



Signature International Berhad

(200601034359) (754118-K)
(Incorporated In Malaysia)

INTERIM FINANCIAL REPORT 30 JUNE 2023

The Board of Directors of Signature International Berhad (“SIB” or “the Company”) is pleased to announce the following unaudited consolidated results of SIB and its subsidiaries (collectively known as “the Group”) for the period ended 30 June 2023.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 30 Jun 2023 RM'000	Preceding Period Corresponding Quarter Ended 30 Jun 2022 RM'000	Current Period 30 Jun 2023 RM'000	Preceding Period 30 Jun 2022 RM'000
Revenue	177,558	-	266,117	-
Operating expenses	(156,942)	-	(244,321)	-
Other operating income	9,736	-	11,944	-
Profit from operations	30,352	-	33,740	-
Finance costs	(4,227)	-	(7,833)	-
Share of profit of equity accounted associates	5,195	-	9,346	-
Profit before taxation	31,320	-	35,253	-
Tax expense	(5,274)	-	(6,542)	-
Profit after taxation	26,046	-	28,711	-
Other Comprehensive Income, net of Tax				
Foreign currency translation	2,745	-	2,927	-
Total Comprehensive Income for the Period	28,791	-	31,638	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the Eighteen-month period ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

The financial year end has been changed from 30 June to 31 December. The previous audited financial statements were for the period of Eighteen (18) months from 1 July 2021 to 31 December 2022 and thereafter, the financial year end shall be 31 December for each subsequent year. As such, there will be no comparative financial information available for the preceding year corresponding periods.

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (CONT'D)**

	Individual Period		Cumulative Period	
	Current Period	Preceding Period	Current	Preceding
	Quarter	Corresponding	Current	Preceding
	Ended	Quarter Ended	Period	Period
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Profit after taxation attributable to:-				
- Equity holders of the parent	20,657	-	22,820	-
- Non-controlling interest	5,389	-	5,891	-
	<u>26,046</u>	<u>-</u>	<u>28,711</u>	<u>-</u>
Total Comprehensive Income attributable to: -				
- Equity holders of the parent	23,402	-	25,747	-
- Non-controlling interest	5,389	-	5,891	-
	<u>28,791</u>	<u>-</u>	<u>31,638</u>	<u>-</u>
Earnings per share (sen)				
- Basic	3.3	-	5.0	-
- Diluted	3.3	-	5.0	-

Notes:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the Eighteen-month period ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

The financial year end has been changed from 30 June to 31 December. The previous audited financial statements were for the period of Eighteen (18) months from 1 July 2021 to 31 December 2022 and thereafter, the financial year end shall be 31 December for each subsequent year. As such, there will be no comparative financial information available for the preceding year corresponding periods.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	UNAUDITED	AUDITED
	As at	As at
	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	64,277	41,222
Investment in associate	195,217	183,854
Right-of -use assets	34,433	17,125
Goodwill arising from Consolidation	92,210	5,065
Investment properties	55,516	68,754
Deferred tax asset	392	453
	<u>442,045</u>	<u>316,473</u>
Current Assets		
Inventories	43,351	11,153
Amount owing by contract customers	134,473	136,001
Trade receivables	110,036	53,238
Other receivables ,deposits and prepayment	90,993	51,480
Tax recoverable	2,574	1,759
Short-term investments - quoted shares	30,574	32,885
Short-term investments - unit trust funds	26	2,985
Fixed deposit with licensed banks	3,629	5,122
Cash and bank balances	103,782	25,791
	<u>519,438</u>	<u>320,414</u>
TOTAL ASSETS	<u>961,483</u>	<u>636,887</u>

Notes:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the Eighteen-month period ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

The financial year end has been changed from 30 June to 31 December. The previous audited financial statements were for the period of Eighteen (18) months from 1 July 2021 to 31 December 2022 and thereafter, the financial year end shall be 31 December for each subsequent year. As such, there will be no comparative financial information available for the preceding year corresponding periods.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONT'D)**

	UNAUDITED As at 30 Jun 2023 RM'000	AUDITED As at 31 Dec 2022 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	160,723	101,323
Reserves	168,551	142,433
Shareholders' equity	329,274	243,756
Non-controlling interest	49,037	8,120
TOTAL EQUITY	378,311	251,876
Non-Current Liabilities		
Lease liabilities	13,659	1,269
Borrowings	199,176	132,641
Deferred taxation	1,078	71
	213,913	133,981
Current Liabilities		
Payables	169,421	128,862
Amount owing to contract customers	64,157	24,516
Provision for taxation	15,277	3,511
Lease liabilities	6,094	1,400
Borrowings	89,995	58,762
Banker's acceptance	20,222	29,291
Bank overdraft	4,093	4,688
	369,259	251,030
TOTAL LIABILITIES	583,172	385,011
TOTAL EQUITY AND LIABILITIES	961,483	636,887
Net assets per ordinary share attributable to ordinary equity holders		
of the Company (RM)	0.72	0.87

Notes:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the Eighteen-month period ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	← Attributable to equity holders of the parent →							Total Equity RM'000
	Non Distributable Reserves			Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable To owners of The Company RM'000	Non- controlling interests RM'000	
Balance at 1 Jan 2023	101,323	(4,931)	(28,123)	(1,606)	177,093	243,756	8,120	251,876
Profit after taxation for the financial period	-	-	-	-	22,820	22,820	5,891	28,711
Other comprehensive income for the financial period, net of tax; - foreign exchange translation	-	-	-	2,927	-	2,927	-	2,927
Total comprehensive income for the financial period	-	-	-	2,927	22,820	25,747	5,891	31,638
Contribution by and distribution to owners of the Company								
Issuance of ordinary shares pursuant to private placement	59,400	-	-	-	-	59,400	-	59,400
Disposal of subsidiaries	-	-	-	-	-	-	4,006	4,006
Acquisition of subsidiaries	-	-	-	-	-	-	26,745	26,745
Incorporation of a new subsidiary	-	-	-	-	-	-	4,721	4,721
Changes in ownership interest of subsidiaries that do not result in loss of control	-	-	-	-	371	371	(446)	(75)
	59,400	-	-	-	371	59,771	35,026	94,797
At 30 June 2023	160,723	(4,931)	(28,123)	1,321	200,284	329,274	49,037	378,311

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the Eighteen-month period ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**

	Cumulative Period 30 Jun 2023 RM'000	Preceding Period 30 Jun 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	35,253	-
Adjustments:		
Depreciation of property and equipment	2,763	-
Depreciation of right-of-use assets	2,240	-
Gain on disposal of plant and equipment	(60)	-
Gain on disposal of investment properties	(503)	-
Interest income	(151)	-
Income from short-term investments	(1)	-
Fair value gain on short-term investment	(6,424)	-
Interest expense - Others	6,498	-
Interest expense - Lease liabilities	198	-
Gain on disposal of subsidiaries	(2,766)	-
Share of net profits of equity accounted associates	(9,346)	-
Changes in working capital	27,701	-
Inventories	(2,486)	-
Receivables	(13,297)	-
Amount due from/(to) contract customers	(28,993)	-
Payables	54,179	-
Cash from operations	37,104	-
Interest received	151	-
Interest paid	(6,696)	-
Income tax paid	(5,446)	-
Net cash from operating activities	25,113	-



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (CONT'D)**

	Cumulative Period Ended 30 Jun 2023 RM'000	Preceding Period Ended 30 Jun 2022 RM'000
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions of property, plant and equipment	(6,871)	-
Additional investment in quoted shares	(16,734)	-
Acquisition of subsidiary, net of cash and cash equivalent	(21,568)	-
Acquisition of associate	(2,059)	-
Net cash outflow for acquire additional shares in subsidiary	(75)	-
Proceeds from disposal of:		-
- investment properties	4,923	-
- property, plant and equipment	190	-
- short-term investment - quoted shares	25,469	-
Income from short-term investment	1	-
Disposal of a subsidiary, net of cash and cash equivalents disposed of	10,017	-
Net cash used in investing activities	(6,707)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Addition in fixed deposit pledged with bank	(201)	-
Withdrawal of fixed deposit pledged with bank	902	-
Proceed from private placement	59,400	-
Repayment of lease liabilities	(1,948)	-
Repayment of term loans	(44,541)	-
Net drawdown of bills payable	41,121	-
Net cash from financing activities	54,733	-
Effects of exchange rate changes on cash and cash equivalents	1,883	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	73,139	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,693	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	99,715	-



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (CONT'D)**

	Cumulative Current Period Ended 30 Jun 2023 RM'000	Preceding Period Ended 30 Jun 2022 RM'000
Cash and cash equivalents comprise of:		
Short-term investments	26	-
Fixed deposit with licensed banks	3,629	-
Cash and bank balances	103,782	-
Bank overdraft	(4,093)	-
	<u>103,344</u>	<u>-</u>
Less: Fixed deposit pledged to a licensed bank	(3,629)	-
	<u>99,715</u>	<u>-</u>

Notes:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the Eighteen-month period ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

The financial year end has been changed from 30 June to 31 December. The previous audited financial statements were for the period of Eighteen (18) months from 1 July 2021 to 31 December 2022 and thereafter, the financial year end shall be 31 December for each subsequent year. As such, there will be no comparative financial information available for the preceding year corresponding periods.

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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 period ended 31 December 2022 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 period ended 31 December 2022 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective for financial statements effective from 1 January 2023, as disclosed below:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)		Effective Date
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020:		1 January 2022
<ul style="list-style-type: none"> • Amendments to MFRS 1 • Amendments to MFRS 9 • Amendments to MFRS 16 • Amendments to MFRS 141 		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
2. Significant Accounting Policies (Cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)		Effective Date
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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.

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
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

3. Change of financial year end

As announced on 15 November 2021, the Group had changed its financial year end from 30 June to 31 December. Due to the change, the Unaudited Condensed Consolidated Statement of Comprehensive Income, Unaudited Condensed Consolidated Statement of Changes in Equity and Unaudited Condensed Consolidated Statement of Cash Flows for the financial period ended 30 June 2023 are not comparable with the individual and cumulative quarter previously reported.

4. 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 years in Malaysia.

5. 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.

6. Changes in Estimates

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

7. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter under review except for the following:-

Issued Share Capital

(i) Bonus issue

A bonus issue of 295,248,685 new ordinary shares in the Company on the basis of 1 bonus share for every 1 existing Signature share held by the shareholders was issued and allotted on 6 April 2023. Resulted thereto, the issued and paid up share capital of the Company increased to RM 101,322,848,702 represent by 590,497,370 ordinary shares.

(ii) Private placement

Subsequent to the bonus issue, the Company undertakes the issuance of 55,000,000 Placement Shares based on the enlarged issued ordinary shares of the Company (excluding treasury shares) at the issue price of RM1.08 each. The allotment of shares has been completed on 18 April 2023.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

8. Dividend Paid

No dividends were paid during the quarter under review.

9. Segmental Information

The Group	Design	Design	Manufacture Of Glass and Aluminium Products	Interior fit-out works	Others	Eliminations	The Group
	Manufacture and Retail Of Kitchen And Wardrobe Systems (Signature brand)	Manufacture and Retail Of Kitchen And Wardrobe Systems (Corten)					
Result for 3 months Quarter ended 30 June 2023							
REVENUE:							
External revenue	32,175	79,702	14,393	51,241	47	-	177,558
Inter-segment revenue	6,629	7,169	1,340	502	2,846	(18,486)	-
Total revenue	38,804	86,871	15,733	51,743	2,893	(18,486)	177,558
RESULTS							
Segment results	2,179	20,548	(1,643)	3,448	4,174	1,646	30,352
Finance costs	(119)	(174)	(142)	(574)	(3,275)	57	(4,227)
Share of results in associates	-	-	-	-	5,195	-	5,195
Profit from ordinary activities before taxation	2,060	20,374	(1,785)	2,874	6,094	1,703	31,320
Income tax expense							(5,274)
Profit from ordinary activities after taxation							26,046
Non-controlling interest							(5,389)
Net profit attributable to equity holders of the Company							20,657



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9. Segmental Information (Cont'd)

	Design	Design					
	Manufacture and Retail Of Kitchen And Wardrobe Systems (Signature brand) RM'000	Manufacture and Retail Of Kitchen And Wardrobe Systems (Corten) RM'000	Manufacture Of Glass and Aluminium Products RM'000	Interior fit-out works RM'000	Others RM'000	Eliminations RM'000	The Group RM'000
The Group							
Result for 6 months Year ended 30 June 2023							
REVENUE:							
External revenue	57,798	79,702	32,734	95,802	81	-	266,117
Inter-segment revenue	13,012	7,169	2,839	1,099	4,330	(28,449)	-
Total revenue	70,810	86,871	35,573	96,901	4,411	(28,449)	266,117
RESULTS							
Segment results	3,758	20,548	(2,664)	6,135	4,663	1,300	33,740
Finance costs	(233)	(174)	(387)	(1,050)	(6,185)	196	(7,833)
Share of results in associates					9,346		9,346
Profit from ordinary activities before taxation	3,525	20,374	(3,051)	5,085	7,824	1,496	35,253
Income tax expense							(6,542)
Profit from ordinary activities after taxation							28,711
Non-controlling interest							(5,891)
Net profit attributable to equity holders of the Company							22,820
Assets and Liabilities As at 30 June 2023							
OTHER INFORMATION							
Segment assets	246,382	277,344	-	121,541	517,880	(204,630)	958,517
Unallocated assets							2,966
							961,483
Segment liabilities	109,489	132,478	-	89,188	332,488	(96,826)	566,817
Unallocated liabilities							16,355
							583,172

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
10. Property and Equipment Valuation

There were no changes in the valuations of the Property 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 and equipment.

11. Profit before taxation

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

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 30 Jun 2023 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2022 RM'000	Current Year 30 Jun 2023 RM'000	Preceding Year 30 Jun 2022 RM'000
Interest expense - Others	3,437	-	6,498	-
Interest expense - Lease liabilities	(167)	-	198	-
Depreciation and amortisation				
- Property & equipment	1,721	-	2,763	-
- Right-of -use assets	1,629	-	2,240	-
Loss on foreign exchange - unrealised	2,724	-	2,624	-
Interest Income	(151)	-	(151)	-
Income from short-term investment	(5)	-	(1)	-
Rental Income	(194)	-	(452)	-
Fair value gain on short-term investment	(4,991)	-	(6,424)	-
Gain on disposal of Investment properties	(503)	-	(503)	-
Gain on disposal of property, plant equipment	(6)	-	(60)	-
Gain on disposal of subsidiaries	(2,766)	-	(2,766)	-
Gain on foreign exchange - realised	458	-	(557)	-

12. Material Events Subsequent to the end of the interim year

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



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

13. Changes in the Composition of the Group

a. Incorporation of a new subsidiary in Signature Stone Solutions Sdn Bhd

On 9 February 2023, Space Alliance Contracts Sdn. Bhd. ("SACSB"), a 51% owned subsidiary of the Company had subscribed 60 ordinary shares in Signature Stone Solutions Sdn. Bhd. ("SSS"), representing 60% of the total issued share capital of SSS.

On 10 July 2023, SACSB had subscribed to an additional 3,540 ordinary shares in SSS, representing 60% of the total issued share capital of SSS.

Consequently, SSS remained as a direct 60%-owned subsidiary of SACSB and indirect 30.6%-owned of the Company.

b. New subsidiaries - Corten Interior Solutions Pte Ltd and Areal Interior Solutions Pte Ltd

The Company has on 3 November 2022 entered into the following conditional share sale agreements ("SSA") with Lim Leng Foo for the acquisition of 1,500,001 ordinary shares in Corten Interior Solutions Pte Ltd ("Corten"), representing 75.0% equity interest in Corten, for a total cash consideration of SGD45.00 million (equivalent to RM151.08 million) ("Proposed Acquisition of Corten").

The Company has on 3 November 2022 entered into the following conditional share sale agreements ("SSA") with Lim Leng Foo and Chua Wei Ping for the acquisition of 1,000,001 ordinary shares in Areal Interior Solutions Pte Ltd ("Areal"), representing the entire equity interest in Areal, for a total cash consideration of SGD2.80 million (equivalent to RM9.40 million) ("Proposed Acquisition of Areal").

The Company had on 17 May 2023 completed the Proposed Acquisitions of Corten and Areal.

The principal activity of Corten is mainly involved in design, manufacture and distribution of kitchen and wardrobe systems and interior-fit-outs.

The principal activity of Areal is mainly involved in fabrication and finishing of stone and metal products.

c. Acquisition of 45% equity interest in Zig Zag Builders (M) Sdn Bhd

The Company has on 5 April 2023 entered into a conditional share sale agreement with Foo Khai Shin to acquire 450,000 ordinary shares in Zig Zag Builders (M) Sdn Bhd ("ZZBSB"), representing 45% equity interest in ZZBSB, for a total cash consideration of RM13,050,000 only subject to the terms and conditions stated therein (the "Proposed Acquisition").

The Company had on 19 June 2023 completed the Proposed Acquisition.



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13. Changes in the Composition of the Group (Cont'd)

d. Disposal of entire equity in Signature Aluminium Sdn Bhd and 51% equity interest in Signature Façade Treatment Sdn Bhd

The Company has on 19 June 2023 entered into a share sale agreement with Fortune Greenbest Sdn. Bhd. for the purpose of disposing of its aluminium and façade segments. The proposed disposals entail the disposal of Signature Aluminium Sdn Bhd and Signature Façade Treatment Sdn Bhd for a total cash consideration of RM17,531,763.38 only (collectively referred to as the "Proposed Disposals"), subject to the terms and conditions stated therein (the "Proposed Disposals").

The Company had on 21 June 2023 completed the Proposed Disposals.

14. Changes in Contingent Assets or Contingent Liabilities

As at 30 June 2023, corporate guarantees extended to licensed banks for credit facilities granted to the subsidiaries as follows: -

	Company	
	Current Period	Preceding Period
	As At	As At
	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Corporate guarantee given to licensed banks for credit facilities granted to the subsidiaries	25,229	41,016
	<u>25,229</u>	<u>41,016</u>



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15. 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:

	Company	
	Current Period As At 30 Jun 2023 RM'000	Preceding Period As At 31 Dec 2022 RM'000
Approved and contracted for:-		
Purchase of property, plant and equipment	1,242	2,702
Purchase of investment properties	1,108	1,455
Investment in subsidiaries	-	140,847
Total capital commitments	2,350	145,004



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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD.

16. Review of Performance

- Current Quarter 3 months ended 30 June 2023

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

	Individual Period	
	Current Period Quarter Ended 30 Jun 2023 RM'000	Preceding Period Corresponding Quarter Ended 30 Jun 2022 RM'000
Revenue (External revenue)		
Design, Manufacture and Retail of Kitchen and Wardrobe Systems - Sign group	32,175	-
Design, Manufacture and Retail of Kitchen and Wardrobe Systems - Corten	79,702	-
Manufacture of Glass and Aluminium Products	14,393	-
Interior fit-out works	51,241	-
Others	47	-
	<hr/>	
	177,558	-
	<hr/>	
Profit/(Loss) Before Taxation		
Design, Manufacture and Retail of Kitchen and Wardrobe Systems - Sign group	2,060	-
Design, Manufacture and Retail of Kitchen and Wardrobe Systems - Corten	20,374	-
Manufacture of Glass and Aluminium Products	(1,785)	-
Interior fit-out works	2,874	-
Others	6,094	-
Eliminations	1,703	-
	<hr/>	
	31,320	-
	<hr/>	

There is no comparative for the financial quarter/ period ended 30 June 2023 due to change in the financial year end from 30 June to 31 December as stated in Note A3 of Explanatory Notes to the Unaudited Interim Financial Report. The Unaudited Condensed Consolidated Statement of Comprehensive Income for the financial quarter/period ended 30 June 2023 is not comparable with the individual and cumulative quarter previously reported.

The Group recorded a revenue of RM177.6 million in the current quarter under review. The revenue for the current quarter is mainly contributed from Kitchen and Wardrobe systems segment – Signature & Corten brand, Interior fit-out works segment and Glass and followed by Aluminum segment respectively.



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16. Review of Performance (Cont'd)

- Current Quarter 3 months ended 30 June 2023

The Group reported profit before taxation of RM31.3 million for the current quarter under review. Contribution mainly from new business unit - Kitchen and Wardrobe Segment - Corten, fair value gain on short term investment, and profit from interior fit-out works segment. However, Glass and Aluminium segment reporting loss before tax due to cost overrun / spike in projects material costs.

Kitchen and Wardrobe Systems – Signature brand

This segment recorded a revenue of RM32.2 million in the current quarter under review. This is mainly derived from project revenue.

This segment reported profit before taxation of RM2.1 million in the current quarter. This is mainly due to higher profit being recognized from projects.

Kitchen and Wardrobe Systems – Corten brand

Kitchen and Wardrobe Systems - Corten is the new business segment for the group since completion of acquisition.

This segment reported profit before taxation of RM20.4 million in the current quarter. This is mainly higher profit from the niche market / segment.

Glass and Aluminium Products

This segment recorded a revenue of RM14.4 million in the current quarter under review.

The segment reported loss before tax of RM1.8 million in the current quarter. This is due to certain projects in Glass and Aluminium segment reporting lower project margin due to cost overrun / spike in projects material costs.

Interior Fit-Out Works Segment

This segment recorded revenue of RM51.2 million and profit before tax of RM2.9 million for the current quarter.

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. The higher profit before tax arises from gain on investment of quoted shares.



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16. Review of Performance (Cont'd)

- Current Period 6 months ended 30 June 2023

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

	Cumulative Period	
	Current Period 30 Jun 2023 RM'000	Preceding Period 30 Jun 2022 RM'000
Revenue (External revenue)		
Design, Manufacture and Retail of Kitchen and Wardrobe Systems - Sign group	57,798	-
Design, Manufacture and Retail of Kitchen and Wardrobe Systems - Corten	79,702	-
Manufacture of Glass and Aluminium Products	32,734	-
Interior fit-out works	95,802	-
Others	81	-
	266,117	-
Profit/(Loss) Before Taxation		
Design, Manufacture and Retail of Kitchen and Wardrobe Systems - Sign group	3,525	-
Design, Manufacture and Retail of Kitchen and Wardrobe Systems - Corten	20,374	-
Manufacture of Glass and Aluminium Products	(3,051)	-
Interior fit-out works	5,085	-
Others	7,824	-
Eliminations	1,496	-
	35,253	-

The Group recorded a revenue of RM266.1 million in the current period to-date under review. The increase in revenue was mainly due to higher project revenue being recognized from interior fit out works segment, Kitchen and Wardrobe segment - Corten brand and followed by Kitchen and Wardrobe segment - Signature brand.

The Group reported profit before taxation of RM35.3 million in the current period to-date under review mainly due to higher profit from kitchen and wardrobe segment – Signature brand, Interior fit-out work segment, new business unit contribution from Kitchen and Wardrobe Systems – Corten, fair value gain on short term investment, and gain on disposal of properties.

Kitchen and Wardrobe Systems – Signature brand

This segment recorded a revenue of RM57.8 million in the current quarter under review. This is mainly derived from project revenue.

This segment reported profit before taxation of RM3.5 million in the current quarter. This is mainly due to higher profit being recognized from projects.



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16. Review of Performance (Cont'd)

- Current Period 6 months ended 30 June 2023

Kitchen and Wardrobe Systems – Corten brand

Kitchen and Wardrobe Systems - Corten is the new business segment for the group since completion of acquisition.

This segment recorded a revenue of RM79.7 million in the current quarter under review.

This segment reported profit before taxation of RM20.4 million in the current quarter. This is mainly due to higher profit being recognized from projects.

Glass and Aluminium Products

This segment recorded a revenue of RM32.7 million in the current quarter under review.

The segment reported loss before tax of RM3.1 million in the current quarter. This is due to certain projects in Glass and Aluminium segment reporting lower project margin due to cost overrun / spike in projects material costs.

Interior Fit-Out Works Segment

This segment recorded revenue of RM95.8 million and profit before tax of RM5.1 million for the current quarter.

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 and gain on investment of quoted shares.



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17. Commentary on Prospects and Target

With the Group's renewed focus on strategic partnerships, regional expansion and a whole-house approach to our products and solutions, Signature stands to benefit greatly from the growing industry space with the right fundamentals and business acumen. That said, the Group is well aware of the risk of global economic recession in the 2023 financial year which may combine both weaker economic growth and higher inflation in certain key global markets; these will have a knock-on effect on our local and regional marketplace with macroeconomic factors beyond the Group's control. Thus, we approach FY 2023 with the same caution and additional resilience with the lessons learned during the pandemic with a cautious optimism of continued growth.

The Group continues with key focus areas to increase the efficiency and value of the projects we deliver. The Group continues to see the project segment as fundamentally important in reshaping the business as we vertically integrate while providing greater autonomy for our talent pool and partners to tap on Signature's broader capabilities and expertise. Our strategy and transformation roadmap require continuous improvement and change, which is reflected in the company's motto of "Passion for Better Ways". With the support of our employees, partners and customers, to whom we are indebted for their support, the Group looks forward to an improved year ahead.

The Group has completed acquisition of Corten and Areal in May 2023. With this acquisition, the Group can expand its foothold to our neighbour country horizontally while tapping on the innovative kitchen and wardrobe systems ideas. In addition, such acquisition enables the Group to strengthen its scale of operations and derive synergetic benefits from the existing manufacturing facilities of both Corten and Areal.

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 June 2023, the Group order book stood at RM218 million for Kitchen and Wardrobe System (Signature brand), RM683 million for Kitchen and Wardrobe System (Corten brand), and RM147 million for Interior fit-out works. We are optimistic that the Group's revenue and profit will improve in this financial year based on the large number of order books on hand.

The Group 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.

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19. Taxation

	Individual Period		Cumulative Period	
	Current Period	Preceding Period	Current	Preceding
	Quarter Ended 30 Jun 2023 RM'000	Corresponding Quarter Ended 30 Jun 2022 RM'000	Period 30 Jun 2023 RM'000	Period 31 Dec 2022 RM'000
Current Tax Expense				
- Current Period	5,274	-	6,542	-
Total Income Tax Expense	5,274	-	6,542	-

The Group's effective tax rate for the quarter and year to-date was lower than statutory tax rate of 24% as contributions from foreign subsidiaries subject lower charge income tax rate.

20. Status of Corporate Proposals/Exercises

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

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Explanations if the deviation is 5% or more)
Proposed disposal of 3 pieces of vacant freehold lands located at Bandar Enstek				
i) Proposed of bank borrowings	10,558	10,558	within 6 months	-
ii) Working capital top purchase raw materials	27,520	27,520	within 24 months	-
iii) Purchase plant and machinery	14,943	12,974	within 36 months	-
iv) Estimate expenses for the Proposed Disposal	1,546	1,546	within 3 months	-
	54,567	52,598		

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Explanations if the deviation is 5% or more)
Proposed private placement				
i) Acquisition of subsidiary - Corten Interior Solutions Pte Ltd	59,400	59,400		



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22. Derivative financial instruments

As at 30 June 2023, 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 Jun 2023 RM'000	As at 31 Dec 2022 RM'000
Trade Receivables	126,738	76,501
Less: Allowance for Impairment	<u>(16,702)</u>	<u>(23,263)</u>
	<u>110,036</u>	<u>53,238</u>

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23. Trade Receivables (Cont'd)

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
Not past due	97,840	-	97,840
Past due:			
- less than 3 months	3,052	-	3,052
- 3 to 6 months	3,868	-	3,868
- over 6 months	21,978	(16,702)	5,276
	<u>126,738</u>	<u>(16,702)</u>	<u>110,036</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 are as follows:

	Cumulative Period	
	As at 31 Mar 2023 RM'000	As at 31 Dec 2022 RM'000
Non-current Secured		
Revolving credit	30,000	30,000
Term loans	<u>169,176</u>	<u>102,641</u>
	<u>199,176</u>	<u>132,641</u>
Current Secured		
Bank overdraft	4,093	4,688
Bankers' acceptance	20,222	29,291
Revolving credit	53,000	47,000
Term loans	<u>36,995</u>	<u>11,762</u>
	<u>114,310</u>	<u>92,741</u>
	<u>313,486</u>	<u>225,382</u>



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25. Material Litigation

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

26. Memorandum of Understanding (“MOU”)

a) *MOU between Signature Distribution Sdn. Bhd. (“SDSB”) with 8 Brand Partners*

SDSB, a wholly-owned subsidiary of the Company had on 20 May 2022, signed MOU with the following 8 brand partners to strengthen the strategic collaboration between SDSB and the brand partners by pooling their respective expertise to enhance the marketing and promotional activities for the purpose of providing home and living customised solutions:-

- (i) Samsung Malaysia Electronics (SME) Sdn. Bhd.;
- (ii) Syarikat Yoong Onn Sdn. Bhd.;
- (iii) Feruni Ceramiche Sdn. Bhd.;
- (iv) Rigel Technology (Malaysia) Sdn. Bhd.;
- (v) Intrix Lifestyle Sdn. Bhd.;
- (vi) Fernex Sdn. Bhd.;
- (vii) Crystalace Deco Sdn. Bhd.; and
- (viii) Teka Kuchentechnik (Malaysia) Sdn. Bhd.

To refer the details as per announcement dated 20 May 2022.

On 7 February 2023, SDSB had entered into an Agreement with Teka Kuchentechnik (Malaysia) Sdn. Bhd. (“Teka”) appointing SDSB as Teka Malaysia’s official “Authorised Dealer” to sell Teka kitchen products for the purpose of retail sales at the assigned sales area/ point of sales of SDSB in Malaysia.

Accordingly, the Agreement shall supersede the MOU entered with Teka on 20 May 2022. The Agreement shall come into force on 1 January 2023 and valid until 31 December 2023, unless terminated by the parties in accordance with the terms and conditions stated therein.

There has been no further material development since the announcement dated 29 May 2023.

27. Proposed Dividend

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

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28. Earnings per Share

(i) Basic EPS

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 30 Jun 2023 RM'000	Preceding Period Corresponding Quarter Ended 30 Jun 2022 RM'000	Current Period 30 Jun 2023 RM'000	Preceding Period 30 Jun 2022 RM'000
BASIC EARNINGS PER SHARE				
Profit for the year attributable to ordinary equity holders of the Company	20,657	-	22,820	-
Weighted average number of ordinary shares in issue ('000)	629,291	-	457,821	-
Basic Earnings per Share (sen)	3.3	-	5.0	-

(ii) Diluted EPS

Diluted EPS

	Individual Period		Cumulative Period	
	Current Period Quarter Ended 30 Jun 2023 RM'000	Preceding Period Corresponding Quarter Ended 30 Jun 2022 RM'000	Current Period 30 Jun 2023 RM'000	Preceding Period 30 Jun 2022 RM'000
DILUTED EARNINGS PER SHARE				
Profit for the year attributable to ordinary equity holders of the Company	20,657	-	22,820	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	629,291	-	457,821	-
Diluted Earnings per Share (sen)	3.3	-	5.0	-

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 period ended 31 December 2022 were not subject to any qualification.

30. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Board on 28 August 2023.