



Signature International Berhad

(Company No: 754118-K)

(Incorporated In Malaysia)

INTERIM FINANCIAL REPORT 30 JUNE 2019

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 June 2019.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (UNAUDITED)

| | Individual Period | | | Cumulative Period | | |
|--|---|---|----------------|--|--|---------------|
| | Current Year Quarter Ended 30 Jun 2019 RM'000 | Preceding Year Corresponding Quarter Ended 30 Jun 2018 RM'000 | Changes % | Current Year 30 Jun 2019 RM'000 | Preceding Year 30 Jun 2018 RM'000 | Changes % |
| Revenue | 43,807 | 64,096 | -31.7% | 160,848 | 225,997 | -28.8% |
| Operating expenses | (48,270) | (69,160) | -30.2% | (161,485) | (216,104) | -25.3% |
| Other operating income | 5,958 | 5,059 | 17.8% | 8,743 | 6,553 | 33.4% |
| Profit/(Loss) from operations | 1,495 | (5) | -30003% | 8,106 | 16,446 | -50.7% |
| Finance costs | (702) | (1,119) | -37.3% | (2,739) | (3,508) | -21.9% |
| Profit/(Loss) before taxation | 793 | (1,124) | -170.6% | 5,367 | 12,938 | -58.5% |
| Tax expense | (2) | (333) | -99.4% | (1,784) | (4,527) | -60.6% |
| Profit/(Loss) after taxation | 791 | (1,457) | -154.3% | 3,583 | 8,411 | -57.4% |
| Other Comprehensive Income, Net of Tax | | | | | | |
| Foreign currency translation | (96) | 215 | -144.6% | (34) | 247 | -113.8% |
| Total Comprehensive Income / (Expenses) for the period / Year | 695 | (1,242) | -156.0% | 3,549 | 8,658 | -59.0% |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 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 JUNE 2019 (UNAUDITED)

| | Individual Period | | | Cumulative Period | | |
|--|---|---|----------------|--|--|---------------|
| | Current Year Quarter Ended 30 Jun 2019 RM'000 | Preceding Year Corresponding Quarter Ended 30 Jun 2018 RM'000 | Changes % | Current Year 30 Jun 2019 RM'000 | Preceding Year 30 Jun 2018 RM'000 | Changes % |
| Profit/(Loss) after tax attributable to:- | | | | | | |
| - Equity holders of the parent | 82 | (2,790) | -102.9% | 2,226 | 6,686 | -66.7% |
| - Non-controlling interest | 709 | 1,333 | -46.8% | 1,357 | 1,725 | -21.3% |
| | <u>791</u> | <u>(1,457)</u> | <u>-154.3%</u> | <u>3,583</u> | <u>8,411</u> | <u>-57.4%</u> |
| Total Comprehensive Income / (Expenses) | | | | | | |
| attributable to: - | | | | | | |
| - Equity holders of the parent | (14) | (2,575) | -99.4% | 2,192 | 6,933 | -68.4% |
| - Non-controlling interest | 709 | 1,333 | -46.8% | 1,357 | 1,725 | -21.3% |
| | <u>695</u> | <u>(1,242)</u> | <u>-156.0%</u> | <u>3,549</u> | <u>8,658</u> | <u>-59.0%</u> |
| Earnings/(Loss) per share (sen) | | | | | | |
| - Basic | <u>0.0</u> | <u>(1.2)</u> | | <u>1.0</u> | <u>2.9</u> | |
| - Diluted | <u>0.0</u> | <u>(1.2)</u> | | <u>1.0</u> | <u>2.9</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 2018 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

| | UNAUDITED | AUDITED |
|--|----------------|----------------|
| | As at | As at |
| | 30 Jun 2019 | 30 Jun 2018 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 85,284 | 86,888 |
| Goodwill arising from Consolidation | 395 | 395 |
| Investment properties | 55,477 | 58,185 |
| Deferred tax asset | 15 | 183 |
| | <u>141,171</u> | <u>145,651</u> |
| Current Assets | | |
| Inventories | 9,050 | 9,625 |
| Amount owing by contract customers | 13,725 | 49,280 |
| Trade receivables | 49,520 | 87,586 |
| Other receivables ,deposits and prepayment | 6,071 | 6,523 |
| Tax recoverable | 4,305 | 4,217 |
| Short-term investments | 45,873 | 19,641 |
| Fixed deposit with licensed banks | 186 | 180 |
| Cash and bank balances | 20,279 | 14,609 |
| | <u>149,009</u> | <u>191,661</u> |
| TOTAL ASSETS | <u>290,180</u> | <u>337,312</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 2018 and the accompanying explanatory notes attached to the interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 (CONT'D)

| | UNAUDITED | AUDITED |
|---|----------------|----------------|
| | As at | As at |
| | 30 Jun 2019 | 30 Jun 2018 |
| | RM'000 | RM'000 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 61,272 | 60,076 |
| Share premium | - | 1,196 |
| Reserves | 108,711 | 110,986 |
| Shareholders' equity | 169,983 | 172,258 |
| Non-controlling interest | 8,713 | 7,398 |
| TOTAL EQUITY | 178,696 | 179,656 |
| Non-Current Liabilities | | |
| Hire purchase payables | 602 | 893 |
| Term loans | 40,514 | 48,723 |
| Deferred taxation | 656 | 656 |
| | 41,772 | 50,272 |
| Current Liabilities | | |
| Payables | 52,616 | 64,441 |
| Amount owing to contract customers | 11,032 | 35,733 |
| Provision for taxation | - | 885 |
| Hire purchase payables | 483 | 586 |
| Term loan | 5,581 | 5,739 |
| | 69,712 | 107,384 |
| TOTAL LIABILITIES | 111,484 | 157,656 |
| TOTAL EQUITY AND LIABILITIES | 290,180 | 337,312 |
| Net assets per ordinary share attributable to ordinary equity holders of the Company (RM) | 0.75 | 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 2018 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 JUNE 2019 (UNAUDITED)

| | ← Attributable to equity holders of the parent → | | | | | | | Attributable To owners of The Company RM'000 | Non- controlling interests RM'000 | Total Equity RM'000 |
|---|--|----------------------------|------------------------------|-----------------------------|---|--|-------------------------------|---|--|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Treasury Shares RM'000 | Merger Deficit RM'000 | Employee Share option Reserve RM'000 | Exchange Translation Reserve RM'000 | Retained Profits RM'000 | | | |
| Balance at 1 July 2018 | 60,076 | 1,196 | (11,586) | (28,123) | 4,154 | 47 | 146,494 | 172,258 | 7,398 | 179,656 |
| Changes in accounting policies | - | - | - | - | - | - | (744) | (744) | - | (744) |
| Balance as at 1 July 2018 (restated) | 60,076 | 1,196 | (11,586) | (28,123) | 4,154 | 47 | 145,750 | 171,514 | 7,398 | 178,912 |
| Profit after taxation for the financial year | - | - | - | - | - | - | 2,226 | 2,226 | 1,357 | 3,583 |
| Other comprehensive income for the financial year, net of tax; - foreign exchange translation | - | - | - | - | - | (34) | - | (34) | - | (34) |
| Total comprehensive income for the financial year | - | - | - | - | - | (34) | 2,226 | 2,192 | 1,357 | 3,549 |
| Contribution by and distribution to owners of the Company: | | | | | | | | | | |
| Recognition of shares option expenses | - | - | - | - | (35) | - | - | (35) | - | (35) |
| Transfer to share capital upon implementation of the Companies Act 2016 | 1,196 | (1,196) | - | - | - | - | - | - | - | - |
| Purchase of treasury shares | - | - | (338) | - | - | - | - | (338) | - | (338) |
| Dividend - by the Company | - | - | - | - | - | - | (3,392) | (3,392) | - | (3,392) |
| Changes in ownership interest of subsidiaries | - | - | - | - | - | - | 42 | 42 | (42) | - |
| | 1,196 | (1,196) | (338) | - | (35) | - | (3,350) | (3,723) | (42) | (3,765) |
| At 30 Jun 2019 | 61,272 | - | (11,924) | (28,123) | 4,119 | 13 | 144,626 | 169,983 | 8,713 | 178,696 |

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 2018 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 JUNE 2019 (UNAUDITED) (CONT'D)

| | ← Attributable to equity holders of the parent → | | | | | | Retained Profits RM'000 | Attributable To owners of The Company RM'000 | Non-controlling interests RM'000 | Total Equity RM'000 |
|--|--|-------------------------|---------------------------|--------------------------|---|--|----------------------------|---|-------------------------------------|------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Treasury Shares RM'000 | Merger Deficit RM'000 | Employee Share option Reserve RM'000 | Exchange Translation Reserve RM'000 | | | | |
| Balance at 1 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 | - | - | - | - | - | - | 6,686 | 6,686 | 1,725 | 8,411 |
| Other comprehensive income for the financial year, net of tax; - foreign exchange translation | - | - | - | - | - | 247 | - | 247 | - | 247 |
| Total comprehensive income for the financial year | - | - | - | - | - | 247 | 6,686 | 6,933 | 1,725 | 8,658 |
| Contribution by and distribution to owners of the Company: | | | | | | | | | | |
| Recognition of shares option expenses | - | - | - | - | 763 | - | - | 763 | - | 763 |
| - Purchase of treasury shares | - | - | (1,552) | - | - | - | - | (1,552) | - | (1,552) |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | 303 | 303 |
| Dividend - by the Company | - | - | - | - | - | - | (5,727) | (5,727) | - | (5,727) |
| | - | - | (1,552) | - | 763 | - | (5,727) | (6,516) | 303 | (6,213) |
| At 30 Jun 2018 | 60,076 | 1,196 | (11,586) | (28,123) | 4,154 | 47 | 146,494 | 172,258 | 7,398 | 179,656 |

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 2018 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 JUNE 2019 (UNAUDITED)

| | Current Year Ended 30 Jun 2019 RM'000 | Preceding Year Ended 30 Jun 2018 RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 5,367 | 12,938 |
| Adjustments: | | |
| Amortisation and depreciation | 2,611 | 2,868 |
| Bad debts written off | 290 | 17 |
| Allowance for impairment losses on trade receivables | 6,358 | 6,152 |
| Fair value adjustment on Investment properties | 1,151 | 1,198 |
| (Gain)/Loss on disposal of plant and equipment | (203) | (165) |
| Loss / (Gain) on disposal of investment properties | 60 | - |
| Interest expense | 2,600 | 2,771 |
| Interest income | (2,164) | (1,020) |
| Gain on disposal of a subsidiary | (69) | - |
| Loss on deconsolidation of subsidiaries | 2 | - |
| Inventories written down / (write back) | (77) | 578 |
| Inventories written off | - | 78 |
| Plant and equipment written off | 114 | 25 |
| ESOS / Share-based expenses | (35) | 763 |
| Unrealised loss/(gain) on foreign exchange | (83) | (489) |
| Interest income: | | |
| - accretion of trade receivables | (657) | - |
| Reversal of allowance for impairment losses on trade receivables | (4,384) | (3,215) |
| Changes in working capital | 10,881 | 22,499 |
| Inventories | 652 | 342 |
| Receivables | 30,963 | (26,056) |
| Amount due from/(to) contract customers | 10,762 | 14,056 |
| Payables | (11,675) | 11,469 |
| Cash generated from operations | 41,583 | 22,310 |
| Interest received | 2,164 | 1,020 |
| Interest paid | (2,600) | (2,771) |
| Income tax paid | (2,589) | (2,573) |
| Net cash inflow from operating activities | 38,558 | 17,986 |
| CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES | | |
| Additions of property, plant and equipment and prepaid lease rentals | (1,333) | (3,258) |
| Additional Purchase / works on investment properties | (1,575) | (1,127) |
| Acquisition of subsidiary, net of cash and cash equivalent | - | (604) |
| Disposal of a subsidiary, net of cash and cash equivalent | (5) | - |
| Deconsolidation of subsidiary | (4) | - |
| Proceeds from disposal of: | | |
| - investment properties | 10,050 | 2,400 |
| - property, plant and equipment | 416 | 300 |
| Net cash from / (used in) investing activities | 7,549 | (2,289) |



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (UNAUDITED) (CONT'D)

| | Current Year Ended 30 Jun 2019 RM'000 | Preceding Year Ended 30 Jun 2018 RM'000 |
|--|---|---|
| CASH FLOWS USED IN FINANCING ACTIVITIES | | |
| Dividend paid to Shareholders | (3,392) | (5,727) |
| Purchase of treasury shares | (338) | (1,552) |
| Hire purchase repayment | (394) | (653) |
| Term loans repayment | (10,047) | (4,061) |
| Net cash used in financing activities | (14,171) | (11,993) |
| Effects of exchange rate changes on cash and cash equivalents | (34) | 247 |
| NET INCREASED IN CASH AND CASH EQUIVALENTS | 31,936 | 3,704 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 34,250 | 30,299 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 66,152 | 34,250 |
| Cash and cash equivalents comprise of: | | |
| Short-term investments | 45,873 | 19,641 |
| Fixed deposit with licensed banks | 186 | 180 |
| Cash and bank balances | 20,279 | 14,609 |
| | 66,338 | 34,430 |
| Less: Fixed deposit pledged to a licensed bank | (186) | (180) |
| | 66,152 | 34,250 |



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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 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 2018 and the accompanying explanatory notes attached to the interim financial report.

2. Significant Accounting Policies

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2018 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective for financial statements effective from 1 July 2018, as disclosed below:-

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

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’

Amendments to MFRS 140 – Transfers of Investment Property

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



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2. Significant Accounting Policies (Con'td)

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 16 Leases | 1 January 2019 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| IC Interpretation 23 Uncertainty Over Income Tax Treatments | 1 January 2019 |
| Amendments to MFRS 3: Definition of a Business | 1 January 2020 |
| Amendments to MFRS 9: Prepayment Features with Negative Compensation | 1 January 2019 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 101 and MFRS 108: Definition of Material | 1 January 2020 |
| Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement | 1 January 2019 |
| Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| Amendments to References to the Conceptual Framework in MFRS Standards | 1 January 2020 |
| Annual Improvements to MFRS Standards 2015 – 2017 Cycles | 1 January 2019 |

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.

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.



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4. Items of an Unusual Nature

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

5. Changes in Estimates

There were no estimates announced in regard of the current quarter results.

6. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period ended 30 June 2019.

For period to-date, the details of the treasury shares under share buy-back programme are as follows:-

| Total Treasury shares | Price Per Share RM | Number of Shares Units | Total Consideration RM'000 |
|------------------------|-----------------------|---------------------------|-------------------------------|
| Balance at 1 Jul 2018 | 0.52 - 1.40 | 14,117,100 | 11,586 |
| Jan-19 | 0.34 | 1,000,000 | 338 |
| Balance at 30 Jun 2019 | 0.34 - 1.40 | 15,117,100 | 11,924 |

7. Dividend Paid

The final single tier dividend of 1.5 sen per ordinary share amounting of RM 3,392,818 for the financial year ended 30 June 2018 was approved by the shareholders in the Annual General Meeting and was paid on 7 January 2019.



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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 | | | | |
| Result for 12 months | | | | | | | |
| Year ended 30 June 2019 | | | | | | | |
| REVENUE: | | | | | | | |
| External revenue | 131,171 | 6,617 | 23,060 | - | - | - | 160,848 |
| Inter-segment revenue | 30,507 | 6,107 | 3,500 | - | 8,442 | (48,556) | - |
| Total revenue | 161,678 | 12,724 | 26,560 | - | 8,442 | (48,556) | 160,848 |
| RESULTS | | | | | | | |
| Segment results | 3,655 | 129 | 4,694 | - | (372) | - | 8,106 |
| Finance costs | (503) | (36) | (218) | - | (1,982) | - | (2,739) |
| Profit from ordinary activities before taxation | 3,152 | 93 | 4,476 | - | (2,354) | - | 5,367 |
| Income tax expense | | | | | | | (1,784) |
| Profit from ordinary activities after taxation | | | | | | | 3,583 |
| Non-controlling interest | | | | | | | (1,357) |
| Net profit attributable to equity holders of the Company | | | | | | | 2,226 |



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8. Segmental Information (Cont'd)

| The Group | Design | Marketing | Manufacture | Interior | Others | Eliminations | The Group |
|--|--|---------------------------------|---------------------------------|----------|--------------|-----------------|----------------|
| | Manufacture and Retail Of Kitchen And Wardrobe Systems | and Distribution Of White Goods | Of Glass and Aluminium Products | | | | |
| | RM000 | RM000 | RM000 | RM000 | RM000 | RM000 | RM000 |
| Result for 12 months | | | | | | | |
| Quarter ended 30 June 2018 | | | | | | | |
| REVENUE: | | | | | | | |
| External revenue | 193,028 | 5,352 | 27,581 | - | 36 | - | 225,997 |
| Inter-segment revenue | 29,918 | 8,987 | 5,603 | - | 7,817 | (52,325) | - |
| Total revenue | 222,946 | 14,339 | 33,184 | - | 7,853 | (52,325) | 225,997 |
| RESULTS | | | | | | | |
| Segment results | 13,615 | 368 | 5,643 | (23) | 3,597 | (6,754) | 16,446 |
| Finance costs | (1,188) | (17) | (191) | - | (2,112) | - | (3,508) |
| Profit from ordinary activities before taxation | 12,427 | 351 | 5,452 | (23) | 1,485 | (6,754) | 12,938 |
| Income tax expense | | | | | | | (4,527) |
| Profit from ordinary activities after taxation | | | | | | | 8,411 |
| Non-controlling interest | | | | | | | (1,725) |
| Net profit attributable to equity holders of the Company | | | | | | | 6,686 |



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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 |
|--|---|--|--|---------------------------------------|-----------------|-----------------------|--------------------|
| Result for 3 months Quarter ended 30 June 2019 | | | | | | | |
| REVENUE: | | | | | | | |
| External revenue | 36,139 | 1,704 | 5,964 | - | - | - | 43,807 |
| Inter-segment revenue | 8,398 | 1,490 | 665 | - | 6,328 | (16,881) | - |
| Total revenue | 44,537 | 3,194 | 6,629 | - | 6,328 | (16,881) | 43,807 |
| RESULTS | | | | | | | |
| Segment results | (1,177) | 68 | 2,381 | - | 223 | - | 1,495 |
| Finance costs | (85) | (9) | (178) | - | (430) | - | (702) |
| Profit from ordinary activities before taxation | (1,262) | 59 | 2,203 | - | (207) | - | 793 |
| Income tax expense | | | | | | | (2) |
| Profit from ordinary activities after taxation | | | | | | | 791 |
| Non-controlling interest | | | | | | | (709) |
| Net profit attributable to equity holders of the Company | | | | | | | 82 |



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8. Segmental Information (Cont'd)

| The Group | Design 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 | Eliminations | The Group |
|--|--|---|---|------------------------------|--------------|-----------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Result for 3 months | | | | | | | |
| Quarter ended 30 June 2018 | | | | | | | |
| REVENUE: | | | | | | | |
| External revenue | 49,257 | 3,302 | 11,501 | - | 36 | - | 64,096 |
| Inter-segment revenue | 7,203 | 4,405 | 2,145 | - | 5,581 | (19,334) | - |
| Total revenue | 56,460 | 7,707 | 13,646 | - | 5,617 | (19,334) | 64,096 |
| RESULTS | | | | | | | |
| Segment results | (1,519) | 160 | 3,970 | (6) | 4,144 | (6,754) | (5) |
| Finance costs | (443) | 13 | (146) | - | (543) | - | (1,119) |
| Loss from ordinary activities before taxation | (1,962) | 173 | 3,824 | (6) | 3,601 | (6,754) | (1,124) |
| Income tax expense | | | | | | | (333) |
| Loss from ordinary activities after taxation | | | | | | | (1,457) |
| Non-controlling interest | | | | | | | (1,333) |
| Net Loss attributable to equity holders of the Company | | | | | | | (2,790) |



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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 | Of Glass and Aluminium Products | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Assets and Liabilities As at 30 June 2019 | | | | | | | |
| OTHER INFORMATION | | | | | | | |
| Segment assets | 253,490 | 16,200 | 47,450 | - | 140,670 | (171,950) | 285,860 |
| Unallocated assets | | | | | | | 4,320 |
| | | | | | | | <u>290,180</u> |
| Segment liabilities | 146,199 | 2,707 | 24,924 | - | 86,173 | (149,175) | 110,828 |
| Unallocated liabilities | | | | | | | 656 |
| | | | | | | | <u>111,484</u> |

| 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 | | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Assets and Liabilities As at 30 June 2018 | | | | | | | |
| OTHER INFORMATION | | | | | | | |
| Segment assets | 283,558 | 14,466 | 47,001 | 15,217 | 138,305 | (165,635) | 332,912 |
| Unallocated assets | | | | | | | 4,400 |
| | | | | | | | <u>337,312</u> |
| Segment liabilities | 173,985 | 1,242 | 28,942 | 12,396 | 82,494 | (142,944) | 156,115 |
| Unallocated liabilities | | | | | | | 1,541 |
| | | | | | | | <u>157,656</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/ (Loss) before taxation

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

| | Individual Period | | Cumulative Period | |
|---|---|---|--|--|
| | Current Year Quarter Ended 30 Jun 2019 RM'000 | Preceding Year Corresponding Quarter Ended 30 Jun 2018 RM'000 | Current Year 30 Jun 2019 RM'000 | Preceding Year 30 Jun 2018 RM'000 |
| Profit/(Loss) before taxation is arrived at after charging :- | | | | |
| Interest expense | 676 | 801 | 2,600 | 2,771 |
| Depreciation and amortisation | 628 | 725 | 2,611 | 2,868 |
| Fair value adjustment for Investment Properties | 1,151 | 1,198 | 1,151 | 1,198 |
| Loss on disposal of Investment Properties | 60 | - | 60 | - |
| Provision for doubtful debts | 5,258 | 4,706 | 6,358 | 6,152 |
| Bad debts written off | 290 | 7 | 290 | 17 |
| Inventories written off | - | 78 | - | 78 |
| Inventories written down | - | 578 | - | 578 |
| Property, plant and equipment written off | 2 | 20 | 114 | 25 |
| Loss on disconsolidation of subsidiary | - | - | 2 | - |
| ESOS / Share-based expenses | (303) | 109 | (35) | 763 |

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

| | | | | |
|--|---------|---------|---------|---------|
| Interest Income | (2,068) | (1,754) | (2,164) | (1,020) |
| Rental Income | (295) | (370) | (400) | (208) |
| Write-back of provision for doubtful debts | (4,384) | (3,215) | (4,384) | (3,215) |
| Inventories write back | (77) | - | (77) | - |
| Interest income - accretion of trade receivables | (657) | - | (657) | - |
| Gain on disposal of subsidiary | - | - | (69) | - |
| Gain on disposal of plant and equipment | (203) | (280) | (203) | (165) |
| (Gain) / loss on foreign exchange - realised | (67) | 232 | (67) | 98 |
| (Gain) / loss on foreign exchange - unrealised | (83) | (27) | (83) | (489) |

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

a) Incorporation of new a subsidiary

The Company and its subsidiary, Signature Aluminium Sdn Bhd had on 26 July 2019 subscribed 36 and 24 ordinary shares respectively in Signature Façade Treatment Sdn Bhd ("SFT"), representing 60% of the total issued share capital of SFT.

The intended principal activities of SFT is to design, supply, fabrication, project management, install and fix glass and wall paneling, curtain walls, cladding, glazing and other aluminum and glass architectural works for building projects.

13. Changes in Contingent Assets or Contingent Liabilities

As at 30 June 2019, corporate guarantees extended to licensed banks for credit facilities granted to the subsidiaries as follows:-

| | Company | |
|---|--------------|----------------|
| | Current Year | Preceding Year |
| | As At | As At |
| | 30 Jun 2019 | 30 Jun 2018 |
| | RM'000 | RM'000 |
| Corporate guarantee given to licensed banks for credit facilities granted to the subsidiaries | 5,922 | 55,427 |
| | <u>5,922</u> | <u>55,427</u> |

14. Capital Commitments

Capital commitments for the purchase investment properties not provided for in the interim financial statements as at the balance sheet date were as follows:

| | Current Year | Preceding Year |
|--|--------------|----------------|
| | As At | As At |
| | 30 Jun 2019 | 30 Jun 2018 |
| | RM'000 | RM'000 |
| Contracted but not provided for | | |
| Purchase of investment properties | 3,785 | - |
| Total capital commitments | <u>3,785</u> | <u>-</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 June 2019

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

| | Current Year Quarter Ended 30 Jun 2019 RM'000 | Preceding Year 30 Jun 2018 RM'000 | Changes % |
|---|---|--|--------------|
| Revenue (External revenue) | | | |
| Design, Manufacture and Retail of Kitchen and Wardrobe Systems | 36,139 | 49,257 | -26.6% |
| Marketing and Distribution of White Goods | 1,704 | 3,302 | -48.4% |
| Manufacture of Glass and Aluminium Products | 5,964 | 11,501 | -48.1% |
| Interior fit-out works | - | - | 0.0% |
| Others | - | 36 | -100.0% |
| | <u>43,807</u> | <u>64,096</u> | -31.7% |
| Profit /(Loss) Before Tax | | | |
| Design, Manufacture and Retail of Kitchen and Wardrobe Systems | (1,262) | (8,716) | 85.5% |
| Marketing and Distribution of White Goods | 59 | 173 | -65.9% |
| Manufacture of Glass and Aluminium Products | 2,203 | 3,824 | -42.4% |
| Interior fit-out works | - | - | 0.0% |
| Others | (207) | 3,595 | -105.8% |
| | <u>793</u> | <u>(1,124)</u> | 170.6% |

The Group has recorded a decrease in revenue of RM20.3 million or -31.7%, from RM64.1 million in the preceding year corresponding quarter to RM43.8 million in the current quarter under review. The decrease was mainly due to lower project revenue contributed from all segments.

Despite drop in revenue, the Group reported profit before taxation of RM0.8 million for current quarter as compared to loss before tax of RM1.1 million in the preceding year corresponding quarter. The improvement of RM1.9 million or 170.6% was due to higher interest income, write-back of provision for doubtful debts and accretion of trade receivables. In addition, there was no inventories written down this quarter as compared to the preceding year corresponding quarter and operating costs were lower.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

15. Review of Performance (Cont'd)

- Current Quarter 3 months ended 30 June 2019

Kitchen and Wardrobe Systems

This segment had shown a decrease in revenue of RM13.2 million or -26.6% from RM49.3 million in the preceding year corresponding quarter to RM36.1 million in the current quarter under review. The decrease was mainly due to lower reported project revenue from Kitchen and Wardrobe segments.

Despite drop in revenue, the segment reported loss before taxation of RM1.3 million for current quarter as compared to loss before tax of RM8.7 million in the preceding year corresponding quarter. The improvement of RM7.4 million or 85.5% was due to higher interest income, write-back of provision for doubtful debts and accretion of trade receivables. In addition, operating costs were lower from Kitchen and Wardrobe segments.

White Goods and Built-in Kitchen Appliances

This segment recorded a decrease in revenue of RM1.6 million or -48.4%, from RM3.3 million in the preceding year corresponding quarter to RM1.7 million in the current quarter mainly due to lower revenue recognized from the segment.

Profit before tax for the current quarter decreased by RM0.11 million or -65.9%, from a profit of RM0.17 million in preceding year corresponding quarter to a profit of RM0.06 million in the current quarter. The lower profit before tax was mainly due to the lower projects revenue and margins.

Glass and Aluminium Product

This segment recorded a decrease in revenue of RM5.5 million or -48.1% from RM11.5 million in the preceding year corresponding quarter to RM6.0 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 decreased by RM1.6 million or -42.4%, from a profit RM3.8 million in the preceding year corresponding quarter to a profit RM2.2 million in the current quarter. The lower profit before tax was mainly due to lower projects revenue and higher provision for doubtful debts.

Interior Fit-out Segment

There was no revenue being recorded for current quarter.

This segment recorded a loss before tax of RM0.006 million in the preceding year corresponding quarter as compared to nil for current quarter under review as the segment remain as dormant.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
15. Review of Performance (Cont'd)
- Current Quarter 3 months ended 30 June 2019
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.

- Cumulative periods 12 months ended 30 June 2019

| | Current Year 30 Jun 2019 RM'000 | Preceding Year 30 Jun 2018 RM'000 | Changes % |
|--|--|--|---------------|
| Revenue (External revenue) | | | |
| Design, Manufacture and Retail of Kitchen and Wardrobe Systems | 131,171 | 193,028 | -32.0% |
| Marketing and Distribution of White Goods | 6,617 | 5,352 | 23.6% |
| Manufacture of Glass and Aluminium Products | 23,060 | 27,581 | -16.4% |
| Interior fit-out works | - | - | 0.0% |
| Others | - | 36 | -100.0% |
| | 160,848 | 225,997 | -28.8% |
| Profit /(Loss) Before Tax | | | |
| Design, Manufacture and Retail of Kitchen and Wardrobe Systems | 3,152 | 5,673 | -44.4% |
| Marketing and Distribution of White Goods | 93 | 351 | -73.5% |
| Manufacture of Glass and Aluminium Products | 4,476 | 5,452 | -17.9% |
| Interior fit-out works | - | - | 0.0% |
| Others | (2,354) | 1,462 | -261.0% |
| | 5,367 | 12,938 | -58.5% |

The Group recorded a decrease in revenue of RM65.2 million or -28.8% from RM226.0 million in the preceding year to RM160.8 million in the current year under review. The decrease in revenue was mainly due to lower project revenue being recognized from Kitchen and Wardrobe segment, and Glass and Aluminum segments.

The profit before tax reduced by RM7.6 million or -58.5% from RM12.9 million in the preceding year to RM5.3 million in the current year mainly due to the lower revenue and margins recorded from project segment. However, there were higher interest income, write-back of provision for doubtful debts and an accretion of trade receivables. In addition, there was no write down on inventories as compared to last year.



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15. Review of Performance (Cont'd)

- Cumulative periods 12 months ended 30 June 2019

Kitchen and Wardrobe Systems

This segment had shown a decrease in revenue of RM61.8 million or -32.0% from RM193.0 million in the preceding year to RM131.2 million in the current year under review. The decrease was mainly due to lower project revenue contribution from Kitchen and Wardrobe segment.

Profit before tax for the current year was RM3.2 million as compared to RM5.7 million in the preceding year, a decrease of RM2.5 million or -44.4%. Lower profit before tax was due to lower revenue and margins recorded from project segment. However, there were higher interest income, write-back of provision for doubtful debts and an accretion of trade receivables.

White Goods and Built-in Kitchen Appliances

This segment recorded an increase in revenue of RM1.3 million or 23.6%, from RM5.3 million in the preceding year to RM6.6 million in the current year.

This segment recorded a profit before tax of RM0.09 million for the current year as compared to RM0.35 million in the preceding year, a decrease of RM0.26 million or -73.5% as a result of the lower projects revenue and margins.

Glass and Aluminium Product

This segment recorded a decrease in revenue of RM4.6 million or -16.4% from RM27.6 million in the preceding year to RM23.0 million in the current year. The decrease in revenue was mainly due to lower projects revenue being recognized for the current year.

Profit before tax decreased by RM1.0 million or -17.9% from RM5.5 million in the preceding year to RM4.5 million in the current year due to lower projects revenue and margins recorded from project segment. However, there were higher interest income, write-back of provision for doubtful debts for the current year.

Interior Fit-out Segment

There was no revenue being recorded for current year.

This segment recorded nil for the current year to-date as compared to loss before tax of RM0.023 million in the preceding year as a result of lower reported revenue in the preceding year.

Others Segment

The Other Segment is 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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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

| | Current Year Quarter Ended 30 Jun 2019 RM'000 | Immediate Preceding Quarter Ended 31 Mar 2019 RM'000 | Changes % |
|------------------------|---|--|--------------|
| Revenue | 43,807 | 35,322 | 24.0% |
| Profit before taxation | 793 | 1,068 | -25.7% |

The Group recorded revenue of RM43.8 million for current quarter compared to RM35.3 million in the immediate preceding quarter. The increased of RM8.5 million or 24.0% as a result of higher progress / project revenue being recognized from Kitchen & Wardrobe segment.

Despite higher reported revenue, the Group profit before tax decrease by RM0.3million or -25.7% as compared to immediate preceding quarter mainly due to provision for doubtful debts, and fair value loss for investment properties in current quarter under review.

17. Commentary on Prospects and Target

Moving towards to financial year 2019, the Group expected to sustain its local project segment and develop its overseas business. The Group will strive to continuously replenish its existing order book of RM188million and further strengthen the 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.

The Board acknowledges the current challenges in the industry, and will continue its efforts in maintaining its market dominance in the kitchen cabinet segment. Barring any unforeseen circumstances, the Board is confident to deliver satisfactory performance in the coming financial year.

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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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**19. Taxation**

| | Individual Period | | Cumulative Period | |
|--|---|---|--|--|
| | Current Year Quarter Ended 30 Jun 2019 RM'000 | Preceding Year Corresponding Quarter Ended 30 Jun 2018 RM'000 | Current Year 30 Jun 2019 RM'000 | Preceding Year 30 Jun 2018 RM'000 |
| Current Tax Expense | | | | |
| - Current Year | 2 | 333 | 2,611 | 5,729 |
| - Under / (over) provision in prior year | - | - | (995) | (1,203) |
| Total Income Tax Expense | <u>2</u> | <u>333</u> | <u>1,616</u> | <u>4,527</u> |
| Deferred Tax Expense | | | | |
| - Current Year | - | - | 168 | - |
| - Under / (over) provision in prior year | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>168</u> | <u>-</u> |
| Total Income Tax Expense | <u>2</u> | <u>333</u> | <u>1,784</u> | <u>4,527</u> |

The Group's effective tax rate for the quarter and current year is higher than statutory tax rate as certain expenses are non-deductible for tax purposes.

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

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

22. Derivative financial instruments

As at 30 June 2019, the Group has not entered into forward foreign exchange contracts and therefore has no outstanding balance under forward foreign exchange contracts.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

23. Trade Receivables

| | As at 30 Jun 2019 RM'000 | As at 30 Jun 2018 RM'000 |
|-------------------------------------|--------------------------------|--------------------------------|
| Trade Receivables and Retention sum | 52,088 | 88,231 |
| Less: Allowance for Impairment | <u>(21,648)</u> | <u>(19,725)</u> |
| | 30,440 | 68,506 |
| Accrued billings | 19,080 | 19,080 |
| | <u>49,520</u> | <u>87,586</u> |

The ageing analysis of the Group's trade receivables as at 30 June 2019 is as follows:

| | Gross Amount RM'000 | Individual Impairment RM'000 | Collective Impairment RM'000 | Carrying Amount RM'000 |
|----------------------|------------------------|------------------------------------|------------------------------------|------------------------------|
| Not past due | 13,974 | - | - | 13,974 |
| Past due: | | | | |
| - less than 3 months | 835 | - | - | 835 |
| - 3 to 6 months | 3,815 | - | - | 3,815 |
| - over 6 months | 33,464 | (21,648) | - | 11,816 |
| | <u>52,088</u> | <u>(21,648)</u> | - | <u>30,440</u> |

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.



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24. Borrowings and Debt Securities

The Group's borrowings as follows:

| | Cumulative Period | |
|------------------------|---------------------------------------|---|
| | Current Year 30 Jun 2019 RM'000 | Preceding Year 30 Jun 2018 RM'000 |
| Term Loan (Secured) :- | | |
| Current | 5,581 | 5,739 |
| Non Current | 40,514 | 48,723 |
| Total Bank Borrowing | <u>46,095</u> | <u>54,462</u> |

25. Material Litigation

There was no material litigation against the Group as at the reporting date

26. 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.

27. Proposed Dividend

The board has not recommended any dividend for the current financial year.

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28. Earnings per Share

(i) Basic EPS

| | Individual Period | | Cumulative Period | |
|---|---|---|--|--|
| | Current Year Quarter Ended 30 Jun 2019 RM'000 | Preceding Year Corresponding Quarter Ended 30 Jun 2018 RM'000 | Current Year 30 Jun 2019 RM'000 | Preceding Year 30 Jun 2018 RM'000 |
| BASIC EARNINGS PER SHARE | | | | |
| Profit/(Loss) for the year attributable to ordinary equity holders of the Company | 82 | (2,790) | 2,226 | 6,686 |
| Weighted average number of ordinary shares in issue ('000) | 225,188 | 226,389 | 225,692 | 226,389 |
| Basic Earnings per Share (sen) | 0.0 | (1.2) | 1.0 | 3.0 |

(ii) Diluted EPS

| | Individual Period | | Cumulative Period | |
|---|---|---|--|--|
| | Current Year Quarter Ended 30 Jun 2019 RM'000 | Preceding Year Corresponding Quarter Ended 30 Jun 2018 RM'000 | Current Year 30 Jun 2019 RM'000 | Preceding Year 30 Jun 2018 RM'000 |
| DILUTED EARNINGS PER SHARE | | | | |
| Profit/(Loss) for the year attributable to ordinary equity holders of the Company | 82 | (2,790) | 2,226 | 6,686 |
| Weighted average number of ordinary shares for basic earnings per share ('000) | 225,188 | 226,389 | 225,692 | 226,389 |
| Shares deemed to be issued for no consideration: warrants ('000) | - | - | - | - |
| Weighted average number of ordinary shares for diluted earnings per share ('000) | 225,188 | 226,389 | 225,692 | 226,389 |
| Diluted Earnings per Share (sen) | 0.0 | (1.2) | 1.0 | 3.0 |

29. 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 2018 were not subject to any qualification.

30. 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 30 August 2019.