

CHEETAH HOLDINGS BERHAD (430404-H)

NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2008

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH FINANCIAL REPORTING STANDARD (FRS) 134, INTERIM FINANCIAL REPORTING

1. Basis of Preparation and Consolidation

The interim financial report is unaudited and has been prepared in accordance with FRS 134 (previously known as MASB 26), Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirement.

The Group's policy is to adopt the acquisition method of accounting as the basis of consolidation. Under the acquisition method of accounting, the results of subsidiary companies acquired are to be included in the consolidated income statements from the effective date of acquisition.

The excess of the fair value of the net tangible assets of subsidiary companies at the effective date of acquisition over the purchase consideration is included in the consolidated balance sheet as reserve on consolidation.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2007.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS"), where applicable to the Group, effective for the financial period beginning 1 July 2007:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 117	Leases
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs do not result in significant changes in accounting policies of the Group except for the following:

FRS 117 Leases

Prior to adoption of FRS 117, the Group recognised leasehold land as property, plant and equipment at cost less accumulated depreciation and any impairment losses. Under the revised FRS 117, leasehold land is treated as operating lease unless the title will be passed to the lessee at the end of the lease term. With the adoption of the revised FRS 117, the unamortised carrying amount of leasehold land is now classified as a separate item within non-current assets in the balance sheets as prepaid lease payments and amortised over the period of its remaining lease term of 79 years.

The change has no impact on the income statements for the current and prior years other than the change in presentation of the balance sheets as mentioned above.

FRS 124 Related Party Disclosures

FRS 124 requires the disclosure of the compensation of key management personnel and the identification of related parties and some other related party disclosure.

3. Preceding Audited Financial Statements

The audited financial statements of the Group for the preceding year ended 30 June 2007 were not qualified.

4. Seasonal or Cyclical Factors

The Group's business operation is mainly in product designing, product development, marketing and retailing of sports apparel and accessories and casual wear under its own brand names. It is subject to seasonal or cyclical factors where local festivals, school holidays and carnival sales will generally have an impact on its performance.

5. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income, or cash flow of the Group for the quarter or the financial period-to-date.

6. Changes In Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current or previous financial years which have any material effect in the current interim period.

7. Changes in Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellation , shares held as treasury shares or resale of treasury shares during the current quarter under review.

8. Dividend

There was no dividend paid during the current quarter under review.

9. Segmental Information

The Group is principally engaged in product designing, product development, marketing and retailing of sports apparel and accessories and casual wear under its own brand names. Hence, segmental information is not presented as there are no significant business segments other than the retailing business.

10. Valuation of Property, Plant and Equipment

The property, plant and equipment are carried at cost less accumulated depreciation and no valuation is done for the financial year ended 30 June 2008.

11. Subsequent Events

There is no material event subsequent to the end of the current quarter, which has not been reflected in the financial statements for the current period.

12. Changes In The Composition of The Group

There were no changes in the composition of the Group during the quarter under review including business composition, acquisition or disposal of any subsidiaries or long term investments, restructuring or discontinued operations.

13. Capital Commitments

The amount of capital commitments as at 30 June 2008 is as follows :-

	<u>RM '000</u>
Authorised and contracted for Properties under construction	4,917

14. Contingent Liabilities

	Quarter Ended 30/06/2008 RM '000	Audited Financial Year Ended 30/06/2007 RM '000
Corporate guarantee given to banks to secure banking facilities granted to subsidiaries	31,600	31,600

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NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 30 JUNE 2008

PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

1. Review of Performance of the Group

The Group recorded a revenue of RM 22.79 million for the current quarter under review, an increase of RM5.30 million as compared to RM 17.49 million posted in the corresponding quarter of last year. On top with the additional 2 new international labels and sub-range from our organic brand, and as a result of more promotions and new counters, the Group recorded for the financial year ended 30 June 2008 a cumulative revenue of RM103.34 million, RM 14.67 million higher from the last year's cumulative revenue of RM 88.67 million..

The Group recorded a Profit After Tax of RM 1.51 million in the current quarter under review. The cumulative Profit After Tax of 12 months was RM 10.07 million, an increase of RM 0.20 million as compared to RM 9.87 million as posted in the previous corresponding period. Despite of the challenging environment, the Group manages to achieve a satisfactory performance for the year.

2. Material Changes in the Profit Before Tax As Compared to the Immediate Preceding Quarter

For the current quarter ended 30 June 2008, the Group posted a Profit Before Tax of RM 1.54 million, RM 1.26 million lower than the immediate preceding quarter of RM 2.80 million.

The decrease in Profit Before Tax was in tandem with the decrease in revenue during the current quarter under review. Higher revenue in the immediate preceding quarter was due to the Chinese New Year Festive Season. The Group's business is subject to major festive seasonal fluctuations in the domestic retail market.

3. (a) **Prospects**

Taking into consideration the general market sentiments and soft global economy, the local retail market will be more challenging and competitive for the coming financial year .

The Group will continue to build on its core strength by improving the quality of the merchandise offered, expanding its sourcing and consolidating its distribution network. Greater emphasis will also be put into controlling costs and managing its resources better.

Barring any unforeseen circumstances, the Board of Directors is cautiously confident that the Group will continue its positive performance in the next financial year.

(b) **Progress on Internal Revenue Expectation**

The Company has by the year ended 30 June 2008 posted a cumulative revenue of RM103.34 million, RM 4.64 million (4.7%) above the internal revenue projection of RM98.7 million .

4. **Prospect on Internal Revenue Expectation**

Given the encouraging revenue achieved for year ended 30 June 2008, the Directors are of the opinion that the internal revenue projection of RM 108.9 million for the year ending 30 June 2009 is likely to be achieved.

5. **Variance from Profit Forecast and Profit Guarantee**

Not applicable.

6. **Taxation**

The breakdown of taxation is as follows :-

	<u>Current Quarter</u> RM '000	<u>Year-to-date</u> RM '000
Current year taxation	404	3,152
Deferred Tax	(371)	-
	----- 33	----- 3,152

7. Sales of Unquoted Investments and/or properties

There were no sales of unquoted investments and/or properties during the current quarter under review.

8. Quoted Securities

There were no purchases and disposals of quoted securities for the current quarter.

9. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this quarterly report.

10. Group Borrowings and Debt Securities

The Group's borrowings as at the end of the current quarter are as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short-term borrowing	1,412	8,474	9,886
Long-term borrowing	1,927	-	1,927
	3,339	8,487	11,813

There was no debt securities issued in the financial year ended 30 June 2008.

11. Financial Instruments With off Balance Sheet Risks

There are no financial instruments with off balance sheet risks as at the date of this quarterly report.

12. Material Litigation

There is no litigation of a material nature against the Group as at the date of this quarterly report.

13. Proposed Dividend

The Board of Directors has recommended a first and final dividend of 5.6% less 25% of income tax in respect of the financial year ended 30 June 2008 which is subject to the shareholders' approval at the forthcoming Annual General Meeting. The closure of books to determine shareholders' entitlement and the payment date of the final dividend will be announced at a later date.

14. Earnings Per Share

(i) Basic Earnings Per Share

The basic earnings per share of the Group are calculated by dividing the net profit attributable to shareholders for the period by the weighted average number of ordinary shares in issue during the period.

	Current Year Quarter Ended 30/06/2008	Preceding Year Corresponding Quarter 30/06/2007
Net profit attributable to shareholders (RM '000) <i>Weighted average number of ordinary shares of RM 0.50 each in issue ('000)</i>	1,506	1,296
Weighted average number of ordinary shares in issue	127,496	81,588
Shares repurchased	-	-
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	127,496	81,588
Basic earnings per share (sen)	1.18	1.59

(ii) Diluted Earnings Per Share

The diluted earnings per share of the Group has been calculated by dividing the net profit attributable to shareholders for the period by the weighted average number of ordinary shares in issue during the period.

	Current Year Quarter Ended 30/06/2008	Preceding Year Corresponding Quarter 30/06/2007
Net profit attributable to shareholders (RM '000)	1,506	1,296
<i>Weighted average number of ordinary shares Of RM 0.50 each in issue ('000)</i>		
Weighted average number of ordinary shares in issue (basic)	127,496	81,588
Shares repurchased	-	
Effect of unexercised ESOS	1,447	1,376
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	128,943	82,964
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Diluted earnings per share (sen)	1.17	1.56