

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

### **NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014**

#### **PART A – PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 -INTERIM FINANCIAL REPORTING**

##### **A1. Basis of Preparation and Consolidation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (MFRS) 134: Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2013.

The interim financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

##### **Application of new and revised Malaysian Financial Reporting Standards**

In the current financial period ended 30 June 2014, the Group applied all the new and revised MFRSs and Issues Committee Interpretations (IC Interpretations) and amendments to MFRSs and IC Interpretations issued by the Malaysian Accounting Standards Board (MASB) that are mandatorily effective for annual financial periods beginning on or after 1 July 2013.

MFRS 3 Business Combinations

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 Employee Benefits (revised)

MFRS 127 Consolidated and Separate Financial Statements (revised)

MFRS 128 Investments in Associates and Joint Ventures (revised)

Amendments to MFRS 1 First-time Adoption of MFRS - Government Loans

Amendments to MFRS 7 Financial Instruments: Disclosure of Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10 Consolidated Financial Statements: Transition Guidance

Amendments to MFRS 11 Joint Arrangements: Transition Guidance

Amendments to MFRS 12 Disclosure of Interests in Other Entities: Transition Guidance

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

Annual Improvements to MFRSs 2009 - 2011 Cycle (issued in July 2012)

The Directors anticipate that the adoption of the abovementioned Standards did not have any material impact on the financial statements of the Group.

### **Standards and IC Interpretations in issue but not yet effective**

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Group is as listed below:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)<sup>1</sup>

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)<sup>1</sup>

MFRS 9 Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)<sup>1</sup>

IC Int. 21 Levies<sup>2</sup>

Amendments to MFRS 9 and MFRS 7 Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures<sup>1</sup>

Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities<sup>2</sup>

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions<sup>3</sup>

Amendments to MFRS 132 Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)<sup>2</sup>

Amendments to MFRS 136 Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)<sup>2</sup>

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)<sup>2</sup>

Annual Improvements to MFRSs 2010 - 2012 Cycle<sup>3</sup> (issued in February 2014)

Annual Improvements to MFRSs 2011 - 2013 Cycle<sup>3</sup> (issued in February 2014)

<sup>1</sup> The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2014

Where applicable, the Directors anticipate that the abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

## **A2. Preceding Audited Financial Statements**

The audited financial statements of the Group for the preceding year ended 30 June 2013 were not qualified.

## **A3. 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.

## **A4. 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.

**A5. 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.

**A6. Changes in Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities during the quarter under review.

**A7. Dividend**

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

**A8. 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.

**A9. 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 2014.

**A10. 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.

**A.11 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.

## CHEETAH HOLDINGS BERHAD (430404-H)

### NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

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

##### **B1. Review of Performance of the Group**

The Group recorded a revenue of RM30.55 million for the current quarter under review, an increase of RM4.82 million or 18.73% as compared to RM25.73 million as recorded in the previous year corresponding quarter.

Profit before taxation for the current quarter decreased from RM2.95 million to RM0.60 million as compared to the previous year corresponding quarter. The decrease in profit before tax was due to stock provision of RM0.48 million, obsolete fixed assets written off of RM0.68 million, decrease of RM0.40 million in income on investment and tighter margin on sales promotion in the current quarter under review.

The cumulative revenue for the year ended 30 June 2014 was RM130.39 million, RM3.05 million or 2.40 % higher than that of the cumulative revenue of RM127.34 million in the previous corresponding twelve month period. The slight increase was due to sales promotion.

The cumulative Profit Before Tax for the year ended 30 June 2014 was RM9.41 million, RM3.52 million or 27.22% lower than that of the cumulative Profit Before Tax of RM12.93 million in previous corresponding twelve month period. The decrease in profit was due to higher operating costs such as minimum wages in the current year.

##### **B2. Material Changes in the Profit Before Tax As Compared to the Immediate Preceding Quarter**

The comparison of this quarter's results with the preceding quarter is set out below.

	<b>Current Quarter</b>	<b>Preceding Quarter</b>	<b>Variance</b>
Period ended	30.06.2014	31.03.2014	
	(RM000)	(RM000)	(RM000)
Revenue	30,546	31,759	(1,213)
Profit Before Tax	602	1,619	(1,017)

Revenue for current quarter was RM30.55 million, which is RM1.21 million or 3.81% lower than that of the immediate preceding quarter of RM31.76 million due

to Chinese New Year Festive Sales being recorded early in the immediate preceding quarter ended 31 March 2014.

For the current quarter ended 30 June 2014, the Group posted a Profit Before Tax of RM0.60 million, which is RM1.02 million or 62.96% lower than that of the immediate preceding quarter of RM1.62 million. The decrease in profit before tax was due to stock provision of RM0.48 million, obsolete fixed assets written off of RM0.68 million, a decrease of RM0.40 million in income on investment and with tighter margin on sales promotion in the current quarter under review.

**B3. Prospects**

We foresee the local retail apparel market becoming more competitive and challenging in the next financial year. However, the Company will focus on inventories management and control coupled with intensive sales promotion in order to maintain a satisfactory performance in the next financial year.

**B4. Variance from Profit Forecast and Profit Guarantee**

Not applicable.

**B5. Taxation**

The breakdown of taxation is as follows:-

	<b>Current Quarter</b>	<b>Year – to –Date</b>
	RMø000	RMø000
Current quarter taxation	135	2,349
<b>Total</b>	<b>135</b>	<b>2,349</b>

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

**B6. Status of Corporate Proposals**

There were no corporate proposals as at the date of this quarterly report.

**B7. Details of treasury shares**

As at the end of the reporting period, the status of share buy-back is as follows:-

	<b>Current Quarter</b>	<b>Accumulated Total</b>
Description of shares purchased	Ordinary Share	Ordinary Share
Number of shares purchased	-	5,905,200
Number of shares cancelled	-	-
Number of shares held as treasury shares	-	5,905,200
Number of treasury shares resold	-	-

**B8. Group Borrowings and Debt Securities**

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

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Short-term borrowings	-	6,377	6,377
Hire Purchase Payables	299	-	299
	<b>299</b>	<b>6,377</b>	<b>6,676</b>

There was no debt securities issued in the quarter ended 30 June 2014.

**B9. Material Litigation**

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

**B10. Proposed Dividend**

The Board of Directors has recommended a first and final single tier dividend of 1.25 sen per ordinary share of RM0.50 each in respect of the financial year ended 30 June 2014 which is subject to shareholders' approval at the forthcoming Annual General Meeting. The closure of books to determine shareholders' entitlement and the payment date of the first and final single tier dividend will be announced at a later date.

**B11. 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 30/06/2014</b>	<b>Preceding Year Corresponding Quarter 30/06/2013</b>
Net profit attributable to shareholders (RM :000) <i>Weighted average number of ordinary shares of RM 0.50 each in issue ('000)</i>	467	2,054
Weighted average number of ordinary shares (:000)	121,905	123,078
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Basic earnings per share (sen)	0.39	1.67
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**B12. Realised And Unrealised Retained Earnings**

	Group as at 30/06/2014 (RM000)
Total retained earnings	
- Realised	110,160
- Unrealised	(1,044)
Less: consolidation adjustments	(41,695)
Total group reserves as per consolidated accounts	<b>67,421</b>



**B13. Profit Before Taxation**

	<b>Current Year Quarter Ended 30.06.2014 RM'000</b>	<b>12 Months Cumulative to Date 30.06.2014 RM'000</b>
Profit Before Tax is arrived at after charging /(crediting):-		
Amortisation of prepaid lease payment	8	33
Depreciation of property, plant and equipment	774	3,089
Net gain on disposal of property ,plant & equipment	-	405
Bad debt written off	4	4
Interest income	(221)	(909)
Finance cost	121	285
Realised gain on foreign exchange	(182)	(182)
Unrealised gain in foreign exchange	(31)	(31)
Property , plants & equipment written off	675	675
Inventories written off / (written back)	(14)	2,749
Provision for slowing moving inventories	180	180
Inventories written down to net realisable value	311	311