



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

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 30 June 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	Individual Period		Cumulative Period	
	Current Quarter Ended 30 June 2014 RM'000	Preceding Period Corresponding Quarter Ended 30 June 2013 RM'000	Current Period Ended 30 June 2014 RM'000	Preceding Period Ended 30 June 2013 RM'000
Revenue	63,553	36,691	175,382	120,848
Operating expenses	(54,544)	(38,634)	(153,854)	(114,864)
Other operating income	1,604	3,156	3,561	4,360
Profit from operations	10,613	1,213	25,089	10,344
Finance costs	(349)	(478)	(1,886)	(1,555)
Profit before taxation	10,264	735	23,203	8,789
Tax expense	(1,837)	(1,723)	(4,972)	(3,737)
Profit after taxation	8,427	(988)	18,231	5,052
Other Comprehensive Income, Net of Tax				
Foreign currency translation	5	128	(47)	137
Total Comprehensive Income for the period	8,432	(860)	18,184	5,189

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial report.



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

INTERIM FINANCIAL REPORT 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014 (CONT'D)

	Individual Period		Cumulative Period	
	Current Quarter Ended 30 June 2014 RM'000	Preceding Period Corresponding Quarter Ended 30 June 2013 RM'000	Current Period Ended 30 June 2014 RM'000	Preceding Period Ended 30 June 2013 RM'000
Profit after tax attributable to:-				
- Equity holders of the parent	8,775	(1,045)	17,838	4,579
- Non-controlling interest	(348)	57	393	473
	<u>8,427</u>	<u>(988)</u>	<u>18,231</u>	<u>5,052</u>
Total Comprehensive Income attributable to: -				
- Equity holders of the parent	8,780	(917)	17,791	4,716
- Non-controlling interest	(348)	57	393	473
	<u>8,432</u>	<u>(860)</u>	<u>18,184</u>	<u>5,189</u>
Earnings per share (sen)				
- Basic	<u>7.4</u>	<u>(1.0)</u>	<u>15.0</u>	<u>3.9</u>
- Diluted	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial report.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	UNAUDITED As at 30 June 2014 RM'000	AUDITED As at 30 June 2013 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	46,683	7,356
Investment properties	30,755	16,400
Deferred tax asset	339	-
Long term receivables	-	4,141
	<u>77,777</u>	<u>27,897</u>
Current Assets		
Inventories	16,681	14,199
Amount owing by contract customers	20,853	7,755
Receivables - net of deposits received	72,205	52,476
Tax recoverable	1,858	1,652
Short-term investments	18,424	27,871
Fixed deposit with licensed banks	155	155
Cash and bank balances	15,118	19,623
	<u>145,294</u>	<u>123,731</u>
Non-current assets held for sale	-	40,341
TOTAL ASSETS	<u>223,071</u>	<u>191,969</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial report.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014 (CONT'D)

	UNAUDITED	AUDITED
	As at	As at
	30 June 2014	30 June 2013
	RM'000	RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	60,000	60,000
Reserves	59,331	43,324
Shareholders' equity	119,331	103,324
Non-controlling interest	2,970	2,377
TOTAL EQUITY	122,301	105,701
Non-Current Liabilities		
Hire purchase payables	972	1,255
Term loans	16,611	17,657
Deferred taxation	169	2,548
	17,752	21,460
Current Liabilities		
Payables	49,662	27,448
Amount owing to contract customers	27,002	34,342
Provision for taxation	3,274	430
Hire purchase payables	515	381
Term loan	2,565	2,207
	83,018	64,808
TOTAL LIABILITIES	100,770	86,268
TOTAL EQUITY AND LIABILITIES	223,071	191,969
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	1.00	0.87

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial report.



Signature International Berhad

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INTERIM FINANCIAL REPORT 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	← Attributable to equity holders of the parent →		← Non Distributable Reserves →		Distributable		Attributable To owners of The Company RM'000	Non- controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Exchange Translation Reserve RM'000	Retained Profits RM'000			
Balance at 1.7.2013	60,000	(920)	-	(28,123)	79	72,288	103,324	2,377	105,701
Profit after taxation for the financial year	-	-	-	-	-	17,838	17,838	393	18,231
Other comprehensive income for the financial year, net of tax;									
- foreign exchange translation					(47)	-	(47)	-	(47)
- dividend paid						(1,784)	(1,784)		(1,784)
- issuance of shares by subsidiary to non controlling interest								200	200
Total comprehensive income for the financial year	-	-	-	-	(47)	16,054	16,007	593	16,600
At 30 June 2014	60,000	(920)	-	(28,123)	32	88,342	119,331	2,970	122,301

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 2013 and the accompanying explanatory notes attached to the interim financial report.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013 (CONT'D)

	← Attributable to equity holders of the parent →									
	← Non Distributable Reserves →					Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable To owners of The Company RM'000	Non- controlling interests RM'000	Total Equity RM'000
At 1 July 2012										
as previously stated	60,000	-	-	7,196	(28,567)	(339)	63,038	101,328	1,904	103,232
- Effect of transition to MFRS	-	-	-	(7,196)	-	281	6,915	-	-	-
At 1 July 2012, as restated	60,000	-	-	-	(28,567)	(58)	69,953	101,328	1,904	103,232
Reversal of merger deficit	-	-	-	-	444	-	(444)	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	137	4,579	4,716	473	5,189
Own shares acquired	-	(920)	-	-	-	-	-	(920)	-	(920)
Dividend paid	-	-	-	-	-	-	(1,800)	(1,800)	-	(1,800)
At 30 June 2013	60,000	(920)	-	-	(28,123)	79	72,288	103,324	2,377	105,701

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 2013 and the accompanying explanatory notes attached to the interim financial report.



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(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2014

	Financial Year Ended 30 June 2014 RM'000	Preceding Year Ended 30 June 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,203	8,789
Adjustments:		
Amortisation and depreciation	2,305	2,455
Bad debts written off	-	24
Dividend Income from short term investments	-	(195)
Fair value (gain)/loss on short term investment	-	(670)
Fair value adjustment for Investment Properties	1,550	-
Gain on deconsolidation of a subsidiary	-	(222)
Gain on disposal of property, plant and equipment	(29)	(64)
Interest expense	962	1,020
Interest income	(921)	(56)
Inventories written down	-	591
Loss / (Gain) on disposal of investment properties	-	25
Plant and equipment written off	122	133
Provision for doubtful debts	4,592	1,907
Unrealised gain on foreign exchange	-	(374)
Write-back of provision for doubtful debts	(1,952)	(2,068)
Changes in working capital	29,832	11,295
Inventories	(2,482)	(3,208)
Receivables	(18,228)	(9,917)
Amount owing by contract customers	(20,438)	10,626
Payables	22,212	5,283
Cash generated from operations	10,896	14,079
Interest received	921	56
Interest paid	(962)	(1,020)
Income tax paid	(4,850)	(3,108)
Net cash inflow from operating activities	6,005	10,007
CASH FLOWS FROM / (USED) IN INVESTING ACTIVITIES		
Additions of property, plant and equipment and prepaid lease rentals	(1,384)	(1,758)
Additional Purchase / works on investment properties	(15,905)	(955)
Proceeds from disposal of property, plant and equipment	-	269
Dividend Income from short term investment	-	195
Proceeds from disposal of short term investments	18,894	9,700
Purchase of short term investments	(9,447)	(8,995)
Net cash used in investing activities	(7,842)	(1,544)



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(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2014 (CONT'D)

	Financial Year Ended 30 June 2014 RM'000	Preceding Year Ended 30 June 2013 RM'000
CASH FLOWS FROM / (USED) IN FINANCING ACTIVITIES		
Dividend paid	(1,784)	(1,800)
Drawdown of Borrowings	2,194	878
Purchase of treasury shares	-	(920)
Hire purchase repayment	(149)	(685)
Borrowings	(2,882)	(2,126)
Net cash used in financing activities	(2,621)	(4,653)
Effects of exchange rate changes on cash and cash equivalents	(47)	103
NET DECREASED IN CASH AND CASH EQUIVALENTS	(4,458)	3,810
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	19,778	15,865
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15,273	19,778
Cash and cash equivalents comprise:		
Deposits with licensed banks	155	155
Cash and bank balances	15,118	19,623
	15,273	19,778



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(Company No: 754118-K)

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INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”)

1. Basis Of Preparation

The condensed consolidated interim financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 – “Interim Financial Reporting” issued and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). This condensed consolidated interim financial statements also complies with International Accounting Standard 34: Interim Financial Reporting issued by the International Accounting Standard Board (IASB).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial report.

2. Significant Accounting Policies

During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

1. MFRS 10 Consolidated Financial Statements
2. MFRS 11 Joint Arrangements
3. MFRS 12 Disclosure of Interests in Other Entities
4. MFRS 13 Fair Value Measurement
5. MFRS 119 (2011) Employee Benefits
6. MFRS 127 (2011) Separate Financial Statements
7. MFRS 128 (2011) Investments in Associates and Joint Ventures
8. Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities
9. Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance
10. Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income
11. IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
12. Annual Improvements to MFRSs 2009 - 2011 Cycle



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. Significant Accounting Policies (Con't)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group financial statements.

3. Comments about 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.

4. Unusual Items due to their nature, size or incidence

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.

5. Changes in Estimates

There were no estimates announced in regard of the current quarter results.

6. Changes in Debt and Equity Securities

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

7. Dividend Paid

A first and final single tier tax exempt dividend of 1.5 sen per ordinary share in respect of the financial year ended 30 June 2013 was paid on 30 January 2014.



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INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

8. Segmental Information

The Group	Design Manufacture and Retail Of Kitchen And Wardrobe Systems RM000	Marketing and Distribution Of White Goods RM000	Manufacture Of Glass and Aluminium Products RM000	Interior fit-out works RM000	Others RM000	Eliminations RM000	The Group RM000
Result for 3 months Quarter ended 30 June 2014							
REVENUE:							
External revenue	61,246	422	2,999	(1,114)	-	-	63,553
Inter-segment revenue	11,776	3,767	486	8,059	503	(24,591)	-
Total revenue	73,022	4,189	3,485	6,945	503	(24,591)	63,553
RESULTS							
Segment results	9,757	1,122	(619)	646	(293)	-	10,613
Finance costs	(332)	(8)	(9)	-	-	-	(349)
Profit from ordinary activities before taxation	9,425	1,114	(628)	646	(293)	-	10,264
Income tax expense							(1,837)
Profit from ordinary activities after taxation							8,427
Non-controlling interest							348
Net profit attributable to equity holders of the Company							8,775



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(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

8. Segmental Information (Cont'd)

The Group	Design Manufacture and Retail Of Kitchen And Wardrobe Systems RM'000	Marketing and Distribution Of White Goods RM'000	Manufacture Of Glass and Aluminium Products RM'000	Others RM'000	Eliminations RM'000	The Group RM'000
Result for 3 months Quarter ended 30 June 2013						
REVENUE:						
External revenue	30,685	644	5,362	-	-	36,691
Inter-segment revenue	7,476	3,183	157	491	(11,307)	-
Total revenue	38,161	3,827	5,519	491	(11,307)	36,691
RESULTS						
Segment results	1,275	(168)	323	(217)	-	1,213
Finance costs	(458)	(13)	(7)	-	-	(478)
Profit / (loss) from ordinary activities before taxation	817	(181)	316	(217)	-	735
Income tax expense						(1,723)
Profit / (loss) from ordinary activities after taxation						(988)
Non-controlling interest						(57)
Net profit / (loss) attributable to equity holders of the Company						(1,045)



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

8. Segmental Information (Cont'd)

The Group	Design	Marketing	Manufacture	Interior	Others	Eliminations	The Group
	Manufacture and Retail Of Kitchen And Wardrobe Systems	Marketing and Distribution Of White Goods	Manufacture Of Glass and Aluminium Products				
	RM000	RM000	RM000	RM000	RM000	RM000	RM000
Result for 12 months Year ended 30 June 2014							
REVENUE:							
External revenue	154,808	2,407	17,284	883	-	-	175,382
Inter-segment revenue	45,478	10,481	1,688	8,059	4,064	(69,770)	-
Total revenue	200,286	12,888	18,972	8,942	4,064	(69,770)	175,382
RESULTS							
Segment results	20,606	1,521	1,820	433	709	-	25,089
Finance costs	(1,802)	(47)	(35)	(2)	-	-	(1,886)
Profit from ordinary activities before taxation	18,804	1,474	1,785	431	709	-	23,203
Income tax expense							(4,972)
Profit from ordinary activities after taxation							18,231
Non-controlling interest							(393)
Net profit attributable to equity holders of the Company							17,838



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INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

8. Segmental Information (Cont'd)

The Group	Design	Marketing	Manufacture	Others	Eliminations	The Group
	Manufacture and Retail Of Kitchen And Wardrobe Systems	Marketing and Distribution Of White Goods	Manufacture Of Glass and Aluminium Products			
	RM000	RM000	RM000	RM000	RM000	RM000
Result for 12 months Year ended 30 June 2013						
REVENUE:						
External revenue	95,129	2,557	23,162	-	-	120,848
Inter-segment revenue	30,243	7,346	930	1,879	(40,398)	-
Total revenue	125,372	9,903	24,092	1,879	(40,398)	120,848
RESULTS						
Segment results	8,391	680	1,788	(515)	-	10,344
Finance costs	(1,498)	(27)	(30)	-	-	(1,555)
Profit from ordinary activities before taxation	6,893	653	1,758	(515)	-	8,789
Income tax expense						(3,737)
Profit from ordinary activities after taxation						5,052
Non-controlling interest						(473)
Net profit attributable to equity holders of the Company						4,579



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INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

8. Segmental Information (Cont'd)

Assets and Liabilities As at 30 June 2014

OTHER INFORMATION

Segment assets	207,387	10,946	25,703	7,574	74,590	(105,326)	220,874
Unallocated assets							2,197
							<u>223,071</u>
Segment liabilities	124,541	2,462	18,432	6,215	18,930	(73,253)	97,327
Unallocated liabilities							3,443
							<u>100,770</u>

Assets and Liabilities As at 30 June 2013

OTHER INFORMATION

Segment assets	169,707	10,184	22,443	-	64,060	(76,077)	190,317
Unallocated assets							1,652
							<u>191,969</u>
Segment liabilities	102,901	2,851	16,367	-	7,360	(46,189)	83,290
Unallocated liabilities							2,978
							<u>86,268</u>



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INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

9. Property, Plant and Equipment Valuation

There were no changes in the valuations of the Property, Plant and Equipment since the last audited financial statements. Upon transition to MFRS, the Group used the previous revaluation at or before the date of transition as deemed cost for property, plant and equipment.

10. Profit / (Loss) before taxation

	Individual Period		Cumulative Period	
	Current Quarter Ended 30 June 2014 RM'000	Preceding Corresponding Quarter Ended 30 June 2013 RM'000	Current Year Ended 30 June 2014 RM'000	Preceding Corresponding Year Ended 30 June 2013 RM'000
Profit before taxation is arrived at after charging :-				
Interest expense	241	176	962	1,020
Depreciation and amortisation	319	447	2,305	2,455
Impairment of assests	1,550	-	1,550	-
Provision for and write off of receivables	2,892	782	4,592	1,907
Property written off	122	-	122	133
Loss on foreign exchange	19	-	281	-
Loss on dsposal of property, plant equipment	-	26	-	26
Profit before taxation is arrived at after Crediting :-				
Interest Income	178	2	921	56
Other Income including Investment Income	49	9	190	195
Write-back of provision for doubtful debts	1,083	826	1,952	2,068
Gain on foreign exchange	133	345	264	442
Gain on disposal of property, plant and equipment	-	-	29	90



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INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

Refer to note 21, item 2 on disposal by Signature Cabinet Sdn Bhd ("SCSB").

As announced on 17 July 2014, the condition precedent set out in the SPA dated 15 July 2013, being the consent and/or approval of the Appropriate Authorities for the re-development of the Properties in accordance with the Layout Plan, has not been fulfilled and had lapsed on 14 July 2014 (being 9 months from the date of the SPA and including an automatic extension of a further period of three (3) months as provided in the SPA) ("**Condition Period**").

SCSB had, through their solicitors, issued a letter dated 17 July 2014 to the Purchaser notifying the Purchaser of their decision not to extend the Condition Period. Pursuant thereto, SCSB has also notified of the termination in accordance with Section 6.05(a) of the SPA and that SCSB shall, in accordance with Section 6.04(b), refund the Earnest Deposit to the Purchaser ("**Termination Notice**").

The SPA shall be null and void and be of no further effect whatsoever and neither parties shall have any rights or claim against the other upon the Purchaser withdrawing any private caveats that they have lodged over the Properties and furnishing to SCSB's solicitor evidence of such withdrawal within 14 days from the date of the Termination Notice.

As a result of the above, SIGN will no longer be pursuing the Proposed Disposal. Further, there will not be any impact to the operation of SIGN Group arising from the lapse of the Proposed Disposal.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.



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INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

13. Changes in Contingent Assets or Contingent Liabilities

As at 30 June 2014, corporate guarantees extended to licensed banks for credit facilities granted to the subsidiaries as follows:-

	Current Year Ended 30 June 2014 RM'000	Preceding Year Ended 30 June 2013 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to the subsidiaries	<u>17,113</u>	<u>13,021</u>

14. Capital Commitments

Capital commitments for the purchase of property, plant and equipment and investment properties not provided for in the interim financial statements as at the balance sheet date were as follows:

	Current Year Ended 30 June 2014 RM'000	Preceding Year Ended 30 June 2013 RM'000
Approved and contracted for:-		
Investment Properties	11,422	386
Approved but not contracted for:-		
Investment Properties	50,782	-
Total capital commitments	<u>62,204</u>	<u>386</u>



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INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15. Significant Related Party Transactions

A wholly-owned subsidiary, namely Signature Cabinet Sdn Bhd acquired two (2) units of serviced apartments to be erected on a piece of freehold land under H.S.(D) 283190, P.T. 35472 in the Mukim Damansara, Daerah Petaling, from HSB Development Sdn Bhd, for a total cash consideration of RM3,699,900. HSB Development Sdn Bhd is the wholly-owned subsidiary of HSC Healthcare Sdn Bhd. HSC Healthcare Sdn Bhd is the substantial shareholder of SIGN. In addition, Dr Lim Yin Chow is deemed a substantial shareholder in SIGN by virtue of his interest in HSC Healthcare Sdn Bhd.

Dr Lim resigned from the Group as Non-Independent and Non-Executive Director on 10th January 2014. He is still deemed interested by virtue of 6 months cooling period from the date of his resignation.

Name of Company

Principal Activities

Putra Perdana Construction Sdn Bhd*
- (through a development project contract
with HSB Development Sdn Bhd)

Property Development

Individual Period		Cumulative Period	
Current Quarter Ended	Preceding Period Corresponding Quarter Ended	Current Period Ended	Preceding Period Ended
30 June 2014	30 June 2013	30 June 2014	30 June 2013
RM'000	RM'000	RM'000	RM'000

HSB Development Sdn Bhd

Project revenue for Kitchen & Wardrobe Systems	889	-	2,947	-
Deposit received for a project	-	5,160	-	5,160

* HSB Development Sdn Bhd is a wholly-owned subsidiary of HSC Healthcare. Dr. Lim, a director of SIGN, is deemed as an "Interested Director" and "Interested Major Shareholder" by virtue of his interest in HSC Healthcare. HSC Healthcare is a major shareholder of SIGN and is therefore deemed as an "Interested Major Shareholder" of SIGN.

Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD.**
16. Review of Performance
- Current Quarter 3 months ended 30 June 2014

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

	Individual Period		Cumulative Period	
	Current Quarter Ended 30 June 2014 RM'000	Preceding Period Corresponding Quarter Ended 30 June 2013 RM'000	Current Year Ended 30 June 2014 RM'000	Preceding Year Ended 30 June 2013 RM'000
Revenue	63,553	36,691	175,382	120,848
Profit before taxation	10,264	735	23,203	8,789

A revenue of RM63.6million in the current quarter marked an increase of RM26.9million or 73.2%, as compared to the preceding year corresponding quarter of RM36.7million. The increased revenue was mainly due to higher revenue recognition from Kitchen and Wardrobe segment from both project and retail, with the significant increase from the project division of this business segment. Besides the increase in project revenue for work done in the quarter, the other contributing factor to the increase in project revenue arises from numerous projects of high contract value with high margin were completed in the quarter where the revenue was recognized immediately in the quarter.

The profit before tax for the current quarter improved tremendously by RM9.5million or 1,296.4% from RM0.7million in the preceding corresponding quarter to RM10.3million in the current quarter. The significant improvement in profit before tax was due to higher revenue recognized in the current quarter from the main segment, i.e the project division of the Kitchen and Wardrobe segment. This increase is also resulted from the projects completed in the quarter that has high margin as well as costs saving from some projects.

Kitchen and Wardrobe Systems

An increase was recorded in this segment, of RM30.5million or 99.6% from RM30.7million in the preceding corresponding quarter to RM61.2million in the current quarter under review. Both project and retail has recorded a significant improvement in sales volume with the most significant increase from the project division whereby revenue from numerous projects completed in the current quarter were fully taken up in the quarter giving rise to the increase in revenue.

In line with the increase in revenue, the profit before tax improved to RM9.4million in current quarter from RM0.8million in the preceding year corresponding quarter. The factor contributing to this increase in profit before tax was due to those projects completed with full recognition of revenue are with high margin and some are due to the cost savings factor.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. Review of Performance (Cont'd)

- Current Quarter 3 months ended 30 June 2014

White Goods and Built-in Kitchen Appliances

This segment had shown a decline in revenue to RM0.4million or 34.5% from RM0.6million in the preceding year corresponding quarter.

However, the profit before tax for the segment rises by RM1.3million or 718.9%, from a loss of RM 0.2million in last preceding year corresponding quarter, to a profit of RM 1.1million in current quarter. This improvement was due to inventories written off in last preceding quarter which pulled down the profit in the last quarter of preceding year.

Glass and Aluminium Product

The current quarter revenue dropped to RM3.0million from RM 5.4million in last preceding year corresponding quarter. The decrease of 44.1 % was mainly due to lower revenue contribution from the project segment in the current quarter. This arises from the delay in some sites where work was not able to be carried out in the quarter.

The impact of decrease in revenue lead to a loss before tax of RM0.6million, which was 298.7% drop from last preceding year corresponding quarter which recorded profit of RM0.3million. The impairment on doubtful debts made in the current quarter has increased the losses in the current quarter.

Interior Fit-out Segment

For the current quarter under review, the project revenue from this segment mainly contributed from the billing to intercompany for project work done. Profit before tax recorded an amount of RM0.6million arising from project revenue with no comparative with last preceding quarter as the company is newly set up in the financial year.

Others Segment

The Other Segment inclusive of Investment Holding Company, Properties Investment Company, In-House Installers Academy and Dormant Companies. The main source of revenue for the reporting quarter represents Management fee charged by Holding Company.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. Review of Performance (Cont'd)

- Cumulative period to-date 12 months ended 30 June 2014

For this financial period under review, the Group recorded revenue of RM175.4million as compared to the previous financial period of RM120.8million. The increase of RM54.5million or 45.1% in revenue resulted from higher revenue contribution from the main segment - Kitchen and Wardrobe and marginally from the newly set up segment in the financial period, Interior Fit-out division. Project division remains to be the main contributor to the Group's revenue where more than 50% of the increase is from the job delivered and billed in the current financial year while 25% of the revenue increase is from the retail division. Another factor that gives rise to the increase in revenue is from the completion of some projects in the year whereby the full revenue was taken up accordingly.

In tandem with the higher revenue recognized, profit before tax for current year to-date increased significantly by RM14.4million or 164.0% compared to preceding year corresponding period, from RM8.8million to RM23.2million. This is also in line with the increase in revenue recorded from numerous projects completed where revenue was taken up in full and the profits are recognized accordingly. Some of these completed projects are with higher margin leading to a higher profit before tax for the business segment.

Kitchen and Wardrobe Systems

As of year to-date, this segment contributes revenue of RM154.8million, as compared to the preceding year corresponding period, RM95.1million. The RM59.7million or 62.7% increase in revenue was attributed from higher revenue generated from both project and retail division. At the same time, some project with higher contract value were completed in the year with full recognition of the revenue.

The increase in revenue impacted the profit before tax whereby it rises from RM6.9million in last preceding year corresponding period to RM18.8million in current year to-date. Certain projects completed in the year has high margin giving rise to higher profit before tax for the business unit and there are some projects that costs saving that result in higher profit.

White Goods and Built-in Kitchen Appliances

This segment recorded a minimal drop in revenue by RM0.1million or 5.8% as compared to last preceding year corresponding period, from RM2.6million to RM2.4million. This was due to decrease in sales to dealers.

Nevertheless, the profit before tax for the segment increased by 125.7%, which was from RM0.6million in last preceding corresponding period to RM1.5million in the current year to-date. The increase in profit before tax resulted from impact of lower operating expenditure during the year.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16. Review of Performance (Cont'd)

- Cumulative period to-date 12 months ended 30 June 2014

Glass and Aluminium Product

The Glass and Aluminium Product segment marked a decline in revenue by RM5.9million or 25.4%, from RM23.2million to RM17.3million as of year to-date due to certain projects expected to be completed has been delayed due to the site conditions where work was not able to be carried out completely.

Notwithstanding the drop in revenue, the profit before tax for the current period remains consistent with last preceding period which is RM1.7million.

Interior Fit-out Segment

As of year to-date, this segment contributed project revenue of RM0.9million and profit before tax of RM0.4million during the year.

Others Segment

The Other Segment inclusive of Investment Holding Company, Properties Investment Company, In-house Installers Academy and Dormant Companies. The main source of revenue for the reporting period represents Management fee charged by the Holding Company which was eliminated at the Group level.

17. Material change in Profit before tax of Current Quarter compared with Preceding Quarter

	Individual Period		Changes	
	Current Quarter Ended 30 June 2014 RM'000	Preceding Quarter Ended 31 Mar 2014 RM'000	In Value RM'000	In %
Revenue	63,553	41,916	21,637	51.6%
Profit before taxation	10,264	5,620	4,644	82.6%

The Group recorded revenue of RM63.6million in the current quarter as compared to the immediate preceding quarter of RM41.9million. The increment in revenue recognition by RM21.6million or 51.6% between the quarters mainly caused by project revenue contributed from Kitchen and Wardrobe segment during current quarter. The project has recorded an increase from work done and billed in the current quarter as well as from the revenue recognition from completed projects.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

17. Review of Performance (Cont'd)

- Cumulative period to-date 12 months ended 30 June 2014

Notwithstanding the above, the Group recorded a higher profit before tax of RM10.3million in the current quarter under review as compared to RM5.6million in the preceding quarter, contributed from the higher margin from some projects.

18. Future Year Prospects

Moving towards a new financial year 2015, the Group expected to continue its growth in all business segments - retail, project and the newly set up, interior fit-out division. The Group is expected to soar higher with more sales recognition arising from the existing unbilled order book of RM250 million from its project division. The continuous replenishment of order book from the project bidding currently undertaken by the Group will provide the Group with a continuous stream of revenue recognition. The business momentum of the Group will continue to be robust with more jobs to be secured from its project division, leveraging on the vibrant property market where developers continue to launch new projects.

The Malaysian economy is expected to remain strong with the report from Bank Negara that the country has registered a strong performance with Gross Domestic Product (GDP) growth of 6.3% for the first half of 2014 compared with 5.5% recorded in the same period a year ago. As reported by the Governor of Bank Negara, Tan Sri Dr Zeti Akhtar Aziz, the positive result was driven by the positive numbers contributed from the construction, manufacturing, services, agriculture and mining sector. The Group is confident that it will continue to leverage on the opportunities available in the market arising from the positive economic outlook in the country where the Group business is closely related to the construction and manufacturing sector.

While on the retail segment, the Group is revamping its retail sales approach with the setup of Signature Lifestyle Gallery and the Signature Concept store with different look and feel. This new concept will provide retail customers with a new shopping experience where variety theme of kitchens and wardrobes and appliances would be displayed to enable customers to have wider selection of products.

A new business division, Signature Interiors Sdn Bhd was set up in the financial year to venture into the business of design and built, interior fit out work for the hospitality industry, hotels and commercial buildings. This business division has proven to be fruitful with RM34million worth of interior fit out work being secured in its first year of incorporation and more tenders have been submitted where the Group is optimistic that more projects would be awarded to the Group. The collaboration between the Interior fit out division with the kitchen cabinet division provided a good synergy where both divisions are able to complement each other for its bidding work.

Another new business unit, Signature Academy Sdn Bhd was setup in the year to undertake an industrial training programme to develop and train skill workers to meet the demand from the industry. This noble initiative from the Group was intended to develop skill workers in the field of installation work to enable these groups of skill workers to earn a higher income from the skill they acquired. This would at the same time provide the industry with more installers to resolve the current shortage of skilled workers in the kitchen cabinet industry.

Barring any unforeseen circumstances, the Board is optimistic that the Group prospects will remain bright and continue to achieve its objectives in next coming years.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

19. Variance between Actual Results and Forecast Results

The Group did not issue any profit forecast or profit guarantee in respect of the current quarter under review.

20. Taxation

	Individual Period		Cumulative Period	
	Current Quarter Ended 30 June 2014 RM'000	Preceding Period Corresponding Quarter Ended 30 June 2013 RM'000	Current Period Ended 30 June 2014 RM'000	Preceding Period Ended 30 June 2013 RM'000
Current Tax Expense				
- Current Year	1,837	1,723	4,972	3,737
- Deferred Tax	-	-	-	-
Total Income Tax Expense	1,837	1,723	4,972	3,737

21. Status of Corporate Proposals/Exercises

1. Signature International Berhad ("SIGN") proposed acquisition by Signature Manufacturing Sdn Bhd, a wholly-owned subsidiary of SIGN, of three (3) adjoining parcels of vacant industrial land located at:-
 - (i.) Lot 25, Eastern Gateway Industrial hub @ Bandar Bukit Raja, held under suratan hakmilik sementara no. h.s.(d) 139768, PT no. 69195, Mukim Kapar, Daerah Klang, Selangor measuring approximately 15,962 square metres (or approximately 171,626.4 square feet) ("land i") from Aspen Point Sdn Bhd for a total cash consideration of approximately RM15,961,255.
 - (ii.) Lot 26, Eastern Gateway Industrial hub @ Bandar Bukit Raja, held under suratan hakmilik sementara no. h.s.(d) 139769, PT no. 69196, Mukim Kapar, Daerah Klang, Selangor measuring approximately 16,212 square metres (or approximately 174,675.6 square feet) ("land ii") from Sierra Towers Sdn Bhd for a total cash consideration of approximately RM16,244,830.
 - (iii.) Lot 27, Eastern Gateway Industrial hub @ Bandar Bukit Raja, held under suratan hakmilik sementara no. h.s.(d) 139758, PT no. 69185, Mukim Kapar, Daerah Klang, Selangor measuring approximately 17,057 square metres (or approximately 183,387.6 square feet) ("land iii") from Eight Edition Sdn Bhd for a total cash consideration of approximately RM17,055,047.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

21. Status of Corporate Proposals/Exercises (Cont'd)

As per announcement on 18 June 2014, the following conditions precedent set out in the SPAs dated 18 December 2013 for the above land, as varied by the Variation Letters dated 15 May 2014 has not been fulfilled :-

- 1) the transfers from the Developer for Land II and Land III to be duly signed in favour of SMSB;
- 2) the discharge of charge on Land I from Affin Bank Berhad; and
- 3) the shareholders' approval of SIGN.

The Vendors have, through their solicitor's letter dated 19 June 2014, accepted that there is a non-fulfilment of the above conditions precedent and hence, in accordance with clause 14 of the SPAs, they will refund to the Purchasers the whole Deposit and the remaining 5% price paid to Sime Darby USJ Development Sdn Bhd on behalf of the Vendors and the Purchaser's solicitors will return the cancelled Transfer for Lot 25 and withdraw all private caveats on Lot 25, Lot 26 and Lot 27 and thereafter, the SPAs and Variation Letter shall be of no further effect whatsoever and neither parties shall have a claim against the other.

As a result of the above, SIGN will no longer be pursuing the Proposed Acquisitions

2. Disposal by Signature Cabinet Sdn Bhd ("SCSB"), a wholly-owned subsidiary of Signature International Berhad, of two parcels of contiguous land held respectively under h.s.(d) 241037, PT 9926 and h.s.(d) 241038, PT 9927 of Pekan Baru Sungai Buloh, district of Petaling, state of Selangor measuring approximately 29,728 square metres (or equivalent to 319,989 square feet) to Purple Heights Sdn Bhd, a wholly-owned subsidiary of Meda Inc. Berhad, for a total consideration of RM75,200,000 to be settled partly in cash and part payment in kind.

Refer to Note 11 for subsequent event of the above disposal.

3. By the sale and purchase agreement, dated 18 February 2014, between Syamurni Sdn Bhd ("Syamurni") and Signature Realty Sdn Bhd ("SRSB"). Syamurni has agreed to sell and SRSB has agreed to purchase the parcel of a shop office known as Unit No. 23, measuring approximately 5,036 square feet together with accessory parcels Nos. CP-GF-71 and CP-GF-72 in a mixed development known as Eve Suite @ Ara Damansara for a total consideration of RM2.328 million, erected on that piece of freehold land held under Geran 69912, P.T. 71518 Mukim of Damansara, District of Petaling, State of Selangor.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

21. Status of Corporate Proposals/Exercises (Cont'd)

4. By the sale and purchase agreement, dated 8 May 2014, between Chee Chiew Har and Chee Li Har ("Vendor") and Signature Realty Sdn Bhd ("SRSB"). Vendor have agreed to sell and SRSB has agreed to purchase the detached house erected on land under Suratan Hakmilik Sementara No. H.S.(D) 175792, P.T 17, Bandar Petaling Jaya, Daerah Selangor for a total cash consideration of RM 3,980,000.00.
5. By the sale and purchase agreement, dated 19 May 2014, between Chee Yoke Kuan ("Vendor") and Signature Realty Sdn Bhd ("SRSB"). Vendor has agreed to sell and SRSB has agreed to purchase the detached house erected on land under Suratan Hakmilik Sementara No. H.S.(D) 233547, P.T 19, Bandar Petaling Jaya, Daerah Selangor for a total cash consideration of RM 3,480,000.00.
6. By the sale and purchase agreement, dated 2 June 2014, between Pangkat Unggul Sdn Bhd ("Vendor") and Signature Realty Sdn Bhd ("SRSB"). Vendor has agreed to sell and SRSB has agreed to purchase a parcel known as Unit C-20-1, Block C in a housing development known as Green Residence @ Cheras for a total consideration of RM835,414.00, erected on that piece of freehold land held under Geran Mukim 283, Lot 1098, Tempat Batu 8, Jalan Kuala Lumpur Mukim Cheras, Daerah Hulu Langat, Selangor.
7. By the sale and purchase agreement, dated 25 June 2014, between Demi Murni Holdings Sdn Bhd ("Vendor") and Signature Realty Sdn Bhd ("SRSB"). Vendor has agreed to sell and SRSB has agreed to purchase a parcel known as Unit C-37-2, Block C in a housing development known as Cybersquare for a total consideration of RM426,700.00, erected on that piece of freehold land held under Geran 207771, Lot 23566, Mukim Dengkil, Daerah Sepang, Selangor.

Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
22. Borrowings and Debt Securities

The Group's borrowings as follows:

	Cumulative Period	
	Current Year Ended	Preceding Year Ended
Term Loan (Secured) :-	30 June 2014	30 June 2013
	RM'000	RM'000
Current	2,565	2,207
Non Current	16,611	17,657
Total Bank Borrowing	19,176	19,864

23. Material Litigation

ID Industries Sdn Bhd ("ID Industries") and Wong Jee Jong (collectively known as the "Plaintiffs") vs Signature Cabinet Sdn Bhd ("Signature Cabinet"), Tan Kee Choong and Chooi Yoey Sun (collectively known as the "Defendants")

On 29 October 2013, the Plaintiffs had filed a statement of claim against the Defendants at the High Court of Malaya at Shah Alam ("High Court") to seek, among others, a declaration that the termination of the dealership agreement dated 2 July 2007 between Signature Cabinet, a wholly-owned subsidiary of SIGN, and ID Industries ("Dealership Agreement") via a termination notice dated 3 October 2013 issued by Signature Cabinet is wrongful, which is claimed together with general damages ("Statement of Claim"). The termination notice was issued in accordance with clause 17.3 of the Dealership Agreement, wherein each party to the agreement is entitled to terminate the Dealership Agreement by giving 3 months' notice in writing. The Plaintiffs alleged that the termination of the Dealership Agreement between Signature Cabinet and ID Industries was unreasonable, wrong and not bona fide as it allegedly breached a collateral agreement and the fiduciary duties of the defendants to the plaintiffs as "co-venturer". Further, the Plaintiffs are also seeking compensation of RM10,041,815 (being the amount of rent, renovation cost, utilities and insurance for setting up of showrooms) under the alleged terms of a collateral agreement and other costs to be assessed.

On 28 November 2013, a statement of defence had been filed at the High Court by the Plaintiffs and subsequently, the first case management before the judge was fixed for 7 February 2014. The parties have since filed interlocutory applications in the action and the matter is now fixed for hearing on 12 June 2014.

The Board of Directors of SIGN ("Board"), having considered the legal advice from the solicitors handling the matter for them presently, is of the opinion that Signature Cabinet has more than a fair chance against such claims. Accordingly, the Board is of the opinion that no provision is required to be made for such claims.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

23. Material Litigation (Cont'd)

The Board of Directors wishes to announce that the solicitors for the Defendants had on 11 June 2014 received from the solicitors for the Plaintiffs Notices of Discontinuance both dated 11 June 2014 to discontinue the suits against the Defendants without liberty to file afresh and no order as to costs.

24. Proposed Dividend

The board has not recommended any dividend for the current quarter.

25. Earnings per Share

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the quarter ended 30 June 2014.

	Individual Period		Cumulative Period	
	Current Quarter Ended 30 June 2014 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2013 RM'000	Current Year Ended 30 June 2014 RM'000	Preceding Year Ended 30 June 2013 RM'000
BASIC EARNINGS PER SHARE				
Profit for the year attributable to ordinary equity holders of the Company	8,775	(1,045)	17,838	4,579
Weighted average number of ordinary shares in issue ('000)	118,945	120,000	118,945	120,000
Basic Earnings per Share (sen)	7.4	(0.9)	15.0	3.8



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 JUNE 2014

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

26. Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 30 June 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 30 June 2014 RM'000
Total retained profits/ (accumulated losses) of Signature International Berhad and its subsidiaries:	
- Realised	91,638
- Unrealised	(5,124)
	<hr/>
	86,514
Consolidation adjustments	1,828
	<hr/> <hr/>
	88,342

27. 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 2013 were not subject to any qualification.

28. 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 28 August 2014.