



## Signature International Berhad

(Company No: 754118-K)

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

### INTERIM FINANCIAL REPORT 31 DECEMBER 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 31 December 2016.

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016 (UNAUDITED)

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2015 RM'000	Current Year-to-date 31 Dec 2016 RM'000	Preceding Year-to-date 31 Dec 2015 RM'000
Revenue	40,657	54,969	83,463	99,844
Operating expenses	(36,850)	(47,294)	(75,760)	(86,245)
Other operating income	1,302	607	2,479	1,944
Profit from operations	5,109	8,282	10,182	15,543
Finance costs	(475)	(499)	(988)	(910)
Profit before taxation	4,634	7,783	9,194	14,633
Tax expense	(1,189)	(1,867)	(2,269)	(3,685)
Profit after taxation	3,445	5,916	6,925	10,948
<b>Other Comprehensive Income, Net of Tax</b>				
Foreign currency translation	85	56	64	(187)
<b>Total Comprehensive Income for the period</b>	<b>3,530</b>	<b>5,972</b>	<b>6,989</b>	<b>10,761</b>

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.



## Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016 (UNAUDITED) (CONT'D)

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2015 RM'000	Current Year-to-date 31 Dec 2016 RM'000	Preceding Year-to-date 31 Dec 2015 RM'000
<b>Profit after tax attributable to:-</b>				
- Equity holders of the parent	3,358	5,649	6,696	10,541
- Non-controlling interest	87	267	229	407
	<u>3,445</u>	<u>5,916</u>	<u>6,925</u>	<u>10,948</u>
<b>Total Comprehensive Income attributable to: -</b>				
- Equity holders of the parent	3,443	5,705	6,760	10,354
- Non-controlling interest	87	267	229	407
	<u>3,530</u>	<u>5,972</u>	<u>6,989</u>	<u>10,761</u>
<b>Earnings per share (sen)</b>				
- Basic	<u>1.4</u>	<u>2.4</u>	<u>2.8</u>	<u>4.4</u>
- Diluted	1.4	Not applicable	2.8	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 2016 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 2016

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### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	UNAUDITED As at 31 Dec 2016 RM'000	AUDITED As at 30 Jun 2016 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	35,969	36,330
Investment properties	34,607	35,618
Deferred tax asset	3,503	3,503
	<u>74,079</u>	<u>75,451</u>
<b>Current Assets</b>		
Inventories	10,741	17,039
Amount owing by contract customers	24,538	40,317
Receivables - net of deposits received	70,080	62,744
Tax recoverable	4,978	1,916
Short-term investments	55,789	57,220
Fixed deposit with licensed banks	170	155
Cash and bank balances	13,678	35,942
	<u>179,974</u>	<u>215,333</u>
<b>TOTAL ASSETS</b>	<u>254,053</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.



## Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (CONT'D)

	UNAUDITED As at 31 Dec 2016 RM'000	AUDITED As at 30 Jun 2016 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	60,076	60,074
Share premium	1,196	1,189
Reserves	100,887	99,406
Shareholders' equity	162,159	160,669
Non-controlling interest	4,740	4,511
<b>TOTAL EQUITY</b>	<b>166,899</b>	<b>165,180</b>
<b>Non-Current Liabilities</b>		
Hire purchase payables	1,659	1,906
Term loans	16,996	19,265
Deferred taxation	2,901	2,901
	<b>21,556</b>	<b>24,072</b>
<b>Current Liabilities</b>		
Payables	44,675	55,312
Amount owing to contract customers	12,433	17,377
Provision for taxation	-	1,489
Hire purchase payables	879	755
Term loan	2,915	2,915
Dividend Payable	4,696	23,684
	<b>65,598</b>	<b>101,532</b>
<b>TOTAL LIABILITIES</b>	<b>87,154</b>	<b>125,604</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>254,053</b>	<b>290,784</b>
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	<b>0.69</b>	<b>0.68</b>

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## Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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
<b>Balance at 1 July 2016</b>	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	-	-	-	-	-	-	6,696	6,696	229	6,925
Other comprehensive income for the financial year, net of tax;										
- foreign exchange translation	-	-	-	-	-	64	-	64	-	64
Total comprehensive income for the financial year	-	-	-	-	-	64	6,696	6,760	229	6,989
Contribution by and distribution to owners of the Company:										
- Recognition of shares option expenses	-	-	-	-	921	-	-	921	-	921
- Employees' shares option exercised	1	4	-	-	-	-	-	5	-	5
- Warrant option exercised	1	2	-	-	-	-	-	3	-	3
- Purchase of treasury shares	-	-	(1,503)	-	-	-	-	(1,503)	-	(1,503)
- Dividend declared to owner of the Company	-	-	-	-	-	-	(4,696)	(4,696)	-	(4,696)
	2	6	(1,503)	-	921	-	(4,696)	(5,270)	-	(5,270)
Transfer to share premium for employees' share option exercised	-	1	-	-	(1)	-	-	-	-	-
<b>At 31 Dec 2016</b>	<b>60,076</b>	<b>1,196</b>	<b>(5,519)</b>	<b>(28,123)</b>	<b>3,161</b>	<b>(94)</b>	<b>131,462</b>	<b>162,159</b>	<b>4,740</b>	<b>166,899</b>

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.



## Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016 (UNAUDITED) (CONT'D)

	← Attributable to equity holders of the parent						→ Distributable			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	Retained Profits RM'000	Attributable To owners of The Company RM'000	Non- controlling interests RM'000	
<b>Balance at 1.7.2015</b>	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 paid	-	-	-	-	-	-	(7,164)	(7,164)	-	(7,164)
that do not result in loss of control	-	-	-	-	-	-	(644)	(644)	444	(200)
	-	-	(1,145)	-	-	-	(7,808)	(8,953)	444	(8,509)
<b>At 31 Dec 2015</b>	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 2016 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 2016

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016 (UNAUDITED)

	Current Period Ended 31 Dec 2016 RM'000	Preceding Period Ended 31 Dec 2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	9,194	14,633
<b>Adjustments:</b>		
Amortisation and depreciation	1,418	1,528
(Gain)/Loss on disposal of plant and equipment	(75)	(145)
Interest expense	471	607
Interest income	(1,331)	(518)
Plant and equipment written off	12	-
ESOS / Share-based expenses	921	-
Unrealised loss/(gain) on foreign exchange	(283)	262
Write-back of provision for doubtful debts	(564)	(825)
<b>Changes in working capital</b>	9,763	15,542
Inventories	6,298	(2,454)
Receivables	(6,772)	(10,541)
Amount owing by contract customers	10,835	(644)
Payables	(10,356)	(2,935)
<b>Cash generated from / (used in) operations</b>	9,768	(1,032)
Interest received	1,316	518
Interest paid	(471)	(607)
Income tax paid	(6,820)	(6,202)
<b>Net cash inflow / (outflow) from operating activities</b>	3,793	(7,323)
<b>CASH FLOWS FROM / (USED) IN INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment and prepaid lease rentals	(1,175)	(1,029)
Additional Purchase / works on investment properties	1,011	(1,565)
Proceeds from disposal of property, plant and equipment	451	223
Acquisition of shares from non controlling interest	-	(300)
<b>Net cash from / (used in) investing activities</b>	287	(2,671)



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(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016 (UNAUDITED) (CONT'D)

	Current Period Ended 31 Dec 2016 RM'000	Preceding Period Ended 31 Dec 2015 RM'000
<b>CASH FLOWS FROM / (USED) IN FINANCING ACTIVITIES</b>		
Dividend paid Shareholders	(23,684)	(4,798)
Proceed from issuance of shares	10	-
Purchase of treasury shares	(1,503)	(1,145)
Hire purchase repayment	(393)	(227)
Borrowings repayment	(2,269)	(1,363)
<b>Net cash used in financing activities</b>	<b>(27,839)</b>	<b>(7,533)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>64</b>	<b>(187)</b>
<b>NET DECREASED IN CASH AND CASH EQUIVALENTS</b>	<b>(23,759)</b>	<b>(17,527)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>93,162</b>	<b>47,019</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>69,467</b>	<b>29,305</b>
<b>Cash and cash equivalents comprise of:</b>		
Short-term investments	55,789	19,623
Fixed deposit with licensed banks	170	155
Cash and bank balances	13,678	9,682
	69,637	29,460
Less: Fixed deposit pledged to a licensed bank	(170)	(155)
	69,467	29,305





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(Company No: 754118-K)

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INTERIM FINANCIAL REPORT 31 DECEMBER 2016

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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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017

**Signature International Berhad**

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**INTERIM FINANCIAL REPORT 31 DECEMBER 2016**
**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 (cont'd):-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

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 2016

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### 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:-

- (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.

#### 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 year to-date 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.



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(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 6. Changes in Debt and Equity Securities (Cont'd)

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

- (iii) During the current year to-date, 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	Units	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
Nov-16	0.25	0.82	457,600	376
Dec-16	0.25	0.81	1,020,000	831
			<hr/>	<hr/>
Balance at 31 Dec 2016	0.25	0.90	6,136,200	5,519

#### 7. Dividend Paid

No dividends were paid during the quarter under review.



## Signature International Berhad

(Company No: 754118-K)

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INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### 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	Distribution Of White Goods	Manufacture Of Glass and Aluminium Products				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Result for 3 months</b>							
<b>Quarter ended 31 December 2016</b>							
REVENUE:							
External revenue	29,589	1,879	8,796	375	18	-	40,657
Inter-segment revenue	8,703	3,051	248	-	684	(12,686)	-
<b>Total revenue</b>	<b>38,292</b>	<b>4,930</b>	<b>9,044</b>	<b>375</b>	<b>702</b>	<b>(12,686)</b>	<b>40,657</b>
RESULTS							
Segment results	2,673	1,487	1,087	(12)	(126)	(0)	5,109
Finance costs	(403)	(6)	(10)	-	(56)	-	(475)
Profit from ordinary activities before taxation	2,270	1,481	1,077	(12)	(182)	-	4,634
Income tax expense							(1,189)
Profit from ordinary activities after taxation							3,445
Non-controlling interest							(87)
Net profit attributable to equity holders of the Company							3,358



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INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 8. Segmental Information (Cont'd)

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
<b>Result for 3 months</b>							
<b>Quarter ended 31 December 2015</b>							
REVENUE:							
External revenue	48,184	676	6,109	-	0	-	54,969
Inter-segment revenue	9,878	5,320	400	-	1,100	(16,699)	-
<b>Total revenue</b>	<b>58,062</b>	<b>5,996</b>	<b>6,509</b>	<b>-</b>	<b>1,100</b>	<b>(16,699)</b>	<b>54,969</b>
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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INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### 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	and Distribution Of White Goods	Of Glass and Aluminium Products				
<b>Result for 6 months</b>							
<b>Quarter ended 31 December 2016</b>							
<b>REVENUE:</b>							
External revenue	61,886	4,295	16,879	375	28	-	83,463
Inter-segment revenue	17,351	4,110	443	-	1,401	(23,305)	-
Total revenue	79,237	8,405	17,322	375	1,429	(23,305)	83,463
<b>RESULTS</b>							
Segment results	6,858	2,123	1,466	(26)	(239)	0	10,182
Finance costs	(823)	(14)	(38)	-	(113)	-	(988)
Profit from ordinary activities before taxation	6,035	2,109	1,428	(26)	(352)	-	9,194
Income tax expense							(2,269)
Profit from ordinary activities after taxation							6,925
Non-controlling interest							(229)
Net profit attributable to equity holders of the Company							6,696



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(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### 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
<b>Result for 6 months</b>							
<b>Period ended 31 December 2015</b>							
<b>REVENUE:</b>							
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
<b>RESULTS</b>							
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)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

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

	Design							The Group RM'000
	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		
<b>The Group Assets and Liabilities As at 31 December 2016</b>								
OTHER INFORMATION								
Segment assets	224,362	15,149	39,509	3,873	92,993	(130,314)	245,572	
Unallocated assets							8,481	
							254,053	
Segment liabilities	122,838	1,747	27,249	1,368	38,530	(107,479)	84,253	
Unallocated liabilities							2,901	
							87,154	

	Design							The Group RM'000
	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		
<b>The Group Assets and Liabilities As at 31 December 2015</b>								
OTHER INFORMATION								
Segment assets	222,617	17,460	31,571	5,629	86,394	(122,954)	240,717	
Unallocated assets							6,685	
							247,402	
Segment liabilities	129,782	5,478	21,100	2,599	33,702	(101,316)	91,345	
Unallocated liabilities							4,741	
							96,086	

**Signature International Berhad**

(Company No: 754118-K)

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

**INTERIM FINANCIAL REPORT 31 DECEMBER 2016**
**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 31 Dec 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2015 RM'000	Current Year-to-date 31 Dec 2016 RM'000	Preceding Year-to-date 31 Dec 2015 RM'000
Profit before taxation is arrived at after charging :-				
Interest expense	233	315	471	607
Depreciation and amortisation	720	876	1,418	1,528
Property, plant and equipment written off	12	-	12	-
ESOS / Share-based expenses	460	-	921	-
(Gain) / loss on foreign exchange - realised	42	12	(52)	217
(Gain) / loss on foreign exchange - unrealised	(170)	(157)	(283)	262

Profit before taxation is arrived at after Crediting :-

Interest Income	(475)	(224)	(1,331)	(518)
Write-back of provision for doubtful debts	(564)	(15)	(564)	(825)
Gain on disposal of plant and equipment	(75)	(2)	(75)	(145)

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

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



## Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### 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 31 Dec 2016, corporate guarantees extended to licensed banks for credit facilities granted to the subsidiaries as follows:-

	Group		Company	
	Current Year As At 31 Dec 2016 RM'000	Preceding Year As At 31 Dec 2015 RM'000	Current Year As At 31 Dec 2016 RM'000	Preceding Year As At 31 Dec 2015 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to the subsidiaries	-	-	21,486	17,059
Performance guarantee extended by subsidiaries to third parties	16,815	20,124	-	-
	<u>16,815</u>	<u>20,124</u>	<u>21,486</u>	<u>17,059</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 2016 RM'000	Preceding Year As At 31 Dec 2015 RM'000
	<b>Approved but not contracted for:-</b>	
Purchase of property, plant and equipment	-	275
<b>Approved and contracted for:-</b>		
Investment Properties	45,871	45,704
Purchase of property, plant and equipment	115	-
<b>Total capital commitments</b>	<u>45,986</u>	<u>45,979</u>



## Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### 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 2016

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

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2015 RM'000	Current Year-to-date 31 Dec 2016 RM'000	Preceding Year-to-date 31 Dec 2015 RM'000
Revenue	40,657	54,969	83,463	99,844
Profit before taxation	4,634	7,783	9,194	14,633

The Group has recorded a decrease in revenue of RM14.3 million or 26.0%, from RM55.0 million in the preceding year corresponding quarter to RM40.7 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 project revenue resulted the profit before taxation reducing by RM3.2 million or 41.0% from RM7.8 million in the preceding year corresponding quarter to RM4.6 million in the current quarter.

##### Kitchen and Wardrobe Systems

This segment had shown a decline in revenue of RM18.6 million or 38.6% from RM48.2 million in the preceding year corresponding quarter to RM29.6 million in the current quarter under review. The decrease was mainly due to drop in project revenue.

The decreased in project revenue resulted the profit before tax reducing by RM3.2million or 58.2%, from RM5.5million in the preceding year corresponding quarter to RM2.3million in 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 2016

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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 15. Review of Performance (Cont'd)

##### - Current Quarter 3 months ended 31 December 2016

##### White Goods and Built-in Kitchen Appliances

This segment recorded an increase in revenue of RM1.2 million or 171%, from RM0.7 million in the preceding year corresponding quarter to RM1.9 million in the current quarter.

Despite revenue increased by 171%, profit before tax for the current quarter improved by RM 0.4 million or 36.4% from RM1.1 million in the preceding year corresponding quarter to RM1.5 million in the current quarter. The marginal increase in profit before tax as a result of increased in numbers of lower margin projects compared to preceding year corresponding quarter.

##### Glass and Aluminium Product

This segment recorded an increase in revenue of RM2.7 million or 44.3% from RM6.1 million in the preceding year corresponding quarter to RM8.8 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 improved by RM0.1 million or 10%, from RM1.0 million in the preceding year corresponding quarter to RM1.1 million in the current quarter. The number of projects in progress for the current quarter which of lower margin contribute to the marginal improvement in profit before tax.

##### Interior Fit-out Segment

This segment reported revenue of RM0.4 million in current quarter as compared to none 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.



## Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 15. Review of Performance (Cont'd)

##### - Cumulative period to-date 6 months ended 31 December 2016

The Group recorded a decreased in revenue of RM16.3 million or 16.3% from RM99.8 million in the preceding year to-date to RM83.5 million in the current year to-date under review. The decrease was mainly due to lower project revenue contribution from Kitchen and Wardrobe segment.

The decreased in revenue resulted in the profit before taxation reducing by RM5.4 million or 37.0% from RM14.6 million in the preceding year to-date to RM9.2 million in the current year to-date.

In addition, the decreased in profit before tax was also due to lower margin resulted from project segment and provision of ESOS expense amounting to RM0.9 million for the period.

##### Kitchen and Wardrobe Systems

This segment had shown a decline in revenue of RM26.2 million or 29.7% from RM88.1 million in the preceding year to-date to RM61.9 million in the current year to-date under review. The decrease was mainly due to lower project revenue contribution from Kitchen and Wardrobe segment.

The decreased in revenue resulted in the profit before taxation reducing by RM6.3 million or 51.2% from RM12.3 million in the preceding year to-date to RM6.0 million in the current year to-date.

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

##### White Goods and Built-in Kitchen Appliances

This segment recorded an increase in revenue of RM2.6 million or 153%, from RM1.7 million in the preceding year to-date to RM4.3 million in the current year to-date.

Profit before tax for current year to-date improved by RM 0.9 million or 75% from RM1.2 million in the preceding year to-date to RM2.1 million in the current year to-date. The increase in profit before tax as a results of higher number of projects in progress and revenue being recognized during the period.

##### Glass and Aluminium Product

This segment recorded an increase in revenue of RM6.9 million or 69.0% from RM10.0 million in the preceding year to-date to RM16.9 million in the current year to-date. The increase in revenue was mainly due to increase in numbers of projects and revenue being recognized for the current year to-date.

Profit before tax decline by RM0.2 million or 12.5% from RM1.6 million in the preceding year to-date to RM1.4 million in the current year to-date. Profit before tax was lower than preceding year



## Signature International Berhad

(Company No: 754118-K)

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

### INTERIM FINANCIAL REPORT 31 DECEMBER 2016

to-date due to combination of lower projects margin for year to-date and number of higher margin projects completed in preceding year to-date.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 15. Review of Performance (Cont'd)

- Cumulative period to-date 6 months ended 31 December 2016

#### Interior Fit-out Segment

This segment reported revenue of RM0.4 million in current year to-date as compared to none in preceding year to-date.

This segment recorded a loss before tax of RM0.01 million for the current quarter as compared to loss before tax of RM0.4 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.

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

	Individual Period	
	Current Year Quarter Ended 31 Dec 2016 RM'000	Preceding Quarter Ended 30 Sep 2016 RM'000
Revenue	40,657	42,806
Profit before taxation	4,634	4,560

The Group recorded revenue of RM40.7 million for current quarter compared to RM42.8 million in the preceding quarter. The decrease of RM2.1 million or 5.0% as a result of lower project revenue being recognized from Kitchen & Wardrobe segment segments.

Group profit before tax has marginally improved by RM0.1 million or 1.5% in current quarter as compared to preceding quarter as a results of higher margins for the project segments.



## Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 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 200 million as at end December 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 for 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.

#### 19. Taxation

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2015 RM'000	Current Year-to-date 31 Dec 2016 RM'000	Preceding Year-to-date 31 Dec 2015 RM'000
Current Tax Expense				
- Current Year	1,189	1,867	2,269	3,685
- Deferred Tax	-	-	-	-
Total Income Tax Expense	<u>1,189</u>	<u>1,867</u>	<u>2,269</u>	<u>3,685</u>

#### 20. Status of Corporate Proposals/Exercises

There were no corporate proposals announced during 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 2016

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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 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 31 December 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.

#### 22. Borrowings and Debt Securities

The Group's borrowings as follows:

	Cumulative Period	
	Current Year Quarter Ended 31 Dec 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2015 RM'000
Term Loan (Secured) :-		
Current	2,915	2,689
Non Current	16,996	17,435
Total Bank Borrowing	<u>19,911</u>	<u>20,124</u>



## **Signature International Berhad**

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

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### **NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

#### **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 totalling 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.

##### **Kuala Lumpur High Court Suit No. WA-22C-86-11/2016**

Signature Cabinet Sdn Bhd (“Plaintiff”), a wholly-owned subsidiary of the Company has on 24 November 2016 filed a Suit at the Kuala Lumpur High Court against D.J. Design & Suppliers Sdn Bhd (“First Defendant”) and Ikhmas Jaya Sdn Bhd (“Second Defendant”), respectively (collectively known as “the Defendants”) claiming the sum of RM1,261,303.14 together with interest and costs being the amounts outstanding in respect of the Supply, Delivery and Installation of Kitchen Cabinets for 150 units of service apartment at Lot 83, Section 88, Jalan Damai, Off Jalan Ampang, Bandar Kuala Lumpur, Wilayah Persekutuan (“Damai 88 Project”).

Subsequently, the Court has ordered that a judgement in default be entered against the First Defendant. In the meanwhile, the Second Defendant has taken further steps to contest the claim by filing a Defence to which the Plaintiff filed a Reply to the Defence. The matter is now fixed for case management for directions from the Court.

#### **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 RM4,696,375 for the financial year ended 30 June 2016 was recommended by the Board and is approved by the shareholders in the Annual General Meeting and was paid on 9 January 2017.

**Signature International Berhad**

(Company No: 754118-K)

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

**INTERIM FINANCIAL REPORT 31 DECEMBER 2016**
**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**
**25. Earnings per Share**

## (i) Basic EPS

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2015 RM'000	Current Year-to-date 31 Dec 2016 RM'000	Preceding Year-to-date 31 Dec 2015 RM'000
<b>BASIC EARNINGS PER SHARE</b>				
Profit for the year attributable to ordinary equity holders of the Company	3,358	5,649	6,696	10,541
Weighted average number of ordinary shares in issue ('000)	234,999	239,492	235,373	239,492
Basic Earnings per Share (sen)	1.4	2.4	2.8	4.4

## (ii) Diluted EPS

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Dec 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2015 RM'000	Current Year-to-date 31 Dec 2016 RM'000	Preceding Year-to-date 31 Dec 2015 RM'000
<b>DILUTED EARNINGS PER SHARE</b>				
Profit for the year attributable to ordinary equity holders of the Company	3,358	5,649	6,696	10,541
Weighted average number of ordinary shares for basic earnings per share ('000)	234,999	239,492	235,373	239,492
Shares deemed to be issued for no consideration: warrants ('000)	-	-	451	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	234,999	239,492	235,824	239,492
Diluted Earnings per Share (sen)	1.4	Not applicable	2.8	Not applicable



## Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 DECEMBER 2016

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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 26. Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 31 December 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 31 Dec 2016 RM'000
Total retained profits/ (accumulated losses) of Signature International Berhad and its subsidiaries:	
- Realised	119,117
- Unrealised	1,945
	<hr/>
	121,063
Consolidation adjustments	10,399
	<hr/>
	131,462

#### 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 20 Feb 2017.