

CHEETAH HOLDINGS BERHAD (430404-H)

NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2009

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 Bursa Malaysia Securities Berhad Listing Requirements.

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

During the current financial period, the Group and the Company adopted all of the revised Financial Reporting Standards ("FRS"), Amendments and Issue Committee Interpretations ("IC Interpretation") issued by MASB that are relevant to their operations and effective for periods beginning on or after 1 July 2008 as follows:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretations 8	Scope of FRS 2

The adoption of these revised FRSs, Amendments and Interpretations did not result in substantial changes to the Group's and the Company's accounting policies and does not have any material financial effect on the financial statements of the Group and of the Company for the current and prior financial years.

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 2009.

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.

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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 23.53 million for the current quarter under review, an increase of RM0.74 million or 3% as compared to RM 22.79 million posted in the corresponding quarter of last year.

The Group recorded for the financial year ended 30 June 2009 a cumulative revenue of RM118.56 million, RM15.22 million higher than that of the last year's cumulative revenue of RM103.34 million due to sales growth of international brands (GQ and Ladybird) and organic growth of our house brands.

The Group's Profit Before Tax increased to RM2.50 million from RM1.54 million in the previous corresponding quarter, due to better inventory cost control.

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

For the current quarter ended 30 June 2009, the Group posted a Profit Before Tax of RM 2.50 million, which is RM 0.31 million or 11 % lower than that of the immediate preceding quarter of RM 2.81 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. The Group's business is subject to major festive seasonal fluctuations in the domestic retail market.

3. (a) Prospects

Recovery in global economy still very uncertain in 2010, the local retail market will be more challenging and competitive for the next financial year. However, the Group is hopeful that current fiscal stimulus packages

introduced by the Government will stimulate local demand for the Group's products.

Barring any unforeseen circumstances, the Board of Directors is cautiously confident that the Group will still continue register a satisfactory growth in the next financial year.

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

The Company has for the year ended 30 June 2009 posted a cumulative revenue of RM118.56 million, RM9.66 million (8.87%) above the internal revenue projection of RM108.90 million.

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

Not applicable.

5. **Taxation**

The breakdown of taxation is as follows :-

	<u>Current Quarter</u> RM '000	<u>Year-to-date</u> RM '000
Current year taxation	596	3,911
Overprovision in prior year	(298)	-
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	296	3,911
	=====	=====

6. **Sales of Unquoted Investments and/or properties**

For the current quarter under review, Cheetah Realty Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement dated 24 June 2009 with a third party for the disposal of a leasehold land together with a double storey semi-detached factory erected thereon ("Property") for a total cash consideration of RM5,028,000. The said disposal of Property is expected to be completed within one year from the date of the Sale and Purchase Agreement. Accordingly, the said Property has been classified as non-current asset held for sale.

7. Quoted Securities

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

8. Status of Corporate Proposals

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

9. 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	1,594	11,287	12,881
Long-term borrowing	3,503	-	3,503
	5,097	11,287	16,384

There was no debt securities issued in the quarter ended 30 June 2009.

10. 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.

11. Material Litigation

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

12. Proposed Dividend

The Board of Directors has recommended a first and final dividend of 3 sen per ordinary share less income tax in respect of the financial year ended 30 June 2009 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.

13. 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 30/06/2009	Preceding Year Corresponding Quarter 30/06/2008
Net profit attributable to shareholders (RM '000)	2,201	859
<i>Weighted average number of ordinary shares of RM 0.50 each in issue ('000)</i>	====	===
Weighted average number of ordinary shares in issue	127,589	127,496
Shares repurchased	-	-
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	127,589	127,496
	=====	=====
Basic earnings per share (sen)	1.72	0.67

(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 30/06/2009	Preceding Year Corresponding Quarter 30/06/2008
Net profit attributable to shareholders (RM '000)	<u>2,201</u>	<u>859</u>
<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	127,496
Shares repurchased	-	-
Effect of unexercised ESOS	1,392	1,447
	<u>128,981</u>	<u>128,943</u>
Diluted earnings per share (sen)	1.71	0.67