the financial year ended 31 December 2014. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 93 of the Articles of Association of the Company:
 - Mr. Lee Wai Keong **[See Explanatory Note (i)]** **(Resolution 3)**
 - Mr. Albert Ho Shing Tung **[See Explanatory Note (i)]** **(Resolution 4)**

Mr. Albert Ho Shing Tung will, upon re-election as a Director of the Company, remain as Member of the Audit Committee and Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
4. To approve the payment of the Directors' fees of approximately RM506,880 (equivalent to SGD192,000 based on the rate of exchange of SGD1: RM2.64 for the financial year ending 31 December 2015 to be paid on a quarterly basis. (2014: S\$160,000 or RM414,400) **(Resolution 5)**
5. To re-appoint Messrs Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to allot and issue shares up to fifty per cent. (50%) of Company's total number of issued shares excluding treasury shares **(Resolution 7)**
 - "THAT, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-
 - (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

Notice of Annual General Meeting (cont'd)

- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **[See Explanatory Note (ii)]**

Notice of Annual General Meeting (cont'd)

8. Authority to allot and issue shares under the Riverstone Performance Share Plan

(Resolution 8)

“THAT pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the Riverstone Performance Share Plan (the “Plan”) and to allot and issue such number of fully paid shares from time to time as may be required to be issued pursuant to the vesting of awards under the Plan provided always that the aggregate number of new shares to be allotted and issued pursuant to the Plan shall not exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, shall continue in full force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.” **[See Explanatory Note (iii)]**

By Order of the Board

Chan Lai Yin
Low Siew Tian
Company Secretaries

Singapore, 1 April 2015

Explanatory Notes:

- (i) The detailed information of Mr Lee Wai Keong and Mr Albert Ho Shing Tung can be found under the section entitled “Directors’ Profile” and pages 12 and 13 of the Annual Report. There are no relationship (including immediate family relationships) with the other Directors, the Company or its 10% shareholders.
- (ii) Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company’s total number of issued shares excluding treasury shares of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company’s total number of issued shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.
- (iii) Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, to grant awards and to allot and issue such number of fully paid shares from time to time as may be required to be issued pursuant to the Riverstone Performance Share Plan.

Notice of Annual General Meeting (cont'd)

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Robinson Road, #02-00 Singapore 068898 not less than forty-eight hours (48) before the time for holding the Annual General Meeting.

NOTICE OF BOOK CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Riverstone Holdings Limited (the "Company") will be closed on 4 May 2015 for the preparation of dividend warrants for the proposed final tax exempt (1-tier) dividend of 4.55 sen (RM) per ordinary share for the financial year ended 31 December 2014.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on 30 April 2015 will be registered to determine shareholders' entitlements to the said proposed dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 30 April 2015 will be entitled to the said proposed dividend.

Payment of the said proposed dividend, if approved by the members at the Annual General Meeting to be held on 20 April 2015, will be made on 22 May 2015.

By Order of the Board

Chan Lai Yin
Low Siew Tian
Company Secretaries

Singapore, 1 April 2015

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IMPORTANT: FOR CPF INVESTOR ONLY

1. This Annual Report 2014 is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR YOUR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

**ANNUAL GENERAL MEETING
 PROXY FORM**

I/We _____

of _____

being a member/members of Riverstone Holdings Limited (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company (the "Meeting") to be held at Raffles Hotel Singapore, 1 Beach Road Singapore 189673, on Monday, 20 April 2015, at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the Meeting.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Financial Statements for the financial year ended 31 December 2014		
2.	Payment of proposed final tax exempt (1-tier) dividend		
3.	Re-election of Mr. Lee Wai Keong as director		
4.	Re-election of Mr. Albert Ho Shing Tung as director		
5.	Approval for payment of Directors' fees of approximately RM506,880 (equivalent to SGD192,000 based on the rate of exchange of SGD1: RM2.64 for the financial year ending 31 December 2015 to be paid on a quarterly basis.		
6.	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.		
7.	Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
8.	Authority to allot and issue shares under the Riverstone Performance Share Plan		

Dated this _____ day of _____ 2015.

 Signature(s) of Member(s)
 or, Common Seal of Corporate Member

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

Fold the flap for sealing

The Company Secretary
Riverstone Holdings Limited
80 Robinson Road #02-00
Singapore 068898

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NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Robinson Road, #02-00 Singapore 068898, not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

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GENERAL:

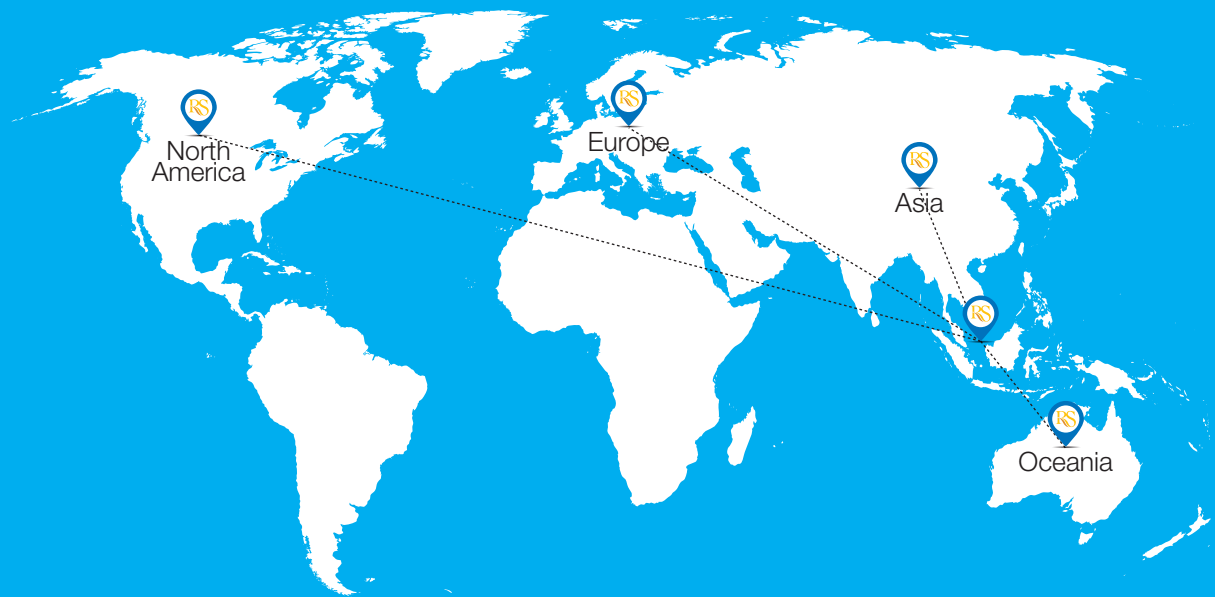
The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap 50 of Singapore.

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Company Registration No. 200510666D

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