



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DEC 2009

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 Dec 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 31 DEC 2009

	Individual Period		Cumulative Period	
	Current Quarter Ended 31 Dec 09 RM'000	Preceding Period Corresponding Quarter Ended 31 Dec 08 RM'000	Current Period Ended 31 Dec 09 RM'000	Preceding Period Ended 31 Dec 08 RM'000
Revenue	30,945	41,430	72,098	82,030
Operating expenses	(24,747)	(35,197)	(59,421)	(69,196)
Other operating income	561	199	678	711
Profit from operations	6,759	6,432	13,355	13,545
Finance Costs	(184)	(297)	(397)	(597)
Profit before taxation	6,575	6,135	12,958	12,948
Tax expense	(1,553)	(1,416)	(2,826)	(2,832)
Profit after taxation	5,022	4,719	10,132	10,116
Attributable to:				
- Equity holders of the parent	4,903	4,520	9,748	9,510
- Minority interest	119	199	384	606
	5,022	4,719	10,132	10,116
Basic Earnings per share (sen)	6.1	5.7	12.2	11.9

Notes:

- (i) The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 30 Jun 2009 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DEC 2009

	UNAUDITED As at 31 Dec 09 RM'000	AUDITED As at 30 Jun 09 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	19,544	19,366
Prepaid lease rentals	6,165	6,285
Goodwill arising from Consolidation	370	370
Investment properties	3,445	3,445
Other investment	321	321
	<u>29,845</u>	<u>29,787</u>
Current Assets		
Inventories	9,518	9,603
Receivables - net of deposits received	49,460	38,366
Amount owing by contract customers	-	6,087
Deposits, cash and bank balances	33,471	22,466
	<u>92,449</u>	<u>76,522</u>
TOTAL ASSETS	<u>122,294</u>	<u>106,309</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	40,000	40,000
Reserves	52,906	43,271
Shareholders' equity	92,906	83,271
Minority interest	1,404	820
TOTAL EQUITY	<u>94,310</u>	<u>84,091</u>
Non Current Liabilities		
Hire purchase payables	839	1,089
Term loans	2,086	2,308
Deferred taxation	558	558
	<u>3,483</u>	<u>3,955</u>
Current Liabilities		
Payables	20,587	15,841
Amount owing to contract customers	1,667	-
Provision for taxation	1,060	1,220
Hire purchase payables	591	608
Term loan	596	594
	<u>24,501</u>	<u>18,263</u>
TOTAL LIABILITIES	<u>27,984</u>	<u>22,218</u>
TOTAL EQUITY AND LIABILITIES	<u>122,294</u>	<u>106,309</u>
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	<u>1.16</u>	<u>1.04</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 Jun 2009 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 DEC 2009

	← Attributable to equity holders of the parent →						Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Non Distributable Reserves			Distributable					
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Exchange Translation Reserve RM'000	Retained Profits RM'000			
Balance as at 1 Jul 2009	40,000	11,582	1,309	(28,567)	(88)	59,035	83,271	820	84,091
Subsidiary shares subscribed by Minority Interest							-	200	200
Exchange differences on retranslation of net assets of overseas subsidiaries	-	-	-	-	(113)	-	(113)	-	(113)
Profit after taxation for the period ended	-	-	-	-	-	9,748	9,748	384	10,132
Balance as at 31 Dec 2009	40,000	11,582	1,309	(28,567)	(201)	68,783	92,906	1,404	94,310
Balance as at 1 Jul 2008	40,000	11,582	1,257	(28,567)	-	43,140	67,412	568	67,980
Acquisition of subsidiaries	-	-	-	-	-	-	-	24	24
Effect of changes in statutory tax rate	-	-	52	-	-	-	52	-	52
Exchange differences on retranslation of net assets of overseas subsidiaries	-	-	-	-	(88)	-	(88)	#	(88)
Profit after taxation for the financial year	-	-	-	-	-	19,895	19,895	406	20,301
Dividend declared to minority interests by a subsidiary	-	-	-	-	-	-	-	(178)	(178)
Dividend paid	-	-	-	-	-	(4,000)	(4,000)	-	(4,000)
Balance as at 30 Jun 2009	40,000	11,582	1,309	(28,567)	(88)	59,035	83,271	820	84,091

- Less than RM 1,000

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 Jun 2009 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SECOND QUARTER ENDED 31 DEC 2009

	Financial Period Ended 31 Dec 09 RM'000	Preceding Year Ended 30 June 09 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,958	26,718
Adjustments:		
Amortisation and depreciation	969	1,311
Loss / (Gain) on disposal of property, plant and equipment	(14)	3
Loss on disposal of investment properties	-	(64)
Fair value adjustment on investment properties	-	(246)
Interest income	(146)	(556)
Interest expense	174	554
Changes in working capital	13,941	27,720
Inventories	85	(1,949)
Receivables	(11,094)	(14,545)
Amount owing by / (to) contract customers	7,754	2,079
Payables	4,746	(2,192)
Cash generated from operations	15,432	11,113
Interest received	146	556
Interest paid	(174)	(554)
Tax paid	(2,986)	(6,011)
Net cash inflow from operating activities	<u>12,418</u>	<u>5,104</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment and prepaid lease rentals	(1,058)	(7,411)
Additional works on investment properties	-	(45)
Proceeds from disposal of investment properties	-	1,438
Proceeds from disposal of property, plant and equipment	45	280
Net cash flow from acquisition of subsidiary	-	52
Subscription of shares by Minority interest	200	24
Net cash used in investing activities	<u>(813)</u>	<u>(5,662)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(4,000)
Hire purchase	(267)	(224)
Borrowings	(220)	(145)
Net cash used in financing activities	<u>(487)</u>	<u>(4,369)</u>
Effects of exchange rate changes on cash and cash equivalents	(113)	(89)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	11,004	(5,016)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22,466	27,482
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>33,471</u>	<u>22,466</u>



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SECOND QUARTER ENDED 31 DEC 2009 (CON'T)

	Financial Period Ended 31 Dec 09 RM'000	Preceding Year Ended 30 June 09 RM'000
Cash and cash equivalents comprise:		
Deposits with licensed banks	14,537	11,806
Cash and bank balances	18,934	10,660
	<u>33,471</u>	<u>22,466</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009 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 2009 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 2009.

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 2009 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 year to-date.

6. Changes in Estimates

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



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7. Changes in Debt and Equity Securities

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

8. Dividend Paid

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

9. Segmental Reporting

6 months ended 31 Dec 2009

	Cumulative Period	
	Current Period Ended 31 Dec 09 RM'000	Preceding Period Ended 31 Dec 08 RM'000
Revenue		
Design, manufacture and retail of Kitchen Systems and Wardrobe Systems	68,033	71,381
Marketing and Distribution of White Goods and Built-In Kitchen Appliances	1,902	2,474
Manufacture of glass and aluminium products	2,163	8,175
Others	-	-
	<u>72,098</u>	<u>82,030</u>
Profit Before Tax		
Design, manufacture and retail of Kitchen Systems and Wardrobe Systems	10,927	10,282
Marketing and Distribution of White Goods and Built-In Kitchen Appliances	966	1,024
Manufacture of glass and aluminium products	1,148	1,635
Others	(83)	7
	<u>12,958</u>	<u>12,948</u>



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

10. Segmental Reporting (Cont'd)

3 months ended 31 Dec 2009

	Individual Period	
	Current Quarter Ended 31 Dec 09 RM'000	Preceding Period Corresponding Quarter Ended 31 Dec 08 RM'000
Revenue		
Design, manufacture and retail of Kitchen Systems and Wardrobe Systems	28,620	37,199
Marketing and Distribution of White Goods and Built-In Kitchen Appliances	1,149	1,714
Manufacture of glass and aluminium products	1,176	2,517
Others	-	-
	30,945	41,430
Profit Before Tax		
Design, manufacture and retail of Kitchen Systems and Wardrobe Systems	5,484	5,045
Marketing and Distribution of White Goods and Built-In Kitchen Appliances	762	649
Manufacture of glass and aluminium products	364	558
Others	(35)	(117)
	6,575	6,135

11. Valuation of Property, Plant and Equipment and Investment Properties

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

12. Material Events Subsequent to the end of the interim period

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

13. Changes in the Composition of the Group

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

On the 11th September 2009, Signature International Berhad acquired the entire equity of Kubiq Sdn Bhd ("Kubiq") for a total consideration of RM2/-. Kubiq is in the business of sales and marketing of cabinets in kitchen and bedroom, knock down furniture and furniture parts, appliances and accessories. On 30 Oct 2009, the company increased its' paid up capital to RM100,000/-.



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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.

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

	31 Dec 2009 RM'000
Approved and contracted for	<u>652</u>

The capital commitment relates to an investment property.

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	Principal Activities
Duamas Consolidated Sdn Bhd ("Duamas")	Interior Fit Out Contractor
Heart Base Sdn Bhd	Retail of kitchen and wardrobe systems

	Individual Period		Cumulative Period	
	Current Quarter Ended 31 Dec 09 RM'000	Preceding Period Corresponding Quarter Ended 31 Dec 08 RM'000	Current Period Ended 31 Dec 09 RM'000	Preceding Period Ended 31 Dec 08 RM'000
Heart Base Sdn Bhd				
Sale of kitchen and wardrobe systems	179	156	385	409
Duamas				
Project claims for Kitchen Systems, Wardrobe Systems and Interior Fit-Out Services	2,775	4,760	6,292	6,149



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17. Review of Performance – 6 months ended 31 Dec 2009

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

	Individual Period		Cumulative Period	
	Current Quarter Ended	Preceding Period Corresponding Quarter Ended	Current Period Ended	Preceding Period Ended
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	RM'000	RM'000	RM'000	RM'000
Revenue	30,945	41,430	72,098	82,030
Profit before taxation	6,575	6,135	12,958	12,948

(i) Current Quarter

For the current quarter ended 31 Dec 2009, the reported revenue for the Group was RM30.95 million compared to RM41.43 million for the previous year corresponding quarter.

Despite the increase in sales order, the recorded revenue from the retail segment is lower than the previous year corresponding quarter which is at large due to the sales mix where customers demand for the products of lower pricing is more prominent than the high end items as consumers remain cautious with their spending in view of the slow recovery from the dampened economic condition. While there is a steady replenishment of order book, the project sector has recorded lower sales in the quarter due to the stage of completion of the project.

Despite the drop in revenue, the pre-tax profit has recorded a significant improvement of 7.2% where RM6.58 million was recorded in the current quarter as compared to RM6.13 million in the previous quarter. This improved margin was attributed from the project segment.

(ii) Cumulative period to date

The Group posted revenue of RM72.10 million for the 6 months to-date in comparison with preceding year corresponding period of RM82.03 million. The decline of 12.1% in revenue was mainly due to retail consumers being prudent with their choice of kitchen cabinet mix where costs remained their primary consideration in view of the current state of the domestic economy. The project segment has also recorded lower sales due to the stage of completion of the project.

Despite the drop in revenue, the pre-tax profit has increased from RM12.95 million to RM12.96 million mainly due to contribution from the projects segment.



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18. Current Year Prospects

Barring any unforeseen circumstances, the Board of Directors is optimistic that the Group will be able to achieve satisfactory performance for the remaining quarters of the year in view of the gradual improvement on the local and global financial market.

19. Variance between Actual Results and Forecast Results

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

20. Taxation

	Individual Period		Cumulative Period	
	Current Quarter Ended 31 Dec 09 RM'000	Preceding Period Corresponding Quarter Ended 31 Dec 08 RM'000	Current Period Ended 31 Dec 09 RM'000	Preceding Period Ended 31 Dec 08 RM'000
Current Tax Expense	1,553	1,416	2,826	2,832
Deferred Tax Expense	-	-	-	-
	<u>1,553</u>	<u>1,416</u>	<u>2,826</u>	<u>2,832</u>

The effective tax rate of the Group for the current financial period was lower than the statutory tax rate mainly due 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 were no other acquisition or sales of unquoted investments and/or properties for the current quarter ended 31 Dec 2009 except as disclosed in Note 13.

22. Quoted investments

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

23. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 4 February 2010 (not 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 2009 are as follows:

	Current RM'000	Non-Current RM'000	Total RM'000
Denominated in Ringgit Malaysia			
Unsecured	-	-	-
Secured	<u>596</u>	<u>2,086</u>	<u>2,682</u>
	<u>596</u>	<u>2,086</u>	<u>2,682</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), 4 February 2010, 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

In view of the Group's financial performance for the financial year ended 30 June 2009, the Board recommended a final dividend (net) of 8 sen per ordinary share amounting to RM6.4million for the financial year ended 30 June 2009.

The final dividend recommended by the Board was approved by the shareholders at the Third Annual General Meeting held on 18 December 2009 and was distributed to shareholders on 3 February 2010.



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28. Earnings per Share

	Individual Period		Cumulative Period	
	Current Quarter Ended 31 Dec 09 RM'000	Preceding Period Corresponding Quarter Ended 31 Dec 08 RM'000	Current Period Ended 31 Dec 09 RM'000	Preceding Period Ended 31 Dec 08 RM'000
BASIC EARNINGS PER SHARE				
Profit for the period attributable to ordinary equity holders of the Company	4,903	4,520	9,748	9,510
Weighted average number of ordinary shares in issue ('000)	80,000	80,000	80,000	80,000
Basic Earnings per Share (sen)	6.1	5.7	12.2	11.9

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the quarter ended 31 Dec 2009.

29. Authorisation for issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board on 11 February 2010.