



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 SEP 2016

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 Sep 2016.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEP 2016 (UNAUDITED)

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30 Sep 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2015 RM'000	Year-to-date 30 Sep 2016 RM'000	Preceding Year-to-date 30 Sep 2015 RM'000
Revenue	42,806	44,876	42,806	44,876
Operating expenses	(38,910)	(38,957)	(38,910)	(38,957)
Other operating income	1,177	1,342	1,177	1,342
Profit from operations	5,073	7,261	5,073	7,261
Finance costs	(513)	(411)	(513)	(411)
Profit before taxation	4,560	6,850	4,560	6,850
Tax expense	(1,080)	(1,818)	(1,080)	(1,818)
Profit after taxation	3,480	5,032	3,480	5,032
Other Comprehensive Income, Net of Tax				
Foreign currency translation	(21)	(243)	(21)	(243)
Total Comprehensive Income for the period	3,459	4,789	3,459	4,789

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEP 2016 (UNAUDITED) (CONT'D)

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30 Sep 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2015 RM'000	Year-to-date 30 Sep 2016 RM'000	Preceding Year-to-date 30 Sep 2015 RM'000
Profit after tax attributable to:-				
- Equity holders of the parent	3,338	4,892	3,338	4,892
- Non-controlling interest	142	140	142	140
	<u>3,480</u>	<u>5,032</u>	<u>3,480</u>	<u>5,032</u>
Total Comprehensive Income attributable to: -				
- Equity holders of the parent	3,317	4,649	3,317	4,649
- Non-controlling interest	142	140	142	140
	<u>3,459</u>	<u>4,789</u>	<u>3,459</u>	<u>4,789</u>
Earnings per share (sen)				
- Basic	1.4	2.0	1.4	2.0
- Diluted	1.4	N/A	1.4	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEP 2016

	UNAUDITED As at 30 Sep 2016 RM'000	AUDITED As at 30 Jun 2016 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	36,073	36,330
Investment properties	35,732	35,618
Deferred tax asset	3,503	3,503
	<u>75,308</u>	<u>75,451</u>
Current Assets		
Inventories	13,745	17,039
Amount owing by contract customers	23,950	40,317
Receivables - net of deposits received	52,907	62,744
Tax recoverable	3,580	1,916
Short-term investments	58,385	57,220
Fixed deposit with licensed banks	170	155
Cash and bank balances	12,656	35,942
	<u>165,393</u>	<u>215,333</u>
TOTAL ASSETS	<u>240,701</u>	<u>290,784</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 2016 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEP 2016 (CONT'D)

	UNAUDITED As at 30 Sep 2016 RM'000	AUDITED As at 30 Jun 2016 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	60,076	60,074
Share premium	1,196	1,189
Reserves	102,887	99,406
Shareholders' equity	164,159	160,669
Non-controlling interest	4,653	4,511
TOTAL EQUITY	168,812	165,180
Non-Current Liabilities		
Hire purchase payables	1,843	1,906
Term loans	18,531	19,265
Deferred taxation	2,901	2,901
	23,275	24,072
Current Liabilities		
Payables	38,120	55,312
Amount owing to contract customers	6,096	17,377
Provision for taxation	588	1,489
Hire purchase payables	895	755
Term loan	2,915	2,915
Dividend Payable	-	23,684
	48,614	101,532
TOTAL LIABILITIES	71,889	125,604
TOTAL EQUITY AND LIABILITIES	240,701	290,784
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.70	0.68

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEP 2016 (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	Employee Share option Reserve 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 2016	60,074	1,189	(4,016)	(28,123)	2,241	(158)	129,462	160,669	4,511	165,180
Profit after taxation for the financial year	-	-	-	-	-	-	3,338	3,338	142	3,480
Other comprehensive income for the financial year, net of tax;										
- foreign exchange translation	-	-	-	-	-	(21)	-	(21)	-	(21)
Total comprehensive income for the financial year	-	-	-	-	-	(21)	3,338	3,317	142	3,459
Contribution by and distribution to owners of the Company:										
- Recognition of shares option expenses	-	-	-	-	461	-	-	461	-	461
- Employees' shares option exercised	1	4	-	-	-	-	-	5	-	5
- Warrant option exercised	1	2	-	-	-	-	-	3	-	3
- Purchase of treasury shares	-	-	(296)	-	-	-	-	(296)	-	(296)
-Treasury shares sold	-	-	-	-	-	-	-	-	-	-
	2	6	(296)	-	461	-	-	173	-	173
Transfer to share premium for employees' share option exercised	-	1	-	-	(1)	-	-	-	-	-
At 30 Sep 2016	60,076	1,196	(4,312)	(28,123)	2,701	(179)	132,800	164,159	4,653	168,812

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 2016 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEP 2015 (UNAUDITED) (CONT'D)

	← Attributable to equity holders of the parent						Retained Profits RM'000	Attributable To owners of The Company RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Employee Share option Reserve RM'000	Exchange Translation Reserve RM'000				
Balance at 1.7.2015	60,000	889	(90)	(28,123)	-	(49)	112,174	144,801	4,263	149,064
Profit after taxation for the financial year	-	-	-	-	-	-	4,892	4,892	140	5,032
Other comprehensive income for the financial year, net of tax; - foreign exchange translation	-	-	-	-	-	(243)	-	(243)	-	(243)
Total comprehensive income for the financial year	-	-	-	-	-	(243)	4,892	4,649	140	4,789
Contribution by and distribution to owners of the Company:										
Purchase of treasury shares	-	-	(960)	-	-	-	-	(960)	-	(960)
Treasury shares sold	-	-	-	-	-	-	-	-	-	-
Issued of share to Non-controlling interest	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Changes in ownership interest of subsidiaries that do not result in loss of control	-	-	-	-	-	-	(644)	(644)	444	(200)
	-	-	(960)	-	-	-	(644)	(1,604)	444	(1,160)
At 30 Sep 2015	60,000	889	(1,050)	(28,123)	-	(292)	116,422	147,846	4,847	152,693

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 2016 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 30 SEP 2016 (UNAUDITED)

	Financial Period Ended 30 Sep 2016 RM'000	Preceding Period Ended 30 Sep 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,560	6,850
Adjustments:		
Amortisation and depreciation	698	652
(Gain)/Loss on disposal of plant and equipment	-	(143)
Interest expense	238	292
Interest income	(856)	(295)
ESOS / Share-based expenses	461	-
Unrealised loss/(gain) on foreign exchange	(113)	419
Write-back of provision for doubtful debts	-	(810)
Changes in working capital	4,988	6,965
Inventories	3,294	(1,566)
Receivables	9,837	13,331
Amount owing by contract customers	5,086	(13,843)
Payables	(17,080)	(10,801)
Cash generated from operations	6,125	(5,914)
Interest received	841	295
Interest paid	(238)	(292)
Income tax paid	(3,645)	(3,325)
Net cash inflow / (outflow) from operating activities	3,084	(9,236)
CASH FLOWS FROM / (USED) IN INVESTING ACTIVITIES		
Additions of property, plant and equipment and prepaid lease rentals	(496)	(498)
Additional Purchase / works on investment properties	(114)	(740)
Proceeds from disposal of property, plant and equipment	325	223
Acquisition of shares from non controlling interest	-	(300)
Net cash used in investing activities	(285)	(1,315)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 30 SEP 2016 (UNAUDITED) (CONT'D)

	Financial Period Ended 30 Sep 2016 RM'000	Preceding Period Ended 30 Sep 2015 RM'000
CASH FLOWS FROM / (USED) IN FINANCING ACTIVITIES		
Dividend paid	(23,684)	(4,798)
Proceed from issuance of shares	8	-
Purchase of treasury shares	(296)	(960)
Hire purchase repayment	(193)	(227)
Borrowings repayment	(734)	(686)
Net cash used in financing activities	(24,899)	(6,671)
Effects of exchange rate changes on cash and cash equivalents	(21)	(243)
NET DECREASED IN CASH AND CASH EQUIVALENTS	(22,100)	(17,222)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	93,162	47,019
CASH AND CASH EQUIVALENTS AT END OF YEAR	71,041	29,554
Cash and cash equivalents comprise of:		
Short-term investments	58,385	20,675
Fixed deposit with licensed banks	170	155
Cash and bank balances	12,656	8,879
	71,211	29,709
Less: Fixed deposit pledged to a licensed bank	(170)	(155)
	71,041	29,554



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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 2016 and the accompanying explanatory notes attached to the interim financial report.

2. Significant Accounting Policies

No new accounting standards and interpretations (including the consequential amendments) have been adopted by the Group during the current financial period.

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



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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:-

- (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.
- (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 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.



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6. Changes in Debt and Equity Securities

Save as disclosed, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter except as follows:-

- (i) On 27 Jul 2016, the Company issued 5,000 new ordinary shares of RM0.25 each pursuant to the exercise of employees' share option scheme; and
- (ii) On 2 Aug 2016, the Company issued 2,500 new ordinary shares of RM0.25 each pursuant to the exercise of warrants.
- (iii) During the current quarter, the Company purchased its own ordinary shares from the open market under share buy-back programme. Details of the movement of treasury shares are as follows:-

	Par value	Price Per Share	Number of Shares	Total Consideration
	RM	RM		RM'000
Balance at 1 Jul 2016	0.25	0.82 - 1.40	4,358,600	4,016
Aug-16	0.25	0.98	300,000	296
Balance at 30 Sep 2016	0.25	0.82 - 1.40	4,658,600	4,312

7. Dividend Paid

The special dividend of 10 sen per ordinary share amounting to RM23.7million for the financial year ending 30 June 2016 was paid on 4 Jul 2016.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

8. Segmental Information

The Group	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				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Result for 3 months							
Quarter ended 30 Sep 2016							
REVENUE:							
External revenue	32,297	2,416	8,082	-	11	-	42,806
Inter-segment revenue	8,648	1,059	195	-	717	(10,619)	-
Total revenue	40,945	3,475	8,277	-	728	(10,619)	42,806
RESULTS							
Segment results	4,185	636	379	(14)	(113)	0	5,073
Finance costs	(420)	(8)	(28)	-	(57)	-	(513)
Profit from ordinary activities before taxation	3,765	628	351	(14)	(170)	-	4,560
Income tax expense							(1,080)
Profit from ordinary activities after taxation							3,480
Non-controlling interest							(142)
Net profit attributable to equity holders of the Company							3,338



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8. Segmental Information (Cont'd)

The Group	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				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Result for 3 months							
Quarter ended 30 Sep 2015							
REVENUE:							
External revenue	39,947	999	3,916	14	-	-	44,876
Inter-segment revenue	11,255	3,980	88	381	1,001	(16,707)	-
Total revenue	51,202	4,979	4,004	395	1,001	(16,707)	44,876
RESULTS							
Segment results	7,117	123	619	(185)	(32)	(381)	7,261
Finance costs	(320)	(22)	(8)	(1)	(60)	-	(411)
Profit from ordinary activities before taxation	6,797	101	611	(186)	(92)	(381)	6,850
Income tax expense							(1,818)
Profit from ordinary activities after taxation							5,032
Non-controlling interest							(140)
Net profit attributable to equity holders of the Company							4,892

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

	Design							The Group RM000
	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 Assets and Liabilities As at 30 Sep 2016								
OTHER INFORMATION								
Segment assets	210,170	14,130	31,428	13,415	94,336	(129,861)	233,618	
Unallocated assets							7,083	
								<u>240,701</u>
Segment liabilities	107,902	1,671	19,738	10,871	35,227	(107,009)	68,400	
Unallocated liabilities							3,489	
								<u>71,889</u>
The Group Assets and Liabilities As at 30 Sep 2015								
OTHER INFORMATION								
Segment assets	218,167	17,838	31,660	14,084	85,056	(136,471)	230,334	
Unallocated assets							5,029	
								<u>235,363</u>
Segment liabilities	128,481	6,785	21,983	10,811	24,969	(114,454)	78,575	
Unallocated liabilities							4,095	
								<u>82,670</u>

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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

Profit / (Loss) before taxation is arrived at after charging / (crediting):-

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30 Sep 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2015 RM'000	Current Year-to-date 30 Sep 2016 RM'000	Preceding Year-to-date 30 Sep 2015 RM'000
Profit before taxation is arrived at after charging :-				
Interest expense	238	292	238	292
Depreciation and amortisation	698	652	698	652
ESOS / Share-based expenses	461	-	461	-
(Gain) / loss on foreign exchange - realised	(94)	205	(94)	205
(Gain) / loss on foreign exchange - unrealised	(113)	419	(113)	419
<hr/>				
Profit before taxation is arrived at after Crediting :-				
Interest Income	(856)	(295)	(856)	(295)
Write-back of provision for doubtful debts	-	(810)	-	(810)
Gain on disposal of plant and equipment	-	(143)	-	(143)
<hr/>				

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

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



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

12. Changes in the Composition of the Group

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

13. Changes in Contingent Assets or Contingent Liabilities

As at 30 Sep 2016, corporate guarantees extended to licensed banks for credit facilities granted to the subsidiaries as follows:-

	Group		Company	
	Current Year As At 30 Sep 2016 RM'000	Preceding Year As At 30 Sep 2015 RM'000	Current Year As At 30 Sep 2016 RM'000	Preceding Year As At 30 Sep 2015 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to the subsidiaries	-	-	18,939	22,785
Performance guarantee extended by subsidiaries to third parties	18,251	20,800	-	-
	<u>18,251</u>	<u>20,800</u>	<u>18,939</u>	<u>22,785</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 30 Sep 2016 RM'000	Preceding Year As At 30 Sep 2015 RM'000
	Approved and contracted for:-	
Investment Properties	45,996	46,158
Purchase of property, plant and equipment	805	-
Total capital commitments	<u>46,801</u>	<u>46,158</u>



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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 30 Sep 2016

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

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30 Sep 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2015 RM'000	Current Year-to-date 30 Sep 2016 RM'000	Preceding Year-to-date 30 Sep 2015 RM'000
Revenue	42,806	44,876	42,806	44,876
Profit before taxation	4,560	6,850	4,560	6,850

The Group has recorded a decrease in revenue of RM2.1 million or 4.7%, from RM44.9 million in the preceding year corresponding quarter to RM42.8 million in the current quarter under review. The decrease was mainly due to lower project revenue contribution from Kitchen and Wardrobe segments.

The decreased in revenue resulted the profit before taxation reducing by RM2.3 million or 33.3% from RM6.9 million in the preceding year corresponding quarter to RM4.6 million in the current quarter.

In addition, the decreased in profit before tax was also due to lower margin resulted from project segment.

Kitchen and Wardrobe Systems

This segment had shown a decline in revenue of RM7.6 million or 19.0% from RM39.9 million in the preceding year corresponding quarter to RM32.3 million in the current quarter under review. The decrease was mainly due to drop in project revenue.

Profit before tax for the current quarter was RM3.8 million as compared to RM6.8 million in the preceding year corresponding quarter. Lower profit before tax was due to lower margin resulted from project segment.



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15. Review of Performance (Cont'd)

- Current Quarter 3 months ended 30 June 2016

White Goods and Built-in Kitchen Appliances

This segment recorded an increase in revenue of RM1.4 million or 140%, from RM1.0 million in the preceding year corresponding quarter to RM2.4 million in the current quarter.

Profit before tax for the current quarter was RM0.6 million as compared to RM0.1 million in the preceding year corresponding quarter. Improvement in margin was due to lower cost of goods sold arising from favorable forex.

Glass and Aluminium Product

This segment recorded an increase in revenue of RM4.2 million or 108% from RM3.9 million in the preceding year corresponding quarter to RM8.1 million in the current quarter. The increase in revenue was mainly due to higher numbers of project revenue recognized for the current quarter.

Profit before tax for the current quarter was RM0.4 million as compared to RM0.6 million in the preceding year corresponding quarter mainly due to the recognition of higher profit margin from completed projects.

Interior Fit-out Segment

No revenue being recognized in current quarter but as comparative, RM0.014million of external revenue was recognized in preceding corresponding period.

This segment recorded a loss before tax of RM0.01 million for the current quarter as compared to loss before tax of RM0.2 million in the preceding corresponding quarter due to lower operating expense.

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.



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

	Individual Period	
	Current Year Quarter Ended 30 Sep 2016 RM'000	Preceding Quarter Ended 30 Jun 2016 RM'000
Revenue	42,806	43,527
Profit before taxation	4,560	40,680

The Group recorded revenue of RM42.8 million for current quarter compared to RM43.5 million in the preceding quarter. The decrease of RM0.7 million or 1.6% as a result of lower project revenue being recognized from Kitchen & Wardrobe segment segments.

However, the Group profit before tax for the current quarter was RM4.6 million as compared to RM40.7 million in the preceding quarter ended. This is due to one off gain on disposal of land and building arising mainly from compensation income of the compulsory land acquisition, interest income, rental income and bad debts written back being reported in preceding quarter.

17. Commentary on Prospects and Target

Moving towards financial year 2017, the Group expected to grow in all business segments locally and internationally. With an unbilled order book of RM 215 million as at end September 2016 and with 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 more outlets 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.



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19. Taxation

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30 Sep 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2015 RM'000	Current Year 30 Sep 2016 RM'000	Preceding Year 30 Sep 2015 RM'000
Current Tax Expense				
- Current Year	1,080	1,818	1,080	1,818
- Deferred Tax	-	-	-	-
Total Income Tax Expense	<u>1,080</u>	<u>1,818</u>	<u>1,080</u>	<u>1,818</u>

20. Status of Corporate Proposals/Exercises

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

21. Status of utilization of proceed raised from the exercise of ESOS Options and Warrants

As disclosed in Note 6 above, the Company had raised an aggregate of approximately RM7,425 via the subscription of the following during the financial quarter ended 30 September 2016.

- (i) 5,000 new ordinary shares pursuant to the exercise of employees' share option scheme ("Proposed ESOS") whereby 5,000 ESOS options were exercised at a subscription price of RM1.00 per new share, and
- (ii) 2,500 new ordinary shares pursuant to the exercise of warrants option ("Proposed Bonus Issue of Warrants") at the exercise price of RM0.97 per share.

The Company has since fully utilized the proceeds raised as working capital for the Company.

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22. Borrowings and Debt Securities

The Group's borrowings as follows:

	Cumulative Period	
	Current Year Quarter Ended 30 Sep 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2015 RM'000
Term Loan (Secured) :-		
Current	2,915	2,689
Non Current	18,531	18,112
Total Bank Borrowing	21,446	20,801

23. Material Litigation
Payment Claim by Signature Cabinet Sdn Bhd

On 31 March 2016, Signature Cabinet Sdn Bhd ("SCSB"), a wholly-owned subsidiary of the company served a payment claim on Panflex Sdn Bhd pursuant to Section 5 (1) of the Construction Industry Payment and Adjudication Act, 2012 ("CIPAA 2012") to recover the amounts outstanding in respect of the supply, delivery and installation of kitchen cabinets & appliances at the Tropicana Grande Project located at Sungai Buloh, Petaling, Selangor Darul Ehsan for a total amount of RM950,730.31 (inclusive of interests) ("Claims").

On 13 April 2016, Panflex Sdn Bhd served a Payment Response disputing our entire claims and said that they were entitled to withhold / deduct a sum of RM13,363,000 being imposition of LAD ("counter claim").

On 2 September 2016, the Adjudicator appointed by Kuala Lumpur Regional Centre for Arbitration made a finding that SCSB be allowed a sum totaling RM588,159.77 for unpaid certified sums together with interest and costs after deducting retention sums and other valid set-offs. The Adjudicator also dismissed Panflex's counter claim.

24. Proposed Dividend

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

The final single tier dividend of 2 sen per ordinary share amounting to RM4.8million for the financial year ended 30 June 2016 was recommended by the Board in Quarter 4 2016 and is subject to shareholders' approval at the forthcoming Annual General Meeting.

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25. Earnings per Share

(i) Basic EPS

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30 Sep 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2015 RM'000	Current Year-to-date 30 Sep 2016 RM'000	Preceding Year-to-date 30 Sep 2015 RM'000
BASIC EARNINGS PER SHARE				
Profit for the year attributable to ordinary equity holders of the Company	3,338	4,892	3,338	4,892
Weighted average number of ordinary shares in issue ('000)	235,747	239,836	235,747	239,836
Basic Earnings per Share (sen)	<u>1.4</u>	<u>2.0</u>	<u>1.4</u>	<u>2.0</u>

(ii) Diluted EPS

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30 Sep 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2015 RM'000	Current Year-to-date 30 Sep 2016 RM'000	Preceding Year-to-date 30 Sep 2015 RM'000
DILUTED EARNINGS PER SHARE				
Profit for the year attributable to ordinary equity holders of the Company	3,338	4,892	3,338	4,892
Weighted average number of ordinary shares for basic earnings per share ('000)	235,747	239,836	235,747	239,836
Shares deemed to be issued for no consideration: warrants ('000)	892	-	892	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>236,639</u>	<u>239,836</u>	<u>236,639</u>	<u>239,836</u>
Diluted Earnings per Share (sen)	<u>1.4</u>	<u>N/A</u>	<u>1.4</u>	<u>N/A</u>



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26. Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 30 Sep 2016 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 Sep 2016 RM'000
Total retained profits/ (accumulated losses) of Signature International Berhad and its subsidiaries:	
- Realised	121,505
- Unrealised	1,859
	<hr/>
	123,364
Consolidation adjustments	9,437
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	<u>132,800</u>

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 2016 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 21 Nov 2016.