

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

## **NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011**

### **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, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad.

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 statement from the effective date of acquisition.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2011.

#### **2. Changes in Accounting Policies**

During the current financial period, the Group adopted the following Financial Reporting Standards (“FRS”) and IC Interpretations issued by MASB that are relevant to their operations and effective for periods beginning on or after 1 July 2011.

##### **FRSs and Interpretations**

FRS 3	Business Combinations (revised in 2010)**
FRS 5	Non-current Asset Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary)**
FRS 7	Financial Instruments : Disclosures*
FRS 7	Financial Instruments : Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets – effective date and transition)*
FRS 7	Financial Instruments : Disclosures (Amendments relating to improving disclosures about financial instruments)***
FRS 101	Presentation of Financial Statements (revised in 2009)*
FRS 123	Borrowing Costs (revised)*
FRS 127	Consolidated and Separate Financial Statements (Amendments to relating cost of an investment in a subsidiary, jointly controlled entity or associate)*

FRS 127	Consolidated and Separate Financial Statements (revised in 2010)**
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from FRS 3)**
FRS 139	Financial Instruments : Recognition and Measurement*
FRS 139	Financial Instruments : Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets – effective date and transition, embedded derivatives and revised FRS 3 and revised FRS 127) *

Improvement to FRSs (2009)\*

IC Int 9	Reassessment of Embedded Derivatives*
IC Int 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)*
IC Int 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Int 9 and revised FRS 3)**
IC Int 10	Interim Financial Reporting and Impairment*

At the date of the authorisation of these interim financial statements, the following FRSs, Amendments to FRS and Issue Committee Interpretations (“IC Int”) were issued but not yet effective and have not been applied by the Group:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First-time Adopters)***
FRS 2	Share Based Payment (Amendments relating to group cash – settled share –based payment transactions)
IC Int 15	Agreements for the Construction of Real Estate**
IC Int 18	Transfers of Assets from Customers

- \* Effective for annual periods beginning on or after 1 January 2010
- \*\* Effective for annual periods beginning on or after 1 July 2010
- \*\*\* Effective for annual periods beginning on or after 1 January 2011
- \*\*\*\* Effective for annual periods beginning on or after 1 March 2010
- \*\*\*\*\* Applies to transfers of assets from customers received on or after 1 January 2011
- \*\*\*\*\* Effective for annual periods beginning on or after 1 January 2012

The adoption of the above FRSs and Interpretations upon their effective dates are not expected to have significant impact on the interim financial statements of the Group.

**3. Preceding Audited Financial Statements**

The audited financial statements of the Group for the preceding year ended 30 June 2011 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 2011.

**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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### **NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011**

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

1. Review of Performance of the Group

The Group recorded a revenue of RM38.49 million for the current quarter under review, an increase of RM0.50 million or 1.32% as compared to RM37.99 million posted in the corresponding quarter of last year.

The Group's Profit Before Tax decreased by RM1.22 million or 18.45% from RM6.61 million in the previous quarter to RM5.39 million for the current quarter due to higher operating cost.

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

For the current quarter ended 30 September 2011, the Group posted a Profit Before Tax of RM5.39 million, which is RM2.59 million or 92.50% higher than that of the immediate preceding quarter of RM2.80 million.

Revenue for current quarter was RM38.49 million, which is RM12.10 million or 45.85% higher than that of the immediate preceding quarter of RM26.39 million due to Hari Raya Sales captured in this current quarter.

The Group's business is subject to major seasonal festive fluctuations in the domestic retail market.

3. Prospects

We expect the local retail market to remain challenging and competitive for the next financial year.

Despite an increasing challenging business environment, the Board of Directors expects the Group to achieve satisfactory performance in current financial year.

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

Not applicable.

5. **Taxation**

The breakdown of taxation is as follows :-

	<b>Current Quarter</b>	<b>Year – to –Date</b>
	RM'000	RM'000
Current quarter taxation	1,330	1,330
	<b>1,330</b>	<b>1,330</b>

Income tax rate is calculated at the statutory rate of 25% of the taxable profit for the period.

6. **Sale of Unquoted Investments and / or Properties**

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

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:-

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term borrowing	1,749	5,798	7,547
Long-term borrowing	147	-	147
	<b>1,896</b>	<b>5,798</b>	<b>7,694</b>

There was no debt securities issued in the quarter ended 30 September 2011.

**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**

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

### 13. Earnings Per Share

The basic earnings per share of the Group is 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 30/09/2011</b>	<b>Preceding Year Corresponding Quarter 30/09/2010</b>
Net profit attributable to shareholders (RM '000) <i>Weighted average number of ordinary shares of RM 0.50 each in issue ('000)</i>	4,060	4,960
Weighted average number of ordinary shares In issue	127,621 -	127,621 -
Shares repurchased	-	-
	----- 127,621 =====	----- 127,621 =====
Basic earnings per share (sen)	3.18	3.89

### 14. **Realised And Unrealised Retained Earnings**

	Group as at 30/09/2011 (RM'000)
Total retained earnings	
- Realised	92,791
- Unrealised	(1,400)
Less: consolidation adjustments	(41,544)
Add: capital reserve	1,264
Total group reserve as per consolidated accounts	<b>51,111</b>