



Signature International Berhad

(Company No: 754118-K)

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

INTERIM FINANCIAL REPORT 30 SEPT 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 Year ended 30 Sept 2017.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPT 2017 (UNAUDITED)

| | Individual Period | | Cumulative Period | |
|--|---|---|--|--|
| | Current Year Quarter Ended 30 Sep 2017 RM'000 | Preceding Year Corresponding Quarter Ended 30 Sep 2016 RM'000 | Current Year-to-date 30 Sep 2017 RM'000 | Preceding Year-to-date 30 Sep 2016 RM'000 |
| Revenue | 52,256 | 42,806 | 52,256 | 42,806 |
| Operating expenses | (49,133) | (38,910) | (49,133) | (38,910) |
| Other operating income | 412 | 1,177 | 412 | 1,177 |
| Profit from operations | 3,535 | 5,073 | 3,535 | 5,073 |
| Finance costs | (790) | (513) | (790) | (513) |
| Profit before taxation | 2,745 | 4,560 | 2,745 | 4,560 |
| Tax expense | (1,034) | (1,080) | (1,034) | (1,080) |
| Profit after taxation | 1,711 | 3,480 | 1,711 | 3,480 |
| Other Comprehensive Income, Net of Tax | | | | |
| Foreign currency translation | (33) | (21) | (33) | (21) |
| Total Comprehensive Income for the period | 1,678 | 3,459 | 1,678 | 3,459 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPT 2017 (UNAUDITED) (CONT'D)

| | Individual Period | | Cumulative Period | |
|--|---|---|--|--|
| | Current Year Quarter Ended 30 Sep 2017 RM'000 | Preceding Year Corresponding Quarter Ended 30 Sep 2016 RM'000 | Current Year-to-date 30 Sep 2017 RM'000 | Preceding Year-to-date 30 Sep 2016 RM'000 |
| Profit after tax attributable to:- | | | | |
| - Equity holders of the parent | 1,828 | 3,338 | 1,828 | 3,338 |
| - Non-controlling interest | (117) | 142 | (117) | 142 |
| | <u>1,711</u> | <u>3,480</u> | <u>1,711</u> | <u>3,480</u> |
| Total Comprehensive Income attributable to: - | | | | |
| - Equity holders of the parent | 1,795 | 3,317 | 1,795 | 3,317 |
| - Non-controlling interest | (117) | 142 | (117) | 142 |
| | <u>1,678</u> | <u>3,459</u> | <u>1,678</u> | <u>3,459</u> |
| Earnings per share (sen) | | | | |
| - Basic | <u>0.8</u> | <u>1.4</u> | <u>0.8</u> | <u>1.4</u> |
| - Diluted | <u>0.8</u> | <u>1.4</u> | <u>0.8</u> | <u>1.4</u> |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPT 2017

| | UNAUDITED | AUDITED |
|--|----------------|----------------|
| | As at | As at |
| | 30 Sep 2017 | 30 Jun 2017 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 86,917 | 86,555 |
| Investment properties | 58,486 | 57,351 |
| Deferred tax asset | 183 | 183 |
| | <u>145,586</u> | <u>144,089</u> |
| Current Assets | | |
| Inventories | 10,166 | 10,014 |
| Amount owing by contract customers | 38,207 | 42,748 |
| Receivables - net of deposits received | 59,966 | 73,428 |
| Tax recoverable | 4,622 | 5,994 |
| Short-term investments | 13,623 | 18,194 |
| Fixed deposit with licensed banks | 870 | 170 |
| Cash and bank balances | 12,950 | 12,105 |
| | <u>140,404</u> | <u>162,653</u> |
| TOTAL ASSETS | <u>285,990</u> | <u>306,742</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 2017 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPT 2017 (CONT'D)

| | UNAUDITED As at 30 Sep 2017 RM'000 | AUDITED As at 30 Jun 2017 RM'000 |
|--|---|---|
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 60,076 | 60,076 |
| Share premium | 1,196 | 1,196 |
| Reserves | 112,582 | 110,569 |
| Shareholders' equity | 173,854 | 171,841 |
| Non-controlling interest | 5,253 | 5,370 |
| TOTAL EQUITY | 179,107 | 177,211 |
| Non-Current Liabilities | | |
| Hire purchase payables | 1,218 | 1,420 |
| Term loans | 53,514 | 54,230 |
| Deferred taxation | 656 | 656 |
| | 55,388 | 56,306 |
| Current Liabilities | | |
| Payables | 37,219 | 52,462 |
| Amount owing to contract customers | 9,366 | 15,145 |
| Provision for taxation | - | 708 |
| Hire purchase payables | 617 | 617 |
| Term loan | 4,293 | 4,293 |
| | 51,495 | 73,225 |
| TOTAL LIABILITIES | 106,883 | 129,531 |
| TOTAL EQUITY AND LIABILITIES | 285,990 | 306,742 |
| Net assets per ordinary share attributable to ordinary equity holders of the Company (RM) | 0.76 | 0.74 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 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 YEAR ENDED 30 SEPT 2017 (UNAUDITED)

| | ← Attributable to equity holders of the parent | | | | | | | → Distributable | Non-controlling interests | Total Equity |
|--|--|---------------|-----------------|-----------------|-------------------------------|------------------------------|------------------|---------------------------------------|---------------------------|----------------|
| | ← Non Distributable Reserves | | | → | | | | | | |
| | Share Capital | Share Premium | Treasury Shares | Merger Deficit | Employee Share option Reserve | Exchange Translation Reserve | Retained Profits | Attributable To owners of The Company | Non-controlling interests | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance at 1 July 2017 | 60,076 | 1,196 | (10,034) | (28,123) | 3,391 | (200) | 145,535 | 171,841 | 5,370 | 177,211 |
| Profit after taxation for the financial year | - | - | - | - | - | - | 1,828 | 1,828 | (117) | 1,711 |
| Other comprehensive income for the financial year, net of tax; - foreign exchange translation | - | - | - | - | - | (33) | - | (33) | - | (33) |
| Total comprehensive income for the financial year | - | - | - | - | - | (33) | 1,828 | 1,795 | (117) | 1,678 |
| Contribution by and distribution to owners of the Company: | | | | | | | | | | |
| Recognition of shares option expenses | - | - | - | - | 218 | - | - | 218 | - | 218 |
| Transfer to share premium for employees' share option exercised | - | - | - | - | 218 | - | - | 218 | - | 218 |
| At 30 Sep 2017 | 60,076 | 1,196 | (10,034) | (28,123) | 3,609 | (233) | 147,363 | 173,854 | 5,253 | 179,107 |

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 2017 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 YEAR ENDED 30 SEPT 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 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 2017 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 30 SEPT 2017 (UNAUDITED)

| | Current Period Ended 30 Sep 2017 RM'000 | Preceding Period Ended 30 Sep 2016 RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 2,745 | 4,560 |
| Adjustments: | | |
| Amortisation and depreciation | 780 | 698 |
| (Gain)/Loss on disposal of plant and equipment | (69) | - |
| Interest expense | 667 | 238 |
| Interest income | (188) | (856) |
| ESOS / Share-based expenses | 218 | 461 |
| Unrealised loss/(gain) on foreign exchange | (70) | (113) |
| | <hr/> | <hr/> |
| Changes in working capital | 4,083 | 4,988 |
| Inventories | (152) | 3,294 |
| Receivables | 12,423 | 9,837 |
| Amount due from/(to) contract customers | (1,238) | 5,086 |
| Payables | (15,173) | (17,080) |
| | <hr/> | <hr/> |
| Cash (used in) / generated from operations | (57) | 6,125 |
| Interest received | 188 | 841 |
| Interest paid | (667) | (238) |
| Income tax paid | (370) | (3,645) |
| | <hr/> | <hr/> |
| Net cash (outflow) / inflow from operating activities | (906) | 3,083 |
| | <hr/> | <hr/> |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Additions of property, plant and equipment and prepaid lease rentals | (1,220) | (496) |
| Additional Purchase / works on investment properties | (96) | (114) |
| Proceeds from disposal of: | | |
| - property, plant and equipment | 147 | 325 |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (1,169) | (285) |
| | <hr/> | <hr/> |



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 30 SEPT 2017 (UNAUDITED) (CONT'D)

| | Current Period Ended 30 Sep 2017 RM'000 | Preceding Period Ended 30 Sep 2016 RM'000 |
|--|---|---|
| CASH FLOWS USED IN FINANCING ACTIVITIES | | |
| Dividend paid Shareholders | - | (23,684) |
| Proceed from issuance of shares | - | 8 |
| Placement of fixed deposits | (700) | - |
| Purchase of treasury shares | - | (296) |
| Hire purchase repayment | (202) | (193) |
| Borrowings repayment | (716) | (734) |
| Net cash used in financing activities | (1,618) | (24,899) |
| Effects of exchange rate changes on cash and cash equivalents | (33) | (21) |
| NET DECREASED IN CASH AND CASH EQUIVALENTS | (3,693) | (22,100) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 30,299 | 93,162 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 26,573 | 71,041 |
| Cash and cash equivalents comprise of: | | |
| Short-term investments | 13,623 | 58,385 |
| Fixed deposit with licensed banks | 870 | 170 |
| Cash and bank balances | 12,950 | 12,656 |
| | 27,443 | 71,211 |
| Less: Fixed deposit pledged to a licensed bank | (870) | (170) |
| | 26,573 | 71,041 |



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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 2017 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 as 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 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| IC Interpretation 22 Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| IC Interpretation 23 Uncertainty over Income Tax Treatments | 1 January 2019 |
| 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 |

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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):-

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



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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 except as follows:-

- (i) As 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 2017 | N/A | 0.79 - 1.40 | 11,208,100 | 10,034 |
| Purchases in the month of: | | | | |
| Jul 2017 to Sep 2017 | N/A | - | - | - |
| Balance at 30 Sep 2017 | N/A | 0.79 - 1.40 | 11,208,100 | 10,034 |

7. Dividend Paid

No dividends were paid during the quarter under review.



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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 | 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 3 months | | | | | | | |
| Quarter ended 30 Sept 2017 | | | | | | | |
| REVENUE: | | | | | | | |
| External revenue | 48,619 | 990 | 2,647 | - | - | - | 52,256 |
| Inter-segment revenue | 6,722 | 732 | 523 | - | 710 | (8,687) | (0) |
| Total revenue | 55,341 | 1,722 | 3,170 | - | 710 | (8,687) | 52,256 |
| RESULTS | | | | | | | |
| Segment results | 3,953 | 40 | (287) | (2) | (169) | 0 | 3,535 |
| Finance costs | (250) | (2) | (10) | - | (528) | - | (790) |
| Profit from ordinary activities before taxation | 3,703 | 38 | (297) | (2) | (697) | - | 2,745 |
| Income tax expense | | | | | | | (1,034) |
| Profit from ordinary activities after taxation | | | | | | | 1,711 |
| Non-controlling interest | | | | | | | 117 |
| Net profit attributable to equity holders of the Company | | | | | | | 1,828 |



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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 | Manufacture Of Glass and Aluminium Products | | | | |
| Result for 3 months | | | | | | | |
| Quarter ended 30 Sept 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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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
8. Segmental Information (Cont'd)

| | Design | | | | | | Eliminations | The Group |
|--|--|---|---|------------------------|---------|-----------|----------------|-----------|
| | Manufacture and Retail Of Kitchen And Wardrobe Systems | Marketing and Distribution Of White Goods | Manufacture Of Glass and Aluminium Products | Interior fit-out works | Others | | | |
| The Group Assets and Liabilities As at 30 Sept 2017 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| OTHER INFORMATION | | | | | | | | |
| Segment assets | 233,266 | 13,956 | 33,341 | 3,666 | 141,553 | (144,597) | 281,185 | |
| Unallocated assets | | | | | | | 4,805 | |
| | | | | | | | <u>285,990</u> | |
| Segment liabilities | 125,115 | 856 | 20,105 | 797 | 81,202 | (121,848) | 106,227 | |
| Unallocated liabilities | | | | | | | 656 | |
| | | | | | | | <u>106,883</u> | |

| | Design | | | | | | Eliminations | The Group |
|--|--|---|---|------------------------|--------|-----------|----------------|-----------|
| | Manufacture and Retail Of Kitchen And Wardrobe Systems | Marketing and Distribution Of White Goods | Manufacture Of Glass and Aluminium Products | Interior fit-out works | Others | | | |
| The Group Assets and Liabilities As at 30 Sept 2016 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| 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> | |

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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 2017 RM'000 | Preceding Year Corresponding Quarter Ended 30 Sep 2016 RM'000 | Current Year-to-date 30 Sep 2017 RM'000 | Preceding Year-to-date 30 Sep 2016 RM'000 |
| Profit before taxation is arrived at after charging :- | | | | |
| Interest expense | 667 | 238 | 667 | 238 |
| Depreciation and amortisation | 780 | 698 | 780 | 698 |
| ESOS / Share-based expenses | 218 | 461 | 218 | 461 |
| <hr/> | | | | |
| Profit before taxation is arrived at after Crediting :- | | | | |
| Interest Income | (188) | (856) | (188) | (856) |
| Rental Income | (38) | - | (38) | - |
| Gain on disposal of plant and equipment | (69) | - | (69) | - |
| (Gain) / loss on foreign exchange - realised | (6) | (94) | (6) | (94) |
| (Gain) / loss on foreign exchange - unrealised | (70) | (113) | (70) | (113) |

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

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

12. Changes in the Composition of the Group

On 27 September 2017, Signature Obicorp Sdn. Bhd. ("SOSB"), a wholly-owned subsidiary of the Company entered into a Share Purchase Agreement ("SPA") for the purpose of acquiring 102,000 ordinary shares in Addington Sdn. Bhd. ("ASB") representing 51% equity interest in ASB for a total cash consideration of RM787,862 subject to the terms and conditions as stipulated in the SPA.

On 3 October 2017, the proposed acquisition has been completed and ASB became a 51% indirect subsidiary of the Company.



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13. Changes in Contingent Assets or Contingent Liabilities

As at 30 Sept 2017, corporate guarantees extended to licensed banks for credit facilities granted to the subsidiaries as follows:-

| | Current Year As At 30 Sep 2017 RM'000 | Preceding Year As At 30 Sep 2016 RM'000 |
|---|--|--|
| Corporate guarantee given to licensed banks for credit facilities granted to the subsidiaries | 57,807 | 21,446 |
| | <u>57,807</u> | <u>21,446</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 2017 RM'000 | Preceding Year As At 30 Sep 2016 RM'000 |
|---|--|--|
| Approved and contracted for:- | | |
| Investment Properties | - | 45,996 |
| Purchase of property, plant and equipment | 3,249 | 805 |
| Total capital commitments | <u>3,249</u> | <u>46,801</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 30 Sept 2017

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

| | Individual Period | |
|------------------------|---|---|
| | Current Year Quarter Ended 30 Sep 2017 RM'000 | Preceding Year Corresponding Quarter Ended 30 Sep 2016 RM'000 |
| Revenue | 52,256 | 42,806 |
| Profit before taxation | 2,745 | 4,560 |

The Group has recorded an increase in revenue of RM9.5 million or 22.2%, from RM42.8 million in the preceding year corresponding quarter to RM52.3 million in the current quarter under review. The increase was mainly due to higher project revenue contributed from Kitchen and Wardrobe segments.

Group profit before taxation for the quarter was lower by RM1.9 million or 41.3%, from RM4.6 million in the preceding year corresponding quarter to RM2.7 million in the current quarter mainly due to lower margin from project segment.

The other contributing factors include lower interest and investment income RM0.7million, and higher interest charges of RM0.5million from the financing of Bandar Enstek land.



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15. Review of Performance (Cont'd)

- Current Quarter 3 months ended 30 Sept 2017

Kitchen and Wardrobe Systems

This segment had shown an increase in revenue of RM16.3 million or 50.5% from RM32.3 million in the preceding year corresponding quarter to RM48.6 million in the current quarter under review. The increase was mainly due to higher project revenue contributed from Kitchen and Wardrobe segments.

Although revenue has increased, profit before tax for the current quarter was RM3.7 million as compared to RM3.8 million in the preceding year corresponding quarter mainly due to lower margin from project segment.

The other contributing factors include lower interest and investment income.

White Goods and Built-in Kitchen Appliances

This segment recorded a decrease in revenue of RM1.4 million or 58.3%, from RM2.4 million in the preceding year corresponding quarter to RM1.0 million in the current quarter.

Profit before tax for the current quarter declined by RM0.6 million or 93.3%, from profit of RM0.6 million in preceding year corresponding quarter RM0.04million in the current quarter. The lower profit before tax was mainly due to the lower project revenue recorded.

Glass and Aluminium Product

This segment recorded a decrease in revenue of RM5.5 million or 67.9% from RM8.1 million in the preceding year corresponding quarter to RM2.6 million in the current quarter. The decrease in revenue was mainly due to lower project revenue recognized for the current quarter.

Profit before tax for the current quarter declined by RM0.7 million or 175.0%, from RM0.4 million in the preceding year corresponding quarter to loss of RM0.3 million in the current quarter. The lower profit before tax was due to lower project revenue recognized for the current quarter,

Interior Fit-out Segment

There were no revenue being recorded for the current quarter under review and preceding year corresponding quarter.

This segment recorded a loss before tax of RM0.002 million for the current quarter as compared to loss before tax of RM0.014 million in the preceding year 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 and dividend income from subsidiaries.



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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 2017 RM'000 | Preceding Quarter Ended 30 Jun 2017 RM'000 |
| Revenue | 52,256 | 72,578 |
| Profit before taxation | 2,745 | 10,602 |

The Group recorded revenue of RM52.3 million for current quarter compared to RM72.6 million in the preceding quarter. The decrease of RM20.3 million or 28.0% as a result of lower completed projects being recognized from Kitchen & Wardrobe segments.

Group profit before tax has decreased by RM7.9 million or 74.5% in current quarter as compared to preceding quarter mainly due to higher project revenue, bad debts written back and a fair value gain on investment properties were recognized in preceding quarter.

17. Commentary on Prospects and Target

Moving towards financial year 2018, the Group expected to grow in all business segments locally and internationally. With an unbilled order book of RM 181 million as at end Sept 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 capitalize on new property developments leveraging on our display of cabinetry, appliances and finishes that makes up the Signature touch.

Barring any unforeseen circumstances, the Board is confident that the Group will continue to deliver satisfactory performance in this coming financial year and has envisaged 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 2017 RM'000 | Preceding Year Corresponding Quarter Ended 30 Sep 2016 RM'000 | Current Year-to-date 30 Sep 2017 RM'000 | Preceding Year-to-date 30 Sep 2016 RM'000 |
| Current Tax Expense | | | | |
| - Current Year | 1,034 | 1,080 | 1,034 | 1,080 |
| - Deferred Tax | - | - | - | - |
| Total Income Tax Expense | 1,034 | 1,080 | 1,034 | 1,080 |

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 has since fully utilized the proceeds raised from ESOS Options and Warrants previously as working capital for the Company.

22. Borrowings and Debt Securities

The Group's borrowings as follows:

| | Cumulative Period | |
|-----------------------------|---|---|
| | Current Year Quarter Ended 30 Sep 2017 RM'000 | Preceding Year Corresponding Quarter Ended 30 Sep 2016 RM'000 |
| Term Loan (Secured) :- | | |
| Current | 4,293 | 2,915 |
| Non Current | 53,514 | 18,531 |
| Total Bank Borrowing | 57,807 | 21,446 |



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23. Material Litigation

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”).

The Court had on 31 May 2017 ordered that a Consent Order be entered against the First and Second Defendants for a sum totalling RM1,425,215.52 as full and final settlement to Signature Cabinet Sdn Bhd with no order as to costs.

24. Proposed Dividend

The Board recommends a final single tier dividend (net) of 2.5 sen per ordinary share amounting to approximately RM6.0 million for the financial year ended 30 June 2017.

The final single tier dividend recommended by the Board is subject to shareholders’ approval at the forthcoming Annual General Meeting.

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

25. Earnings per Share

(i) Basic EPS

| | Individual Period | | Cumulative Period | |
|--|---|---|--|--|
| | Current Year Quarter Ended 30 Sep 2017 RM'000 | Preceding Year Corresponding Quarter Ended 30 Sep 2016 RM'000 | Current Year-to-date 30 Sep 2017 RM'000 | Preceding Year-to-date 30 Sep 2016 RM'000 |
| BASIC EARNINGS PER SHARE | | | | |
| Profit for the year attributable to ordinary equity holders of the Company | 1,828 | 3,338 | 1,828 | 3,338 |
| Weighted average number of ordinary shares in issue ('000) | 229,097 | 235,747 | 229,097 | 235,747 |
| Basic Earnings per Share (sen) | 0.8 | 1.4 | 0.8 | 1.4 |

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25. Earnings per Share (Cont'd)

(ii) Diluted EPS

| | Individual Period | | Cumulative Period | |
|--|---|---|--|--|
| | Current Year Quarter Ended 30 Sep 2017 RM'000 | Preceding Year Corresponding Quarter Ended 30 Sep 2016 RM'000 | Current Year-to-date 30 Sep 2017 RM'000 | Preceding Year-to-date 30 Sep 2016 RM'000 |
| DILUTED EARNINGS PER SHARE | | | | |
| Profit for the year attributable to ordinary equity holders of the Company | 1,828 | 3,338 | 1,828 | 3,338 |
| Weighted average number of ordinary shares for basic earnings per share ('000) | 229,097 | 235,747 | 229,097 | 235,747 |
| Shares deemed to be issued for no consideration: warrants ('000) | - | - | - | 892 |
| Weighted average number of ordinary shares for diluted earnings per share ('000) | <u>229,097</u> | <u>235,747</u> | <u>229,097</u> | <u>236,639</u> |
| Diluted Earnings per Share (sen) | <u>0.8</u> | <u>1.4</u> | <u>0.8</u> | <u>1.4</u> |

26. Realised and Unrealised Profits

The breakdown of the retained profits of the Group as at 30 Sept 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 30 Sep 2017 RM'000 |
|--|--------------------------------|
| Total retained profits/ (accumulated losses) of Signature International Berhad and its subsidiaries: | |
| - Realised | 137,325 |
| - Unrealised | 602 |
| | <u>137,927</u> |
| Consolidation adjustments | 9,437 |
| | <u>147,363</u> |



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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 2017 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 Nov 2017.