

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(The figures have not been audited)

30th Sep 2012

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30.09.2012 RM '000	Quarter Ended 30.09.2011 RM '000	Period Ended 30.09.2012 RM '000	Period Ended 30.09.2011 RM '000
Revenue	16,562	13,693	44,376	41,849
Cost of Sales	(14,562)	(12,438)	(38,550)	(37,112)
<b>Gross Profit</b>	<b>2,001</b>	<b>1,255</b>	<b>5,826</b>	<b>4,737</b>
Other Income	68	705	978	764
Other Operating Expenses	(2,108)	(2,603)	(5,971)	(6,306)
Operating Results	(39)	(643)	833	(805)
Interest Income	6	5	17	15
Finance Costs	(505)	(515)	(1,492)	(1,531)
Non Operating Expenses	-	(1,138)	-	(1,138)
<b>(Loss)/Profit Before Taxation</b>	<b>(538)</b>	<b>(2,291)</b>	<b>(642)</b>	<b>(3,458)</b>
Taxation	-	(6)	-	(6)
(Loss)/Profit after taxation before minority interests	(538)	(2,297)	(642)	(3,465)
Minority interests	-	-	-	-
(Loss)/Profit for the period	(538)	(2,297)	(642)	(3,465)
<b>(Losses)/Earnings per Share - Basic (sen)</b>	<b>(0.49)</b>	<b>(2.08)</b>	<b>(0.58)</b>	<b>(3.13)</b>
<b>Losses per Share - Diluted (sen)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

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(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(The figures have not been audited)

30th Sep 2012

	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	27,363	29,834
Intangible Asset	16,136	16,136
Prepaid Interest in Leased Land	1,379	1,399
Other Investments	19,343	17,636
	<u>64,222</u>	<u>65,006</u>
<b>Current Assets</b>		
Receivables, Deposits and Prepayments	18,912	14,130
Inventories	8,847	6,867
Current Tax Assets	22	86
Other Investment held for Sale	2,149	1,960
Cash and Cash Equivalents	2,233	1,709
	<u>32,163</u>	<u>24,752</u>
<b>Total Assets</b>	<u>96,385</u>	<u>89,758</u>

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

(The figures have not been audited)

	30th Sep 2012	
	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	110,643	110,643
Capital Redemption Reserve	3,000	3,000
Accumulated Losses	(65,137)	(58,863)
Net Profit / (Loss) for the Year	(642)	(6,274)
Fair Value Reserves	1,831	124
<b>Total Equity</b>	<b>49,695</b>	<b>48,630</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Loan and Borrowings	2,913	4,059
Deferred Taxation	2,485	2,485
	<b>5,399</b>	<b>6,545</b>
<b>Current Liabilities</b>		
Payables and Accruals	17,600	11,705
Loan and Borrowings	23,692	22,878
	<b>41,291</b>	<b>34,583</b>
<b>Total Liabilities</b>	<b>46,690</b>	<b>41,128</b>
<b>Total Equity and Liabilities</b>	<b>96,385</b>	<b>89,758</b>
<b>Net Assets per share (RM)</b>	<b>0.45</b>	<b>0.44</b>

( The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011)

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW****(The figures have not been audited)**

	<b>Period Ended 30.09.2012 RM'000</b>	<b>Period Ended 31.12.2011 RM'000</b>
<b>CASHFLOW FROM OPERATING ACTIVITIES:</b>		
<b>Loss before taxation</b>	<b>(642)</b>	<b>(5,854)</b>
<b><u>Adjustment for:</u></b>		
Bad debts recovered	(3)	(34)
Amortisation of prepaid lease payments	20	27
Depreciation of property, plant and equipment	3,066	4,785
(Gain) / loss on disposal of property, plant and equipment	(206)	(90)
Impairment loss on trade and other receivables	1	457
Impairment loss on goodwill	-	2,634
Net fair value (gain) / loss on other investments	(190)	(63)
Unrealised loss on foreign exchange	-	8
Interest income	(17)	(13)
Interest expense	1,166	2,028
Dividend received	-	(563)
	<b>3,195</b>	<b>3,324</b>
<b><u>Changes in working capital:</u></b>		
Inventories	(1,979)	2,123
Receivables, deposits and prepayments	(4,779)	(297)
Payables and accruals	5,968	884
<b>Cash flow after working capital changes</b>	<b>2,405</b>	<b>6,034</b>
Interest received	17	13
Interest paid	(233)	(984)
Tax refund	67	-
Tax paid	(76)	(48)
<b>Net operating cash flows</b>	<b>2,181</b>	<b>5,015</b>
<b><u>CASHFLOW FROM INVESTING ACTIVITIES:</u></b>		
Acquisition of property, plant and equipment	(636)	(591)
Fixed deposit pledged to a licensed bank	(11)	(18)
Proceeds from disposal of property, plant and equipment	382	105
Divident received	-	563
	<b>(264)</b>	<b>60</b>

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (Continued)****(The figures have not been audited)**

	<b>Period Ended 30.09.2012 RM'000</b>	<b>Period Ended 31.12.2011 RM'000</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES:</b>		
(Repayment) from loans and borrowings	1,986	(2,234)
(Repayment)/ proceeds from hire purchase liabilities	(2,505)	(1,383)
Interest paid	(934)	(1,044)
Net financing cash flows	<u>(1,452)</u>	<u>(4,662)</u>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>464</b>	<b>413</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>(3,580)</b>	<b>(3,993)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u><u>(3,116)</u></u>	<u><u>(3,580)</u></u>

Analysis of Cash &amp; Cash Equivalents:

	<u>RM</u>	<u>RM</u>
Cash and bank balances	1,548	1,034
Fixed Deposit	685	675
Less: Fixed deposit pledged to a licensed bank	(685)	(675)
Bank overdraft	(4,664)	(4,614)
	<u><u>(3,116)</u></u>	<u><u>(3,580)</u></u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2011)*

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(The figures have not been audited)

	Non-Distributable				
	Share Capital RM '000	Capital Redemption Reserve RM '000	Fair value Adjustment Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
At 01st January 2011	110,643	3,000	(445)	(58,863)	54,335
Total comprehensive income for the period	-	-	569	(6,274)	(5,705)
<b>At 31st December 2011</b>	<b>110,643</b>	<b>3,000</b>	<b>124</b>	<b>(65,137)</b>	<b>48,630</b>
At 01st January 2012	110,643	3,000	124	(65,137)	48,630
Total comprehensive income for the period	-	-	1,707	(642)	1,065
<b>At 30th September 2012</b>	<b>110,643</b>	<b>3,000</b>	<b>1,831</b>	<b>(65,779)</b>	<b>49,695</b>



## VERSATILE CREATIVE BERHAD

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### UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

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#### NOTES TO QUARTERLY FINANCIAL REPORT

##### 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 2011.

###### Changes in Accounting Policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2011, except for Adoption of New and Revised FRSs, IC Interpretations and Amendments with the effect from 1 January 2011.

On 1 January 2011, the Group adopted the following new and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”)

- (a) Adoption of Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Ints:-

###### Revised FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

###### Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 138	Intangible Assets



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FRS 139 Financial Instruments : Recognition and Measurement

#### New IC Int

IC Int 4 Determining Whether an Arrangement contains a Lease

IC Int 12 Service Concession Arrangements

IC Int 16 Hedges of a Net Investment in a Foreign Operation

IC Int 17 Distribution of Non-cash Assets to Owners

IC Int 18 Transfers of Assets from Customers

#### Amendments to IC Int

IC Int 9 Reassessment of Embedded Derivatives

IC Int 13 Customer Loyalty Programmes

The application of the above FRSs, Amendments to FRSs and interpretations did not result in any significant changes in the accounting policies and the presentation of the financial results of the Group.

#### **Audit Report Qualification and Status of Matters Raised**

The annual audited financial statements of the Group for the year ended 31 December 2011 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 2011.





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**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 year under review.

**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 changes in the composition of the Group for the current quarter under review.

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012****Segment Information**

Segmental information for the financial period ended

30th Sep 2012

<b>Business Segments</b>	<b>Paper products Q3 2012 RM'000</b>	<b>Plastic products Q3 2012 RM'000</b>	<b>Colour Separation &amp; Printing Q3 2012 RM'000</b>	<b>Others Q3 2012 RM'000</b>	<b>Elimination Q3 2012 RM'000</b>	<b>Consolidated Q3 2012 RM'000</b>
Revenue from external customers	19,160	18,654	6,562	-	-	44,376
Inter-segment revenue			19	461	(480)	-
<b>Total revenue</b>	<b>19,160</b>	<b>18,654</b>	<b>6,581</b>	<b>461</b>	<b>(480)</b>	<b>44,376</b>
<b>Operating results</b>	<b>1,164</b>	<b>131</b>	<b>-</b>	<b>(462)</b>	<b>-</b>	<b>833</b>
Interest income						17
Finance costs						(1,492)
<b>Net loss for the period</b>						<b>(642)</b>
Taxation						-
<b>Loss after taxation</b>						<b>(642)</b>

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

Business Segments	30th Sep 2011					Consolidated Q3 2011 RM'000
	Paper products Q3 2011 RM'000	Plastic products Q3 2011 RM'000	Colour Separation & Printing Q3 2011 RM'000	Others Q3 2011 RM'000	Elimination Q3 2011 RM'000	
Revenue from external customers	18,674	17,883	5,305	-	-	41,861
Inter-segment revenue		-	10	442	(463)	(11)
Total revenue	<u>18,674</u>	<u>17,883</u>	<u>5,314</u>	<u>442</u>	<u>(463)</u>	<u>41,849</u>
<b>Operating results</b>	<u>173</u>	<u>(783)</u>	<u>125</u>	<u>(320)</u>	<u>-</u>	(805)
Interest income						15
Finance costs						(1,531)
Non Operating Expenses						<u>(1,138)</u>
Loss before taxation						(3,458)
Taxation						(6)
<b>Loss after taxation</b>						<u><b>(3,465)</b></u>

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**Profit / (Loss) Before Tax**

Included in the profit / (loss) before tax are the following items:

	Quarter ended		9 months cumulative to date	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Bad debts recovered	-	-	(3)	-
(Gain) / loss on disposal of property, plant and equipment	(19)	(32)	(206)	(85)
Net fair value (gain) / loss on other investments	-	126	(190)	126
Interest income	(6)	(5)	(17)	(15)
Amortisation of prepaid lease payments	7	7	20	20
Depreciation of property, plant and equipment	1,000	1,210	3,066	3,632
Impairment (gain) / loss on trade and other receivables	-	(23)	1	353
Interest expense	315	312	1,166	1,320

**Changes in Contingent Liabilities**

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

**Inventories**

Recovery for slow-moving stocks RM100, 999 in the current financial period.

**Provision for Warranties**

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

**Changes in Tax Rate (Estimates)**

This note is not applicable.



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**Capital Commitments**

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

	<b>30.09.2012</b>
	RM'000
Property, plant and equipment – Approved but not contracted for	<u>12,416</u>

**Related Party Transactions**

There were no significant related party transactions in the current financial period.



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

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

**Review of Performance (Q3 2012 vs Q3 2011)**

For the third quarter ended 30 September, 2012, the Group recorded total revenue of RM16.6 million compared to RM13.7 million in the corresponding third quarter in the year 2011, an increase of 21%, attributable to gains posted from all segments. The Group posted a loss before taxation of RM0.5 million versus a loss of RM2.3 million in the same period in the year 2011.

For the nine months ended 30 September, 2012, the Group recorded total revenue of RM44.4 million compared to RM41.8 million in the corresponding period in the year 2011, an increase of 6.0%. The Group posted a loss before taxation of RM0.6 million as compared to a loss of RM3.5 million in 2011 attributable to higher revenue and improved margins in the current period and a one-time fair value adjustment due to the adoption of FRS 139 standard in the corresponding period in 2011.

**Variation of Results against Immediate Preceding Quarter (Q3 2012 vs Q2 2012)**

The Group recorded total revenue of RM16.6 million in the third quarter as compared to RM15.0 million in the second quarter ended 30 June 2012, an increase of 10% attributable to gains posted from all segments.

The Group recorded a loss before taxation of RM 0.5 million in the current quarter compared to a profit before taxation of RM 0.2 million in the preceding quarter. A decrease in margins in the Plastic segment combined with a lower Other Income contribution accounted for the decrease in profitability in the current quarter compared to the previous quarter.

**Prospects**

The global economic environment remained challenging in 2012. Growth in the advanced economies were uneven – while the US economy showed improvements, other advanced economies continued to register weak growth. The Malaysian economy grew by 5.2% in Q3 2012 as compared to 5.6% in Q2 2012, driven by domestic demand. The Group's improvement in performance in the first nine months of the year has mirrored that of the economy. While the packaging and printing business continued to be competitive, the Group has registered some success in developing new businesses outside its traditional markets. The Group expects the performance to be satisfactory for the rest of the year. The Group will continue to maintain its efforts to identify new market opportunities and continue to identify areas to improve efficiency and reduce costs.

**Profit Forecast**

This is not applicable.

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**Taxation**

	<b>Quarter ended 30/09/2012 RM'000</b>	<b>Quarter ended 30/09/2011 RM'000</b>	<b>Period ended 30/09/2012 RM'000</b>	<b>Period ended 30/09/2011 RM'000</b>
Taxation for the quarter/period	-	-	-	-
Under/ (over) provision in prior year	-	6	-	6
Deferred Taxation for the quarter/period	-	-	-	-
	-	6	-	6

**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.

**Status of Corporate Proposals Announced**

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

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
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(a) Group borrowings as at the reporting quarter were as follows :-

	<b>30.09.2012</b>
	RM'000
<i>Secured</i>	
Borrowings	16,959
Term Loan	3,090
Hire Purchases Creditors	1,892
Bank Overdrafts	4,664
	26,605
Total Borrowings	<u><u>26,605</u></u>

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

**Realised and Unrealised Profit or Losses**

The accumulated losses as at 30 September 2012 and 31 December 2011 are analyzed as follows:-

	<b>As At End of Current Quarter 30.09.2012 RM'000</b>	<b>As At End of Preceding year end 31.12.2011 RM'000</b>
Total accumulated losses of the Company & subsidiaries :-		
-Realised	(80,242)	(82,451)
-Unrealised	(2,485)	(2,493)
	<u>(82,727)</u>	<u>(84,944)</u>
Less: Consolidation adjustments	16,948	19,807
Total accumulated losses as per consolidated account	<u><u>(65,779)</u></u>	<u><u>(65,137)</u></u>





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**Dividends**

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

**Earnings per share - Basic**

Basic loss per share is calculated by dividing the Group's net loss for the period of RM641,996.14 by the number of ordinary shares in issue during the period of 110,643,081.