



VERSATILE CREATIVE BERHAD
(Company No. : 603770-D)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2006
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30/9/06	30/9/05	30/9/06	30/9/05
	RM '000	RM '000	RM '000	RM '000
Revenue	17,057	17,048	50,769	49,936
Cost of Sales	(13,900)	(13,979)	(42,322)	(40,798)
Gross Profit	3,157	3,069	8,447	9,138
Other Operating Expenses	(2,626)	(2,499)	(8,840)	(7,593)
Other Income	697	39	1,255	131
Operating Results	1,228	609	862	1,676
Interest Income	6	21	20	48
Financing Costs	(831)	(651)	(2,242)	(1,970)
Profit/(Loss) before Taxation	403	(21)	(1,360)	(246)
Tax Expense	(19)	(59)	(50)	(262)
Profit/(Loss) for the period	384	(80)	(1,410)	(508)
Earnings/(Loss) per share - Basic (sen)	0.35	(0.07)	(1.27)	(0.46)
Earnings/(Loss) per share - Diluted (sen)	NA	NA	NA	NA



VERSATILE CREATIVE BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2006
(The figures have not been audited)

	As at 30/9/2006 RM '000	As at 31/12/2005 RM '000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	45,066	48,111
Prepaid Interest in Leased Land	1,542	1,562
Goodwill on Consolidation	29,770	29,770
Other Investments	39,924	33,993
	<u>116,302</u>	<u>113,436</u>
Current Assets		
Inventories	7,957	5,928
Trade Receivables	21,345	22,896
Other Receivables, deposits and prepayments	2,415	1,578
Tax Recoverable	828	568
Fixed deposits with licensed banks and a financial institution	565	552
Cash and Bank Balances	687	2,331
	<u>33,797</u>	<u>33,853</u>
Total Assets	<u>150,099</u>	<u>147,289</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	110,643	110,643
Accumulated Losses	(25,846)	(24,436)
Reserves	3,000	3,000
Total Equity	<u>87,797</u>	<u>89,207</u>
LIABILITIES		
Non-Current Liabilities		
Term Loans (Secured)	13,768	17,015
Hire Purchase Creditors	586	1,463
Deferred Taxation	5,647	5,647
	<u>20,001</u>	<u>24,125</u>
Current Liabilities		
Trade Payables	5,866	6,230
Other Payables and Accruals	9,268	3,678
Borrowings	21,579	17,849
Term Loans (Secured)	4,050	4,350
Hire Purchase Creditors	1,538	1,850
	<u>42,301</u>	<u>33,957</u>
Total Liabilities	62,302	58,082
Total Equity and Liabilities	<u>150,099</u>	<u>147,289</u>
Net Assets per share (RM)	<u>0.7935</u>	<u>0.8063</u>



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2006
(The figures have not been audited)

	Period Ended 30/9/2006 RM '000	Period Ended 30/09/2005 RM '000
Cash Flows From Operating Activities		
Net cash generated from operating activities	7,120	3,814
Cash Flows from Investing Activities		
Net cash used in investing activities	(6,931)	(988)
Cash Flows from Financing Activities		
Net cash used in financing activities	(2,890)	(3,480)
Net Change in Cash & Cash Equivalents	<u>(2,701)</u>	<u>(654)</u>
Cash & cash equivalents at beginning of the period	(345)	(934)
Cash & cash equivalents at end of the period	<u><u>(3,046)</u></u>	<u><u>(1,588)</u></u>
Cash and cash equivalents included in the cash flow statement comprises:		
Cash and Bank Balances	687	2,421
Bank Overdrafts	<u>(3,733)</u>	<u>(4,009)</u>
	<u><u>(3,046)</u></u>	<u><u>(1,588)</u></u>



VERSATILE CREATIVE BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2006

(The figures have not been audited)

	Share Capital RM '000	Non-Distributable Capital Redemption Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
At 1 January 2006	110,643	3,000	(24,436)	89,207
Net loss for the period	-	-	(1,410)	(1,410)
At 30 September 2006	110,643	3,000	(25,846)	87,797
At 1 January 2005	110,643	3,000	(24,401)	89,242
Net loss for the period	-	-	(508)	(508)
At 30 September 2005	110,643	3,000	(24,909)	88,734



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2006**

A. DISCLOSURE REQUIREMENTS AS PER FRS 134

Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The quarterly financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2005.

Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of a total of 20 new/revised Financial Reporting Standards and other interpretations (herein thereafter referred as FRSs) effective for the financial statements commencing 1 January 2006 for 18 FRSs and 1 October 2006 for 2 FRSs.

The Group has decided for early adoption of the 2 new/revised FRSs for the financial period beginning 1 October 2006.

The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are discussed below:

a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets
The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortization. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, for more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognized in profit or loss and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortised over its estimated useful life of not more than 25 years. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. The transitional provisions of FRS 3, however, have required the Group to eliminate at 1 January 2006 the carrying amount of the accumulated amortization of RM2,941,540 against the carrying amount of goodwill. The carrying amount of goodwill as at 1 January 2006 of RM29,770,596 ceased to be amortised. This has the effect of reducing the amortization charges by RM339,409 in the current quarter and RM1,018,227 in the financial period ended 30 September 2006.

b) FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments for the leasehold land represents prepaid interest in leased land and are amortised on a straight-line basis over the lease term. Prior to 1



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2006**

January 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 January 2006, the unamortized amount of leasehold land is retained as the carrying amount of prepaid interest in leased land. The reclassification of leasehold land as prepaid interest in leased land has been accounted for retrospectively and the comparative amounts as at 31 December 2005 have been restated, as follows:-

	As restated	As previously stated
	RM'000	RM'000
Property, Plant and Equipment	48,111	49,673
Prepaid Interest in Leased Land	1,562	-

Audit Report Qualification and Status of Matters Raised

The annual audited financial statements of the Group for the year ended 31 December 2005 were not subject to any qualifications.

Seasonal or Cyclical Nature of Operations

The Group operates in three main business segments which can be affected by seasonal and cyclical factors of operations.

Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter.

Changes in Estimates

There were no significant changes in the estimates which give a material effect for the current quarter.

Valuation of property, plant and equipment

Land and buildings have been brought forward, without amendment from the audited financial statements for the financial year ended 31 December 2005.

Changes in Debt and Equity Securities

There were no issuance and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares or resale of treasury shares for the current interim financial period under review.



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2006**

Dividends Paid

There were no dividends paid in the current interim period under review.

Material Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the end of the current interim period that have not been reflected in the financial statements for the said period as at the date of this report.

Changes in the Composition of the Group

There were no other changes in the composition of the Group for the current quarter under review.

Segment Information

Segmental information for the financial period ended 30 September 2006.

	Paper products 2006 RM'000	Plastic products 2006 RM'000	Colour Separation & Printing 2006 RM'000	Others 2006 RM'000	Elimination 2006 RM'000	Consolidated 2006 RM'000
Business Segments						
Revenue from external customers	16,747	22,837	11,185	-	-	50,769
Inter-segment revenue	174	-	95	-	(269)	-
Total revenue	16,921	22,837	11,280	-	(269)	50,769
Operating Results	86	1,198	253	(657)	(18)	862
Interest Income						20
Financing Costs						(2,242)
Loss before Taxation						(1,360)
Tax Expense						(50)
Net loss for the period						(1,410)



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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2006**

Segmental information for the financial period ended 30 September 2005.

	Paper products 2005 RM'000	Plastic products 2005 RM'000	Colour Separation & Printing 2005 RM'000	Others 2005 RM'000	Elimination 2005 RM'000	Consolidated 2005 RM'000
Business Segments						
Revenue from external customers	16,363	22,604	10,865	104	-	49,936
Inter-segment revenue	242	-	48	-	(290)	-
Total revenue	16,605	22,604	10,913	104	(290)	49,936
Operating Results	801	2,240	238	(585)	(1,018)	1,676
Interest Income						48
Financing Costs						(1,970)
Loss before Taxation						(246)
Tax Expense						(262)
Net loss for the period						(508)

Changes in Contingent Liabilities

At the date of this report, there were no contingent liabilities in respect of the Group.

Inventories

There was an allowance made on inventories for obsolescence amounting to RM171,920 for the current financial period to date.

Provision for Warranties

There was no provision for warranties for the current financial period to date.



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2006**

Changes in Tax Rate (Estimates)

This note is not applicable.

Capital Commitments

At the date of this report, the capital commitments of the Group are as follow: -

	2006
	RM'000
Property, plant and equipment – Approved but not contract for	2,501
	=====

Related Party Transactions

Significant transactions with related parties in the financial statements are as follows:-

	Current Quarter
	Ended 30/9/2006
	RM'000
With a company in which Encik Shahabuddin bin Abdullah @ Lee Seng Pun, a Director, has interests :-	
DI Print Solutions Sdn Bhd	
Sales	1,569
Purchases	(80)
	=====

These transactions have been entered into in the normal course of business and have been established on terms, which are not more favorable than to third parties.



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2006**

B. Additional information required by the Bursa Malaysia's Listing Requirements

Review of Performance

For the quarter ended 30 September 2006, the Group recorded a revenue of RM17.057 million compared to RM17.048 million in 2005 and a profit before taxation of RM403,000 compared to a loss before taxation of RM21,000 in 2005. Despite making an allowance for doubtful debts and inventories obsolescence, the profit for the third quarter ended 30 September 2006 compared to the loss for quarter ended 30 September 2005, was mainly due to gain from the disposal of quoted securities and no amortization of goodwill in quarter ended 30 September 2006.

Variation of Results against Immediate Preceding Quarter

The Group's revenue for the current quarter amounted to RM17.057 million as compared to RM18.141 million in the second quarter ended 30 June 2006. A profit before taxation of RM403,000 was achieved in the current quarter compared to a loss before taxation of RM548,000 in the immediate preceding quarter, mainly due to the disposal of quoted securities and lower allowances made for doubtful debts and inventories obsolescence, in the current quarter.

Prospects

The packaging and printing businesses continue to experience intense competition and the Directors expect the coming quarters to remain challenging. Nevertheless, continual efforts will be made to improve revenue and minimise overall costs.

Profit Forecast

This is not applicable.

Tax expense

	Quarter ended 30/9/2006	Quarter ended 30/9/2005	Period ended 30/9/2006	Period ended 30/9/2005
	RM'000	RM'000	RM'000	RM'000
Taxation for the quarter/period	19	59	50	153
Deferred Taxation for the quarter/period	-	-	-	109
	<u>19</u>	<u>59</u>	<u>50</u>	<u>262</u>

The effective tax rate was higher mainly because no group tax relief was available and certain expenses were not allowable for tax deduction.



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2006**

Disposal of Unquoted Investments or Properties

There were no disposals of unquoted investments or properties included in the results of the Group for the current quarter.

Quoted Securities

**Current quarter and financial period ended
30/9/2006
RM'000**

Sales proceed	217
Less: Purchase consideration	-
Gain from disposal of quoted securities	<u>217</u>

There was no purchase of quoted securities for the current quarter.

**30/9/2006
RM'000**

Quoted shares	
At cost	<u>37,924</u>
At market value	<u>30,492</u>

Status of Corporate Proposals Announced

There were no corporate proposals announced during the quarter under review.

Borrowing and Debt Securities (Excluding Term Loans and Hire Purchase Creditors)

(a) Group borrowings as at the end of the reporting period were as follows:-

	30/9/2006 RM'000
<i>Secured</i>	
Borrowings	15,984
Bank Overdrafts	3,450
	<u>19,434</u>



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2006**

<i>Unsecured</i>	
Borrowings	1,862
Bank Overdrafts	283
	2,145
Total Borrowings	<u>21,579</u>

(b) The above borrowings are denominated in Ringgit Malaysia. There are no foreign currencies borrowings.

Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments for the current quarter and financial period to date.

Changes in Material Litigation

As at the date of the report, the Company was not involved in any material litigation.

Dividends

The Board of Directors does not recommend any dividends for the current financial quarter.

Loss per share - Basic

Basic loss per share is calculated by dividing the Group's net loss for the period of RM1,409,786 by the number of ordinary shares in issue during the period of 110,643,081.