



## Signature International Berhad

(200601034359) (754118-K)

(Incorporated In Malaysia)

### INTERIM FINANCIAL REPORT 30 SEPTEMBER 2020

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 September 2020.

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	Individual Period			Cumulative Period		
	Current Year Quarter Ended 30 Sep 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2019 RM'000	Changes %	Current Year-to-date 30 Sep 2020 RM'000	Preceding Year Corresponding Year-to-date 30 Sep 2019 RM'000	Changes %
Revenue	32,474	24,391	33.1%	32,474	24,391	33.1%
Operating expenses	(30,471)	(25,796)	18.1%	(30,471)	(25,796)	18.1%
Other operating income	979	1,360	-28.0%	979	1,360	-28.0%
Profit/(Loss) from operations	2,982	(45)	6726.7%	2,982	(45)	6726.7%
Finance costs	(421)	(578)	-27.2%	(421)	(578)	-27.2%
Profit/(Loss) before taxation	2,561	(623)	511.1%	2,561	(623)	511.1%
Tax expense	(868)	(327)	165.4%	(868)	(327)	165.4%
Profit/(Loss) after taxation	1,693	(950)	278.2%	1,693	(950)	278.2%
<b>Other Comprehensive Income, Net of Tax</b>						
Foreign currency translation	(224)	10	-2339.1%	(224)	10	-2339.2%
<b>Total Comprehensive Income /(Expenses) for the period</b>	<b>1,469</b>	<b>(940)</b>	<b>256.3%</b>	<b>1,469</b>	<b>(940)</b>	<b>256.3%</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 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 SEPTEMBER 2020 (UNAUDITED)

	Individual Period			Cumulative Period		
	Current Year Quarter Ended 30 Sep 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2019 RM'000	Changes  %	Current Year-to-date 30 Sep 2020 RM'000	Preceding Year Corresponding Year-to-date 30 Sep 2019 RM'000	Changes  %
<b>Profit/(Loss) after tax attributable to:-</b>						
- Equity holders of the parent	1,653	(1,201)	237.6%	1,653	(1,201)	237.6%
- Non-controlling interest	40	251	-84.1%	40	251	-84.1%
	<u>1,693</u>	<u>(950)</u>	278.2%	<u>1,693</u>	<u>(950)</u>	278.2%
<b>Total Comprehensive Income /(Expenses) attributable to: -</b>						
- Equity holders of the parent	1,429	(1,191)	220.0%	1,429	(1,191)	220.0%
- Non-controlling interest	40	251	-84.1%	40	251	-84.1%
	<u>1,469</u>	<u>(940)</u>	256.3%	<u>1,469</u>	<u>(940)</u>	256.3%
<b>Earnings /(Loss) per share (sen)</b>						
- Basic	<u>0.7</u>	<u>(0.5)</u>		<u>0.7</u>	<u>(0.5)</u>	
- Diluted	<u>0.7</u>	<u>(0.5)</u>		<u>0.7</u>	<u>(0.5)</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 2020 and the accompanying explanatory notes attached to the interim financial report.



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### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	UNAUDITED	AUDITED
	As at	As at
	30 Sep 2020	30 Jun 2020
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	68,823	68,979
Right-of-use assets	16,741	17,286
Goodwill arising from Consolidation	395	395
Investment properties	65,454	58,843
Deferred tax asset	572	572
	<u>151,985</u>	<u>146,075</u>
<b>Current Assets</b>		
Inventories	8,849	8,390
Amount owing by contract customers	36,694	35,303
Trade receivables	20,716	28,017
Other receivables, deposits and prepayment	2,835	4,712
Tax recoverable	1,473	4,091
Short-term investments	52,040	53,030
Fixed deposit with licensed banks	191	191
Cash and bank balances	10,335	12,302
	<u>133,133</u>	<u>146,036</u>
<b>TOTAL ASSETS</b>	<u>285,118</u>	<u>292,111</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 2020 and the accompanying explanatory notes attached to the interim financial report.



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### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (CONT'D)

	UNAUDITED As at 30 Sep 2020 RM'000	AUDITED As at 30 Jun 2020 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	69,774	69,774
Reserves	100,677	99,228
Shareholders' equity	170,451	169,002
Non-controlling interest	8,121	8,081
<b>TOTAL EQUITY</b>	<b>178,572</b>	<b>177,083</b>
<b>Non-Current Liabilities</b>		
Lease liabilities	703	1,269
Term loans	36,220	36,797
Deferred taxation	1,347	1,347
	<b>38,270</b>	<b>39,413</b>
<b>Current Liabilities</b>		
Payables	51,019	54,133
Amount owing to contract customers	9,661	13,727
Provision for taxation	752	686
Lease liabilities	2,169	1,995
Term loan	4,675	4,675
Banker's acceptance	-	399
	<b>68,276</b>	<b>75,615</b>
<b>TOTAL LIABILITIES</b>	<b>106,546</b>	<b>115,028</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>285,118</b>	<b>292,111</b>
Net assets per ordinary share attributable to ordinary equity holders of the Company (RM)	<b>0.69</b>	<b>0.75</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020 (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	Treasury Shares RM'000	Merger Deficit RM'000	Employee Share option Reserve RM'000	Exchange Translation Reserve RM'000	Retained Profits RM'000			
<b>Balance at 1 July 2020</b>	69,774	(12,399)	(28,123)	4,068	8	135,674	169,002	8,081	177,083
Profit after taxation for the financial year	-	-	-	-	-	1,653	1,653	40	1,693
Other comprehensive income for the financial year, net of tax; - foreign exchange translation	-	-	-	-	(224)	-	(224)	-	(224)
Total comprehensive income for the financial year	-	-	-	-	(224)	1,653	1,429	40	1,469
Contribution by and distribution to owners of the Company:									
Recognition of shares option expenses	-	-	-	20	-	-	20	-	20
<b>At 30 Sep 2020</b>	<b>69,774</b>	<b>(12,399)</b>	<b>(28,123)</b>	<b>4,088</b>	<b>(216)</b>	<b>137,327</b>	<b>170,451</b>	<b>8,121</b>	<b>178,572</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 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 SEPTEMBER 2020 (UNAUDITED) (CONT'D)

	← Attributable to equity holders of the parent →								
	← Non Distributable Reserves			→ Distributable					
	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Employee Share option Reserve RM'000	Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable To owners of The Company RM'000	Non- controlling interests RM'000	Total Equity RM'000
<b>Balance at 1 July 2019</b>	61,272	(11,924)	(28,123)	4,119	11	144,218	169,573	9,160	178,733
Profit /(loss) after taxation for the financial year	-	-	-	-	-	(1,201)	(1,201)	251	(950)
Other comprehensive income for the financial year, net of tax; - foreign exchange translation	-	-	-	-	(1)	-	(1)	-	(1)
Total comprehensive income for the financial year	-	-	-	-	(1)	(1,201)	(1,202)	251	(951)
Contribution by and distribution to owners of the Company:									
Recognition of shares option expenses	-	-	-	22	-	-	22	-	22
Purchase of treasury shares	-	(475)	-	-	-	-	(475)	-	(475)
<b>At 30 Sep 2019</b>	61,272	(12,399)	(28,123)	4,141	10	143,017	167,918	9,411	177,329

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 2020 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 SEPTEMBER 2020 (UNAUDITED)**

	Current Period Ended 30 Sep 2020 RM'000	Preceding Period Ended 30 Sep 2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before taxation</b>	2,561	(623)
<b>Adjustments:</b>		
Depreciation of property and equipment	475	611
Depreciation of right-of -use assets	545	-
(Gain)/Loss on disposal of plant and equipment	-	(454)
Income from short term investments	(551)	(696)
Interest expense - Others	364	339
Interest expense - Lease liabilities	33	-
Interest income	(10)	(80)
Gain on deconsolidation of a subsidiary	(110)	-
Plant and equipment written off / reclassification	75	79
ESOS / Share-based expenses	20	22
Unrealised gain on foreign exchange	(90)	(4)
Reversal of allowance for impairment losses on trade receivables	(93)	-
<b>Changes in working capital</b>	3,219	(806)
Inventories	(459)	(212)
Receivables	5,828	3,082
Amount due from/(to) contract customers	(5,457)	7,274
Payables	(2,904)	(2,714)
<b>Cash generated from operations</b>	227	6,624
Interest received	10	80
Interest paid	(397)	(339)
Income tax refund / (paid)	1,816	(1,293)
<b>Net cash generated from operating activities</b>	1,656	5,072
<b>CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment and prepaid lease rentals	(275)	(134)
Additional Purchase / works on investment properties	(3,169)	(708)
Deconsolidation of subsidiary, net of cash and cash equivalent	(299)	-
Proceeds from disposal of:		
- property, plant and equipment	-	742
Income from short term investment	551	696
<b>Net cash (used in) / from investing activities</b>	(3,192)	596



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONT'D)**

	Current Period Ended 30 Sep 2020 RM'000	Preceding Period Ended 30 Sep 2019 RM'000
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Purchase of treasury shares	-	(475)
Lease repayment	(619)	(259)
Term loans repayment	(578)	(1,431)
<b>Net cash used in financing activities</b>	<b>(1,197)</b>	<b>(2,165)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(224)</b>	<b>(1)</b>
<b>NET (DECREASED) / INCREASED IN CASH AND CASH EQUIVALENTS</b>	<b>(2,733)</b>	<b>3,503</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>65,332</b>	<b>66,564</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>62,375</b>	<b>70,066</b>
<b>Cash and cash equivalents comprise of:</b>		
Short-term investments	52,040	57,800
Fixed deposit with licensed banks	191	186
Cash and bank balances	10,335	12,266
	62,566	70,252
Less: Fixed deposit pledged to a licensed bank	(191)	(186)
	62,375	70,066





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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 2020 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 2020 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 2020, as disclosed below:-

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

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 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: -

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
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 References to the Conceptual Framework in MFRS Standards	1 January 2020

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.

#### 4. Items of an Unusual Nature

The results of the operations of the Group and of the Company during the financial year-to-date 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.



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 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 September 2020 except as follows: -

For current year, the details of the treasury shares under share buy-back programme are as follows: -

	Price Per Share RM	Number of Shares Units	Total Consideration RM'000
<b>Total Treasury shares</b>			
Balance at 30 Sep 2020	0.32 - 1.40	16,117,100	12,399

#### 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	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
<b>Result for 3 months</b>						
<b>Quarter ended 30 September 2020</b>						
<b>REVENUE:</b>						
External revenue	18,696	984	12,794	-	-	32,474
Inter-segment revenue	5,941	440	1,769	661	(8,811)	-
<b>Total revenue</b>	<b>24,637</b>	<b>1,424</b>	<b>14,563</b>	<b>661</b>	<b>(8,811)</b>	<b>32,474</b>
<b>RESULTS</b>						
Segment results	2,302	(41)	731	(10)	-	2,982
Finance costs	(62)	(8)	(49)	(302)	-	(421)
Profit/(loss) from ordinary activities before taxation	2,240	(49)	682	(312)	-	2,561
Income tax expense						(868)
Profit/(loss) from ordinary activities after taxation						1,693
Non-controlling interest						(40)
Net profit attributable to equity holders of the Company						1,653



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

The Group	Design	Marketing	Manufacture	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
<b>Result for 3 months</b>						
<b>Quarter ended 30 September 2019</b>						
<b>REVENUE:</b>						
External revenue	18,701	1,642	4,048	-	-	24,391
Inter-segment revenue	5,916	535	106	1,479	(8,036)	-
<b>Total revenue</b>	<b>24,617</b>	<b>2,177</b>	<b>4,154</b>	<b>1,479</b>	<b>(8,036)</b>	<b>24,391</b>
<b>RESULTS</b>						
Segment results	(868)	152	735	(64)	-	(45)
Finance costs	(106)	(12)	(14)	(446)	-	(578)
Profit /(loss) from ordinary activities before taxation	(974)	140	721	(510)	-	(623)
Income tax expense						(327)
Profit /(loss) from ordinary activities after taxation						(950)
Non-controlling interest						(251)
Net profit /(loss) attributable to equity holders of the Company						(1,201)



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

The Group Assets and Liabilities As at 30 September 2020	Design	Marketing	Manufacture	Others	Eliminations	The Group
	Manufacture and Retail Of Kitchen And Wardrobe Systems RM'000	and Distribution Of White Goods RM'000	Manufacture Of Glass and Aluminium Products RM'000			
OTHER INFORMATION						
Segment assets	249,114	15,803	61,322	146,532	(189,698)	283,073
Unallocated assets						2,045
						<u>285,118</u>
Segment liabilities	137,149	1,197	41,122	87,809	(162,830)	104,447
Unallocated liabilities						2,099
						<u>106,546</u>

The Group Assets and Liabilities As at 30 September 2019	Design	Marketing	Manufacture	Others	Eliminations	The Group
	Manufacture and Retail Of Kitchen And Wardrobe Systems RM'000	and Distribution Of White Goods RM'000	Manufacture Of Glass and Aluminium Products RM'000			
OTHER INFORMATION						
Segment assets	232,004	15,670	42,477	133,901	(147,707)	276,345
Unallocated assets						5,838
						<u>282,183</u>
Segment liabilities	124,896	1,917	19,492	80,065	(122,724)	103,646
Unallocated liabilities						1,208
						<u>104,854</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/ (Loss) before taxation

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

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

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30 Sep 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2019 RM'000	Current Year-to-date 30 Sep 2020 RM'000	Preceding Year Corresponding Year-to-date 30 Sep 2019 RM'000
Profit/(loss) before taxation is arrived at after charging :-				
Interest expense - Others	364	339	364	339
Interest expense - Lease liabilities	33	-	33	-
Depreciation and amortisation				
- Property & equipment	475	611	475	611
- Right-of-use assets	545	-	545	-
Plant and equipment written off / reclassification	75	79	75	79
ESOS / Share-based expenses	20	22	20	22

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

Interest Income	(10)	(80)	(10)	(80)
Income from short term investment	(551)	(696)	(551)	(696)
Rental Income	(160)	(139)	(160)	(139)
Reversal of allowance for impairment losses on trade receivables	(93)	-	(93)	-
Gain on disposal of plant and equipment	-	(454)	-	(454)
Gain on deconsolidation of a subsidiary	(110)	-	(110)	-
(Gain) / loss on foreign exchange - realised	45	22	45	22
(Gain) / loss on foreign exchange - unrealised	(90)	(4)	(90)	(4)

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

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



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 12. Changes in the Composition of the Group

##### a) New subsidiary – Signature Kitchen Lanka (Pvt) Ltd

Signature Manufacturing Sdn. Bhd. (“SMSB”), a wholly-owned subsidiary of Signature Cabinet Sdn Bhd which in turn a wholly-owned subsidiary of the Signature International Berhad, had on 25 August 2020 incorporated a new subsidiary in Sri Lanka, known as Signature Kitchen Lanka (Pvt) Ltd (“SKLPL”). SMSB has subscribed 100 shares, representing 100% of the total issued share capital of SKLPL.

The principal activities of SKLPL is marketing, distribution, import and export of kitchen systems, wardrobe systems and built-in kitchen appliances.

##### b) Deregistration of indirect wholly-owned subsidiary – Fabriano Kitchen Cabinet (Foshan) Pte Ltd

Fabriano Kitchen Cabinet (Foshan) Pte. Ltd., an indirect wholly-owned subsidiary of the Company had received a notification dated 21 July 2020 pertaining to the approval on deregistration from the Foshan City Administration of Industry and Commerce.

#### 13. Changes in Contingent Assets or Contingent Liabilities

As at 30 September 2020, corporate guarantees extended to licensed banks for credit facilities granted to the subsidiaries as follows: -

	Company	
	Current Year As At 30 Sep 2020 RM'000	Preceding Year As At 30 Sep 2019 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to the subsidiaries	11,261	7,903
	<u>11,261</u>	<u>7,903</u>





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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

**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 As At 30 Sep 2020 RM'000	Preceding Year As At 30 Sep 2019 RM'000
<b>Contracted but not provided for</b>		
Purchase of investment properties	2,006	2,662
<b>Total capital commitments</b>	<u>2,006</u>	<u>2,662</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT****PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD.****15. Review of Performance****- Current Quarter 3 months ended 30 September 2020**

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

	Individual Period		Changes %
	Current Year Quarter Ended 30 Sep 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2019 RM'000	
<b>Revenue (External revenue)</b>			
Design, Manufacture and Retail of Kitchen and Wardrobe Systems	18,696	18,701	0.0%
Marketing and Distribution of White Goods	984	1,642	-40.0%
Manufacture of Glass and Aluminium Products	12,794	4,048	216.1%
Others	-	-	0.0%
	<b>32,474</b>	<b>24,391</b>	<b>33.1%</b>
<b>Profit / (loss) before Tax</b>			
Design, Manufacture and Retail of Kitchen and Wardrobe Systems	2,240	(974)	330.0%
Marketing and Distribution of White Goods	(49)	140	-135.0%
Manufacture of Glass and Aluminium Products	682	721	-5.4%
Others	(312)	(510)	38.8%
	<b>2,561</b>	<b>(623)</b>	<b>511.1%</b>

The Group recorded an increase in revenue of RM8.1 million or 33.1%, from RM24.4 million in the preceding year corresponding quarter to RM32.5 million in the current quarter under review. The increase was mainly due to higher project revenue contributed from Aluminium segment.

The Group reported profit before taxation of RM2.6 million for current quarter as compared to loss before tax of -RM0.6 million in the preceding year corresponding quarter, an increase of RM3.2 million or 511.1%. The increase was mainly due to higher project revenue from Aluminium segment, higher project margin from Kitchen and Wardrobe Systems, lower staff cost and business expenses.



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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

- Current Quarter 3 months ended 30 September 2020

##### **Kitchen and Wardrobe Systems**

This segment had shown a marginal decrease in revenue of RM0.01 million or -0.01% from RM18.70 million in the preceding year corresponding quarter to RM18.69 million in the current quarter under review. The decrease was mainly due to lower reported project revenue from Kitchen and Wardrobe segments.

This segment reported profit before taxation of RM2.2 million for current quarter as compared to loss before tax RM1.0 million in the preceding year corresponding quarter, an increase of RM3.2 million or 330.0%. The increase was mainly due to higher project margin, lower staff cost and business expenses.

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

This segment recorded a marginal decrease in revenue of RM0.6 million or -40.0%, from RM1.6 million in the preceding year corresponding quarter to RM1.0 million in the current quarter mainly due to lower revenue recognized from the retail segment.

This segment reported loss before taxation of RM0.01 million for current quarter as compared to profit before tax RM0.1 million in the preceding year corresponding quarter. The decrease was mainly due to lower revenue recognized.

##### **Glass and Aluminium Product**

This segment recorded an increase in revenue of RM8.8 million or 216.1% from RM4.0 million in the preceding year corresponding quarter to RM12.8 million in the current quarter.

Profit before tax for the current quarter decreased by RM0.01 million or -5.4%, from RM0.7 million in the preceding year corresponding quarter to RM0.69 million in the current quarter.

Despite reported higher revenue, the segment reported higher loss before tax in current quarter. This was mainly due to higher operating overheads of the new subsidiary company.

##### **Others Segment**

The Other Segment inclusive of Investment Holding Company, Properties Investment Company, 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 Sep 2020 RM'000	Immediate Preceding Quarter Ended 30 Jun 2020 RM'000	Changes %
Revenue	<u>32,474</u>	<u>19,260</u>	68.6%
Profit/(loss) before taxation	<u>2,561</u>	<u>(7,503)</u>	134.1%

The Group recorded revenue of RM32.5 million for current quarter as compared to RM19.3 million in the immediate preceding quarter. The increase of RM13.2 million or 68.6% was due to higher progress / project revenue being recognized from Aluminium segment.

The Group recorded a profit before tax of RM2.6 million for the current quarter compared to a loss before tax of RM7.5 million in the immediate preceding quarter. The increase of RM10.1 million or 134.1% was mainly due to higher progress / project revenue being recognized from Aluminium segment and higher project margin from Kitchen and Wardrobe Systems. Besides, there is one off higher net provisional for doubtful debts and assets written-off in the immediate preceding quarter.

**17. Commentary on Prospects and Target**

The Covid-19 pandemic still remains the major challenge be it from the health perspective or its impact on global economy. In Malaysia, due to the rapid increase of Covid-19 cases in certain states, the Government has imposed Conditional Movement Control Order (CMCO) to contain the further spread of the virus. Although CMCO has been enforced, the Government has allowed economic activities to continue with strict adherence to Standard Operating Procedures (SOP).

Works at construction sites have resumed gradually since June 2020 with adherence to SOP for the Construction Industry. We have been receiving new orders that replenish our existing order book while we continue to recognise revenue from our backlog cases. As at end Oct 2020, the Group's order book stood at RM202 million for kitchen and wardrobe system and RM238 million for Glass and Aluminium segment. Barring any unforeseen circumstances, with the order book in hand, we are optimistic of the Group's performance for this financial year.

On the retail side, we have actively used social media platforms to engage with customers. Live steaming, video walk through and a wide range of digital content have been rolled out to promote our products and response has been encouraging.

The Group has also implemented several cost rationalization and other measures to improve operational efficiency.



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 17. Commentary on Prospects and Target (cont'd)

The Group will continue to be agile in responding to the unpredictable condition and will always be seeking new ways to improve our performance. We change to adapt to the new norm and take opportunity to grow and revamp our legacy way of doing business.

#### 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	Preceding Year Corresponding Quarter Ended	Current Year	Preceding Year
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
Current Tax Expense - Current Year	868	327	868	327
Total Income Tax Expense	868	327	868	327

The Group's effective tax rate for the quarter and preceding year quarter were higher than statutory tax rate of 24% as certain expenses are non-deductible for tax purposes.



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 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 corporate exercise: -

##### i) 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.

##### ii) Private Placement

The Company has increased its share capital by 22,418,785 new ordinary shares at an issue price of RM0.3792 each, amounting to RM8,501,203 from the Private Placement.

As at the reporting date, the Company has yet to utilise the proceeds raised from the Private Placement.

#### 22. Derivative financial instruments

As at 30 September 2020, the Group has not entered into forward foreign exchange contracts and therefore has no outstanding balance under forward foreign exchange contracts.

#### 23. Trade Receivables

	As at 30 Sep 2020 RM'000	As at 30 Jun 2020 RM'000
Trade Receivables	43,003	50,397
Less: Allowance for Impairment	<u>(22,287)</u>	<u>(22,380)</u>
	<u>20,716</u>	<u>28,017</u>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**
**23. Trade Receivables (Cont'd)**

The ageing analysis of the Group's trade receivables as at 30 September 2020 is as follows:

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
Not past due	8,198	-	8,198
Past due:			
- less than 3 months	1,001	-	1,001
- 3 to 6 months	2,905	-	2,905
- over 6 months	30,899	(22,287)	8,612
	<u>43,003</u>	<u>(22,287)</u>	<u>20,716</u>

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

**24. Borrowings and Debt Securities**

The Group's borrowings as follows:

	Cumulative Period	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended
Term Loan (Secured) :-	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Current	4,675	5,574
Non Current	36,220	39,091
Total Bank Borrowing	<u>40,895</u>	<u>44,665</u>

**25. Material Litigation**

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

**26. Proposed Dividend**

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



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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

#### 27. Earnings per Share

##### (i) Basic EPS

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30 Sep 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2019 RM'000	Current Year 30 Sep 2020 RM'000	Preceding Year 30 Sep 2019 RM'000
<b>BASIC EARNINGS PER SHARE</b>				
Profit/(loss) for the year attributable to ordinary equity holders of the Company	1,653	(1,201)	1,653	(1,201)
Weighted average number of ordinary shares in issue ('000)	246,607	224,188	246,607	224,188
Basic Earnings per Share (sen)	<u>0.7</u>	<u>(0.5)</u>	<u>0.7</u>	<u>(0.5)</u>

##### (ii) Diluted EPS

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30 Sep 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2019 RM'000	Current Year-to-date 30 Sep 2020 RM'000	Preceding Year-to-date 30 Sep 2019 RM'000
<b>DILUTED EARNINGS PER SHARE</b>				
Profit /(loss) for the year attributable to ordinary equity holders of the Company	1,653	(1,201)	1,653	(1,201)
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>246,607</u>	<u>224,188</u>	<u>246,607</u>	<u>224,188</u>
Diluted Earnings per Share (sen)	<u>0.7</u>	<u>(0.5)</u>	<u>0.7</u>	<u>(0.5)</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 2020 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 23 November 2020.