



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 31 MARCH 2017

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 March 2017.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Mar 2017 RM'000	Preceding Year Corresponding Quarter Ended 31 Mar 2016 RM'000	Current Year-to-date 31 Mar 2017 RM'000	Preceding Year-to-date 31 Mar 2016 RM'000
Revenue	49,250	54,693	132,713	154,537
Operating expenses	(46,369)	(48,632)	(122,129)	(134,877)
Other operating income	3,192	1,189	5,671	3,133
Profit from operations	6,073	7,250	16,255	22,793
Finance costs	(585)	(481)	(1,573)	(1,391)
Profit before taxation	5,488	6,769	14,682	21,402
Tax expense	(1,402)	(1,625)	(3,671)	(5,310)
Profit after taxation	4,086	5,144	11,011	16,092
Other Comprehensive Income, Net of Tax				
Foreign currency translation	(127)	85	(63)	(102)
Total Comprehensive Income for the period	3,959	5,229	10,948	15,990

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 31 MARCH 2017 (UNAUDITED) (CONT'D)

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Mar 2017 RM'000	Preceding Year Corresponding Quarter Ended 31 Mar 2016 RM'000	Current Year-to-date 31 Mar 2017 RM'000	Preceding Year-to-date 31 Mar 2016 RM'000
Profit after tax attributable to:-				
- Equity holders of the parent	3,495	5,011	10,191	15,552
- Non-controlling interest	591	133	820	540
	<u>4,086</u>	<u>5,144</u>	<u>11,011</u>	<u>16,092</u>
Total Comprehensive Income attributable to: -				
- Equity holders of the parent	3,368	5,096	10,128	15,450
- Non-controlling interest	591	133	820	540
	<u>3,959</u>	<u>5,229</u>	<u>10,948</u>	<u>15,990</u>
Earnings per share (sen)				
- Basic	1.5	2.1	4.4	6.5
- Diluted	1.5	Not applicable	4.3	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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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	UNAUDITED As at 31 Mar 2017 RM'000	AUDITED As at 30 Jun 2016 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	75,759	36,330
Investment properties	47,532	35,618
Deferred tax asset	3,503	3,503
	<u>126,794</u>	<u>75,451</u>
Current Assets		
Inventories	10,017	17,039
Amount owing by contract customers	30,337	40,317
Receivables - net of deposits received	60,279	62,744
Tax recoverable	3,913	1,916
Short-term investments	31,499	57,220
Fixed deposit with licensed banks	170	155
Cash and bank balances	12,005	35,942
	<u>148,220</u>	<u>215,333</u>
TOTAL ASSETS	<u>275,014</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 31 MARCH 2017 (CONT'D)

	UNAUDITED As at 31 Mar 2017 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	100,201	99,406
Shareholders' equity	161,473	160,669
Non-controlling interest	5,331	4,511
TOTAL EQUITY	166,804	165,180
Non-Current Liabilities		
Hire purchase payables	1,435	1,906
Term loans	55,792	19,265
Deferred taxation	2,901	2,901
	60,128	24,072
Current Liabilities		
Payables	33,006	55,312
Amount owing to contract customers	10,860	17,377
Provision for taxation	-	1,489
Hire purchase payables	898	755
Term loan	3,318	2,915
Dividend Payable	-	23,684
	48,082	101,532
TOTAL LIABILITIES	108,210	125,604
TOTAL EQUITY AND LIABILITIES	275,014	290,784
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	0.69	0.67

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 31 MARCH 2017 (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	-	-	-	-	-	-	10,191	10,191	820	11,011
Other comprehensive income for the financial year, net of tax; - foreign exchange translation	-	-	-	-	-	(63)	-	(63)	-	(63)
Total comprehensive income for the financial year	-	-	-	-	-	(63)	10,191	10,128	820	10,948
Contribution by and distribution to owners of the Company:										
Recognition of shares option expenses	-	-	-	-	1,382	-	-	1,382	-	1,382
Employees' shares option exercised	1	4	-	-	-	-	-	5	-	5
Warrant option exercised	1	2	-	-	-	-	-	3	-	3
Purchase of treasury shares	-	-	(6,018)	-	-	-	-	(6,018)	-	(6,018)
Dividend paid	-	-	-	-	-	-	(4,696)	(4,696)	-	(4,696)
	2	6	(6,018)	-	1,382	-	(4,696)	(9,324)	-	(9,324)
Transfer to share premium for employees' share option exercised	-	1	-	-	(1)	-	-	-	-	-
At 31 March 2017	60,076	1,196	(10,034)	(28,123)	3,622	(221)	134,957	161,473	5,331	166,804

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 31 MARCH 2017 (UNAUDITED) (CONT'D)

	← 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 2015	60,000	889	(90)	(28,123)	-	(49)	112,174	144,801	4,263	149,064
Profit after taxation for the financial year	-	-	-	-	-	-	15,552	15,552	540	16,092
Other comprehensive income for the financial year, net of tax;										
- foreign exchange translation	-	-	-	-	-	(102)	-	(102)	-	(102)
Total comprehensive income for the financial year	-	-	-	-	-	(102)	15,552	15,450	540	15,990
Contribution by and distribution to owners of the Company:										
- Purchase of treasury shares	-	-	(3,038)	-	-	-	-	(3,038)	-	(3,038)
- Dividend declared to owner of the Company	-	-	-	-	-	-	(7,164)	(7,164)	-	(7,164)
- Changes in ownership interest of subsidiaries	-	-	-	-	-	-	(644)	(644)	444	(200)
	-	-	(3,038)	-	-	-	(7,808)	(10,846)	444	(10,402)
At 31 March 2016	60,000	889	(3,128)	(28,123)	-	(151)	119,918	149,405	5,247	154,652

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 31 MARCH 2017 (UNAUDITED)

	Current Period Ended 31 Mar 2017 RM'000	Preceding Period Ended 31 Mar 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,682	21,402
Adjustments:		
Amortisation and depreciation	2,135	2,290
(Gain)/ Loss on disposal of Investment Properties	-	9
(Gain)/Loss on disposal of plant and equipment	(90)	(145)
Plant and equipment written off	91	-
Interest expense	924	1,001
Interest income	(1,825)	(712)
ESOS / Share-based expenses	1,382	-
Unrealised loss/(gain) on foreign exchange	(329)	316
Provision for doubtful debts	-	6
Write-back of provision for doubtful debts	(2,702)	(825)
Changes in working capital	14,268	23,342
Inventories	7,022	(2,995)
Receivables	5,165	6,527
Amount owing by contract customers	3,463	(12,508)
Payables	(21,977)	(9,808)
Cash generated from operations	7,941	4,558
Interest received	1,810	712
Interest paid	(924)	(1,001)
Income tax paid	(7,157)	(9,377)
Net cash inflow / (outflow) from operating activities	1,670	(5,108)
CASH FLOWS FROM / (USED) IN INVESTING ACTIVITIES		
Additions of property, plant and equipment and prepaid lease rentals	(11,669)	(1,191)
Additional Purchase / works on investment properties	(4,067)	(1,602)
Proceeds from disposal of investment properties	2,640	1,400
Proceeds from disposal of property, plant and equipment	518	223
Acquisition of shares from non controlling interest	-	(301)
Net cash used in investing activities	(12,578)	(1,471)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017 (UNAUDITED) (CONT'D)

	Current Period Ended 31 Mar 2017 RM'000	Preceding Period Ended 31 Mar 2016 RM'000
CASH FLOWS FROM / (USED) IN FINANCING ACTIVITIES		
Dividend paid	(28,380)	(11,962)
Proceed from issuance of shares	9	-
Purchase of treasury shares	(6,018)	(3,038)
Hire purchase repayment	(598)	(462)
Borrowings repayment	(3,700)	(2,033)
Net cash used in financing activities	<u>(38,687)</u>	<u>(17,495)</u>
Effects of exchange rate changes on cash and cash equivalents	(63)	(102)
NET DECREASED IN CASH AND CASH EQUIVALENTS	(49,595)	(24,074)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>93,162</u>	<u>47,019</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>43,504</u>	<u>22,843</u>
Cash and cash equivalents comprise of:		
Short-term investments	31,499	12,840
Fixed deposit with licensed banks	170	155
Cash and bank balances	12,005	10,003
	<u>43,674</u>	<u>22,998</u>
Less: Fixed deposit pledged to a licensed bank	(170)	(155)
	<u>43,504</u>	<u>22,843</u>



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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 bases 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 2016 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
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



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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):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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.

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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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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
Jan-17	0.25	0.83	824,000	680
Feb-17	0.25	0.90	1,200,000	1,077
Mar-17	0.25	0.91	3,047,900	2,758
Balance at 31 Mar 2017	0.25	0.90	11,208,100	10,034

7. Dividend Paid

The final single tier dividend of 2 sen per ordinary share amounting to RM4.7 million for the financial year ended 30 June 2016 was approved by the shareholders in the Annual General Meeting and was paid on 9 January 2017.

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

As at current year to-date, total dividend of RM28.4 million was paid.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

8. Segmental Information

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 March 2017							
REVENUE:							
External revenue	42,687	895	5,696	-	(28)	-	49,250
Inter-segment revenue	7,489	3,203	412	-	(346)	(10,758)	0
Total revenue	50,176	4,098	6,108	-	(374)	(10,758)	49,250
RESULTS							
Segment results	5,283	1,070	1,292	(13)	(1,559)	0	6,073
Finance costs	(266)	(4)	(11)	-	(304)	-	(585)
Profit from ordinary activities before taxation	5,017	1,066	1,281	(13)	(1,863)	-	5,488
Income tax expense							(1,402)
Profit from ordinary activities after taxation							4,086
Non-controlling interest							(591)
Net profit attributable to equity holders of the Company							3,495



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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 March 2016							
REVENUE:							
External revenue	46,736	954	7,003	-	-	-	54,693
Inter-segment revenue	8,197	2,273	384	1,362	1,323	(13,539)	-
Total revenue	54,933	3,227	7,387	1,362	1,323	(13,539)	54,693
RESULTS							
Segment results	5,833	833	774	(98)	(92)	0	7,250
Finance costs	(387)	(16)	(20)	-	(58)	-	(481)
Profit from ordinary activities before taxation	5,446	817	754	(98)	(150)	0	6,769
Income tax expense							(1,625)
Profit from ordinary activities after taxation							5,144
Non-controlling interest							(133)
Net profit attributable to equity holders of the Company							5,011



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8. Segmental Information (Cont'd)

The Group	Design	Manufacture	Marketing	Manufacture	Interior	Others	Eliminations	The Group
	Manufacture and Retail Of Kitchen And Wardrobe Systems	And Distribution Of White Goods	and Of Glass Aluminium Products	fit-out works				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Result for 9 months								
Quarter ended 31 March 2017								
REVENUE:								
External revenue	104,573	5,190	22,575	375	-	-	-	132,713
Inter-segment revenue	24,840	7,313	855	-	1,055	(34,063)	-	0
Total revenue	129,413	12,503	23,430	375	1,055	(34,063)	-	132,713
RESULTS								
Segment results	12,141	3,193	2,758	(39)	(1,798)	-	0	16,255
Finance costs	(1,089)	(18)	(49)	-	(417)	-	-	(1,573)
Profit from ordinary activities before taxation	11,052	3,175	2,709	(39)	(2,215)	-	-	14,682
Income tax expense	-	-	-	-	-	-	-	(3,671)
Profit from ordinary activities after taxation	-	-	-	-	-	-	-	11,011
Non-controlling interest	-	-	-	-	-	-	-	(820)
Net profit attributable to equity holders of the Company	-	-	-	-	-	-	-	10,191



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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	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 9 months							
Period ended 31 March 2016							
REVENUE:							
External revenue	134,881	2,628	17,028	-	0	-	154,537
Inter-segment revenue	30,094	11,573	872	981	3,424	(46,944)	-
Total revenue	164,975	14,201	17,900	981	3,424	(46,944)	154,537
RESULTS							
Segment results	18,865	2,075	2,406	(449)	(104)	0	22,793
Finance costs	(1,120)	(58)	(35)	-	(178)	-	(1,391)
Profit from ordinary activities before taxation	17,745	2,017	2,371	(449)	(282)	-	21,402
Income tax expense							(5,310)
Profit from ordinary activities after taxation							16,092
Non-controlling interest							(540)
Net profit attributable to equity holders of the Company							15,552

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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	Of Glass and Aluminium Products				
The Group Assets and Liabilities As at 31 March 2017	RM000	RM000	RM000	RM000	RM000	RM000	RM000
OTHER INFORMATION							
Segment assets	221,249	15,111	33,584	3,529	125,796	(131,671)	267,598
Unallocated assets							7,416
							<u>275,014</u>
Segment liabilities	114,959	643	20,110	1,037	77,210	(108,650)	105,309
Unallocated liabilities							2,901
							<u>108,210</u>
	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				
The Group Assets and Liabilities As at 31 March 2016	RM000	RM000	RM000	RM000	RM000	RM000	RM000
OTHER INFORMATION							
Segment assets	212,286	13,730	30,686	4,757	75,759	(111,479)	225,739
Unallocated assets							7,778
							<u>233,517</u>
Segment liabilities	116,916	1,443	19,673	2,133	25,118	(90,702)	74,581
Unallocated liabilities							4,284
							<u>78,865</u>



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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 Mar 2017 RM'000	Preceding Year Corresponding Quarter Ended 31 Mar 2016 RM'000	Current Year-to-date 31 Mar 2017 RM'000	Preceding Year-to-date 31 Mar 2016 RM'000
Profit before taxation is arrived at after charging :-				
Interest expense	453	394	924	1,001
Depreciation and amortisation	717	762	2,135	2,290
Provision for and write off of receivables	-	6	-	6
Loss on disposal of Investment Properties	-	9	-	9
Property, plant and equipment written off	79	-	91	-
ESOS / Share-based expenses	461	-	1,382	-
(Gain) / loss on foreign exchange - realised	52	-	(0)	72
(Gain) / loss on foreign exchange - unrealised	(46)	(91)	(329)	316

Profit before taxation is arrived at after Crediting :-

Interest Income	(494)	(194)	(1,825)	(712)
Rental Income	(134)	-	(134)	-
Write-back of provision for doubtful debts	(2,138)	-	(2,702)	(825)
Gain on disposal of plant and equipment	(15)	-	(90)	(145)

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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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 Mar 2017, corporate guarantees extended to licensed banks for credit facilities granted to the subsidiaries as follows:-

	Group		Company	
	Current Year As At 31 Mar 2017 RM'000	Preceding Year As At 31 Mar 2016 RM'000	Current Year As At 31 Mar 2017 RM'000	Preceding Year As At 31 Mar 2016 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to the subsidiaries	-	-	17,223	13,919
Performance guarantee extended by subsidiaries to third parties	59,110	19,454	-	-
	<u>59,110</u>	<u>19,454</u>	<u>17,223</u>	<u>13,919</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 Mar 2017 RM'000	Preceding Year As At 31 Mar 2016 RM'000
Approved but not contracted for:-		
Purchase of property, plant and equipment	-	237
Approved and contracted for:-		
Investment Properties	167	45,704
Purchase of property, plant and equipment	115	-
Total capital commitments	<u>282</u>	<u>45,941</u>



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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 March 2017

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

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Mar 2017 RM'000	Preceding Year Corresponding Quarter Ended 31 Mar 2016 RM'000	Current Year-to-date 31 Mar 2017 RM'000	Preceding Year-to-date 31 Mar 2016 RM'000
Revenue	49,250	54,693	132,713	154,537
Profit before taxation	5,488	6,769	14,682	21,402

The Group has recorded a decrease in revenue of RM5.4 million or 9.9%, from RM54.7 million in the preceding year corresponding quarter to RM49.3 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 has resulted in the profit before taxation reducing by RM1.3 million or 19.1% from RM6.8 million in the preceding year corresponding quarter to RM5.5 million in the current quarter. In addition, there was also a write back of provision for doubtful debts of RM2.1 million in the current quarter.

Kitchen and Wardrobe Systems

This segment had shown a decline in revenue of RM4.0 million or 8.6% from RM46.7 million in the preceding year corresponding quarter to RM42.7 million in the current quarter under review. The decrease was mainly due to lower contribution from project revenue.

The decreased in project revenue has resulted in the profit before tax reducing by RM0.4million or 7.4%, from RM5.4million in the preceding year corresponding quarter to RM5.0million in the current quarter.



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15. Review of Performance (Cont'd)

- Current Quarter 3 months ended 31 March 2017

White Goods and Built-in Kitchen Appliances

This segment recorded a decrease in revenue of RM0.1 million or 10%, from RM1.0 million in the preceding year corresponding quarter to RM0.9 million in the current quarter.

Profit before tax for the current quarter improved by RM 0.3 million or 37.5% from RM0.8 million in the preceding year corresponding quarter to RM1.1 million in the current quarter. The increase in profit before tax is due to slight improvement in Ringgit Malaysia against the US dollar currency, which resulted lower unrealized exchange loss, lower import costs for the current reporting period as compared to preceding year corresponding quarter.

Glass and Aluminium Product

This segment recorded a decrease in revenue of RM1.3 million or 18.6% from RM7.0 million in the preceding year corresponding quarter to RM5.7 million in the current quarter. The decrease in revenue was mainly due to lower revenue recognition from project segment for the current quarter.

Despite revenue decrease by 18.6%, profit before tax for the current quarter improved by RM0.5 million or 62.5%, from RM0.8 million in the preceding year corresponding quarter to RM1.3 million in the current quarter. This was mainly due to written back of provision for doubtful debts of RM2.1million which cushioned the contribution from a few number of lower margin projects in progress for the current quarter as compared to preceding period quarter.

Interior Fit-out Segment

No revenue being recognized for this quarter under review.

This segment recorded a loss before tax of RM0.01 million for the current quarter as compared to loss before tax of RM0.1 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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15. Review of Performance (Cont'd)

- Cumulative period to-date 9 months ended 31 Mar 2017

The Group recorded a decrease in revenue of RM21.8 million or 14.1% from RM154.5 million in the preceding year to-date to RM132.7 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 decrease in revenue resulted in the profit before taxation reducing by RM6.7 million or 31.3% from RM21.4 million in the preceding year to-date to RM14.7 million in the current year to-date. The decrease in profit before tax was mainly due to lower revenue contribution and margin from project segment. The other contributing factors that affected the profit before tax were the provision of ESOS expense amounting to RM1.4 million (No comparable ESOS expense in preceding year to-date as the ESOS options /exercise was offered in quarter 4 of 2016) and a write back of provision for doubtful debts of RM2.7 million.

Kitchen and Wardrobe Systems

This segment had shown a decline in revenue of RM30.3 million or 22.5% from RM134.9 million in the preceding year to-date to RM104.6 million in the current year to-date under review. The decrease was mainly due to lower project revenue contribution from Kitchen and Wardrobe segment.

Despite write back of provision for doubtful debts of RM0.6 million, the profit before taxation reducing by RM6.6 million or 37.3% from RM17.7 million in the preceding year to-date to RM11.1 million in the current year to-date mainly due to lower project revenue contribution and margin from the project segment.

White Goods and Built-in Kitchen Appliances

This segment recorded an increase in revenue of RM2.6 million or 100%, from RM2.6 million in the preceding year to-date to RM5.2 million in the current year to-date.

Despite revenue increased by 100%, profit before tax for current year to-date improved by RM1.2 million or 60% from RM2.0 million in the preceding year to-date to RM3.2 million in the current year to-date mainly due to lower margin projects compared to preceding year corresponding period.



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15. Review of Performance (Cont'd)

- Cumulative period to-date 9 months ended 31 Mar 2017

Glass and Aluminium Product

This segment recorded an increase in revenue of RM5.6 million or 32.9% from RM17.0 million in the preceding year to-date to RM22.6 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 improved by RM0.3 million or 12.5% from RM2.4 million in the preceding year to-date to RM2.7 million in the current year to-date mainly due to written back of provision for doubtful debts amounting RM2.1 million.

Without the provision for doubtful debts written back, the profit before tax was lower than preceding year to-date due to combination of lower projects margin for the year to-date and numbers of higher margin projects completed in preceding year to-date.

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 year to-date as compared to loss before tax of RM0.4 million in the preceding corresponding quarter due to increase in reported revenue of RM0.1 million and 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 Mar 2017 RM'000	Preceding Quarter Ended 31 Dec 2016 RM'000
Revenue	49,250	40,657
Profit before taxation	5,488	4,634



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16. Material change in Profit before tax of Current Quarter compared with Preceding Quarter (Cont'd)

The Group recorded revenue of RM49.3 million for current quarter compared to RM40.7 million in the preceding quarter. The increase of RM8.6 million or 21.1% as a result of higher project revenue being recognized from Kitchen & Wardrobe segment. Group profit before tax has improved by RM0.9 million or 16.4% in current quarter as compared to preceding quarter. The lower percentage increase in profit before tax was a result of lower margin from project segment. In addition, there was a write back of the provision for doubtful debts of RM2.1 million in the current 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 242 million as at end March 2017 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 Mar 2017 RM'000	Preceding Year Corresponding Quarter Ended 31 Mar 2016 RM'000	Current Year-to-date 31 Mar 2017 RM'000	Preceding Year-to-date 31 Mar 2016 RM'000
Current Tax Expense				
- Current Year	1,402	1,625	3,671	5,310
- Deferred Tax	-	-	-	-
Total Income Tax Expense	1,402	1,625	3,671	5,310



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20. Status of Corporate Proposals/Exercises

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

21. Memorandum of Understanding (“MOU”)

The Group had on 22 November 2016 entered into a non-binding MOU with Bank Kerjasama Rakyat Malaysia Berhad to explore the possibility of collaborating with each other with regards to the provision of financing facilities to those who desire to upgrade and/or are interested to buy kitchen equipment and appliances from the Group, as the case may be.

There has been no further development since the previous announcement.

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

As disclosed in Note 6 above, the Company has raised an aggregate of approximately RM7,425 via the subscription of the following during the financial quarter ended 31 March 2017.

- (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.

23. Borrowings and Debt Securities

The Group's borrowings as follows:

	Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended
Term Loan (Secured) :-	31 Mar 2017	31 Mar 2016
	RM'000	RM'000
Current	3,318	2,689
Non Current	55,792	16,765
Total Bank Borrowing	<u>59,110</u>	<u>19,454</u>



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24. 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.

25. Proposed Dividend

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

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26. Earnings per Share

(i) Basic EPS

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Mar 2017 RM'000	Preceding Year Corresponding Quarter Ended 31 Mar 2016 RM'000	Current Year-to-date 31 Mar 2017 RM'000	Preceding Year-to-date 31 Mar 2016 RM'000
BASIC EARNINGS PER SHARE				
Profit for the year attributable to ordinary equity holders of the Company	3,495	5,011	10,191	15,552
Weighted average number of ordinary shares in issue ('000)	231,508	238,856	234,104	238,856
Basic Earnings per Share (sen)	1.5	2.1	4.4	6.5

(ii) Diluted EPS

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31 Mar 2017 RM'000	Preceding Year Corresponding Quarter Ended 31 Mar 2016 RM'000	Current Year-to-date 31 Mar 2017 RM'000	Preceding Year-to-date 31 Mar 2016 RM'000
DILUTED EARNINGS PER SHARE				
Profit for the year attributable to ordinary equity holders of the Company	3,495	5,011	10,191	15,552
Weighted average number of ordinary shares for basic earnings per share ('000)	231,508	238,856	234,104	238,856
Shares deemed to be issued for no consideration: warrants ('000)	-	-	303	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	231,508	238,856	234,406	238,856
Diluted Earnings per Share (sen)	1.5	Not applicable	4.3	Not applicable



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27. Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 31 Mar 2017 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 Mar 2017 RM'000
Total retained profits/ (accumulated losses) of Signature International Berhad and its subsidiaries:	
- Realised	122,966
- Unrealised	1,995
	<hr/>
	124,961
Consolidation adjustments	9,996
	<hr/>
	<u>134,957</u>

28. 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.

29. Authorisation for issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board on 27 May 2017.