

## CHEETAH HOLDINGS BERHAD (430404-H)

### NOTES TO THE QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 2018. 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 2018.

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

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

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

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

<sup>4</sup> 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 Company 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 2018 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 2018.

**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 FIRST QUARTER ENDED 30 SEPTEMBER 2018  
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 RM19.45 million for the current quarter under review, a decrease of RM1.26 million or 6.08% as compared to RM20.71 million recorded in the previous year corresponding quarter. The decrease in revenue was due to the current competitive retail market in the current quarter under review as compared to previous year corresponding quarter.

Loss Before Tax for the current quarter was RM3.38 million, an increase in loss of RM0.97 million or 40.25% as compared to Loss Before Tax of RM2.41 million as recorded in the previous year corresponding quarter. The increase in Loss Before Tax was due to mark downs on clearance of specific stock items.

**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	30.09.2018	30.06.2018	
	(RM'000)	(RM'000)	(RM'000)
Revenue	19,454	37,142	17,688
Profit/(Loss) Before Tax	(3,379)	6,899	(10,278)

Revenue for current quarter was RM19.45 million, which is RM17.69 million or 47.63% lower than that of the immediate preceding quarter of RM37.14 million as Hari Raya Festive Sales was fully captured in immediate preceding quarter.

For the current quarter ended 30 September 2018, the Group posted a Loss before tax of RM3.38 million, compared to the immediate preceding quarter Profit before tax of RM6.90 million. The loss in the current quarter under review was due to mark downs on clearance of specific stock items as compared to positive performance in immediate preceding quarter under review due to Hari Raya Festive Sales being fully captured and better margins.

**B3. Prospects**

Despite the challenging retail market conditions, the Company will strive to achieve a positive performance in the current financial year by exploring more on concept stores and online retailing, trimming down direct costs and continue reviewing unprofitable consignment counters as well as profitable counters with a view to achieving positive results.

**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>
Tax (Over)Provision :	RM'000	RM'000
Current	-	-
Tax Refund	-	-
<b>Total</b>	<b>NIL</b>	<b>NIL</b>

No tax provision was made for current quarter under review as the company was in a tax loss position.

**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	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

The Company will not continue its share buy back program at the moment as the treasury shares now stand at 9.9% of the company's issued shares, the maximum allowed being 10.0%.

**B8. Group Borrowings and Debt Securities**

The Group's borrowings as at the end of the current quarter is 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 borrowings	-	250	250
Hire purchase payables	-	-	-
Bank Overdraft		824	824
	-	<b>1,074</b>	<b>1,074</b>

There were no debt securities issued as at 30 September 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**

No dividend has been declared or recommended for payment by the Company for the current quarter under review.

**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</b>	<b>Preceding Year Corresponding Quarter Ended</b>
	30/09/2018	30/09/2017
Net profit (Loss) attributable to shareholders (RM'000)	(3,379)	(2,744)
<i>Weighted average number of ordinary shares of RM0.50 each in issue ('000)</i>		
Weighted average number of ordinary shares ('000)	116,973	116,812
Basic earnings (loss) per share (sen)	<b>(2.89)</b>	<b>(2.35)</b>

**B12. Profit before taxation**

	<b>Current Year Quarter Ended 30.09.2018 RM'000</b>	<b>3 Months Cumulative to Date 30.09.2018 RM'000</b>
Profit before tax is arrived at after charging/(crediting):-		
Amortisation of prepaid lease payments	8	8
Depreciation of property, plant and equipment	677	677
Depreciation of investment properties	17	17
Property, plants and equipment written off	59	59
Provision for inventories written off / (Provision for inventories written off no longer required)	243	243
Provision for slow moving inventories / (Provision for slow moving inventories no longer required)	53	53
Inventories written down / (Inventories write down no longer required)	372	372
Interest income	(293)	(293)
Finance costs	5	5