

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30/9/2013 RM '000	Quarter Ended 30/9/2012 RM '000	Period Ended 30/9/2013 RM '000	Period Ended 30/9/2012 RM '000
Revenue	14,050	16,562	43,178	44,376
Cost of Sales	(12,432)	(14,562)	(38,489)	(38,550)
<b>Gross Profit</b>	<b>1,618</b>	<b>2,001</b>	<b>4,689</b>	<b>5,826</b>
Other Income	899	68	1,931	978
Distribution expenses	(661)	(520)	(1,928)	(1,477)
Administrative expenses	(1,963)	(1,587)	(5,026)	(4,494)
Operating Results	(107)	(39)	(334)	833
Interest Income	(15)	6	(3)	17
Finance Costs	(425)	(505)	(1,249)	(1,492)
<b>Loss Before Taxation</b>	<b>(547)</b>	<b>(538)</b>	<b>(1,586)</b>	<b>(642)</b>
Taxation	464	-	463	-
Loss after taxation before minority interests	(83)	(538)	(1,123)	(642)
Minority interests	-	-	-	-
Loss for the period	(83)	(538)	(1,123)	(642)
<b>Loss per Share - Basic (sen)</b>	<b>(0.08)</b>	<b>(0.49)</b>	<b>(1.01)</b>	<b>(0.58)</b>
<b>Loss 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 2013****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(The figures have not been audited)

**30th September 2013**

	<b>As at 30/9/2013 RM'000</b>	<b>As at 31/12/2012 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	37,470	39,123
Intangible Asset	13,636	13,636
Other Investments	29,014	19,343
	<u>80,120</u>	<u>72,102</u>
<b>Current Assets</b>		
Receivables, Deposits and Prepayments	20,540	19,203
Inventories	8,583	8,657
Current Tax Assets	-	31
Other Investment held for Sale	3,224	2,149
Cash and Cash Equivalents	1,720	1,654
	<u>34,066</u>	<u>31,693</u>
<b>Total Assets</b>	<u>114,187</u>	<u>103,796</u>

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

(The figures have not been audited)

	30th September 2013	
	As at 30/9/2013 RM'000	As at 31/12/2012 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	110,643	110,643
Capital Redemption Reserve	3,000	3,000
Revaluation reserve	9,079	9,079
Accumulated Losses	(63,000)	(65,137)
Net (Loss)/Profit for the Year	(1,123)	2,137
Fair Value Reserves	11,502	1,831
<b>Total Equity</b>	<b>70,101</b>	<b>61,552</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Loan and Borrowings	2,132	2,797
Deferred Taxation	2,916	3,702
	<b>5,048</b>	<b>6,499</b>
<b>Current Liabilities</b>		
Payables and Accruals	15,021	12,712
Loan and Borrowings	23,814	23,032
Tax payable	203	-
	<b>39,037</b>	<b>35,744</b>
<b>Total Liabilities</b>	<b>44,085</b>	<b>42,243</b>
<b>Total Equity and Liabilities</b>	<b>114,187</b>	<b>103,796</b>
<b>Net Assets per share (RM)</b>	<b>0.63</b>	<b>0.56</b>

( The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(The figures have not been audited)

	<b>Period Ended 30/9/2013 RM'000</b>	<b>Period Ended 31/12/2012 RM'000</b>
<b>CASHFLOW FROM OPERATING ACTIVITIES:</b>		
<b>(Loss)/Profit before taxation</b>	<b>(1,586)</b>	<b>1,395</b>
<b><u>Adjustment for:</u></b>		
Depreciation of property, plant and equipment	3,008	4,122
(Gain) / loss on disposal of property, plant and equipment	(549)	(239)
Bad debts recovered	(12)	(466)
Property, plant and equipment written off	15	-
Impairment loss on trade and other receivables	-	356
Impairment loss on trade and other receivables no longer required	-	(3,460)
Impairment loss on goodwill	-	2,500
Net fair value gain on other investment	(1,075)	(190)
Interest income	5	(24)
Interest expense	1,241	1,969
Waiver of interest	-	(842)
Dividend received	-	(569)
	<u>1,048</u>	<u>4,553</u>
<b><u>Changes in working capital:</u></b>		
Inventories	74	(1,790)
Receivables, deposits and prepayments	(1,325)	(1,502)
Payables and accruals	1,858	1,849
<b>Cash flow after working capital changes</b>	<b><u>1,655</u></b>	<b><u>3,111</u></b>
Interest received	(5)	24
Interest paid	(215)	(778)
Income tax paid	(89)	(119)
Income tax refund	-	83
<b>Net operating cash flows</b>	<b><u>1,346</u></b>	<b><u>2,321</u></b>



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

**(The figures have not been audited)**

	<b>Period Ended 30/9/2013 <u>RM'000</u></b>	<b>Period Ended 31/12/2012 <u>RM'000</u></b>
<b><u>CASHFLOW FROM INVESTING ACTIVITIES:</u></b>		
Acquisition of property, plant and equipment	(1,432)	(453)
Fixed deposit held as security value	-	(21)
Divident received	-	569
Proceeds from disposal of property, plant and equipment	1,061	415
	<u>(371)</u>	<u>511</u>
<b><u>CASHFLOW FROM FINANCING ACTIVITIES:</u></b>		
Interest paid	(1,026)	(1,191)
Proceed from/(Repayment) of borrowings	737	(309)
Payment of finance lease liabilities	(1,138)	(1,184)
Net financing cash flows	<u>(1,427)</u>	<u>(2,684)</u>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(452)</b>	<b>147</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>(3,433)</b>	<b>(3,580)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b><u>(3,884)</u></b>	<b><u>(3,433)</u></b>
Analysis of Cash & Cash Equivalents:		
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Cash and bank balances	1,025	959
Fixed Deposit	695	695
	<u>1,720</u>	<u>1,654</u>
Less: Fixed deposit pledged to a licensed bank	(695)	(695)
Less: Bank overdraft	(4,909)	(4,391)
	<u>(3,884)</u>	<u>(3,433)</u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31December 2012)*



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(The figures have not been audited)

	Non-Distributable					
	Share Capital RM '000	Capital Redemption Reserve RM '000	Revaluation Reserve RM '000	Fair value Adjustment Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
At 01st January 2012	110,643	3,000	-	124	(65,137)	48,630
Total comprehensive income for the period	-	-	9,079	1,707	2,137	12,922
<b>At 31st December 2012</b>	<b>110,643</b>	<b>3,000</b>	<b>9,079</b>	<b>1,831</b>	<b>(63,000)</b>	<b>61,552</b>
At 01st January 2013	110,643	3,000	9,079	1,831	(63,000)	61,552
Total comprehensive income/(loss) for the period	-	-	-	9,671	(1,123)	8,549
<b>At 30th September 2013</b>	<b>110,643</b>	<b>3,000</b>	<b>9,079</b>	<b>11,502</b>	<b>(64,123)</b>	<b>70,101</b>



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

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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 MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). This condensed report also compliance with IAS 34 : Interim Financial Reporting issued by the International Accounting Standard Board.

The quarterly financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2012.

**Adoption of Standards, Amendments and Issue Committee (IC) Interpretations**

The Group adopted the following Standards, Amendments and IC Interpretations:-

New MFRSs

MFRS 9	Financial Instruments
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement

Revised MFRSs

MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements

The adoption of the Standards, Amendments and Interpretations above did not have any material financial impact to the Group.



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

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

The annual audited financial statements of the Group for the year ended 31 December 2012 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 2012.

**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.



**VERSATILE CREATIVE BERHAD**

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013****Segmental information for the financial period ended 30th September 2013**

<b>Business Segments</b>	<b>Colour</b>			<b>Others</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>Paper products</b>	<b>Plastic products</b>	<b>Separation &amp; Printing</b>			
	<b>YTD Q3</b>	<b>YTD Q3</b>	<b>YTD Q3</b>	<b>YTD Q3</b>	<b>YTD Q3</b>	<b>YTD Q3</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue from external customers	19,865	17,163	6,148			43,178
Inter-segment revenue			2	460	(462)	-
<b>Total revenue</b>	<b>19,865</b>	<b>17,163</b>	<b>6,150</b>	<b>460</b>	<b>(462)</b>	<b>43,178</b>
<b>Operating results</b>	<b>2,347</b>	<b>(3,471)</b>	<b>1,163</b>	<b>(373)</b>		<b>(334)</b>
Interest income						(3)
Finance costs						(1,249)
Loss before taxation						<b>(1,586)</b>
Taxation						463
<b>Loss after taxation</b>						<b>(1,123)</b>

**Segmental information for the financial period ended 30th September 2012**

<b>Business Segments</b>	<b>Colour</b>			<b>Others</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>Paper products</b>	<b>Plastic products</b>	<b>Separation &amp; Printing</b>			
	<b>YTD Q3</b>	<b>YTD Q3</b>	<b>YTD Q3</b>	<b>YTD Q3</b>	<b>YTD Q3</b>	<b>YTD Q3</b>
	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>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)
Loss before taxation						<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 2013****Loss Before Taxation**

Included in the loss before taxation are the following items:

	Quarter ended		9 months cumulative to date	
	30/9/2013 RM'000	30/9/2012 RM'000	30/9/2013 RM'000	30/9/2012 RM'000
Interest income	16	(6)	5	(17)
Gain on disposal of property, plant and equipment	(6)	(19)	(549)	(206)
Depreciation of property, plant and equipment	988	1,007	3,008	3,087
Interest expense	443	315	1,241	1,166
Net fair value (gain)/loss on other investment	(695)	-	(1,075)	(190)
Plant and equipment written off	15	-	15	-
Bad debts recovered	-	-	(12)	(3)
Impairment loss on trade & other receivables	-	-	-	1

**Changes in Contingent Liabilities**

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

**Inventories**

An allowance for slow-moving stocks of RM125,479 was made 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.

**Capital Commitments**

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

	30/9/2013 RM'000
Property, plant and equipment – Approved but not contracted for	<u>8,568</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 2013**

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

**Review of Performance (Q3 2013 vs Q3 2012)**

For the third quarter ended 30 September 2013, the Group recorded total revenue of RM14.05 million compared to RM16.52 million in the corresponding quarter in the year 2012, a decrease of 15%, attributable mainly to the Plastic segment.

For the current quarter, the Group posted a loss before taxation of RM0.55 million versus RM0.54 million in the same quarter in the year 2012. Lower contributions resulting from the lower sales were offset by revaluation gains from quoted investments.

**Variation of Results against Immediate Preceding Quarter (Q3 2013 vs Q2 2013)**

The Group recorded total revenue of RM14.05 million in the third quarter of 2013 as compared to RM15.95 million in the second quarter ended 30 June 2013, a decrease of 12%. This can be attributed to lower revenue from almost all key customers in the Paper and Plastic segments.

For the current quarter, the Group posted a loss before taxation of RM0.55 million compared to a profit before taxation of RM0.19 million in the preceding quarter. The higher loss reported in the current quarter can mainly be attributable to the lower contributions resulting from lower sales and some non-recurring administrative expenses in the Plastic segment.

**Prospects**

The Malaysian economy grew at 5.0% in Q3 versus a 4.4% growth in Q2, driven mainly by domestic demand. While the global economy expanded moderately, the more advance economies continue to face volatility and uncertainties over their fiscal and monetary policies. Against this background, the Group's year-to-date performance has been mixed. While year-to-date revenue is marginally lower compared to the previous year, the first nine months of the year has registered higher losses compared to the corresponding period, attributable to operational issues, especially in the Plastic segment. The Group believes that the worst is behind us and its performance should improve henceforth into the next year

While the packaging and printing business continues to remain competitive, the Group continues to aggressively seek new business opportunities outside its traditional base. The Group has recently invested in additional fixed asset that will increase its production capacity. Furthermore the Group will continue to selectively invest in capacity building and continue to identify areas to improve efficiency and reduce costs.

**Profit Forecast**

This is not applicable.



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

**Taxation**

	Quarter ended 30.09.2013 RM'000	Quarter ended 30.09.2012 RM'000	Period ended 30.09.2013 RM'000	Period ended 30.09.2012 RM'000
<b>Taxation</b>				
- in current quarter/period	(319)	-	(319)	-
- over/(under)accrual in prior year	(3)	-	(4)	-
<b>Deferred taxation</b>				
- in current quarter/period	(83)	-	(83)	-
- over/(under)accrual in prior year	869	-	869	-
	464	-	463	-

**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.

**Borrowing and Debt Securities**

(a) Group borrowings as at the reporting quarter were as follows :-

	30/9/2013 RM'000	31/12/2012 RM'000
<i>Secured</i>		
Borrowings	17,856	16,889
Term Loan	1,951	2,731
Hire Purchases Creditors	1,231	1,818
Bank Overdrafts	4,909	4,391
	25,946	25,829
<b>Total Borrowings</b>	<b>25,946</b>	<b>25,829</b>

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(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 2013 and 31 December 2012 are analyzed as follows:-

	<b>As At End of Current Quarter 30/9/2013 RM'000</b>	<b>As At End of Preceding year end 31/12/2012 RM'000</b>
Total accumulated losses of the Company & subsidiaries :-		
-Realised	(75,702)	(73,793)
-Unrealised	(2,916)	(3,702)
	<u>(78,618)</u>	<u>(77,495)</u>
Less: Consolidation adjustments	14,495	14,495
Total accumulated losses as per consolidated account	<u><u>(64,123)</u></u>	<u><u>(63,000)</u></u>

**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 RM1,122,521 by the number of ordinary shares in issue during the period of 110,643,081.