

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The Company was incorporated on 3 August 2005 and listed on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 November 2006.

1 (a) (i) An income statement and statement of comprehensive income, (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Group		Increase / (decrease)
	1Q2019	1Q2018	
	1 Jan 2019 to 31 Mar 2019	1 Jan 2018 to 31 Mar 2018	
	RM'000	RM'000	%
Revenue	240,536	209,820	14.6%
Cost of sales	(193,920)	(162,958)	19.0%
Gross profit	46,616	46,862	(0.5%)
Other income	971	969	0.2%
Selling and distribution expenses	(4,287)	(3,884)	10.4%
General and administrative expenses	(5,717)	(5,502)	3.9%
Other operating expenses	(1,799) #	(2,509) #	(28.3%)
Finance costs	(197)	(253)	(22.1%)
Profit before taxation	35,587	35,683	(0.3%)
Income tax expense	(5,377)	(4,599)	16.9%
Profit after taxation	30,210	31,084	(2.8%)
Profit attributable to:			
Equity holders of the Company	30,210	31,084	(2.8%)
Non-controlling interests	- *	- *	N/M
	30,210	31,084	

Consolidated Statement of Comprehensive Income

	Group		Increase / (decrease)
	1Q2019	1Q2018	
	1 Jan 2019 to 31 Mar 2019	1 Jan 2018 to 31 Mar 2018	
	RM'000	RM'000	%
Profit after taxation	30,210	31,084	(2.8%)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain/ (loss)	39	(1,736)	(102.2%)
Total comprehensive income	30,249	29,348	3.1%
Total comprehensive income attributable to:			
Equity holders of the Company	30,249	29,348	3.1%
Non-controlling interests	- *	- *	N/M
	30,249	29,348	

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

	Group		Increase / (decrease)
	1Q2019	1Q2018	
	1 Jan 2019 to 31 Mar 2019	1 Jan 2018 to 31 Mar 2018	
	RM'000	RM'000	%
Depreciation of property, plant and equipment	(11,665)	(10,025)	16.4%
Net foreign exchange gain/ (loss)	176 #	(869) #	(120.3%)
Property, plant and equipment written off	(13)	(22)	(40.9%)
Gain/ (loss) on disposal of property, plant and equipment	6	(27)	(122.2%)
Fair value loss on derivatives	(1,054) #	(719) #	46.6%
Research and development expenses	(638)	(586)	8.9%
Interest income from bank balances	574	502	14.3%
Interest on bank borrowings	(198)	(253)	(21.7%)

N/M Not Meaningful

* Denote amount less than RM500

The net foreign exchange gain/ (loss) and fair value loss on derivatives have been included in other operating expenses

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

	Group		Company	
	As at 31.03.19	As at 31.12.18	As at 31.03.19	As at 31.12.18
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	489,891	484,430	-	-
Other assets	18,175	18,175	-	-
Investments in subsidiary companies	-	-	197,556	199,026
Deferred tax assets	10,492	10,420	-	-
	<u>518,558</u>	<u>513,025</u>	<u>197,556</u>	<u>199,026</u>
Current assets				
Inventories	91,588	83,635	-	-
Trade receivables	146,767	158,246	-	-
Other receivables	10,386	13,595	14,469	27,821
Prepayments	5,637	5,245	59	26
Tax recoverable	973	973	-	-
Derivatives	73	1,127	-	-
Fixed deposits	45,320	24,860	30,098	9,703
Cash at banks and in hand	82,731	72,150	464	3,117
	<u>383,475</u>	<u>359,831</u>	<u>45,090</u>	<u>40,667</u>
Current liabilities				
Payables and accruals	125,083	125,579	287	288
Amount due to a subsidiary company	-	-	25	-
Bank borrowings (secured)	6,000	7,000	-	-
Refund liabilities	444	403	-	-
Provision for taxation	8,408	6,883	3	3
	<u>139,935</u>	<u>139,865</u>	<u>315</u>	<u>291</u>
Net current assets	<u>243,540</u>	<u>219,966</u>	<u>44,775</u>	<u>40,376</u>
Non-current liabilities				
Bank borrowings (secured)	11,500	13,000	-	-
Employee benefit obligations	272	261	-	-
Deferred tax liabilities	11,058	10,711	-	-
	<u>22,830</u>	<u>23,972</u>	<u>-</u>	<u>-</u>
Net assets	<u>739,268</u>	<u>709,019</u>	<u>242,331</u>	<u>239,402</u>
Equity attributable to equity holders of the Company				
Share capital	156,337	156,337	156,337	156,337
Treasury shares	(815)	(815)	(815)	(815)
Reserves	583,741	553,492	86,809	83,880
	<u>739,263</u>	<u>709,014</u>	<u>242,331</u>	<u>239,402</u>
Non-controlling interests	5	5	-	-
Total equity	<u>739,268</u>	<u>709,019</u>	<u>242,331</u>	<u>239,402</u>

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

Not applicable

	Group	
	As at 31.03.19	As at 31.12.18
	RM'000	RM'000
Amount repayable in one year or less, or on demand		
Bank borrowings (secured)	6,000	7,000
	<u>6,000</u>	<u>7,000</u>
Amount repayable after one year		
Bank borrowings (secured)	11,500	13,000
	<u>11,500</u>	<u>13,000</u>

The bank borrowings were secured by a corporate guarantee of the Company and a charge over a piece of leasehold land and buildings.

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

	Group	
	1Q2019 1 Jan 2019 to 31 Mar 2019	1Q2018 1 Jan 2018 to 31 Mar 2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	35,587	35,683
Adjustments for:		
Depreciation of property, plant and equipment	11,665	10,025
Property, plant and equipment written off	13	22
(Gain)/ loss on disposal of property, plant and equipment	(6)	27
Fair value loss on derivatives	1,054	719
Interest expense	198	253
Interest income	(574)	(502)
Operating cash flows before working capital changes	<u>47,937</u>	<u>46,227</u>
Increase in inventories	(7,953)	(4,944)
Decrease in receivables and prepayments	14,296	12,492
Decrease in payables and accruals	(496)	(7,219)
Increase in refund liabilities	41	-
Increase in employee benefit obligations	11	8
Cash flows from operations	<u>53,836</u>	<u>46,564</u>
Income tax paid	(3,577)	(3,338)
Interest paid	(198)	(253)
Interest received	574	502
Net cash flows from operating activities	<u>50,635</u>	<u>43,475</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	6	16
Purchase of property, plant and equipment	(17,019)	(19,502)
Net cash flows used in investing activities	<u>(17,013)</u>	<u>(19,486)</u>
Cash flows from financing activities		
Repayment of revolving credit	(1,000)	-
Repayment of bank borrowings	(1,500)	(1,500)
Net cash flows used in financing activities	<u>(2,500)</u>	<u>(1,500)</u>
Net increase in cash and cash equivalents	<u>31,122</u>	<u>22,489</u>
Effect of foreign currency exchange rates	(81)	(1,662)
Cash and cash equivalents at beginning of period	<u>97,010</u>	<u>114,250</u>
Cash and cash equivalents at end of period	<u>128,051</u>	<u>135,077</u>
Cash and cash equivalents comprise the followings at end of the financial period		
Fixed deposits	45,320	52,413
Cash at banks and in hand	<u>82,731</u>	<u>82,664</u>
Cash and cash equivalent at end of the financial period	<u>128,051</u>	<u>135,077</u>

- 1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding year of the immediately preceding financial year.

	Share Capital RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Other Reserves RM'000	Total Reserves RM'000	Non- controlling Interests RM'000	Total Equity RM'000
GROUP							
1Q2018							
Balance at 1 January 2018	156,337	(815)	515,843	(38,754)	477,089	5	632,616
Total comprehensive income for the period	-	-	31,084	(1,736)	29,348	- *	29,348
Balance at 31 March 2018	156,337	(815)	546,927	(40,490)	506,437	5	661,964
1Q2019							
Balance at 1 January 2019	156,337	(815)	593,653	(40,161)	553,492	5	709,019
Total comprehensive income for the period	-	-	30,210	39	30,249	- *	30,249
Balance at 31 March 2019	156,337	(815)	623,863	(40,122)	583,741	5	739,268

* Denote amount less than RM500

	Share Capital RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Other Reserves RM'000	Total Reserves RM'000	Total Equity RM'000
COMPANY						
1Q2018						
Balance at 1 January 2018	156,337	(815)	42,239	45,306	87,545	243,067
Total comprehensive income for the period	-	-	(457)	(7,417)	(7,874)	(7,874)
Balance at 31 March 2018	156,337	(815)	41,782	37,889	79,671	235,193
1Q2019						
Balance at 1 January 2019	156,337	(815)	40,438	43,442	83,880	239,402
Total comprehensive income for the period	-	-	4,743	(1,814)	2,929	2,929
Balance at 31 March 2019	156,337	(815)	45,181	41,628	86,809	242,331

- 1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share capital	Number of shares	Share Capital RM'000
Issued and fully paid up:		
As at 31 December 2018	<u>742,452,050</u>	<u>156,337</u>
As at 31 March 2019	<u>742,452,050</u>	<u>156,337</u>

As at 31 March 2019, the Company held 1,368,000 of its issued shares as treasury shares (31 December 2018: 1,368,000).

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

- 1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31.03.19	As at 31.12.18
Total number of issued shares	742,452,050	742,452,050
Less: Treasury shares	<u>(1,368,000)</u>	<u>(1,368,000)</u>
Total number of issued shares excluding treasury shares	<u>741,084,050</u>	<u>741,084,050</u>

- 1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/ or use of treasury shares during the current financial period reported on.

- 1 (d) (v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as explained in note 5, the Group and the Company have applied the same accounting policies and method of computation applied in the financial statements for the current reporting period as those adopted in the most recently audited consolidated financial statements for the financial year ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new Singapore Financial Reporting Standards (International) ("SFRS(I)"), in particular SFRS(I) 16, is assessed to have no material impact to the results of the Group and the Company for the financial year ended 31 December 2019.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

		Group	
		1Q2019	1Q2018
Earnings per share ("EPS") in sen (RM)			
a)	Basic	4.08	4.19
b)	On a fully diluted basis	4.08	4.19

Earnings per share for the first quarter ended 31 March 2019 is calculated based on profit from ordinary activities after taxation of RM30.2 million divided by weighted average of 741.1 million number of ordinary shares in issue. As for comparative, earnings per share for the first quarter ended 31 March 2018 is calculated based on profit from ordinary activities after taxation of RM31.1 million divided by weighted average of 741.1 million number of ordinary shares in issue.

As there were no share options and other potential issuance granted, the basic and fully diluted earnings per share are the same.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	As at 31.03.19	As at 31.12.18	As at 31.03.19	As at 31.12.18
Net asset per share in sen (RM)	99.75	95.67	32.70	32.30

The Group and Company net asset backing per ordinary share as at 31 March 2019 and 31 December 2018 are calculated based on 741.1 million ordinary shares in issue excluding treasury shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

a) INCOME STATEMENT REVIEW

For 1Q2019, the Group achieved RM240.5 million in total revenue, a 14.6% increase as compared to RM209.8 million in 1Q2018. Cost of sales increased to RM193.9 million in 1Q2019 in line with increase in total revenue. The Group's gross profit declined by 0.5% from RM46.9 million in 1Q2018 to RM46.6 million in 1Q2019. The Group's gross profit margin came down from 22.3% to 19.4% due to a drop in average selling price for healthcare gloves and change in product mix.

The Group's other income increased 0.2% to RM1.0 million in 1Q2019 mainly due to higher interest income.

Selling and distribution expenses increased by 10.4% year-on-year (yoy) to RM4.3 million in 1Q2019 mainly due to increase in sales activities.

General and administrative expenses increased by 3.9% yoy to RM5.7 million in 1Q2019 mainly due to increase in payroll cost.

Other operating expenses has a reduction of 28.3%, from RM2.5 million in 1Q2018 to RM1.8 million in 1Q2019. This was mainly due to the reduction in net foreign exchange loss by 120.3% offset by increase of 46.6% in fair value loss in derivatives and increase of 8.9% in research and development expenses.

The Group's effective tax rate was at 15.1% due to availability of tax incentives. This compares with 12.9% for 1Q2018 as a results of higher profits from subsidiaries which do not benefit from tax incentives.

Overall yoy in 1Q2019, the Group's profit before tax and profit after tax reduced by 0.3% to RM35.6 million and 2.8% to RM30.2 million respectively.

b) BALANCE SHEET REVIEW

As at 31 March 2019, non-current assets which consist of Property, plant and equipment (PPE), other assets and deferred tax assets, increased to RM518.6 million from RM513.0 million. PPE increased to RM489.9 million from RM484.4 million mainly on acquisition amounted to RM17.0 million coupled with foreign exchange adjustment of RM0.1 million offset by the depreciation charge of RM11.7 million and PPE written off/ disposals. Other assets as at 31 March 2019 was at RM18.2 million for the purchase of land and deferred tax assets increased to RM10.5 million mainly due to the availability of reinvestment allowances.

Inventories increased from RM83.6 million as at 31 December 2018 to RM91.6 million as at 31 March 2019 mainly due to higher production volume. Improvement in trade receivables turnover led the trade receivables declined to RM146.8 million. As a results of refunds from Goods and services tax, other receivables reduced to RM10.4 million as at 31 March 2019 from RM13.6 million. On the other hand, Prepayments increased from RM5.2 million to RM5.6 million as at 31 March 2019 mainly due to prepayment of Malaysian government levy for foreign workers.

Cash and cash equivalents increased from RM97.0 million as at 31 December 2018 to RM128.1 million as at 31 March 2019. For the 1Q2019, the Group generated RM50.6 million in net cash flows from operating activities and net cash flows used in investing activities amounting to RM17.0 million were mainly for the purchase of PPE. The Group has net cash flows used in financing activities in 1Q2018 amounting to RM2.5 million mainly for the repayment of RM1.0 million Revolving Credit (RC) and repayment of bank borrowings amounting to RM1.5 million.

Current liabilities had slight increase to RM139.9 million as at 31 March 2019 mainly due to higher refund liabilities and provision for taxation. Upon adoption of SFRS(I) 15, the Group recognised refund liabilities for the expected future rebates on sales of goods. As at 31 March 2019, the Group recognised refund liabilities of RM0.4 million. Payables and accruals came down from RM125.6 million as at 31 December 2018 to RM125.1 million as at 31 March 2019. The Group had settled RM1.0 million on RC which was drawn down in previous quarter. Provision for taxation was RM8.4 million as at 31 March 2019, increased from RM6.9 million as at 31 December 2018 as a result of higher provisional tax.

Non-current liabilities declined to RM22.8 million as at 31 March 2019 from RM24.0 million mainly due to the repayment of bank borrowings of RM1.5 million.

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

Not applicable

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Subject to market conditions, the Group will add another 1.4 billion pieces of gloves by the end of 2019 for Phase 6 of its expansion plans, which will bring the Group's total annual production capacity to 10.4 billion pieces of gloves.

Macroeconomic headwinds such as US Dollar fluctuations, volatile raw material prices, increase in overall production costs as well as competition from other glove manufacturers continue to remain a challenge for the Group.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None

(b) Corresponding period of the immediately preceding financial year

None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable.

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the first quarter ended 31 March 2019 as it is not the Company's practice to do so.

13. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have an Interested Person Transactions mandate.

14. Statement by Directors

Pursuant to SGX Listing Rule 705(5)

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of Riverstone Holdings Limited for the first quarter ended 31 March 2019 presented in this announcement to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under SGX Listing Rule 720(1)

The Company has procured undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD

WONG TEEK SON
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

13 May 2019

This release may contain forward looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.