



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

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 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015 (UNAUDITED)

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2015 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2014 RM'000	Year-to-date 31 Dec 2015 RM'000	Preceding Year-to-date 31 Dec 2014 RM'000
Revenue	54,969	71,070	99,844	130,420
Operating expenses	(47,294)	(56,768)	(86,245)	(107,763)
Other operating income	607	3,246	1,944	4,724
Profit from operations	8,282	17,548	15,543	27,381
Finance costs	(499)	(557)	(910)	(1,102)
Profit before taxation	7,783	16,991	14,633	26,279
Tax expense	(1,867)	(4,252)	(3,685)	(6,573)
Profit after taxation	5,916	12,739	10,948	19,706
Other Comprehensive Income, Net of Tax				
Foreign currency translation	56	(69)	(187)	(72)
Total Comprehensive Income for the period	5,972	12,670	10,761	19,634

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 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 31 DECEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015 (UNAUDITED) (CONT'D)

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2015 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2014 RM'000	Current Year-to-date 31 Dec 2015 RM'000	Preceding Year-to-date 31 Dec 2014 RM'000
Profit after tax attributable to:-				
- Equity holders of the parent	5,649	12,178	10,541	18,851
- Non-controlling interest	267	561	407	855
	<u>5,916</u>	<u>12,739</u>	<u>10,948</u>	<u>19,706</u>
Total Comprehensive Income attributable to: -				
- Equity holders of the parent	5,705	12,109	10,354	18,779
- Non-controlling interest	267	561	407	855
	<u>5,972</u>	<u>12,670</u>	<u>10,761</u>	<u>19,634</u>
Earnings per share (sen)				
- Basic	4.7	10.2	8.8	15.8
- Diluted	Not applicable	Not applicable	Not applicable	Not applicable

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 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 31 DECEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	UNAUDITED	AUDITED
	As at	As at
	31 Dec 2015	30 Jun 2015
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	49,543	49,312
Goodwill arising from Consolidation	100	-
Investment properties	37,433	35,868
Deferred tax asset	2,339	2,339
	<u>89,415</u>	<u>87,519</u>
Current Assets		
Inventories	20,042	17,588
Amount owing by contract customers	21,153	37,152
Receivables - net of deposits received	82,986	71,615
Tax recoverable	4,346	1,642
Short-term investments	19,623	24,436
Fixed deposit with licensed banks	155	155
Cash and bank balances	9,682	22,583
	<u>157,987</u>	<u>175,171</u>
TOTAL ASSETS	<u>247,402</u>	<u>262,690</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 2015 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 31 DECEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)

	UNAUDITED As at 31 Dec 2015 RM'000	AUDITED As at 30 Jun 2015 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	60,000	60,000
Share premium	889	889
Reserves	85,313	83,912
Shareholders' equity	146,202	144,801
Non-controlling interest	5,114	4,263
TOTAL EQUITY	151,316	149,064
Non-Current Liabilities		
Hire purchase payables	2,322	1,849
Term loans	17,435	18,798
Deferred taxation	2,901	2,901
	22,658	23,548
Current Liabilities		
Payables	46,355	49,026
Amount owing to contract customers	14,616	31,259
Provision for taxation	1,840	1,652
Hire purchase payables	764	654
Term loan	2,689	2,689
Dividend Payable	7,164	4,798
	73,428	90,078
TOTAL LIABILITIES	96,086	113,626
TOTAL EQUITY AND LIABILITIES	247,402	262,690
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	1.22	1.22

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 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 31 DECEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015 (UNAUDITED)

	← Attributable to equity holders of the parent →				← Non Distributable Reserves → Distributable				
	Share Capital RM'000	Share Premium RM'000	Treasury Shares 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
Balance at 1 July 2015	60,000	889	(90)	(28,123)	(49)	112,174	144,801	4,263	149,064
Profit after taxation for the financial year	-	-	-	-	-	10,541	10,541	407	10,948
Other comprehensive income for the financial year, net of tax; - foreign exchange translation	-	-	-	-	(187)	-	(187)	-	(187)
Total comprehensive income for the financial year	-	-	-	-	(187)	10,541	10,354	407	10,761
Contribution by and distribution to owners of the Company:									
- Purchase of treasury shares	-	-	(1,145)	-	-	-	(1,145)	-	(1,145)
- Dividend declared	-	-	-	-	-	(7,164)	(7,164)	-	(7,164)
- Changes in ownership interest of subsidiaries	-	-	-	-	-	(644)	(644)	444	(200)
	-	-	(1,145)	-	-	(7,808)	(8,953)	444	(8,509)
At 31 December 2015	60,000	889	(1,235)	(28,123)	(236)	114,907	146,202	5,114	151,316

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 2015 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 31 DECEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015 (UNAUDITED) (CONT'D)

	← Attributable to equity holders of the parent →							
	← Non Distributable Reserves →			Distributable				
	Share Capital RM'000	Treasury Shares 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
Balance at 1 July 2014	60,000	(921)	(28,123)	32	89,730	120,718	2,919	123,637
Profit after taxation for the financial year	-	-	-	-	18,851	18,851	855	19,706
Other comprehensive income for the financial year, net of tax;								
- foreign exchange translation	-	-	-	(72)	-	(72)	-	(72)
- resale of treasury shares	-	921	-	-	-	921	-	921
- purchase of treasury shares	-	(76)	-	-	-	(76)	-	(76)
- sale of shares to subsidiary by non controlling interest	-	-	-	-	-	-	(161)	(161)
Total comprehensive income for the financial year	-	845	-	(72)	18,851	19,624	694	20,318
At 31 December 2014	60,000	(76)	(28,123)	(40)	108,581	140,342	3,613	143,955

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 2014 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 31 DECEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015 (UNAUDITED)

	Financial Period Ended 31 Dec 2015 RM'000	Preceding Period Ended 31 Dec 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,633	26,279
Adjustments:		
Amortisation and depreciation	1,528	1,475
Gain on disposal of treasury shares	-	(889)
(Gain)/Loss on disposal of property, plant and equipment	(145)	(287)
Interest expense	607	529
Interest income	(518)	(288)
Inventories (write-back)/ written down	-	300
Provision for doubtful debts	-	1,993
Unrealised loss/(gain) on foreign exchange	262	72
Write-back of provision for doubtful debts	(825)	(3,152)
Changes in working capital	15,542	26,032
Inventories	(2,454)	869
Receivables	(10,541)	(17,715)
Amount owing by contract customers	(644)	20,944
Payables	(2,935)	(31,047)
Cash generated used in operations	(1,032)	(917)
Interest received	518	288
Interest paid	(607)	(529)
Income tax paid	(6,202)	(2,868)
Net cash outflow from operating activities	(7,323)	(4,026)
CASH FLOWS FROM / (USED) IN INVESTING ACTIVITIES		
Additions of property, plant and equipment and prepaid lease rentals	(1,029)	(3,368)
Additional Purchase / works on investment properties	(1,565)	(7,010)
Proceeds from disposal of property, plant and equipment	223	316
Proceeds from disposal of short term investments	4,813	4,776
Purchase of short term investments	-	(2,500)
Acquisition of shares from non controlling interest	(300)	-
Net cash from / (used in) investing activities	2,142	(7,786)



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015 (UNAUDITED) (CONT'D)

	Financial Period Ended 31 Dec 2015 RM'000	Preceding Period Ended 31 Dec 2014 RM'000
CASH FLOWS FROM / (USED) IN FINANCING ACTIVITIES		
Dividend paid	(4,798)	-
Drawdown of Borrowings	-	5,036
Purchase of treasury shares	(1,145)	(76)
Resale of treasury shares	-	1,800
Hire purchase repayment	(227)	(88)
Borrowings	<u>(1,363)</u>	<u>(742)</u>
Net cash (used in) / from financing activities	<u>(7,533)</u>	<u>5,930</u>
Effects of exchange rate changes on cash and cash equivalents	(187)	(72)
NET DECREASED IN CASH AND CASH EQUIVALENTS	(12,714)	(5,882)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>22,738</u>	<u>15,250</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>9,837</u>	<u>9,296</u>
Cash and cash equivalents comprise:		
Deposits with licensed banks	155	155
Cash and bank balances	<u>9,682</u>	<u>9,141</u>
	<u>9,837</u>	<u>9,296</u>



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(Company No: 754118-K)

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INTERIM FINANCIAL REPORT 31 DECEMBER 2015

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 financial statements of the Group are prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2015 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/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

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



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. Significant Accounting Policies (Cont'd)

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

2. Significant Accounting Policies (Cont'd)

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:- (Cont'd)

(b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

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 except as follows:-

Treasury shares

For the 6 months period ended 31 December 2015, the Company had purchased a total of 554,300 of its ordinary shares from the open market of Bursa Securities at average price of RM2.06 per share. The total consideration paid for the repurchase including transactions costs was RM1,145,000, all of which were held as treasury shares.

7. Dividend Paid

No dividends were paid during the quarter under review.



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(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

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 31 December 2015							
REVENUE:							
External revenue	48,184	676	6,109	-	0	-	54,969
Inter-segment revenue	9,878	5,320	400	-	1,100	(16,699)	-
Total revenue	58,062	5,996	6,509	-	1,100	(16,699)	54,969
RESULTS							
Segment results	5,915	1,119	1,013	(166)	20	381	8,282
Finance costs	(413)	(20)	(7)	1	(60)	-	(499)
Profit from ordinary activities before taxation	5,502	1,099	1,006	(165)	(40)	381	7,783
Income tax expense							(1,867)
Profit from ordinary activities after taxation							5,916
Non-controlling interest							(267)
Net profit attributable to equity holders of the Company							5,649



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(Company No: 754118-K)

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INTERIM FINANCIAL REPORT 31 DECEMBER 2015

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	Interior fit-out works RM'000	Others RM'000	Eliminations RM'000	The Group RM'000
Result for 3 months Quarter ended 31 Dec 2014							
REVENUE:							
External revenue	63,480	418	7,167	-	5	-	71,070
Inter-segment revenue	13,266	5,785	235	10,152	6,508	(35,946)	-
Total revenue	76,746	6,203	7,402	10,152	6,513	(35,946)	71,070
RESULTS							
Segment results	10,550	(531)	1,010	1,201	5,318	-	17,548
Finance costs	(497)	(9)	(8)	-	(43)	-	(557)
Profit/(Loss) from ordinary activities before taxation	10,053	(540)	1,002	1,201	5,275	-	16,991
Income tax expense							(4,252)
Profit/(Loss) from ordinary activities after taxation							12,739
Non-controlling interest							(561)
Net profit/(Loss) attributable to equity holders of the Company							12,178



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

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 6 months							
Period ended 31 December 2015							
REVENUE:							
External revenue	88,146	1,674	10,025	-	0	-	99,844
Inter-segment revenue	21,516	9,300	488	-	2,101	(33,406)	-
Total revenue	109,661	10,974	10,513	-	2,101	(33,406)	99,844
RESULTS							
Segment results	13,032	1,242	1,632	(351)	(12)	0	15,543
Finance costs	(733)	(42)	(15)	-	(120)	-	(910)
Profit from ordinary activities before taxation	12,299	1,200	1,617	(351)	(132)	-	14,633
Income tax expense							(3,685)
Profit from ordinary activities after taxation							10,948
Non-controlling interest							(407)
Net profit attributable to equity holders of the Company							10,541



Signature International Berhad

(Company No: 754118-K)

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INTERIM FINANCIAL REPORT 31 DECEMBER 2015

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				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Result for 6 months							
Period ended 31 December 2014							
REVENUE:							
External revenue	117,322	1,340	11,742	-	16	-	130,420
Inter-segment revenue	24,018	9,433	379	21,486	7,006	(62,322)	-
Total revenue	141,340	10,773	12,121	21,486	7,022	(62,322)	130,420
RESULTS							
Segment results	17,552	444	1,201	2,597	5,587	-	27,381
Finance costs	(1,007)	(24)	(17)	-	(54)	-	(1,102)
Profit from ordinary activities before taxation	16,545	420	1,184	2,597	5,533	-	26,279
Income tax expense							(6,573)
Profit from ordinary activities after taxation							19,706
Non-controlling interest							(855)
Net profit attributable to equity holders of the Company							18,851

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(Company No: 754118-K)

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INTERIM FINANCIAL REPORT 31 DECEMBER 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
8. Segmental Information (Cont'd)

	Design	Marketing	Manufacture	Interior	Others	Eliminations	The Group
	Manufacture and Retail Of Kitchen And Wardrobe Systems	and Distribution Of White Goods	Manufacture Of Glass and Aluminium Products				
The Group Assets and Liabilities As at 31 December 2015	RM000	RM000	RM000	RM000	RM000	RM000	RM000
OTHER INFORMATION							
Segment assets	222,617	17,460	31,571	5,629	86,394	(122,954)	240,717
Unallocated assets							6,685
							<u>247,402</u>
Segment liabilities	129,782	5,478	21,100	2,599	33,702	(101,316)	91,345
Unallocated liabilities							4,741
							<u>96,086</u>
	Design	Marketing	Manufacture	Interior	Others	Eliminations	The Group
	Manufacture and Retail Of Kitchen And Wardrobe Systems	and Distribution Of White Goods	Manufacture Of Glass and Aluminium Products				
Assets and Liabilities As at 31 December 2014	RM000	RM000	RM000	RM000	RM000	RM000	RM000
OTHER INFORMATION							
Segment assets	192,634	11,533	33,896	10,999	82,800	(113,793)	218,069
Unallocated assets							4,412
							<u>222,481</u>
Segment liabilities	100,351	2,785	26,027	7,138	24,788	(93,028)	68,061
Unallocated liabilities							10,465
							<u>78,526</u>

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(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015
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 before taxation

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2015 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2014 RM'000	Current Year-to-date 31 Dec 2015 RM'000	Preceding Year-to-date 31 Dec 2014 RM'000
Profit before taxation is arrived at after charging :-				
Interest expense	315	6	607	529
Depreciation and amortisation	876	766	1,528	1,475
Provision for and write off of receivables	-	1,993	-	1,993
Provision for and write off of Inventories	-	-	-	300
Loss on foreign exchange - realised	12	101	217	30
Loss on foreign exchange - unrealised	-	-	262	72
Profit before taxation is arrived at after Crediting :-				
Interest Income	(224)	50	(518)	(399)
Write-back of provision for doubtful debts	(15)	(3,122)	(825)	(3,152)
Gain on foreign exchange - realised	-	51	-	(30)
Gain on foreign exchange - unrealised	(157)	-	-	-
Gain on disposal of property, plant and equipment	(2)	(48)	(145)	(287)
Gain on disposal of treasury shares	-	-	-	(889)

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

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

12. Changes in the Composition of the Group

On 18 August 2015, the Company further acquired 200,000 ordinary shares of RM1 each in Signature Interiors Sdn. Bhd. ("SISB") representing a 20% equity interest in SISB for a total cash considerations of RM300,000, resulting in an increase in the Group's equity interest held in SISB from 80% to 100%.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

13. Changes in Contingent Assets or Contingent Liabilities

As at 31 Dec 2015, corporate guarantees extended to licensed banks for credit facilities granted to the subsidiaries as follows:-

	Current Year As At 31 Dec 2015 RM'000	Preceding Year As At 31 Dec 2014 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to the subsidiaries	<u>17,059</u>	<u>17,814</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 As At 31 Dec 2015 RM'000	Preceding Year As At 31 Dec 2014 RM'000
Approved and contracted for:-		
Investment Properties	<u>45,979</u>	<u>48,593</u>
Total capital commitments	<u>45,979</u>	<u>48,593</u>



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

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.

15. Review of Performance

- Current Quarter 3 months ended 31 December 2015

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

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2015 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2014 RM'000	Current Year-to-date 31 Dec 2015 RM'000	Preceding Year-to-date 31 Dec 2014 RM'000
Revenue	54,969	71,070	99,844	130,420
Profit before taxation	7,783	16,991	14,633	26,279

The Group has recorded a decrease in revenue of RM16.1 million or 22.6%, from RM71.1 million in the preceding year corresponding quarter to RM55.1 million in the current quarter under review. The decrease was mainly due to lower project revenue contribution from Kitchen and Wardrobe, and Glass and Aluminium segments.

The decrease in revenue resulted in the profit before taxation reducing by RM9.2 million or 54.1% from RM17.0 million in the preceding year corresponding quarter to RM7.8 million in the current quarter.

In addition, the decreased in profit before tax was also due to the impact of weakening Ringgit Malaysia against the US dollar currency, which resulted in higher import costs. The lower profit before tax for the current quarter was also due to the write back of provision for doubtful debts of RM3.1 million in the preceding corresponding quarter.

Kitchen and Wardrobe Systems

This segment had shown a decline in revenue to RM48.2m or 24.1% from RM63.5 million. The decrease was mainly due to drop in project revenue.

Profit before tax for the current quarter was RM5.5 million as compared to RM10.1 million in the preceding year corresponding quarter. This is due to lower project revenue and profits recognized in the quarter under review. There was also write back of provision for doubtful debts of RM3.1 million in the preceding corresponding quarter.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15. Review of Performance (Cont'd)

- Current Quarter 3 months ended 31 December 2015

White Goods and Built-in Kitchen Appliances

This segment recorded increase in revenue of RM0.3 million or 75.0%, from RM0.4 million in the preceding year corresponding quarter to RM0.7 million in the current quarter.

Profit before tax for the segment was RM1.1 million in current quarter as compared to loss of RM0.5 million in the preceding corresponding period as a result of higher product margins for the current reporting period.

Glass and Aluminium Product

This segment recorded decrease in revenue of RM1.1 million or 15.3% from RM7.2 million in the preceding year corresponding quarter to RM6.1 million in the current quarter. The decrease in revenue was mainly due to lower revenue recognition from the project segment in the current quarter.

Profit before tax for this segment has marginally improved by 0.4% despite a drop in revenue to RM1.0 million in current quarter as compared to the preceding corresponding period as a result of higher margins for the project segment.

Interior Fit-out Segment

There is no revenue being recognized for this quarter as compared to RM10 millions of internal revenue in the preceding quarter.

This segment recorded a loss before tax of RM0.2 million for the current quarter as compared to profit before tax of RM1.2 million in the preceding corresponding quarter in view of the above.

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 31 DECEMBER 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**15. Review of Performance (Cont'd)****- Cumulative period to-date 6 months ended 31 December 2015**

The Group recorded a decreased in revenue of RM30.6 million or 23.5% from RM130.4 million in the preceding year to-date to RM99.8 million in the current year to-date under review. The decrease was mainly due to lower project revenue contribution from Kitchen and Wardrobe, and Glass and Aluminium segments.

The decreased in revenue resulted in the profit before taxation reducing by RM11.7 million or 44.5% from RM26.3 million in the preceding year to-date to RM14.6 million in the current year to-date.

In addition, the decreased in profit before tax was also due to the impact of weakening Ringgit Malaysia against the US dollar currency which resulted in higher import costs. The lower profit before tax for the current period was also due to the write back of provision of doubtful debts of RM3.2million in the preceding corresponding period.

Kitchen and Wardrobe Systems

This segment had shown a decline in revenue to RM88.1 million or 24.9% from RM117.3 million. The decrease was mainly due to drop in project revenue.

Profit before tax for the current year to-date was RM12.3 million as compared to RM16.5 million in the preceding year to-date mainly due to lower project revenue and profits recognized in the year under review and also the write back of provision for doubtful debts of RM3.2million in the preceding corresponding period.

White Goods and Built-in Kitchen Appliances

This segment recorded an increase in revenue of RM0.4 million or 30.7%, from RM1.3 million in the preceding year to-date to RM1.7 million in the current year to-date.

Profit before tax for the segment was RM1.2 million in current year to-date as compared to RM0.4 million in the preceding year to-date as a result of higher product margins for the current reporting period.

Glass and Aluminium Product

This segment recorded decrease in revenue of RM1.7 million or 14.5% from RM11.7 million in the preceding year to-date to RM10.0 million in the current year to-date. The decrease in revenue was mainly due to lower revenue recognition from the project segment in the current year to-date.

Profit before tax for the segment was RM1.6 million in current year to-date as compared to RM1.2 million in the preceding year to-date as a result of higher margins for the project segment.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15. Review of Performance (Cont'd)

Interior Fit-out Segment

There were no revenue being recorded for the year under review as compared to internal revenue of RM21mil in the preceding corresponding period.

This segment recorded a loss before tax of RM0.4 million for the current year to-date as compared to profit before tax of RM2.6 million in the preceding year to-date in view of the above.

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 31 DECEMBER 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

	Individual Period	
	Current Year Quarter Ended 31 Dec 2015 RM'000	Current Year Quarter Ended 30 Sep 2015 RM'000
Revenue	54,969	44,876
Profit before taxation	7,783	6,850

The Group recorded revenue of RM55.0 million for current quarter compared to RM44.9 million in the preceding quarter. The increase of RM10.1 million or 22.5% as a result from higher project revenue recognized from both Kitchen & Wardrobe and Glass & Aluminium segments.

Profit before tax for the Group recorded an increase by RM0.9 million between the two quarters. The profit before tax improved compared to preceding quarter as a results higher project revenue recognized and lower operating expenses.

17. Commentary on Prospects and Target

Moving towards a new financial year 2016, the Group expected to continue its growth in all business segments locally and internationally. With an unbilled order book of RM150 million and the continuous effort to replenish existing order book the Group is expected to achieve satisfactory performance from its project division, which has been the strong pillar of growth for the Group.

While on the retail segment, the Group will continue to set up Signature Lifestyle Gallery to cater to the rising market of new property development as well as the signature display of cabinetry, appliances and finishes that makes up the Signature touch.

Barring any unforeseen circumstances, the Board is confident it will continue to deliver satisfactory performance in this coming financial year and is ready to maintain its dominance in the kitchen cabinet industry.

18. 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.



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

19. Taxation

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2015 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2014 RM'000	Current Year-to-date 31 Dec 2015 RM'000	Preceding Year-to-date 31 Dec 2014 RM'000
Current Tax Expense				
- Current Year	1,867	4,252	3,685	6,573
Total Income Tax Expense	1,867	4,252	3,685	6,573

20. Status of Corporate Proposals/Exercises

There were no corporate proposals announced during the current quarter under review.

21. Borrowings and Debt Securities

The Group's borrowings as follows:

	Cumulative Period	
	Current Year Quarter Ended 31 Dec 2015 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2014 RM'000
Term Loan (Secured) :-		
Current	2,689	3,076
Non Current	17,435	19,826
Total Bank Borrowing	20,124	22,902



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

22. Material Litigation

During the last financial year, Signature Manufacturing Sdn Bhd ("SMSB") a wholly owned subsidiary of Signature Cabinet Sdn Bhd which in turn is a wholly owned subsidiary of the company filed a suit on 30 September 2014 at the Kuala Lumpur High Court (Civil Suit No: 22C-57-09/2014) against an unincorporated joint venture trading under the name and style of SPK-Bina Puri JV ("First Defendant"), Pembinaan SPK Sdn Bhd ("Second Defendant") and Bina Puri Holdings Bhd ("Third Defendant") respectively.

On 16 January 2015 that the High Court had ordered the Second and Third Defendants to pay SMSB a sum of Emirati Dirham AED1,966,486.13 (or its equivalent in RM1,766,302.68 as at 24 September 2014) ("Judgement Sum") together with interests at the rate of 5% per annum from 30 September 2014 until full realization with costs.

The Third Defendant made a payment of RM540,000.00 by way of three cheques dated 9 April 2015, 9 May 2015 and 9 June 2015, all of which have been cleared for payment.

On 21 April 2015, SMSB filed at the Commercial Division of the High Court (Suit No. 28NCC-309-04/2015) proceedings to recover the balance of the Judgement sum of RM1,531,677.88 or any part of the balance still due and owing to SMSB together with costs and interests.

On 22 June 2015, the case was adjourned to 22 July 2015 pending a settlement by the Second Defendant making a payment totaling RM1,250,000.00 by way of four cheques dated 26 June 2015, 26 July 2015, 26 August 2015 and 26 September 2015. All the cheques have cleared for payment.

On 22 July 2015, the court adjourned the matter for a final time to 2 October 2015.

The Board of Directors updated on 2 October 2015 that the matter has been settled and the suit in relation to Companies Winding-up no 28NCC-309-04/2015 was withdrawn with no order as to costs upon SMSB's application as all the settlement cheques have cleared.

23. Proposed Dividend

The Board recommends a final single tier dividend of 6 sen per ordinary share amounting to RM7,163,862 (Computed based on the issued and paid-up share capital with voting rights as at 18 December 2015 - 119,397,700 ordinary shares of RM0.50 each) in respect of the financial year ended 30 June 2015.

The final single tier dividend recommended is approved by shareholders in the Annual General Meeting and was paid on 15 January 2016.

The Board has not recommended any interim dividend for the current quarter.

Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
24. 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 31 December 2015.

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2015 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2014 RM'000	Current Year-to-date 31 Dec 2015 RM'000	Preceding Year-to-date 31 Dec 2014 RM'000
BASIC EARNINGS PER SHARE				
Profit for the year attributable to ordinary equity holders of the Company	5,649	12,178	10,541	18,851
Weighted average number of ordinary shares in issue ('000)	119,746	119,457	119,746	119,457
Basic Earnings per Share (sen)	<u>4.7</u>	<u>10.2</u>	<u>8.8</u>	<u>15.8</u>

25. Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 31 December 2015 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 31 Dec 2015 RM'000
Total retained profits/ (accumulated losses) of Signature International Berhad and its subsidiaries:	
- Realised	105,213
- Unrealised	(54)
	<u>105,159</u>
Consolidation adjustments	9,749
	<u>114,907</u>



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

26. 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 2015 were not subject to any qualification.

27. 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 22 February 2016.