

# **CHEETAH HOLDINGS BERHAD (430404-H)**

## **NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 2008.

#### **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 2008 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 2008 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 September 2008 is as follows :-

	<u>RM '000</u>
Authorised and contracted for Property under construction	2,843

**14. Contingent Liabilities**

	Quarter Ended 30/09/2008 RM '000	Audited Financial Year Ended 30/06/2008 RM '000
Corporate guarantee given to banks to secure banking facilities granted to subsidiaries	31,600	31,600

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#### **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 40.15 million for the current quarter under review, an increase of RM15.63 million as compared to RM 24.52 million posted in the corresponding quarter of last year. The increase of 64 % in revenue was mainly due to higher sales achieved during Mega Sales and peak Hari Raya festive season 2008 Sales being captured in this quarter, which was not so captured in the corresponding quarter of last year. Hence, the current quarter experienced a relatively higher Hari Raya sales as compared to the corresponding quarter of last year.

The Group's Profit Before Tax increased to RM8.1 million from RM3.0 million in the previous corresponding quarter in tandem with the higher revenue generated.

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

For the current quarter ended 30 September 2008, the Group posted a Profit Before Tax of RM 8.1 million, which is RM 6.56 million or 426 % higher than that of the immediate preceding quarter of RM 1.54 million.

Revenue for current quarter was RM40.15 million , which is RM 17.36 million or 76% higher than that of the immediate preceding quarter of RM 22.79 million due to peak Hari Raya Sales captured in this current quarter.

##### **3. (a) Current Year Prospects**

Taking into consideration the current financial meltdown in the global financial system and credit crisis affecting every economy in the world, the local retail market will be more challenging and competitive for the current financial year.

However, the Group will continue to build on its core strengths by improving on the quality of its merchandise, expanding and improving 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 current financial year.

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

The Company has by the first quarter ended 30 September 2008 posted a revenue of RM40.15 million and the efforts made so far are showing progress towards achieving its internal revenue projection of RM108.90 million for the current year ending 30 June 2009.

4. **Prospect on Internal Revenue Expectation**

Given the encouraging revenue achieved for first quarter ended 30 September 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	2,027	2,027
Deferred Tax	-	-
	----- 2,027	----- 2,027

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:-

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term borrowing	1,412	14,428	15,840
Long-term borrowing	3,745	-	3,745
	5,157	14,428	19,585

There was no debt securities issued in the financial period ended 30 September 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**

No interim dividend has been declared for the current quarter under review.

## 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.

	<b>Current Year Quarter Ended 30/09/2008</b>	<b>Preceding Year Corresponding Quarter 30/09/2007</b>
Net profit attributable to shareholders (RM '000) <i>Weighted average number of ordinary shares of RM 0.50 each in issue ('000)</i>	6,121	2,196
Weighted average number of ordinary shares in issue	127,589	93,314
Shares repurchased	-	-
	----- 127,589	----- 93,314
Basic earnings per share (sen)	4.80	2.35



## (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.

	<b>Current Year Quarter Ended 30/09/2008</b>	<b>Preceding Year Corresponding Quarter 30/09/2007</b>
Net profit attributable to shareholders (RM '000)	6,121	2,196
<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)	127,589	93,314
Shares repurchased	-	-
Effect of unexercised ESOS	1,447	1,946
	----- 129,036 -----	----- 95,260 -----
Diluted earnings per share (sen)	4.74	2.30