



## Signature International Berhad

(Company No: 754118-K)

(Incorporated In Malaysia with limited liability under the Companies Act 1965)

INTERIM FINANCIAL REPORT 31 DECEMBER 2008

### ANNOUNCEMENT

The Board of Directors of Signature International Berhad (“SIB” or “the Company”) is pleased to announce the following unaudited consolidated results of SIB and its subsidiaries (collectively known as “the Group”) for the period ended 31 December 2008.

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2008

	Individual Period		Cumulative Period	
	Current Quarter Ended 31 Dec 08 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 07 RM'000	Current Period Ended 31 Dec 08 RM'000	Preceding Year Corresponding Period ended 31 Dec 07 RM'000
Revenue	41,430	N/A	82,030	45,610
Operating expenses	(35,197)	N/A	(69,196)	(36,742)
Other operating income	199	N/A	711	267
Profit from operations	6,432	N/A	13,545	9,135
Finance Costs	(297)	N/A	(597)	(445)
Profit before taxation	6,135	N/A	12,948	8,690
Tax expense	(1,416)	N/A	(2,832)	(1,858)
Profit after taxation	4,719	N/A	10,116	6,832
Attributable to:				
- Equity holders of the parent	4,520	N/A	9,510	6,519
- Minority interest	199	N/A	606	313
	4,719	N/A	10,116	6,832
Basic Earnings per share (sen)	5.7	N/A	11.9	10.8

Notes:

- (i) The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial report.
- (ii) As this is the fifth interim financial report being drawn up since the formation of the Group on 20 November 2007, there are no comparative figures for the individual period for the preceding year's corresponding period.



## Signature International Berhad

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### CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	UNAUDITED As at 31 Dec 2008 RM'000	AUDITED As at 30 June 2008 RM'000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	16,542	13,113
Prepaid lease rentals	6,406	6,526
Goodwill arising from Consolidation	370	-
Investment properties	4,573	4,528
Other investment	321	321
	<u>28,212</u>	<u>24,488</u>
<b>Current Assets</b>		
Inventories	10,445	7,626
Receivables - net of deposits received	40,649	23,563
Amount owing by contract customers	7,529	8,809
Deposits, cash and bank balances	22,094	27,482
	<u>80,717</u>	<u>67,480</u>
<b>TOTAL ASSETS</b>	<u>108,929</u>	<u>91,968</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	40,000	40,000
Reserves	36,922	27,412
Shareholders' equity	76,922	67,412
Minority interest	1,174	568
<b>TOTAL EQUITY</b>	<u>78,096</u>	<u>67,980</u>
<b>Non Current Liabilities</b>		
Hire purchase payables	1,266	1,349
Term loans	2,500	2,623
Deferred taxation	800	800
	<u>4,566</u>	<u>4,772</u>
<b>Current Liabilities</b>		
Payables	21,372	17,392
Provision for taxation	438	625
Other bank borrowings	3,239	-
Hire purchase payables	622	552
Term loans	596	647
	<u>26,267</u>	<u>19,216</u>
<b>TOTAL LIABILITIES</b>	<u>30,833</u>	<u>23,988</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>108,929</u>	<u>91,968</u>
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	<u>0.96</u>	<u>0.84</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial report.



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### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2008

	← Attributable to equity holders of the parent →					Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Distributable Retained Profits RM'000			
<b>Balance as at 1 July 2008</b>	40,000	11,582	1,257	(28,567)	43,140	67,412	568	67,980
Profit after taxation for the period	-	-	-	-	9,510	9,510	606	10,116
<b>Balance as at 31 Dec 2008</b>	40,000	11,582	1,257	(28,567)	52,650	76,922	1,174	78,096
<b>Balance as at 1 July 2007</b>	#	-	-	-	(8)	(8)	-	(8)
Shares issued pursuant to the listing scheme:-								
- acquisition of subsidiaries	29,937	-	1,257	(28,567)	28,035	30,662	224	30,886
- debt settlement	1,218	-	-	-	-	1,218	-	1,218
- public issue	8,845	13,268	-	-	-	22,113	-	22,113
Listing expenses	-	(1,686)	-	-	-	(1,686)	-	(1,686)
Profit after taxation for the financial year	-	-	-	-	15,113	15,113	344	15,457
<b>Balance as at 30 June 2008</b>	40,000	11,582	1,257	(28,567)	43,140	67,412	568	67,980

# - RM2

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial report.



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### INTERIM FINANCIAL REPORT 31 DECEMBER 2008

#### CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2008

	Financial Period Ended 31 Dec 08 RM'000	Preceding Corresponding Period Ended 31 Dec 07 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	12,948	8,690
<b>Adjustments:</b>		
Amortisation and depreciation	919	881
Gain on disposal of property, plant and equipment	(14)	(37)
Interest income	(407)	(41)
Interest expense	195	162
<b>Changes in working capital</b>	13,641	9,655
Inventories	(2,792)	(1,493)
Receivables	(17,068)	5,945
Amount owing by contract customers	1,280	(2,695)
Payables	3,339	(4,159)
<b>Cash used in operations</b>	(1,600)	7,253
Interest received	407	41
Interest paid	(195)	(162)
Tax paid	(3,019)	(1,250)
<b>Net cash out flow from operating activities</b>	<u>(4,407)</u>	<u>5,882</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment and prepaid lease rentals	(4,072)	(4,267)
Net Cash flow from acquisition of subsidiary	52	-
Additional works on investment properties	(45)	(403)
Proceeds from disposal of property, plant and equipment	53	65
<b>Net cash used in investing activities</b>	<u>(4,012)</u>	<u>(4,605)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Hire purchase	(34)	59
Borrowings	3,065	123
<b>Net cash from financing activities</b>	<u>3,031</u>	<u>182</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(5,388)	1,459
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>27,482</u>	<u>4,779</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>22,094</u>	<u>6,238</u>
<b>Cash and cash equivalents comprise:</b>		
Deposits with licensed banks	16,147	1,030
Cash and bank balances	5,947	5,208
	<u>22,094</u>	<u>6,238</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial report.



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134 – Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial report.

The preparation of an interim financial report in conformity with FRS 134 – Interim Financial Reporting, requires management and the Directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The interim consolidated financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with FRSs.

#### 2. Summary of significant accounting policies

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 30 June 2008.

#### 3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2008 were not subject to any qualification.

#### 4. Seasonal or Cyclical Factors

The business operations of the Group are not significantly affected by seasonal or cyclical factors other than the retail / non-project sector which is affected by the festive periods in Malaysia.

#### 5. Unusual Items

There were no items of a material and unusual nature which would substantially affect the assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review and financial period to-date.

#### 6. Changes in Estimates

There were no estimates announced in regard of the current period and year to date results.



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 7. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current period and year to date.

#### 8. Dividend Paid

There were no dividends paid in the current period and year to date.

#### 9. Segment Reporting

	Revenue RM'000	Profit Before Tax RM'000
<b>6 months ended 31 Dec 2008</b>		
<b>By Product</b>		
Design, manufacture and retail of Kitchen Systems and Wardrobe Systems	71,381	10,282
Marketing and Distribution of White Goods and Built-In Kitchen Appliances	2,474	1,024
Manufacture of glass and aluminium products	8,175	1,635
Others	-	7
	<u>82,030</u>	<u>12,948</u>
	Revenue RM'000	Profit / (loss) Before Tax RM'000
<b>3 months ended 31 Dec 2008</b>		
<b>By Product</b>		
Design, manufacture and retail of Kitchen Systems and Wardrobe Systems	37,199	5,045
Marketing and Distribution of White Goods and Built-In Kitchen Appliances	1,714	649
Manufacture of glass and aluminium products	2,517	558
Others	-	(117)
	<u>41,430</u>	<u>6,135</u>

#### 10. Valuation of Property, Plant and Equipment and Investment Properties

The valuations of the property, plant and equipment and investment properties have been brought forward without amendment from the previous audited financial statements.

#### 11. Material Events Subsequent to the end of the interim period

There were no material subsequent events not reflected in the interim financial results.



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current period and year to date except as follows:-

On 10<sup>th</sup> September 2008, Equal Strategy Pte Limited, a wholly owned subsidiary, acquired the entire equity of Signature Kitchen (NZ) Limited ("SKNZ") for a total consideration of NZ\$100.

SKNZ is incorporated in New Zealand with principal activities in retailing of kitchen and wardrobe systems, with an issued and paid up capital of NZ\$100.

#### 13. Completion of Initial Public Offering exercise

The Initial Public Offering exercise was completed on 24 January 2008 and the entire issued and paid-up share capital of the Company comprising 80,000,000 ordinary shares of RM0.50 each was listed on the Second Board of Bursa Securities on that date.

The Group revised the utilization of the IPO proceeds vide an announcement on 25 August 2008. The status of the revised utilization of the proceeds is as follows:-

Details of the proposed utilisation of proceeds	Revised Utilisation RM'000	Utilised to date RM'000	Balance to be utilised RM'000	Intended Timeframe for Utilisation [From date of listing]
Leasing of new leasehold land	3,287	(3,287)	-	Within 12 months
Construction of new factory, machinery and equipment	8,000	(3,930)	4,070	Within 18 months
Working capital	9,140	(9,140)	-	Within 12 months
Estimated listing expenses	1,686	(1,686)	-	Within 2 months
	<u>22,113</u>	<u>(18,043)</u>	<u>4,070</u>	

#### 14. Changes in contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report other than the bankers guarantees disclosed under Note 16 to the interim financial report.



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#### 15. Capital Commitments outstanding not provided for in the interim financial report

	31 Dec 2008 RM'000
Approved and contracted for	2,787
Approved but not contracted for	<u>1,283</u>
	<u>4,070</u>

The capital commitments relate to capital expenditure on the factory building in progress, machinery and equipment.

#### 16. Material Related Party Transactions

Details of the relationship between the Group and its related parties are as described below. The related party transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties, dealt at arm's length with the Group.

##### Name of Company

Duamas Consolidated Sdn Bhd ("Duamas")  
Heart Base Sdn Bhd

##### Principal Activities

Interior Fit Out Contractor  
Retail of kitchen and wardrobe systems

	Individual Period		Cumulative Period	
	Current Quarter Ended 31 Dec 08 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 07 RM'000	Current Period Ended 31 Dec 08 RM'000	Preceding Year Corresponding Period Ended 31 Dec 07 RM'000
<b>Heart Base Sdn Bhd</b>				
Sale of kitchen and wardrobe systems	<u>156</u>	N/A	<u>409</u>	N/A
<b>Duamas</b>				
Project claims for Kitchen Systems, Wardrobe Systems and Interior Fit-Out Services	<u>4,760</u>	N/A	<u>6,149</u>	927

In addition to the above, the Group has issued bankers guarantees on behalf of Duamas for the purpose of performance bonds given to the property developers in respect contracts awarded, of which RM0.9million is outstanding as at 31 Dec 2008. The commission charged by the Group's bankers for the aforesaid bankers guarantees was fully reimbursed by Duamas to the Group.





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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 17. Review of Performance – 6 months ended 31 Dec 2008

A summary of the financial results is set out below:-

	Individual Period		Cumulative Period	
	Current Quarter Ended 31 Dec 08 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 07 RM'000	Current Period Ended 31 Dec 08 RM'000	Preceding Year Corresponding Period ended 31 Dec 07 RM'000
Revenue	41,430	N/A	82,030	45,610
Profit before taxation	6,135	N/A	12,948	8,690

##### (i) Current Quarter

The Group recorded a revenue of RM41.4million and profit before tax of RM6.1million for current quarter.

The kitchen and wardrobe segment continued to be the main contributor of revenue and profit before tax at 90% and 82% respectively.

As this is the fifth interim financial report being drawn up since the formation of the Group on 20 November 2007, therefore there are no comparative figures for individual period for the preceding year corresponding period.

##### (ii) Cumulative period to date

For the six (6) months ended 31 December 2008, the Group recorded 80% increase in revenue, from RM45.6million in the preceding year corresponding period to RM82.0million in the current period.

In tandem to the increase in revenue, the Group has registered a higher profit before tax by 49%, from RM8.7million for the previous corresponding financial period to RM12.9million in the current financial period ended 31 December 2008.

Both the increase in revenue and profit before tax were mainly contributed by the higher progress billing recognised from the project segment.

The kitchen and wardrobe segment has steadfastly remain as the main contributor of revenue and profit before tax at 87% and 79% respectively.



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 18. Current Year Prospects

Notwithstanding with the current global economy and the challenging year ahead, the Group will continue to proactively create demand for its products with more product developments and intensive marketing strategies. Barring any unforeseen circumstances, the Board remains positive with the Group's prospects and that the Group will continue to grow both the local and overseas markets for both the retail and project sectors.

#### 19. Variance between Actual Results and Forecast Results

The Group did not issue any profit forecast or profit guarantee in regard of the current financial year.

#### 20. Taxation

	Current Quarter Ended 31 Dec 08 RM'000	Cummulative Quarter Ended 31 Dec 08 RM'000
Current Tax Expense	1,416	2,832
Deferred Tax Expense	-	-
	<u>1,416</u>	<u>2,832</u>

The effective tax rate of the Group for the current financial period was lower than the statutory tax rate due mainly to the Pioneer Status enjoyed by a wholly-owned subsidiary, Signature Manufacturing Sdn Bhd, whereby its pioneer activities are subject to tax exemption of 70%.

#### 21. Unquoted investments and properties

There was no sale of unquoted investments or properties for the current year under review.

#### 22. Quoted investments

There was no purchase or disposal of quoted securities for the current year under review.

#### 23. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 11 Feb 2009. (earlier than 7 days from the date of issue of the interim financial report)



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#### 24. Borrowings and Debt Securities

The Group's borrowings as at 31 Dec 2008 are as follows:

	Current RM'000	Non-Current RM'000	Total RM'000
Denominated in Ringgit Malaysia			
Unsecured	3,239	-	3,239
Secured	596	2,500	3,096
	<u>3,835</u>	<u>2,500</u>	<u>6,335</u>

#### 25. Off Balance Sheet Financial Instruments

At the latest practicable date (not earlier than 7 days from the date of issue of the interim financial report), 11 Feb 2009, the Group does not have any off balance sheet financial instruments.

#### 26. Material Litigation

At the date of this interim financial report, there are no material litigations against the Group or taken by the Group.

#### 27. Proposed Dividend

As disclosed in the interim financial report announced on 25 August 2008, the Board recommends a first and final dividend (net) of 5 sen per ordinary share amounting to RM4.0mil for the financial year ended 30 June 2008.

The first and final dividend, as recommended by the Board, was approved by shareholders at the Annual General Meeting and will be distributed to shareholders on 13 Feb 2009.

#### 28. Earnings per Share

	Individual Period		Cumulative Period	
	Current Quarter Ended 31 Dec 08 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 07 RM'000	Current Period Ended 31 Dec 08 RM'000	Preceding Year Corresponding Period Ended 31 Dec 07 RM'000
<b>BASIC EARNINGS PER SHARE</b>				
Profit for the period attributable to ordinary equity holders of the Company	4,520	N/A	9,510	6,519
Weighted average number of ordinary shares in issue ('000)	80,000	N/A	80,000	60,416 (N1)
Basic Earnings per Share (sen)	<u>5.7</u>	<u>N/A</u>	<u>11.9</u>	<u>10.8</u>



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 28. Earnings per Share (Cont'd)

(N1) The weighted average number of shares in issue is calculated as follows:-

	Number of shares '000	Date of issue	Number of days to 31 Dec 2007	Weighted average number of shares '000
At 1 July 2007	#		184	#
Acquisition of subsidiaries	59,873	20 Nov 2007	184	59,873 *
Debt Settlement	2,436	20 Nov 2007	41	<u>543</u>
Weighted average number of shares				<u>60,416</u>

# 4 ordinary shares

\* Acquisition of subsidiaries under the merger method, therefore the share acquired were deemed exist since day 1 in the Group.

#### 29. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Board on 18 Feb 2009.