

CHEETAH HOLDINGS BERHAD (430404-H)

NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2015

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

A1. Basis of Preparation and Consolidation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board (“MASB”) 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 2014. 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 2014.

Adoption of new and revised Malaysian Financial Reporting Standards

In the financial ended 30 June 2015, the Group adopted all the new and revised MFRSs and Issues Committee Interpretations (“IC Interpretations”) and amendments to MFRSs issued by the MASB which became effective for annual financial periods beginning on or after 1 July 2014.

Amendments to MFRS 10, MFRS 12 and MFRS 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements -Investment Entities
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Amendments to MFRS 132	Financial Instruments : Presentation -Offsetting Financial Assets and Financial Liabilities
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Amendments to MFRS 136	Impairment of Assets -Recoverable Amount Disclosure for Non- Financial Assets
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Amendments to MFRS 139	Financial Instruments : Recognition and Measurement -Novation of Derivatives and Continuation of Hedge Accounting
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IC Int. 21

Levies

Amendments to MFRSs	Annual Improvements to MFRSs 2010 – 2012 Cycle
Amendments to MFRSs	Annual Improvements to MFRSs 2011 – 2013 Cycle
Amendments to MFRS 119	Defined Benefit Plan -Employee Contributions

The adoption of the abovementioned Standards and IC Interpretations did not have any material impact on the financial statements of the Group.

Standards and IC Interpretations in issue but not yet effective

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an investor and its Associate or Joint Venture ¹
Amendments to MFRS 10 , MFRS 12 and MFRS 128	Investment Entities : Applying the Consolidation Exception ¹
Amendments to MFRS 11	Accounting for Acquisition of Interests In Joint Operations ¹
Amendments to MFRS 101	Disclosure Initiative ¹
Amendments to MFRS 116	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to MFRS 116	Agriculture : Bearer Plants ¹
Amendments to MFRS 127	Equity Method in Separate Financial Statement ¹
Amendments to MFRSs	Annual Improvement to MFRSs 2012 to 2014 Cycle ¹
MFRS 15	Revenue from Contracts with Customers ²
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) ³
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) ³
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 (IFRS as issued by IASB in November 2009 and October 2010) and Transition Disclosure ³

MFERS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 8 and MFRS 139) ³
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014) ³

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

The Directors anticipate that the abovementioned Standards will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards 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 2014 were not qualified.

A3. Seasonal or Cyclical Factors

The Group's business operations are 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.

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NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2015

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 RM28.56 million for the current quarter under review, a decrease of RM1.99 million or 6.51 % as compared to RM30.55 million recorded in the previous year corresponding quarter.

Profit Before Taxation for the current quarter was RM2.20 million, comprising operating profit of RM0.74 million and a write back of provision for stock no longer required of RM2.01 million net of impairment of RM0.55 million as compared to RM0.60 million recorded in the previous year corresponding quarter.

The cumulative revenue for the year ended 30 June 2015 was RM128.82 million, RM1.57 million or 1.20 % lower than that of the cumulative revenue of RM130.39 million in the previous corresponding twelve month period. The decrease in revenue was due to soft consumer sentiment.

The cumulative Profit Before Tax for the year ended 30 June 2015 was RM3.84 million, RM5.57 million or 59.19% lower than that of the cumulative Profit Before Tax of RM9.41 million in previous corresponding twelve month period. The decrease in profit was due to lower margins, soft consumer sentiment coupled with higher operating costs.

To address the soft consumer sentiment, large scale sales promotional campaigns were carried out and margins were sacrificed where monetizing stocks held a higher priority under current market conditions and this led to lower inventory levels and an increase in cash and cash equivalents.

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.

	Current Quarter	Preceding Quarter	Variance
Period ended	30.06.2015	31.03.2015	
	(RM'000)	(RM'000)	(RM'000)
Revenue	28,562	33,009	(4,447)
Profit / (Loss) Before Tax	2,200	(1,348)	N/A

Revenue for current quarter was RM28.56 million, which is RM4.45 million or 13.48 % lower than that of the immediate preceding quarter of RM33.01 million, this was due to consumer sentiment in the current quarter under review.

For the current quarter ended 30 June 2015, the Group posted a Profit Before Tax of RM 2.20 million, an increase of RM3.55 million as compared to the immediate preceding quarter Loss Before tax of RM1.35 million, The profit was mainly due to provision of stock loss of RM1.46 million no longer required.

B3. Prospects

The operating environment is currently tough and very competitive posing another challenging year ahead. The Company is taking steps to introduce new brand and product lines, control/reduce costs, monetize stocks and sacrifice margins when necessary to maintain market share in the next fiscal year.

B4. Variance from Profit Forecast and Profit Guarantee

Not applicable.

B5. Taxation

The breakdown of taxation is as follows:-

	Current Quarter	Year – to –Date
	RM'000	RM'000
Current quarter taxation	659	1140
Prior Year Tax Under Provided	120	120
Tax Refund	-	(49)
Total	779	1,211

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:-

	Current Quarter	Accumulated Total
Description of shares purchased	Ordinary Share	Ordinary Share
Number of shares purchased	-	8,262,600
Number of shares cancelled	-	-
Number of shares held as treasury shares	-	8,262,600
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:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings	-	1,853	1,853
Hire Purchase Payables	226	-	226
	226	1,853	2,079

There was no debt securities issued in the quarter ended 30 June 2015.

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 0.75 sen per ordinary share of RM0.50 each in respect of the financial year ended 30 June 2015 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.

	Current Year Quarter Ended 30/06/2015	Preceding Year Corresponding Quarter 30/06/2014
Net profit attributable to shareholders (RM '000) <i>Weighted average number of ordinary shares of RM 0.50 each in issue ('000)</i>	1,421	467
Weighted average number of ordinary shares ('000)	120,482	121,905
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Basic earnings per share (sen)	1.18	0.39
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B12. Realised And Unrealised Retained Earnings

	Group as at 30/06/2015 (RM'000)
Total retained earnings	
- Realised	109,964
- Unrealised	(1,000)
Less: consolidation adjustments	(41,695)
Total group reserves as per consolidated accounts	68,532

B13. Profit Before Taxation

	Current Year Quarter Ended 30.06.2015 RM'000	12 Months Cumulative to Date 30.06.2015 RM'000
Profit Before Tax is arrived at after charging /(crediting):-		
Amortisation of prepaid lease payment	8	33
Depreciation of property, plant and equipment	970	3,307
Net gain on disposal of property ,plant & equipment	-	-
Interest income	(190)	(671)
Finance cost	63	189
Property , plants & equipment written off	40	219
Provision for Inventories written off	-	2,011
Write back of provision for inventories written off	(2,011)	-
Inventories Written Off	553	1,340
Allowance of slow moving inventories no longer required	(133)	(133)
Allowance of Inventories written down to Net Realisable value no longer required.	(119)	(119)