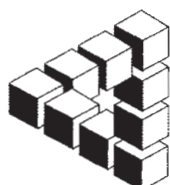
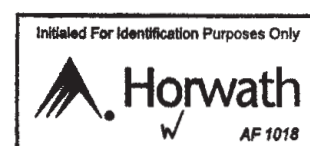


13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)

	Note	As at 30 June 2007 RM'000	Proforma I Acquisitions as at 30 June 2007 RM'000	Proforma II Debt Settlement RM'000	Proforma III Public Issue RM'000	Proforma IV Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES						
EQUITY						
Share capital	3.14	#	29,937	31,155	40,000	40,000
Share premium	3.15	-	-	-	13,268	11,468
Revaluation reserve	3.16	-	1,257	1,257	1,257	1,257
Merger deficit	3.17	-	(28,567)	(28,567)	(28,567)	(28,567)
(Accumulated loss)/ Retained profits		(8)	28,028	28,028	28,028	28,028
SHAREHOLDERS' (DEFICIT)/EQUITY		(8)	30,655	31,873	53,986	52,186
MINORITY INTERESTS		-	224	224	224	224
TOTAL EQUITY		(8)	30,879	32,097	54,210	52,410
NON-CURRENT LIABILITIES						
Hire purchase payables	3.18	-	1,274	1,274	1,274	1,274
Term loans	3.19	-	3,056	3,056	3,056	3,056
Deferred taxation	3.20	-	688	688	688	688
		-	5,018	5,018	5,018	5,018
CURRENT LIABILITIES						
Trade payables	3.21	-	13,861	13,861	13,861	13,861
Other payables and accruals		4	1,518	1,518	1,518	1,518
Amount owing to directors	3.22	8	1,230	12	12	12
Provision for taxation		-	762	762	762	762
Hire purchase payables	3.18	-	408	408	408	408
Term loans	3.19	-	574	574	574	574
		12	18,353	17,135	17,135	17,135
TOTAL LIABILITIES		12	23,371	22,153	22,153	22,153
TOTAL EQUITY AND LIABILITIES		4	54,250	54,250	76,363	74,563
Number of ordinary shares in issue of RM0.50 each ('000)		^	59,873	62,309	80,000	80,000
Net (liabilities)/assets ("NL")/"NA") (RM'000)		(8)	30,655	31,873	53,986	52,186
(NL)/NA per ordinary share (RM)		(2,000)	0.51	0.51	0.67	0.65

Notes:-

- RM2.

^ - Issued and paid-up capital of RM2 comprising 4 ordinary shares of RM0.50 each.

* - Less than RM1,000.

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)

3.1 Proforma I

Proforma I incorporates the acquisitions by SIB of the following:-

Subsidiaries	Equity interests %	Ordinary shares of RM1.00 each	Purchase consideration * RM
CISB	100	1,000,000	27,379,019
OSB	100	250,000	2,221,845
SASB	60	120,000	335,732
		<u>1,370,000</u>	<u>29,936,596</u>

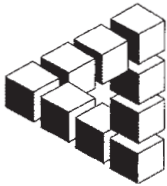
* Satisfied by SIB via the issuance of new ordinary shares of RM0.50 each in SIB at an issue price of RM0.50 per share.

Note:-

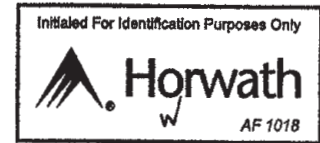
The results of CISB, OSB and SASB were consolidated using the merger method. Under the merger method, the difference between the acquisition cost and the nominal value of the share capital of the Subsidiaries is taken to merger deficit. The consolidation gave rise to the following merger deficit:-

Acquiree Companies	Cost of Investment RM'000	Share Capital of Acquiree as at 30 June 2007 RM'000	Merger Deficit RM'000
CISB	27,379	1,000	26,379
OSB	2,222	250	1,972
SASB	336	120	216
	<u>29,937</u>	<u>1,370</u>	<u>28,567</u>

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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SIGNATURE INTERNATIONAL BERHAD (“SIB”) AND ITS SUBSIDIARIES (“SIB GROUP”)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)

3.2 Proforma II

Proforma II incorporates the effects of Proforma I and the Debt Settlement.

3.3 Proforma III

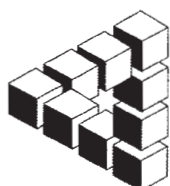
Proforma III incorporates the effects of Proforma II and the Public Issue.

3.4 Proforma IV

Proforma IV incorporates the effects of Proforma III and the utilisation of proceeds. The proceeds will be utilised as follows:-

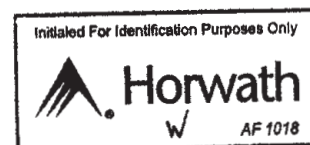
	RM'000
Working capital	4,353
Estimated listing expenses	1,800
Purchase of property, plant and equipment	15,960
	22,113

The estimated listing expenses of RM1.8 million have been debited against the share premium account.

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**Signature International Berhad (754118-K)**

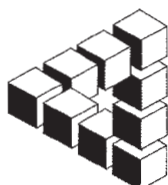
Suite 13A.01(A), Level 13A, Wisma Goldhill, 67, Jalan Raja Chulan, 50200 KL.

Tel: +603-20322895 Fax: +603-20322893

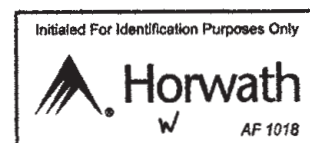
**SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)****3.5 PROPERTY, PLANT AND EQUIPMENT**

	At Cost RM'000	At Valuation RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
At 30.6.2007				
Leasehold land	-	3,920	(290)	3,630
Building	55	7,105	(287)	6,873
Capital work-in-progress	959	-	-	959
Plant and machinery, tools and factory equipment	1,814	-	(500)	1,314
Motor vehicles	3,794	-	(1,424)	2,370
Furniture and fittings, renovation and signboard	393	-	(101)	292
Showroom and office equipment	2,039	-	(909)	1,130
Computers	80	-	(40)	40
As per Proforma I/II/III	9,134	11,025	(3,551)	16,608
Leasehold land	11,660	-	-	11,660
Building	2,500	-	-	2,500
Plant and machinery, tools and factory equipment	1,800	-	-	1,800
As per Proforma IV	25,094	11,025	(3,551)	32,568

Included in motor vehicles of the Group are assets acquired under hire purchase terms with a net book value of RM2,129,301.

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

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**SIGNATURE INTERNATIONAL BERHAD (“SIB”) AND ITS SUBSIDIARIES (“SIB GROUP”)****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)****3.5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The leasehold land and buildings have been pledged to financial institutions as security for banking facilities granted to the Group.

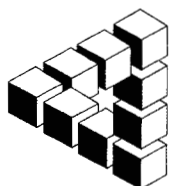
The net book value of property, plant and equipment, had these assets been carried at cost less accumulated depreciation, would have been as follows:-

	2007 RM'000
Leasehold land	2,848
Building	5,962
	<u>8,810</u>

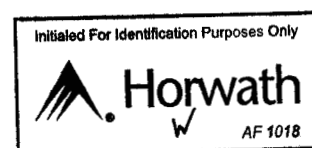
The valuation of the short leasehold land and building during the financial year was based on professional appraisals by independent valuers using the open market value basis. The deferred tax on the revaluation surplus has been accounted for in the financial statements, as disclosed in Note 3.16 and 3.20.

3.6 INVESTMENT PROPERTIES

	2007 RM'000
Leasehold buildings, at fair value	
Apartment	889
Condominium	855
	<u>1,744</u>

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

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**SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)****3.7 OTHER INVESTMENT**

	2007 RM'000
Unquoted shares outside Malaysia, at cost	<u>321</u>

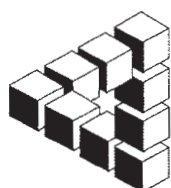
On 21 February 2007, the Group acquired a 32% equity interest in Signature Kitchen India Private Limited., a company incorporated in India.

The Group does not consider this investment as an associate as the Group has no significant influence over its financial and operating decisions.

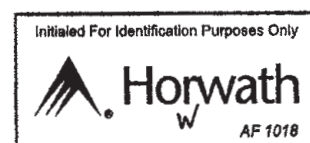
3.8 INVENTORIES

	2007 RM'000
At cost:-	
Finished goods	3,425
Raw materials and parts for installation of kitchen cabinets	2,646
Good-in-transit	340
	<u>6,411</u>

None of the inventories is carried at net realisable value.

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

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**SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)****3.9 TRADE RECEIVABLES**

	2007 RM'000
Trade receivables	15,930
Retention sum	2,807
	<hr/>
	18,737
Allowances for doubtful debts	(977)
	<hr/>
	<u>17,760</u>

The Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of trade receivables is as follows:-

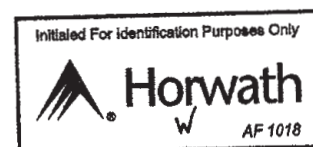
	2007 RM'000
Thai Baht	(6)
United States Dollar	2,165
	<hr/>

3.10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2007 RM'000
Advances to sub-contractors	2,000
Other receivables	915
Deposits	1,077
Prepayments	33
	<hr/>
	<u>4,025</u>

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

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**SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)****3.11 AMOUNT OWING BY CONTRACT CUSTOMERS**

	2007 RM'000
Contract cost	12,511
Attributable profit	5,423
	<hr/>
Progress billings	17,934
	(15,585)
	<hr/>
Amount owing by contract customers	<u>2,349</u>

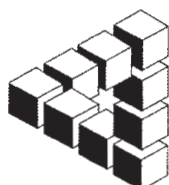
3.12 FIXED DEPOSITS WITH LICENSED BANKS

Certain fixed deposits amounting to RM957,936 have been pledged to licensed banks as security for banking facilities granted to the Group.

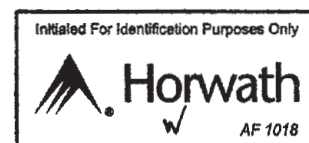
The weighted average effective interest rate of the fixed deposits at the balance sheet date was 3.1% per annum. The fixed deposits have maturity periods ranging from 1 to 12 months.

3.13 CASH AND BANK BALANCES

	2007 RM'000
As per Proforma I/II	3,821
Proceeds from Proposed Public Issue	22,113
	<hr/>
As per Proforma III	25,934
Listing expenses	(1,800)
Purchase of property, plant and equipment	(15,960)
	<hr/>
As per Proforma IV	<u>8,174</u>

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

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**SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)****3.14 SHARE CAPITAL**

As at the date of this report, the authorised share capital of SIB is RM100,000 comprising 200,000 ordinary shares of RM0.50 each.

The issued and paid-up share capital of SIB as of the date of this report is RM31,154,600 comprising 62,309,200 ordinary shares of RM0.50 each.

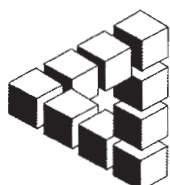
The movements in the issued and paid-up share capital of SIB are as follows:-

	Number of Ordinary Shares '000	Amount of Share Capital RM'000
As at 1 July 2007	^	#
Issue of shares for the Acquisitions	59,873	29,937
As per Proforma I	59,873	29,937
Debt Settlement	2,436	1,218
As per Proforma II	62,309	31,155
Public Issue	17,691	8,845
As per Proforma III/IV	80,000	40,000

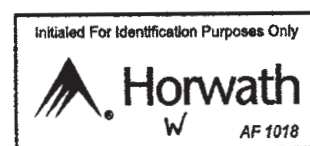
Notes:-

^ - 4 ordinary shares.

- RM2.

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

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**SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)****3.15 SHARE PREMIUM**

The movements in the share premium account are as follows:-

	2007 RM'000
As per Proforma I/II	-
Public Issue	13,268
As per Proforma III	13,268
Estimated listing expenses	(1,800)
As per Proforma IV	<u>11,468</u>

The share premium is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act, 1965.

3.16 REVALUATION RESERVES

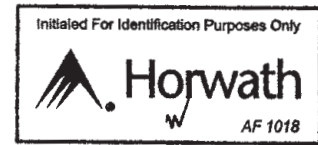
The revaluation reserves represents the surplus, net of deferred taxation, arising from the revaluation of the short leasehold land and building and is not distributable by way of cash dividends.

3.17 MERGER DEFICIT

The merger deficit arose from the acquisition of subsidiaries using the merger method of accounting.

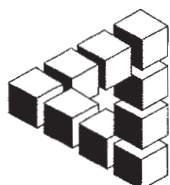
13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

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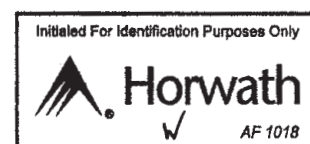
**SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)****3.18 HIRE PURCHASE PAYABLES**

	2007 RM'000
Minimum hire purchase payments:	
- not later than one year	488
- later than one year and not later than five years	1,395
- later than five years	9
	<hr/> 1,892
Less: Future finance charges	(210)
Present value of hire purchase payables	<hr/> 1,682 <hr/>
The net hire purchase payables are repayable as follows:-	
Current:	
- not later than one year	408
Non-current:	
- later than one year and not later than five years	1,274
	<hr/> 1,682 <hr/>

The hire purchase payables bore effective interest rates at the balance sheet date of between 2.2% to 9.0% per annum.

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

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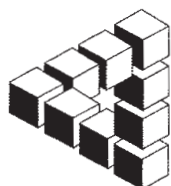
**SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)****3.19 TERM LOANS**

	2007 RM'000
Current portion:	
- repayable within one year	574
Non-current portion:	
- repayable between one and two years	574
- repayable between two and five years	1,497
- repayable after five years	985
	3,056
	3,630

Details of the repayment terms are as follows:-

Term loan	Monthly Instalment RM	Number of Monthly Instalments	Date of Commencement of Repayment	Amount Outstanding 2007 RM
Term loan 1	20,249	120	1 January 2005	1,615
Term loan 2	4,603	120	1 January 2005	328
Term loan 3	20,728	120	1 December 2005	1,687
				3,630

The weighted average effective interest rate of the term loans at the balance sheet date was 6.53% per annum.

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

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**SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)****3.19 TERM LOANS (CONT'D)**

The term loans are secured by way of:-

- (i) a first party legal charge over the leasehold land and buildings;
- (ii) the pledge of the fixed deposits of RM500,000;
- (iii) a corporate guarantee by subsidiaries; and
- (iv) the joint and several guarantee of the directors.

3.20 DEFERRED TAXATION

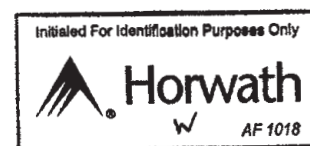
	2007 RM'000
Balance at 1 July	831
Arising from acquisition of a subsidiary	12
Recognised in income statement	(155)
Balance at 30 June	<u>688</u>

The deferred tax liabilities are attributable to the following:-

	2007 RM'000
Accelerated capital allowances	199
Revaluation of leasehold land	239
Revaluation of buildings	250
	<u>688</u>

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

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**SIGNATURE INTERNATIONAL BERHAD (“SIB”) AND ITS SUBSIDIARIES (“SIB GROUP”)****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF SIB GROUP (CONT'D)****3.21 TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 90 days.

Included in trade payables of the Group is an amount of RM4,235,075 being deposits received from customers.

The foreign currency exposure profile of trade payables is as follows:-

	2007 RM'000
United States Dollar	<u>1,491</u>

3.22 AMOUNT OWING TO DIRECTORS

	2007 RM'000
As at 1 July	8
Acquisitions	1,222
As per Proforma I Debt Settlement	<u>1,230 (1,218)</u>
As per Proforma II/III/IV	<u>12</u>

The amounts owing are unsecured, interest-free and not subject to fixed terms of repayment.

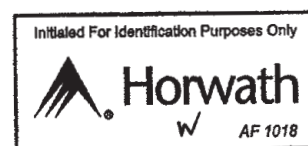
4. PROFORMA STATEMENT OF ASSETS AND LIABILITIES

The proforma statement of assets and liabilities of SIB Group as at 30 June 2007 is prepared based on the audited financial statements of CISB Group, OSB and SASB as at 30 June 2007 and has been reflected under Proforma I of the Proforma Consolidated Balance Sheets of SIB Group as set out in Section 3.

The Proforma Group's statement of assets and liabilities should be read in conjunction with the accompanying notes on the Proforma Consolidated Balance Sheets of SIB Group under Section 3.

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

Signature International Berhad (754118-K)
 Suite 13A.01(A), Level 13A, Wisma Goldhill, 67, Jalan Raja Chulan, 50200 KL.
 Tel: +603-20322895 Fax: +603-20322893

**SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****5. PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF SIB GROUP**

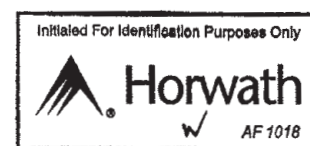
The consolidated cash flow statement of SIB Group for the twelve months financial year ended 30 June 2007 has been prepared before taking into account the effects of the Debt Settlement, Public Issue and Utilisation of Proceeds.

	Note	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		14,431
Adjustments for:-		
Allowance for doubtful debts		977
Bad debts written off		205
Depreciation of property, plant and equipment		1,458
Interest expense		386
Property, plant and equipment written off		29
Gain on foreign exchange - unrealised		(12)
Interest income		(79)
Operating profit before working capital changes		17,395
Increase in inventories		(2,362)
Increase in trade and other receivables		(12,658)
Increase in amount owing by contract customers		(2,349)
Increase in trade and other payables		7,401
Decrease in amount owing by related parties		107
CASH FROM OPERATIONS		7,534
Interest paid		(386)
Interest received		79
Tax paid		(2,261)
NET CASH FROM OPERATING ACTIVITIES		4,966
CARRIED FORWARD		4,966

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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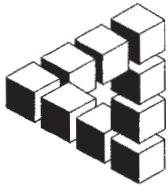


SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")

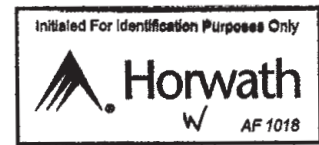
PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF SIB GROUP (CONT'D)

	Note	2007 RM'000
NET CASH FROM OPERATING ACTIVITIES BROUGHT FORWARD		4,966
CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment		491
Purchase of property, plant and equipment	5.1	(1,672)
Purchase of investment properties		(1,319)
Purchase of other investment		(321)
NET CASH FOR INVESTING ACTIVITIES		(2,821)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment to related parties		(192)
Advances from directors		8
Repayment of hire purchase payables		(461)
Decrease in bills payables		(1,455)
Repayment of term loans		(401)
NET CASH FOR FINANCING ACTIVITIES		(2,501)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(356)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		5,135
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5.2	4,779

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**Signature International Berhad** (754118-K)

Suite 13A.01(A), Level 13A, Wisma Goldhill, 67, Jalan Raja Chulan, 50200 KL.
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**SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****5. PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF SIB GROUP (CONT'D)****5.1 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	2007 RM'000
Cost of property, plant and equipment purchased	3,278
Amount financed through hire purchase	(1,606)
Cash disbursed for the purchase of property, plant and equipment	<u>1,672</u>

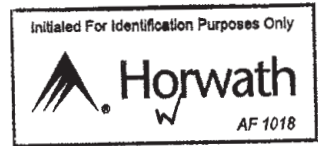
5.2 CASH AND CASH EQUIVALENTS

	2007 RM'000
Fixed deposits with licensed banks	958
Cash and bank balances	3,821
	<u>4,779</u>

13. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



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SIGNATURE INTERNATIONAL BERHAD ("SIB") AND ITS SUBSIDIARIES ("SIB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated

03 DEC 2007

A handwritten signature in black ink, appearing to read "Tan Kee Choong".

.....
TAN KEE CHOONG
DIRECTOR
SIGNATURE INTERNATIONAL BERHAD

A handwritten signature in black ink, appearing to read "Choo Yoey Sun".

.....
CHOO YOEY SUN
DIRECTOR
SIGNATURE INTERNATIONAL BERHAD

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION

The following discussion and analysis of our Group's past operating results and financial position should be read in conjunction with the "Proforma Historical Financial Information" as set out in Section 13 of this Prospectus and the Accountants' Report as set out in Section 16 of this Prospectus.

14.1 OVERVIEW

Our Company is principally an investment holding company and the revenue of our Group is derived through our subsidiary companies. Our core business activities are in the design, manufacture and retail of Kitchen Systems and our secondary business activities include the following:

- Design, manufacturing and retail of Wardrobe Systems;
- Marketing and distribution of White Goods and Built-In Kitchen Appliances; and
- Manufacturing of Glass and Aluminium Products.

Please refer to Section 6.3 for details on our subsidiary companies and Section 7 for details on our business activities.

14.1.1 Revenue

It has always been our overall business strategy to focus on both the project market and retail market, which allow us to have a comprehensive coverage of the total Kitchen Systems market. The retail market provides us with a premium pricing while the project markets provides us with the volume of work to achieve economies of scale.

We have in the past years continually focused on building our flagship brand name "Signature Kitchen" as well as consistently expanding our retail showroom to widen our market reach and coverage within the retail market. We believe that our brand name and product quality are amongst the key factors which differentiate us from our existing competitors and new entrants to the Kitchen Systems industry and put us on a strong footing to command premium pricing in the retail market.

For project market, with approximately 12 years of experience as a designer, manufacturer and retailer of Kitchen Systems, we have established a market reputation as a major player in the Kitchen Systems industry. Our established and proven track record is an important factor which helps us to continually secure for more new project-based customers in the property development sector, which provides the assurance to our customers that our Group has the ability and resources in undertaking projects of a similar size and volume as well as our consistency in the delivery of quality products.

In addition to the above, the other significant factors affecting our Group's revenue include but not limited to the following:

- (i) Our ability to continue to secure new customers in both retail and project markets and expand our customer base;
- (ii) Our ability to continue to implement our growth strategies and develop new business opportunities, including our expansion plans to enter into new target markets in Dubai, New Zealand and China;
- (iii) Our ability to continue to maintain and strengthen our "Signature Kitchen" brand equity through continuous marketing, advertising and promotional activities;
- (iv) Our ability to maintain or further enhance our product quality and to provide total one-stop solution in Kitchen Systems, incorporating conceptual design, manufacturing, installation and supply of complete range of White Goods and Built-In Kitchen Appliances as well as Interior Fit-Out;

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION *(Cont'd)*

- (v) Our ability to complete our projects and to deliver our orders as scheduled; and
- (vi) Our ability to maintain our service quality with the aim to develop long term business relationship with customers.

Please refer to the Risks Factors set out in Section 5 of this Prospectus for further information on other key factors which may potentially affect our revenue.

14.1.2 Cost of sales

Our cost of sales mainly comprises the following:

- (i) cost of purchases of raw materials such as wood and wood-based panels, accessories and kitchen appliances, solid surface worktops, paint, glass and aluminium materials as well as installation charges;
- (ii) cost of purchases of finished products, mainly White Goods and Kitchen Appliances, for the marketing and distribution operations of Obicorp;
- (iii) direct labour costs which consist mainly of salaries, wages, bonuses, statutory contributions made to employees or factory workers who are directly involved in our production and manufacturing activities;
- (iv) transportation charges, installation costs and manufacturing overheads such as depreciation of factory buildings, plant and machinery, electricity charges and upkeep and maintenance costs of factory, machinery and equipment.

The main factors affecting our Group's cost of sales are as follows:

- (i) Our ability to operate and manage a larger operation cost effectively without compromising on quality;
- (ii) The supply and demand conditions of our key raw materials, in particularly the wood and wood-based panels (such as plywood, veneer sheets, fibreboards, particleboards and laminated boards), would have a material impact on our Group's overall cost of sales and profit margin;
- (iii) The direct labour costs are directly linked to the level of salaries and wages, which is dependent on the labour market conditions. Further, the direct labour costs are also affected by the additional staffing requirements or overtime required due to the increase in our scale of productions;
- (iv) As our Group expands our scale of operations and purchases more new equipment and machinery, the depreciation expenses are expected to increase correspondingly. Similarly, certain manufacturing overheads, such as electricity charges, upkeep and maintenance costs of machinery and equipment, are also directly linked to our scale of operations or production volume; and
- (v) Other fixed manufacturing overheads such as lease payments and factory general expenses do not vary significantly with our scale of operations or production volume.

Please refer to the Risks Factors set out in Section 5 of this Prospectus for further information on other key factors which may potentially affect our cost of sales.

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION (Cont'd)

14.1.3 Other Operating Income

Other operating income consist of mainly interest income earned from fixed deposits placed by us with financial institutions, gain on disposal of property, plant and equipment, deposits forfeited by retail customers, rental income from investment properties and appointed dealers as well as management fees earned from provision of management services to appointed dealers.

14.1.4 Operating Expenses

Operating expenses consist mainly of selling and distribution expenses and administrative expenses.

Selling and distribution expenses primarily include salaries, sales commissions, bonuses, statutory contributions paid to our salesman and marketing personnel, petrol, parking, toll charges, entertainment expenses, advertisement and promotional expenses and other travelling and marketing expenses.

Administrative expenses primarily consists of Directors' remuneration, salaries, bonuses, allowances, EPF contributions paid to our administrative employees, rental of premises, upkeep of showroom, professional and audit fees and other utilities and administrative expenses.

14.2 ANALYSIS OF PAST OPERATING RESULTS AND KEY FINANCIAL RATIOS

14.2.1 Analysis of Operating Revenue by Company

The segmentation analysis of our operating revenue by company for the past 3 financial years up to FYE 30 June 2007 is as follows:

	< ----- FYE 30 June ----- >					
	2005		2006		2007	
	RM'000	%	RM'000	%	RM'000	%
Cabinet Industries	39,978	70.5	42,230	60.7	61,920	54.4
Signature Manufacturing	-	-	5,914	8.5	19,853	17.5
Signature Kitchen	-	-	2,906	4.2	15,799	13.9
Signature Kitchen Industries	2,775	4.9	2,850	4.1	-	-
Fabriano	3,467	6.1	2,026	2.9	-	-
Obicorp	9,652	17.0	11,006	15.8	9,741	8.6
Signature Aluminium	870	1.5	2,611	3.8	6,412	5.6
	56,742	100.0	69,543	100.0	113,725	100.0
Elimination of inter-company transactions	(4,904)		(11,704)		(28,579)	
	51,838		57,839		85,146	

For the FYE 30 June 2005, Cabinet Industries was our core subsidiary company which was engaged in the design and retail of Kitchen Systems. Cabinet Industries accounted for 71% of our Group's total revenue for the FYE 30 June 2005. Meanwhile, Signature Kitchen Industries was the main company within our Group which manufactured the Kitchen Systems and Wardrobe Systems in FYE 30 June 2005.

In order to streamline its business activities, Cabinet Industries undertook an internal reorganisation exercise during the FYE 30 June 2006, whereby the manufacturing and retail activities of the Cabinet Industries Group were transferred to Signature Manufacturing and Signature Kitchen respectively. Prior to the aforesaid internal reorganisation exercise, Signature Manufacturing and Signature Kitchen were both dormant companies and commenced operations on 11 January 2006 and 26 February 2006 respectively. Thereafter, Signature Kitchen Industries had ceased its operations in January 2006.

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION (Cont'd)

Fabriano, the remaining subsidiary company of Cabinet Industries which was previously engaged in the retailing and distribution of Kitchen Systems and Wardrobe Systems, also ceased its business operations in December 2005. Later in September 2006, Fabriano was used as the investment vehicle for our Group to further expand our operations overseas.

The Cabinet Industries Group (comprising Cabinet Industries, Signature Manufacturing, Signature Kitchen, Signature Kitchen Industries and Fabriano) accounted for approximately 80% and 86% of our Group's total revenue for the FYE 30 June 2006 and FYE 30 June 2007 respectively.

14.2.2 Analysis of Operating Revenue by Products

The segmentation analysis of our operating revenue by products for the past 3 financial years up to FYE 30 June 2007 is as follows:

	< ----- FYE 30 June ----- >					
	2005		2006		2007	
	RM'000	%	RM'000	%	RM'000	%
Design, manufacture and retail of Kitchen Systems and Wardrobe Systems ⁽¹⁾	41,835	80.7	46,267	80.0	72,041	84.6
Marketing and distribution of White Goods and Built-In Kitchen Appliances	9,133	17.6	10,126	17.5	8,294	9.7
Manufacture of glass and aluminium products	870	1.7	1,446	2.5	4,811	5.7
	51,838	100.0	57,839	100.0	85,146	100.0

Note:

(1) Including revenue from Interior Fit-Out work performed for project customers.

The core business activities of our Group are in the design, manufacture and retail of Kitchen Systems. The secondary business activities of our Group include:

- Design, manufacture and retail of Wardrobe Systems;
- Marketing and distribution of Built-In Kitchen Appliances and White Goods; and
- Manufacture of glass and aluminium products.

For the FYE 30 June 2007, the design, manufacture and retail of Kitchen Systems and Wardrobe Systems (including certain Interior Fit-Out work) contributed RM72.04 million, representing 84.6% of our Group's total revenue.

Our second largest revenue contribution came from marketing and distribution of Built-In Kitchen Appliances and White Goods, which accounted for 9.7% of our Group's total revenue for FYE 30 June 2007 amounted to RM8.29 million. This was mainly contributed by sales of White Goods and Built-In Kitchen Appliances to external customers that are independent of our Group's Kitchen Systems.

The manufacture of glass and aluminium products accounted for 5.7% of our Group's total revenue for FYE 30 June 2007, which amounted to RM4.81 million. Similarly, this revenue was mainly generated by external customers that are independent of our Group's Kitchen Systems.

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION (Cont'd)

14.2.3 Analysis of Operating Revenue by Geographical Locations

The segmentation analysis of our operating revenue by geographical location for the past 3 financial years up to FYE 30 June 2007 is as follows:

	< ----- FYE 30 June ----- >					
	2005		2006		2007	
	RM'000	%	RM'000	%	RM'000	%
Local	49,434	95.4	53,921	93.2	78,586	92.3
Export	2,404	4.6	3,918	6.8	6,560	7.7
	51,838	100.0	57,839	100.0	85,146	100.0

For the last 3 financial years up to FYE 30 June 2007, we derived majority of our revenue from the local market. Nonetheless, we have gradually expanded our export market over the past few years, as reflected in the year-to-year increase in our export revenue as tabulated above. As at 20 November 2007, our Group has established 7 retail showrooms overseas and successfully exported our Kitchen Systems to 14 countries, including Sri Lanka, Vietnam, Thailand, India, Mauritius, Brunei, Bahrain, Philippines and Indonesia.

14.2.4 Key Financial Ratios

The table below sets out some of the key financial ratios achieved by our Group for the past 3 financial years up to FYE 30 June 2007:

	< ----- Proforma Group ----- >		
	FYE 30.06.2005	FYE 30.06.2006	FYE 30.06.2007
Current ratio (times)	1.8	1.9	1.9
Net gearing ratio ⁽¹⁾ (times)	0.5	0.3	0.2
Trade receivables' turnover period ⁽²⁾ (months)	1.9	2.1	2.5
Trade payables' turnover period ⁽³⁾ (months)	1.8	2.2	3.0
Inventory turnover period (months)	1.2	1.3	0.9

Notes:

- (1) Calculated based on total interest bearing borrowings over shareholders' funds.
- (2) Calculated based on the trade receivables' balances of our subsidiary companies as at their respective balance sheet date, net of allowances for doubtful debts.
- (3) Calculated based on the trade payables' balances of our subsidiary companies as at their respective balance sheet date.

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION (Cont'd)

14.2.5 Commentary on Past Operating Results**FYE 30 June 2006 as compared to FYE 30 June 2005**Revenue

Our Group's revenue increased by RM6.00 million or 11.6% to RM57.84 million during FYE 30 June 2006. The increase in revenue was mainly due to additional projects secured by Cabinet Industries, coupled with higher revenue recorded by both Obicorp and Signature Aluminium for the sales of White Goods and Built-In Kitchen Appliances and glass and aluminium products respectively.

As discussed in Section 14.2.1 above, Cabinet Industries undertook an internal reorganisation exercise during the FYE 30 June 2006 to further streamline its business activities. The manufacturing and retail activities of our Group were transferred to Signature Manufacturing and Signature Kitchen respectively. Following the completion of the internal reorganisation exercise, Cabinet Industries focuses mainly in undertaking projects and distribution of Kitchen Systems and Wardrobe Systems to our pool of appointed dealers.

Cost of sales and gross profit

Cost of sales increased by RM2.85 million or 8.4% to RM36.82 million in line with the increase of our production volume and growth in revenue.

The gross profit margin for FYE 30 June 2006 increased marginally from 34.5% to 36.3%. Our Board attributes the increase in our profit margin to our Group's ability to command for a higher selling price in the non-projects or retail market segment, which was in turn closely linked to our continuous efforts in promoting and increasing the market awareness of our "Signature Kitchen" brand equity.

Other operating income

Other operating income increased by RM0.39 million during the year to RM0.53 million, which comprised mainly the following:

- (i) interest income earned from fixed deposits placed by us with financial institutions;
- (ii) management fees earned from provision of management services to our appointed dealers; and
- (iii) gain on disposal of property, plant and equipment arose from the sale of our light industrial property and motor vehicle.

Operating expenses

We incurred a total operating expense of RM12.67 million for FYE 30 June 2006, which represented 21.9% of our Group's total revenue (FYE 30 June 2005: 19.3%). The increase in operating expenses was mainly due to increase in sales commission, advertisement and promotional expenses and depreciation of property, plant and equipment.

Finance costs

Finance costs for FYE 30 June 2006 increased by RM0.22 million for the financial year to RM0.40 million, as compared to RM0.18 million for the previous financial year, as a result of higher utilisation of bank borrowings to finance the leasing of leasehold land from PKNS and construction of our factory in the previous financial year.

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION (Cont'd)Taxation

A provision for taxation of RM1.93 million was made for the financial year. The effective tax rate of 22.7% was lower than the statutory rate mainly due to the 70% tax exemption accorded to Signature Manufacturing for approved activities for a period of five years (from 1 February 2006 to 31 January 2011) pursuant to its pioneer status.

PAT

As a result of the foregoing and after taking into account the MI, our Group's PATMI increased by RM0.99 million or 18.0% to RM6.53 million and our Group's PATMI margin also improved from 10.7% to 11.3%.

FYE 30 June 2007 as compared to FYE 30 June 2006Revenue

Our Group's revenue further increased by RM27.31 million or 47.2% to RM85.15 million during FYE 30 June 2007. The increase in revenue was largely supported by our Group's continuous marketing efforts in promoting our "Signature Kitchen" brand to boost the sales of our Kitchen Systems. During the financial year, revenue generated from project segment had increased by 98.9% to RM36.75 million following the continued expansion of our project-based customers. Project revenue contributed to 43.2% of our Group's total revenue for the financial year. In addition, Signature Aluminium also recorded higher revenue from its glass and aluminium products.

Cost of sales and gross profit

Cost of sales increased by RM19.27 million or 52.3% to RM56.09 million in line with the increase of our production volume and growth in revenue.

The gross profit margin for FYE 30 June 2007 decreased from 36.3% to 34.1%. The lower gross profit margin was largely attributable to the higher project revenue recorded for the financial year, whereby the average gross profit margin earned from projects segment is generally lower than the gross profit margin earned from non-projects segment.

Other operating income

Other operating income increased marginally by RM0.04 million during the year to RM0.56 million, which comprised mainly the following:

- (i) interest income earned from fixed deposits placed by us with financial institutions;
- (ii) management fees earned from provision of management services to our appointed dealers; and
- (iii) rental income earned from investment properties and appointed dealer.

Operating expenses

As our Group's revenue increases, our operating expenses increased in tandem with the increase in revenue. Nonetheless, certain operating expenses, such as staff costs and factory general expenses, had not increased in the same percentage as the increase in our Group's revenue. As a result, operating expenses for the financial year of RM14.77 million approximated 17.3% of our Group's total revenue (FYE 30 June 2006: 21.9%), which led to a subsequent improvement in our PBT margin from 14.7% to 16.9%

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION (Cont'd)

Finance costs

Finance costs for FYE 30 June 2007 remained relatively stable at RM0.42 million as compared to RM0.40 million for the previous financial year, as our level of utilisation of bank borrowings remained relatively low during the year.

Taxation

A provision for taxation of RM3.32 million was made for the financial year. The effective tax rate of 23.0% was lower than the statutory rate mainly due to the 70% tax exemption accorded to Signature Manufacturing for approved activities for a period of five years (from 1 February 2006 to 31 January 2011) pursuant to its pioneer status.

PAT

As a result of the foregoing and after taking into account the MI, our Group's PATMI increased by RM4.45 million or 68.2% to RM10.99 million and our Group's PATMI margin also improved from 11.3% to 12.9%.

14.2.6 Known Trends, Demands, Commitments, Events or Uncertainties Affecting Financial Performance

Save as disclosed in Sections 5 and 14.4 of this Prospectus, our financial performance, position and operations are not affected by any of the following:

- (a) known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our financial performance, position and operations;
- (b) material commitments for capital expenditure;
- (c) unusual or infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations; and
- (d) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

14.3 LIQUIDITY AND CAPITAL RESOURCES**14.3.1 Sources of Liquidity**

Our business growth has been financed through a combination of cash generated from our operations and external borrowings from financial institutions. Cash generated from operations is mainly from collections from customers. Our principal uses of cash have been for trade payments to suppliers, operating, administrative and financial expenses as well as repayment of bank borrowings.

As at 30 June 2007, we had RM4.78 million of cash and cash equivalents as particularised in Section 14.3.2 below. Further, we had an aggregate of RM28.88 million of available credit facilities comprising term loans, trade financing, hire purchase loans and other working capital facilities, out of which approximately RM14.40 million (inclusive of bank guarantees and USD forward contracts) had been utilised as at 20 November 2007.

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION (Cont'd)

After taking into consideration the credit facilities currently available to us as well as the proceeds from the Public Issue, our Directors are of the opinion that we have sufficient working capital for a period of 12 months from the date of this Prospectus to meet our needs and foreseeable requirements.

14.3.2 Cash Flows

The following table sets out the summary of our Group's proforma consolidated cash flows for the past 3 financial years up to FYE 30 June 2007, based on the assumption that our current group structure has been in existence throughout the years under review. This proforma consolidated cash flows has been extracted from, and should be read in conjunction with the "Reporting Accountants' Letter on the Proforma Consolidated Financial Information" as set out in Section 13.4 of this Prospectus.

	Proforma Group FYE 30.06.2007 RM'000
Net cash generated from operating activities	4,966
Net cash used in investing activities	(2,821)
Net cash used in financing activities	(2,501)
Net decrease in cash and cash equivalents	(356)
Cash and cash equivalents at beginning of the year	5,135
Cash and cash equivalents at end of the year	4,779

Cash flows from operating activities

For the FYE 30 June 2007, our Group generated net cash flows of RM4.98 million from operating activities, comprised mainly cash receipts from customers. Included in the operating cash flows were taxation and interest expenses paid during the year, amounted to RM2.26 million and RM0.39 million respectively.

Cash flows used in investing activities

As part of our Group's on-going capital expenditures, we have utilised RM2.83 million cash during the FYE 30 June 2007, to mainly purchase new property, plant and equipment as well as investment properties. Meanwhile, we have received RM0.49 million cash proceeds from the disposal of property, plant and equipment.

Cash flows from financing activities

Our Group recorded net cash outflows for financing activities of RM2.50 million for the FYE 30 June 2007, comprised mainly repayment of bank borrowings (hire purchase, term loans and bills payables) of RM2.32 million.

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14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION (Cont'd)

14.3.3 Borrowings

As at 20 November 2007 (being the latest practicable date at which such amounts could be calculated prior to the registration of this Prospectus), our Group had total outstanding borrowings of RM5.76 million, details of which are set out below:

	RM'000
Long-term borrowings	
▪ Interest bearing	4,330
▪ Non-interest bearing	-
Short-term borrowings	
▪ Interest bearing	933
▪ Non-interest bearing ⁽¹⁾	492
Total borrowings	<u>5,755</u>
Proforma shareholders' funds as at 30 June 2007	52,186
Net gearing ratio ⁽²⁾ (times)	0.11

Notes:

- (1) Comprised bills payable and excluded advances from Directors.
- (2) Calculated based on total interest bearing borrowings over shareholders' funds.

There has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group which our Directors are aware of.

14.4 MATERIAL CAPITAL COMMITMENTS

As at 20 November 2007 (being the latest practicable date of which such amounts could be calculated prior to the registration of this Prospectus), the material capital commitments incurred or known to be incurred by our Group that may have a substantial impact on the results of our financial position are as follows:

	RM'000
Approved and contracted for	
(i) Leasing of leasehold land from PKNS	2,000
(ii) Purchase of investment property pursuant to contra arrangement (please refer to Section 12.2 for details)	244
Approved and not contracted for	
(iii) Extension of lease period for 2 parcels of leasehold land	9,660
(iv) Construction of new factory and purchase of machinery and equipment	4,300
Total	<u>16,204</u>

We plan to finance the capital commitments stated under items (i), (iii) and (iv) using the proceeds to be raised from the Public Issue (please refer to Section 4.8 of this Prospectus for further details).

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION (Cont'd)

14.5 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

14.5.1 Material Litigation

Neither we nor our subsidiary company is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect and/or adverse effect on our Group's financial position or business as at 20 November 2007.

14.5.2 Contingent Liabilities

Save as disclosed below, our Directors are not aware of any contingent liabilities as at 20 November 2007 (being the latest practicable date prior to the registration of this Prospectus) which have become enforceable or is likely to become enforceable, which in the opinion of our Directors, will or may substantially affect the ability of our Group to meet our obligations as and when they fall due:

Cabinet Industries is the sole and exclusive supplier of Duamas (a company in which Encik Nik Mohd Iskandar bin Nik Hassan is a Director and substantial shareholder), to supply Kitchen Systems, Wardrobe Systems and Interior Fit-Out services to all projects and contracts awarded to or secured by Duamas from government institutions, agencies or other corporations. As part of the terms and conditions of the letters of award extended to Cabinet Industries by Duamas, Cabinet Industries is required to, on behalf of Duamas, deposit with the property developer a performance bond in the form of bankers guarantee for the sum equal to 5% of the total contract sum awarded by Duamas to Cabinet Industries. These bankers guarantees are essentially a form of financial security given to the property developer to guarantee the performance and quality of works to be performed by Cabinet Industries.

As at 20 November 2007, the total outstanding bankers guarantee issued by Cabinet Industries, on behalf of Duamas, to the property developer amounted to RM2,065,237.

14.6 FINANCIAL INSTRUMENT FOR HEDGING PURPOSES

14.6.1 Raw Material Price Risk

Wood and wood-based panels (such as oak wood, maple wood, pine wood, MDF, plywood, chipboard and particleboards) are the main raw materials used by our Group for the manufacturing of Kitchen Systems. For the FYE 30 June 2007, purchase of wood and wood-based panels constituted the largest raw material purchases for our Group and accounted for approximately 30% of the total purchases of our Group. As such, any sharp increase in the prices of wood and wood-based panel products will also have a direct impact on our overall cost of sales and affect our profit margin.

For our non-project customers, we believe that we are able to pass all or part of the additional costs arising from the price increases for wood and wood-based panel products to our customers. For our project customers, we are exposed to higher risks of price fluctuation due to the long time lag between the time the price quotation is made for the project and the actual commencement of the manufacturing of Kitchen Systems and/or Wardrobe Systems for delivery and installation at the project site. We strive to cushion the effects of the price increases by holding higher level of inventories of the requisite raw materials at the time the project has been secured, to act as a buffer against any unfavourable price fluctuations during the long gestation period.

Notwithstanding that an unforeseen price fluctuations in wood and wood-based panels are likely to equally affect all operators within the Kitchen Systems industry, there is no assurance that any such supply disruption and/or adverse price fluctuations would not affect our profitability adversely.

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION (Cont'd)

14.6.2 Foreign Currency Exchange Rate Risk

We are affected by fluctuations in foreign exchange through the export of our products as well as import of some of our raw materials. Set out below is the breakdown of our Group's revenue and purchases transacted in local and various foreign currencies for the FYE 30 June 2007:

Currencies	Proportion of Group's Revenue (%)	Proportion of Group's Purchases ⁽¹⁾ (%)
Malaysian Ringgit	92.3	89.8
US Dollar	7.6	8.8
Thai Baht	#	-
Euro	-	1.4
TOTAL	100.0*	100.0

Notes:

(1) Comprised purchases of raw materials and finished products.

* Does not add up due to rounding.

Less than 1%.

At present, we have a secured credit line for foreign exchange forward contracts with certain financial institution. Should the need arise, our management could readily utilise such forward contracts to hedge the fluctuations in exchange rates between RM and USD, after taking into account the exposure period and the related transaction costs. Further, we also maintain a foreign currency account with our banker to facilitate the deposit of our revenue denominated in USD to pay for some of our purchases denominated in USD, which provide some form of natural hedging against any adverse foreign exchange fluctuations.

Our management will continue to assess the need for the use of any hedging instruments or techniques if necessary, after taking into account the future amount of foreign currency involved, exposure period and the related transaction costs.

14.6.3 Interest rate risk

As at 20 November 2007, our total interest-bearing bank borrowings amounted to approximately RM5.26 million, out of which approximately 66% of these bank borrowings are subject to floating interest rates. Further, there may be a need for our Company to incur additional floating rate borrowings to fund our expansion of production facilities and operations, the details of which are set out in Section 8.5 of this Prospectus.

Any significant fluctuation in interest rates may increase the cost of borrowings for our Group and there is no assurance that our financial performance will not be adversely affected in the event of such adverse movement in interest rates notwithstanding that we have historically maintained a low gearing.

14. MANAGEMENT DISCUSSION AND ANALYSIS OF PAST OPERATING RESULTS AND FINANCIAL POSITION (Cont'd)

14.6.4 Credit risk

Our exposure to credit risk arises mainly from our trade receivables. The credit risk is controlled by the appropriate application of credit approvals, imposition of credit limits and regular monitoring of the trade receivable ageing. Historically, the provision required to be made by our management for doubtful debts has been relatively low, which is less than 0.6% of our Group's total revenue for the last 3 financial years up to FYE 30 June 2007. In addition, no significant amount of bad debts had been actually written-off during the last 3 financial years up to FYE 30 June 2007 due to non-collection of such bad debts.

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15. FUTURE FINANCIAL INFORMATION

15.1 CONSOLIDATED PROFIT FORECAST FOR FYE 30 JUNE 2008

Set out below are our forecast consolidated PAT for the FYE 30 June 2008 respectively:

FYE	Forecast 30 June 2008
Revenue (RM'000)	94,728
Consolidated PBT (RM'000)	17,147
Less: Taxation (RM'000)	(3,739)
Consolidated PAT (RM'000)	13,408
MI (RM'000)	(186)
Consolidated PATMI	13,222
Issued and paid-up share capital	
- weighted average number of Shares in issue ('000)	45,798 ⁽¹⁾
- enlarged number of Shares in issue upon Listing ('000)	80,000
<i><u>Based on the weighted average number of Shares in issue</u></i>	
Basic EPS (sen)	28.9
PE Multiple (times) ⁽²⁾	4.3
<i><u>Based on the enlarged number of Shares in issue upon Listing</u></i>	
Basic EPS (sen)	16.5
PE Multiple (times) ⁽²⁾	7.6

Notes:

(1) The weighted average number of Shares assumed in issue is calculated based on the assumption that the Acquisitions and Debt Settlement were completed on 20 November 2007, whilst the Public Issue and Offer for Sale are expected to be completed on 18 January 2008.

(2) Calculated based on the IPO Price divided by the basic net EPS.

You should refer to Section 15.2 of this Prospectus for the details of the principal bases and assumptions underlying the consolidated profit forecast, as set out in the appendix accompanying the Reporting Accountants' letter on the consolidated profit forecast.

15. FUTURE FINANCIAL INFORMATION (Cont'd)

15.1.1 Directors' Analysis and Commentary on the Consolidated Profit Forecast

Our Group's total revenue for the FYE 30 June 2008 is forecast to increase by RM9.58 million (or approximately 11%) to RM94.73 million. An analysis of the revenue forecast by company, geographical locations and products is set out below:

(I) Analysis of revenue by company

	Historical FYE 30 June 2007		Forecast FYE 30 June 2008	
	RM'000	%	RM'000	%
Signature International	-	-	203	*
Cabinet Industries	61,920	54	65,562	56
Signature Manufacturing	19,853	18	22,604	19
Signature Kitchen	15,799	14	13,732	12
Signature Kitchen Industries	-	-	-	-
Fabriano	-	-	-	-
Obicorp	9,741	9	11,004	9
Signature Aluminium	6,412	6	5,103	4
	113,725	100	118,208	100.0
Less: Inter-company transactions	(28,579)		(23,480)	
Total	85,146		94,728	

Notes:

* Less than 1%

Some of the figures tabulated above do not add-up due to rounding.

(II) Analysis of revenue by geographical location

	Historical FYE 30 June 2007		Forecast FYE 30 June 2008	
	RM'000	%	RM'000	%
Domestic	78,586	92	83,382	88
Export	6,560	8	11,346	12
Total	85,146	100	94,728	100

(III) Analysis of revenue by activity/product

	Historical FYE 30 June 2007		Forecast FYE 30 June 2008	
	RM'000	%	RM'000	%
Non-Project Sales	48,393	57	44,930	47
Project Sales	36,753	43	49,798	53
Total	85,146	100	94,728	100

15. FUTURE FINANCIAL INFORMATION (Cont'd)

	Historical FYE 30 June 2007		Forecast FYE 30 June 2008	
	RM'000	%	RM'000	%
Design, manufacture and retail of Kitchen Systems and Wardrobe Systems	72,041	85	80,341	85
Marketing and distribution of White Goods and Built-In Kitchen Appliances	8,294	10	9,769	10
Manufacture of glass and aluminium products	4,811	6	4,415	5
Interest income	-	-	203	*
Total	85,146	100	94,728	100

*Notes:** *Less than 1%*# *Some of the figures tabulated above do not add-up due to rounding.*

On the back of the expected increase in revenue, the PATMI of our Group for the FYE 30 June 2008 is forecast to increase to RM13.22 million (after taking into account the effects of the Flotation Scheme). An analysis of the PAT by company is set out below:

	Historical FYE 30 June 2007		Forecast FYE 30 June 2008	
	RM'000	%	RM'000	%
Signature International	(8)	*	167	1
Cabinet Industries	5,583	50	7,029	53
Signature Manufacturing	3,659	33	4,621	35
Signature Kitchen	704	6	519	4
Signature Kitchen Industries	(57)	*	17	*
Fabriano	-	-	(2)	*
Obicorp	919	8	593	4
Signature Aluminium	312	3	464	4
PAT	11,112	100	13,408	101
MI	(125)	*	(186)	(1)
PATMI	10,987	100	13,222	100

*Notes:** *Less than 1%*# *Some of the figures tabulated above do not add-up due to rounding.*

15. FUTURE FINANCIAL INFORMATION (Cont'd)

Our Directors believe that the principal growth drivers for revenue and profitability for our Group for the FYE 30 June 2008 will include, amongst others, a combination of the following factors:

(a) *Continued emphasis on building brand equity and expansion of retail showroom network*

Our Board believes that our Group's competitive strengths lie in, amongst other, our "Signature Kitchen" brand equity as well as our extensive network of retail showrooms. Moving forward, we plan to continue to promote our "Signature Kitchen" brand and open more retail outlets to have a wider reach to our end-customers. For the FYE 30 June 2008, we plan to open an additional 2 retail showrooms in Malaysia and 5 retail showrooms overseas.

(b) *Continued expansion of project-based customers*

It has always been our overall business strategy to focus on both the project market and retail market, which allows us to have a comprehensive coverage of the total Kitchen Systems market. Barring any adverse market conditions and any potential delays in the completion of the development projects secured by our Group, our Board estimates that the revenue to be generated from project-based customers would amount to RM49.80 million for the FYE 30 June 2008.

(c) *Continued expansion of range of products and designs*

The continued development and innovation of new products and designs is one of the key strategies for our Group to remain competitive and to meet the changing needs and requirements of our customers. We plan to expand on our existing series of Kitchen Systems by launching 3 new designs or series of Kitchen Systems in the FYE 30 June 2008. The 3 new series are "Lucenta Series", "Grande Series" and "Elpenco Series".

For the Wardrobe Systems, we will add an additional 2 new designs or series of Wardrobe Systems, namely the "Sistema Wardrobe" and "Santiano Wardrobe". We intend to launch the new series of wardrobe in the FYE 30 June 2008.

Please refer to Section 8.5 of this Prospectus for further descriptions and details on the new series and products.

Our Board expects the introduction of the aforesaid new series or products to contribute positively to the future revenue and earnings of our Group.

(d) *Continued expansion of export markets*

Since our initial venture into the overseas market in 2003, we have achieved encouraging growth in our export market over the last few years. At present, we have established 7 retail showrooms overseas and successfully exported our Kitchen Systems to 14 countries, including Sri Lanka, Vietnam, Thailand, India, Mauritius, Brunei, Bahrain, Philippines and Indonesia.

In order to further reduce our dependencies on the local market and to reduce the adverse impact to our Group in the event of economic volatility in any particular country, we plan to continue to expand our export activities to other new export markets, such as Dubai and New Zealand in the FYE 30 June 2008. Our Board expects the export revenue to further increase to RM11.35 million in FYE 30 June 2008.

15. FUTURE FINANCIAL INFORMATION (Cont'd)

(e) Positive outlook and prospects of Kitchen Systems industry

The outlook of the Kitchen Systems industry is, to a large extent, dependent on the property market, particularly on residential housing sector as well as the growing affluence of customers. Based on the analysis of Vital Factor, our Board believes that the outlook of the Kitchen Systems industry shall remain favourable and augur well for our Group's prospects during the forecast year.

Please refer to Section 8.4 of this Prospectus for further details on the prospects and outlook of the Kitchen Systems Industry.

Our Directors confirm that the consolidated profit forecast and the underlying bases and assumptions as set out in Section 15.2 of this Prospectus have been reviewed by our Directors after due and careful enquiry. After having taken into account the future prospects of the Kitchen Systems industry in Malaysia and the other countries which our Group operates in, the future plans and strategies of our Group and our expected level of gearing, liquidity and working capital requirements, our Directors are of the opinion that the consolidated profit forecast is achievable under the prevailing market, operating and economic environment.

Notwithstanding the above, you should note that the bases and assumptions upon which the consolidated profit forecast has been prepared cover future periods for which there are inherent risks. These bases and assumptions are subject to significant uncertainties and contingencies, which are often outside the control of our Company and our Directors. Accordingly, there is no assurance that the actual results of our Group will not differ materially from the consolidated profit forecast in the event that the market, operating and economic environment vary from those assumed by our Directors due to factors outside the control of our Directors.

In particular, the project revenue for FYE 30 June 2008 as forecast by the Board is dependent upon the timing of the commencement and completion of the development projects secured by the Group. Meanwhile, the commencement and completion time of these projects are dependent on many external factors which are beyond the control of the Group, such as obtaining the relevant approvals as scheduled, securing constructions materials in adequate amount and favourable weather conditions. Accordingly, the actual timing of the commencement and completion of the projects may vary from the timeframe stipulated in the letters of award or contracts. There is no assurance that the project revenue for FYE 30 June 2008 will be achieved as forecast, in the event that the delays in the commencement or completion of these development projects are pro-longed or extended beyond the Board's expectations.

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15. FUTURE FINANCIAL INFORMATION (Cont'd)

15.2 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST AND PRINCIPAL ASSUMPTIONS FOR THE CONSOLIDATED PROFIT FORECAST

(Prepared for inclusion in the Prospectus)



03 DEC 2007

The Board of Directors
Signature International Berhad
Suite 13A.01(A), Level 13A,
Wisma Goldhill,
67, Jalan Raja Chulan,
50200 Kuala Lumpur.

Horwath AF No 1018
Kuala Lumpur Office
Chartered Accountants

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www.horwath.com.my
info@horwathkl.com

Dear Sirs

**SIGNATURE INTERNATIONAL BERHAD ("SIB")
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 JUNE 2008**

We have reviewed the consolidated profit forecast of SIB and its subsidiaries ("SIB Group" or "the Group") for the financial year ending 30 June 2008, as set out in the accompanying statements (which we have initialled for the purpose of identification) in accordance with International Standard on Assurance Engagements 3400 - The Examination of Prospective Financial Information, applicable to the review of forecasts. The profit forecast has been prepared solely for the purposes of the Prospectus in connection with the following listing scheme proposals:-

(1) LISTING SCHEME

SIB seeks the listing of and quotation for its entire enlarged issued and paid-up share capital on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") which comprises the following:

- (a) public issue of 17,690,800 new ordinary shares of RM0.50 each at an issue price of RM1.25 per ordinary share ("Public Issue") payable in full upon application which will be allocated and allotted in the following manner:-
 - (i) 6,000,000 new ordinary shares of RM0.50 each available for application by the Malaysian public;
 - (ii) 1,300,000 new ordinary shares of RM0.50 each reserved for application by the eligible employees of SIB Group and persons who have contributed to the success of the SIB Group;
 - (iii) 7,700,000 new ordinary shares of RM0.50 each for private placement to identified investors; and
 - (iv) 2,690,800 new ordinary shares of RM0.50 each reserved for Bumiputera investors approved by the Ministry of International Trade and Industry;

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang

15. FUTURE FINANCIAL INFORMATION (Cont'd)

**(1) LISTING SCHEME (CONT'D)**

- (b) offer for sale of 2,119,246 new ordinary shares of RM0.50 each by way of placement to Bumiputera investors approved by the Ministry of International Trade and Industry at an offer price of RM1.25 per ordinary share payable in full upon application; and
- (c) the listing of and quotation for the entire enlarged issued and paid-up share capital of SIB comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by SIB and its subsidiaries in their audited financial statements for the financial year ended 30 June 2007. The Directors of SIB are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast are based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to the future events which the Management expects to take place and the actions which the Management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from forecast since anticipated events frequently do not occur as expected and the variation could be material.

We draw attention to Specific Assumption No.1 of the principal bases and assumptions of the consolidated profit forecast as set out in Section B of the accompanying statement to this letter. If the forecast revenue, in particular, project revenue which is dependent on the timing of the commencement and the completion of the projects, are not achieved as forecast, there could be a consequential significant impact on the consolidated profit forecast for the financial year ending 30 June 2008.

15. FUTURE FINANCIAL INFORMATION (Cont'd)



Subject to the matters stated in the preceding paragraphs:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statements, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) the consolidated profit forecast in so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by SIB and its subsidiaries in their audited financial statements for the financial year ended 30 June 2007.

Yours faithfully

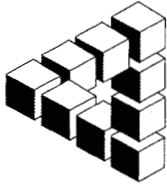
A handwritten signature in black ink, appearing to be "H. W. N.", written over the Horwath logo.

Horwath
Firm No : AF 1018
Chartered Accountants

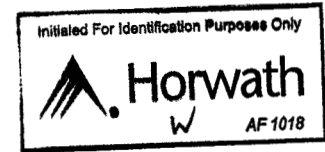
A handwritten signature in black ink, appearing to be "KW", written in a cursive style.

Lee Kok Wai
Approval No : 2760/06/08(J)
Partner

15. FUTURE FINANCIAL INFORMATION (Cont'd)

**Signature International Berhad** (754118-K)

Suite 13A.01(A), Level 13A, Wisma Goldhill, 67, Jalan Raja Chulan, 50200 KL.
Tel: +603-20322895 Fax: +603-20322893

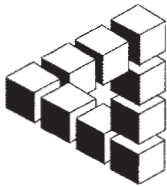
**SIGNATURE INTERNATIONAL BERHAD ("SIB")****A. CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 JUNE 2008**

The Directors of SIB forecast that, based on the bases and assumptions set out below, the consolidated profit after taxation of SIB and its subsidiaries ("SIB Group or Group") for the financial year ending 30 June 2008 will be as follows:-

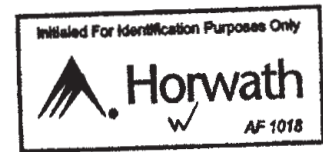
	Forecast FY 2008 RM'000
Revenue	<u>94,728</u>
Profit before tax	17,147
Income tax expense	<u>(3,739)</u>
Profit after tax	<u>13,408</u>
Attributable to:-	
Equity holders of the Company	13,222
Minority interests	<u>186</u>
	<u>13,408</u>
Profit before tax after minority interest (RM'000)	16,961
Profit after tax after minority interest (RM'000)	13,222
Gross profit margin	35.6%
Profit before tax margin	18.1%
Gross earnings per share (RM)*	0.21
Net earnings per share (RM)*	0.17

* based on the enlarged share capital of 80,000,000 shares of RM0.50 each

15. FUTURE FINANCIAL INFORMATION (Cont'd)



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SIGNATURE INTERNATIONAL BERHAD (“SIB”)

B. PRINCIPAL BASES AND ASSUMPTIONS RELATING TO THE CONSOLIDATED PROFIT FORECAST

The details of the proposals to be undertaken in relation to the listing of SIB on the Second Board of Bursa Malaysia Securities Berhad (“Bursa Securities”) are as follows:-

LISTING SCHEME

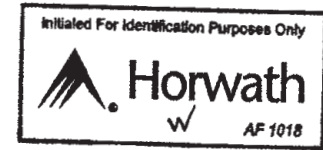
SIB seeks the listing of and quotation for its entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities which comprises the following:

- (a) Public issue of 17,690,800 new ordinary shares of RM0.50 each at an issue price of RM1.25 per ordinary share (“Public Issue”) payable in full on upon application which will be allocated and allotted in the following manner:-
 - (i) 6,000,000 new ordinary shares of RM0.50 each available for application by the Malaysian public;
 - (ii) 1,300,000 new ordinary shares of RM0.50 each reserved for application by the eligible employees of the Group and persons who have contributed to the success of the Group;
 - (iii) 7,700,000 new ordinary shares of RM0.50 each for private placement to identified investors; and
 - (iv) 2,690,800 new ordinary shares of RM0.50 each reserved for Bumiputera investors approved by the Ministry of International Trade and Industry.
- (b) Offer for sale of 2,119,246 new ordinary shares of RM0.50 each by way of placement to Bumiputera investors approved by the Ministry of International Trade and Industry at an offer price of RM1.25 per ordinary share payable in full upon application; and
- (c) the listing of and quotation for the entire enlarged issued and paid-up share capital of SIB comprising 80,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities.

15. FUTURE FINANCIAL INFORMATION (Cont'd)



Signature International Berhad (754118-K)
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**SIGNATURE INTERNATIONAL BERHAD ("SIB")****B. PRINCIPAL BASES AND ASSUMPTIONS RELATING TO THE CONSOLIDATED PROFIT FORECAST (CONT'D)****SPECIFIC ASSUMPTIONS**

1. There will be no major changes in the expected market demand for the SIB Group's products and services. The Group forecasts that revenue from its products and services for the financial year ending 30 June 2008 will be as follows:-

	Forecast FY2008 Revenue RM'000
Analysis by activity/product	
Non-project sales	44,930
Project sales	49,798
	<u>94,728</u>
Analysis by geographical location	
Domestic	83,382
Export	11,346
	<u>94,728</u>

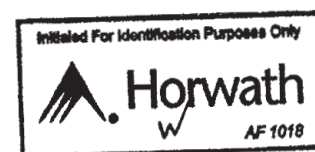
The analysis of project sales is as follows:

	Forecast FY2008	
	Revenue RM'000	Percentage Secured
Analysis of project sales		
Local project		
- Cabinet Industries Sdn Bhd ("CISB")	37,707	77%
- Signature Aluminium Sdn Bhd	3,261	-
	<u>40,968</u>	
Overseas project		
- Signature Manufacturing Sdn Bhd	8,830	-
	<u>49,798</u>	

15. FUTURE FINANCIAL INFORMATION (Cont'd)



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**SIGNATURE INTERNATIONAL BERHAD ("SIB")****B. PRINCIPAL BASES AND ASSUMPTIONS RELATING TO THE CONSOLIDATED PROFIT FORECAST (CONT'D)****SPECIFIC ASSUMPTIONS (CONT'D)**

The analysis of the top 3 project customers of CISB is as follows:

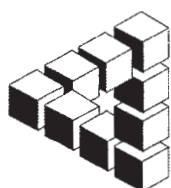
	Revenue recognised FY2008 RM'000	Contract Revenue Secured FY2008 RM'000
Analysis of the top 3 project customers of CISB		
Duamas Consolidated Sdn Bhd	16,204	7,704
Ireka Construction Sdn Bhd	7,744	7,744
Shimizu Corporation	4,033	4,033
	<u>27,981</u>	<u>19,481</u>
Others	9,726	9,726
	<u>37,707</u>	<u>29,207</u>

The revenue arising from projects is dependent upon the timing of the commencement and completion of the projects. The commencement of the Group's project related activities is dependent on the progress of the respective development projects and as such, the commencement period may vary from the stipulated contracted timeframe.

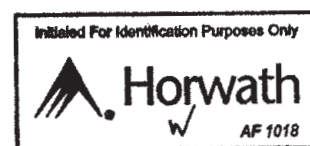
The Group's forecast revenue on non-project sales is supported by the existing network of dealers, distributors and retail outlets.

- The assumed forecast average gross profit margin for the financial year ending 30 June 2008 is 35.6%.
- The Public Issue will be completed by January 2008 and the proceeds from the Public Issue will be received by January 2008. The estimated listing expenses of RM1.8million in respect of the Public Issue will be set off against the share premium account.

15. FUTURE FINANCIAL INFORMATION (Cont'd)



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SIGNATURE INTERNATIONAL BERHAD ("SIB")

B. PRINCIPAL BASES AND ASSUMPTIONS RELATING TO THE CONSOLIDATED PROFIT FORECAST (CONT'D)

SPECIFIC ASSUMPTIONS (CONT'D)

4. The proceeds from the Public Issue will be utilised as follows:-

Details of proposed utilisation of proceeds	RM'000	Estimate timeframe for utilisation from the date of listing
Purchase of property, plant and equipment		
- Extension of lease period for the existing leasehold land leased by CISB	5,663	Within 12 months
- Leasing of new leasehold land and extension of lease period	5,997	Within 12 months
- Construction of new factory and purchase of machinery and equipment	4,300	Within 18 months
	<u>15,960</u>	
Working capital	4,353	Within 12 months
Estimated listing expenses	1,800	Within 2 months *
	<u>22,113</u>	

* The estimated listing expenses are paid/payable as follows:

	RM'000
Financial year ended 30 June 2006	123
Financial year ended 30 June 2007	380
Financial year ending 30 June 2008	<u>1,297</u>
	<u>1,800</u>

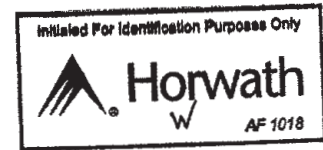
GENERAL ASSUMPTIONS

- There will be no significant changes in the principal activities and existing group structure of the SIB Group other than those incorporated in the listing scheme.
- The existing contracts signed between the SIB Group and its suppliers and dealers will be renewed upon expiration without any significant variation to the existing terms and conditions of the contracts.
- There will not be any loss of the Group's customers and business alliances that will materially affect the revenue of the Group, and it is assumed that there will be no significant occurrences of bad and doubtful debts.
- There will be no significant changes in the forecast selling prices or major changes in the expected market demand for the SIB Group's products and services.

15. FUTURE FINANCIAL INFORMATION (Cont'd)



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SIGNATURE INTERNATIONAL BERHAD (“SIB”)

B. PRINCIPAL BASES AND ASSUMPTIONS RELATING TO THE CONSOLIDATED PROFIT FORECAST (CONT'D)

GENERAL ASSUMPTIONS (CONT'D)

5. There will be no shortages or increase in prices of wood and wood-based panel used in the manufacture of Kitchen Systems, which will adversely affect the operations, income and expenditure of the Group.
6. There will be no major adverse effects arising from equipment breakdowns, logistic complications, shortage of labour or other abnormal circumstances, which will adversely affect the operations, income and expenditure of the Group.
7. There will be no significant changes in the purchase prices of major raw materials, labour and other operating costs other than those as provided. Any significant increase in the cost of raw materials will be compensated through an equivalent increase in selling prices.
8. There will be no significant changes in key management, technology and operating structure which will adversely affect the operations of the SIB Group.
9. There will be sufficient manpower and there will be no industrial disputes or disruption or any other abnormal factors which will adversely affect the operations of the SIB Group.
10. Inflation rate will not fluctuate significantly from the present and forecast level. With regard to inflation, administrative and other operating expenses were forecasted to increase in tandem with the level of operations of the Group. The effects of inflation, where applicable, have been incorporated in the forecast of administrative and other operating expenses.
11. Foreign currency exchange rate will not fluctuate significantly from the present and forecast level. The SIB Group's major foreign exchange exposure is in United States Dollars (USD) and the forecast exchange rate (expressed on the basis of one unit of USD to RM equivalent) is 3.40.
12. There will be no significant changes in the market conditions and in the lending guidelines and other operational regulations or restrictions or legislations or government regulations which will adversely affect the activities of the SIB Group or the market in which it operates.
13. The existing financing facilities of the Group will remain available at the prevailing interest rates. There will be no material changes to the timing of repayment of these facilities. The Group will be able to obtain additional financing facilities whenever required at interest rates, which approximate those currently available to the Group.

15. FUTURE FINANCIAL INFORMATION (Cont'd)



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B. PRINCIPAL BASES AND ASSUMPTIONS RELATING TO THE CONSOLIDATED PROFIT FORECAST (CONT'D)

GENERAL ASSUMPTIONS (CONT'D)

14. There will be no unusual circumstances, events or transactions that will materially affect the operations and financial results of the SIB Group.
15. The economies of the respective countries in which the Group is dealing with or operating in, will perform in line with the forecast with minimal unfavourable global economic impact.
16. There will be no significant changes to the prevailing political conditions in the respective countries in which the Group is dealing with or operating in, that may have an adverse effect on the activities and performance of the Group.
17. There will be no material changes in the present legislation or government regulations, which will have a significant effect on the SIB Group. It is assumed that the statutory tax rate will be 26% for the year of assessment 2008 and taxes on profits will be paid in the same year in which they are incurred, net of tax refundable amounts brought forward.
18. There will be no major proceedings against the Group which will adversely affect the activities or performance of the Group or give rise to any contingent liabilities which will materially affect the financial position or the business of the Group.
19. Capital expenditure will be implemented and incurred as scheduled and there will be no material acquisition or disposal of property, plant and equipment or investments other than those planned.
20. There will be no significant changes in the accounting policies presently adopted by the Group. The adoption of the new Financial Reporting Standards (“FRS”) by the Group for the financial year beginning 1 July 2006 will not have any significant effect on the consolidated profit forecast.

15. FUTURE FINANCIAL INFORMATION (Cont'd)



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SIGNATURE INTERNATIONAL BERHAD ("SIB")

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated

03 DEC 2007

A handwritten signature in black ink, appearing to read "Tan Kee Choong".

.....
TAN KEE CHOONG
DIRECTOR
SIGNATURE INTERNATIONAL BERHAD

A handwritten signature in black ink, appearing to read "Chooi Yoey Sun".

.....
CHOOI YOEY SUN
DIRECTOR
SIGNATURE INTERNATIONAL BERHAD

15. FUTURE FINANCIAL INFORMATION (Cont'd)**15.3 SENSITIVITY ANALYSIS**

The consolidated profit forecast has been prepared based on a number of estimates and assumptions that are subject to uncertainties and contingencies, many of which are beyond the control of our Company and our Directors.

Set out below is the sensitivity analysis of the consolidated revenue, PBT and PATMI to variations in selected key variables or assumptions, such as sales and cost of sales, assumed in the consolidated profit forecast for the FYE 30 June 2008.

The changes in these key variables or assumptions as set out in this sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced by our Group. Further, the estimated impact of the changes in each of the key variables or assumptions has been calculated in isolation from changes in other variables or assumptions to illustrate its likely impact on the consolidated revenue, PBT and PATMI of our Company. In practice, the impact of the changes in these key variables may be off-set amongst each other or may also be additive to each other. Accordingly, care must be taken in interpreting this sensitivity analysis.

Profit Forecast for FYE 30 June 2008

Key variable/ assumption	As forecast (RM'000)	Change in variable/ assumption	Impact on the consolidated profit forecast for FYE 30 June 2008		
			Revenue (RM'000)	PBT (RM'000)	PATMI (RM'000)
Sales	94,728	+ 10%	104,201	26,282	20,192
		+ 5%	99,464	21,714	16,699
		No change	94,728	17,147	13,222
		- 5%	89,991	12,579	9,718
		- 10%	85,255	8,011	6,230
Cost of sales	61,002	+ 10%	94,728	11,046	8,568
		+ 5%	94,728	14,096	10,887
		No change	94,728	17,147	13,222
		- 5%	94,728	20,197	15,528
		- 10%	94,728	23,247	17,852
Fair value of investment properties	3,266	+ 10%	94,728	17,474	13,549
		+ 5%	94,728	17,310	13,385
		No change	94,728	17,147	13,222
		- 5%	94,728	16,984	13,059
		- 10%	94,728	16,820	12,895

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15. FUTURE FINANCIAL INFORMATION *(Cont'd)*

15.4 DIVIDEND FORECAST

Based on the forecast consolidated PATMI of our Company as set out in Section 15.1 above and on the assumption that the present basis for calculating taxation and the taxation rates remain unchanged, our Directors propose to declare net dividends of 5% per Share based on the enlarged issued and paid-up share capital of 80,000,000 Shares for the FYE 30 June 2008:

FYE 30 June 2008	RM
Dividend per Share (sen)	
- Gross	2.50
- Net	1.85
Dividend yield ⁽¹⁾ (%)	
- Gross	2.00
- Net	1.48
Net dividend cover ⁽²⁾ (times)	8.9

Notes:

- (1) Calculated based on gross/net dividend per Share divided by the IPO Price.
- (2) Calculated based on the forecast consolidated PAT of our Company for the FYE 30 June 2008 divided by the aggregate net dividend proposed of RM1.48 million.

You should note that our Company is principally an investment holding company and the core operations of our Group are carried out through our subsidiary companies. Accordingly, our Company's level of income and ability to pay dividends depends, to a certain extent, on the amount of dividends and other distributions received from these subsidiary companies. The payment of future dividends by our subsidiary companies is, in turn dependent upon a number of factors, including the following:

- (i) the expected results of operations and financial conditions of our subsidiary companies;
- (ii) the availability of retained earnings and cash flows at our subsidiary companies' levels as well as the level of gearing and ability of our subsidiary companies to service their respective debt;
- (iii) the projected levels of capital expenditure and other investment plans of our subsidiary companies;
- (iv) restrictions on payment of dividend that may be imposed on our subsidiary companies by financing agreements; and
- (v) any other factors that the respective board of directors of our subsidiary companies may consider to be relevant.

Further, future dividend payments will be waived if:

- (i) our Group is in a loss position for the relevant financial year; or
- (ii) our Group has insufficient cash flow to meet any dividend payments.

Our Directors may at their discretion waive any future dividend payments as and when deemed necessary in the best interests of our Group.