

CHEETAH HOLDINGS BERHAD (430404-H)

NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

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 2017. 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 year ended 30 June 2017.

New and Revised Standards and Amendments in issue but not yet effective

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

MFRS 9	Financial Instruments ¹
MFRS 15	Revenue from Contracts with Customers (and the Related Clarifications) ¹
MFRS 16	Leases ²
MFRS 17	Insurance Contracts ³
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts ¹
Amendments to MFRS 9	Prepayment Features with Negative Compensation ²
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement ²
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures ²
Amendments to MFRS 140	Transfers of Investment Property ¹
Amendments to MFRS	Annual Improvement to MFRSs 2014 - 2016 Cycle ¹ Annual Improvement to MFRSs 2015 - 2017 Cycle ²
IC Interpretations 22	Foreign Currency Transactions and Advance Consideration ¹
IC Interpretations 23	Uncertainty over Income Tax Treatments ²

¹ Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

² Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

³ Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that abovementioned Standards, Amendments 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, Amendments and IC Interpretations will have no material impact on the financial statements of the Group in the period of initial application except for MFRS 9, MFRS 15 and MFRS 16. The directors of the Group anticipate that the application of the MFRS 9, MFRS 15 and MFRS 16 on the future may have an impact on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of the abovementioned standards until the Group performs a detailed review.

A2. Preceding Audited Financial Statements

The audited financial statements of the Group for the preceding year ended 30 June 2017 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 2017.

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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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 RM37.14 million for the current quarter under review, a decrease of RM2.67 million or 6.71% as compared to RM39.81 million recorded in the previous year corresponding quarter. The decrease in revenue was due to softer demand for Hari Raya festive season as compared to that in the previous corresponding quarter.

Profit Before Tax for the current quarter was RM6.90 million, an increase of RM1.18 million or 20.63% as compared to RM5.72 million recorded in the previous year corresponding quarter. The better performance was due to increase in margin coupled with saving in operating expenses and better management of inventories, this marking a strong turnaround from the losses that the Group suffered in the last 3 quarters.

The cumulative Revenue for the year ended 30 June 2018 was RM116.96 million , an decrease of RM8.74 million or 6.95% as compared to RM125.70 million in the prior year, this was due to unfavorable retail market condition in the current financial year.

The cumulative Profit Before Tax for the year ended 30 June 2018 was RM1.66 million, RM1.12 million or 40.27% lower than that of the cumulative Profit Before Tax of RM2.78 million in previous corresponding twelve month period. The drop in Profit Before Tax is in tandem with the drop in Revenue.

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	30.06.2018	31.03.2018	
	(RM'000)	(RM'000)	(RM'000)
Revenue	37,142	27,859	9,283
Profit/(Loss) Before Tax	6,899	(3,317)	10,216

Revenue for current quarter was RM37.14 million, which is RM9.28 million or 33.31% higher than that of the immediate preceding quarter of RM27.86 million as Hari Raya Festive Sales being fully captured in current quarter under review.

For the current quarter ended 30 June 2018, the Group posted a Profit before tax of RM6.90 million, compared to the immediate preceding quarter Loss before tax of RM3.32 million. The significantly positive turnaround was due to Hari Raya Festive Sales being fully captured in the current quarter under review, increase in margin coupled with saving in operating expenses and better management of inventories.

B3. Prospects

Despite an anticipated unfavorable retail market condition, the Company will strive to continue to sustain or improve on its positive performance in next financial year by continuing, trimming down direct costs, reviewing unprofitable consignment counters as well as profitable counters with a view to sustaining positive results and at the same time monetizing inventories.

B4. Variance from Profit Forecast and Profit Guarantee

Not applicable.

B5. Taxation

The breakdown of taxation is as follows:-

	Current Quarter	Year – to –Date
Tax (Over)Provision :	RM'000	RM'000
Current	833	1,146
Tax Refund	(516)	(516)
Total	317	630

The Group's effective tax rate for the current quarter and current financial year is higher than the statutory rate of 24% due to certain expenses and provisions which are not deductible for tax purposes.

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	Nil	12,761,300
Number of shares cancelled	Nil	Nil
Number of shares held as treasury shares	Nil	Nil
Number of treasury shares resold	Nil	Nil

B8. Group Borrowings and Debt Securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings	-	874	874
Hire purchase payables	-	-	-
Bank Overdraft	-	-	-
	-	874	874

There were no debt securities issued as at 30 June 2018.

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 0.4 sen per ordinary share in respect of the financial year ended 30 June 2018 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	Preceding Year Corresponding Quarter Ended
	30/06/2018	30/06/2017
Net profit (Loss) attributable to shareholders (RM'000)	6,582	5,110
<i>Weighted average number of ordinary shares of RM0.50 each in issue ('000)</i>		
Weighted average number of ordinary shares ('000)	115,358	117,230
Basic earnings (loss) per share (sen)	5.69	4.36

B12. Realised And Unrealised Retained Earnings

	Group as at 30/06/2018 (RM'000)
Total retained earnings (loss)	
- Realised	113,490
- Unrealised	(639)
Less: consolidation adjustments	(41,695)
Total Group retained earnings as per consolidated accounts	71,156

B13. Profit before taxation

	Current Year Quarter Ended 30.06.2018 RM'000	12 Months Cumulative to Date 30.06.2018 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Amortisation of prepaid lease payments	8	33
Depreciation of property, plant and equipment	763	3,118
Depreciation of investment properties	4	16
Property, plants and equipment written off	90	548
Provision for inventories written off / (Provision for inventories written off no longer required)	(530)	1,464
Provision for slow moving inventories / (Provision for slow moving inventories no longer required)	29	100
Inventories written down / (Inventories write down no longer required)	60	324
Interest income	(285)	(780)
Finance costs	47	197