

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
(The figures have not been audited)

	31st December		2013	
	Individual Quarter	Individual Quarter	Cumulative Quarter	Cumulative Quarter
	Quarter	Quarter	Period	Period
	Ended	Ended	Ended	Ended
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM '000	RM '000	RM '000	RM '000
Revenue	14,947	16,380	58,124	60,756
Cost of Sales	(12,804)	(14,148)	(51,292)	(52,398)
Gross Profit	2,143	2,232	6,832	8,358
Other Income	429	3,756	2,360	5,764
Distribution expenses	(589)	(883)	(2,517)	(2,536)
Administrative expenses	(1,991)	(1,504)	(7,017)	(6,314)
Operating Results	(8)	3,602	(342)	5,272
Interest Income	7	6	4	24
Finance Costs	(460)	365	(1,708)	(1,969)
	(461)	3,973	(2,046)	3,326
Non Operating Income	569	569	569	569
Non Operating Expenses	(2,147)	(2,500)	(2,147)	(2,500)
(Loss)/Profit Before Taxation	(2,039)	2,042	(3,625)	1,395
Taxation	4	742	467	742
(Loss)/Profit after taxation before minority interests	(2,035)	2,785	(3,158)	2,137
Minority interests	-	-	-	-
(Loss)/Profit for the period	(2,035)	2,785	(3,158)	2,137
(Loss)/Earnings per Share - Basic (sen)	(1.84)	2.52	(2.85)	1.93
(Loss)/Earnings per Share - Diluted (sen)	NA	NA	NA	NA

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(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(The figures have not been audited)

31st December 2013

	As at 31/12/2013 RM'000	As at 31/12/2012 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	42,379	39,123
Intangible Asset	11,489	13,636
Other Investments	31,859	19,343
	<u>85,727</u>	<u>72,102</u>
Current Assets		
Receivables, Deposits and Prepayments	20,012	19,203
Inventories	8,256	8,657
Current Tax Assets	-	31
Other Investment held for Sale	3,540	2,149
Cash and Cash Equivalents	1,702	1,654
	<u>33,510</u>	<u>31,693</u>
Total Assets	<u>119,237</u>	<u>103,796</u>

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

(The figures have not been audited)

	31st December 2013	
	As at 31/12/2013 RM'000	As at 31/12/2012 RM'000
EQUITY AND LIABILITIES		
EQUITY		
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	(3,158)	2,137
Fair Value Reserves	14,347	1,831
Total Equity	70,910	61,552
LIABILITIES		
Non-Current Liabilities		
Loan and Borrowings	5,860	2,797
Deferred Taxation	2,916	3,702
	8,776	6,499
Current Liabilities		
Payables and Accruals	15,297	12,712
Loan and Borrowings	24,034	23,032
Tax payable	220	-
	39,551	35,744
Total Liabilities	48,327	42,243
Total Equity and Liabilities	119,237	103,796
Net Assets per share (RM)	0.64	0.56

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

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(The figures have not been audited)

	Period Ended 31/12/2013 <u>RM'000</u>	Period Ended 31/12/2012 <u>RM'000</u>
CASHFLOW FROM OPERATING ACTIVITIES:		
(Loss)/Profit before taxation	(3,625)	1,395
<u>Adjustment for:</u>		
Depreciation of property, plant and equipment	4,088	4,122
(Gain) / loss on disposal of property, plant and equipment	(549)	(239)
Bad debts recovered	(12)	(466)
Property, plant and equipment written off	16	-
Impairment loss on trade and other receivables	-	356
Impairment loss on trade and other receivables no longer required	-	(3,460)
Impairment loss on goodwill	2,147	2,500
Net fair value gain on other investment	(1,391)	(190)
Interest income	(1)	(24)
Interest expense	1,698	1,969
Waiver of interest	-	(842)
Dividend received	(569)	(569)
	<u>1,803</u>	<u>4,553</u>
<u>Changes in working capital:</u>		
Inventories	401	(1,790)
Receivables, deposits and prepayments	(797)	(1,502)
Payables and accruals	2,135	1,849
Cash flow after working capital changes	<u>3,541</u>	<u>3,111</u>
Interest received	1	24
Interest paid	(283)	(778)
Income tax paid	(112)	(119)
Income tax refund	44	83
Net operating cash flows	<u>3,190</u>	<u>2,321</u>



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(The figures have not been audited)

	Period Ended 31/12/2013 <u>RM'000</u>	Period Ended 31/12/2012 <u>RM'000</u>
<u>CASHFLOW FROM INVESTING ACTIVITIES:</u>		
Acquisition of property, plant and equipment	(2,458)	(453)
Fixed deposit held as security value	-	(21)
Divident received	569	569
Proceeds from disposal of property, plant and equipment	1,061	415
	<u>(827)</u>	<u>511</u>
<u>CASHFLOW FROM FINANCING ACTIVITIES:</u>		
Interest paid	(1,414)	(1,191)
Proceed from/(Repayment) of borrowings	857	(309)
Payment of finance lease liabilities	(1,469)	(1,184)
Net financing cash flows	<u>(2,026)</u>	<u>(2,684)</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	337	147
CASH & CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(3,433)	(3,580)
CASH & CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>(3,095)</u>	<u>(3,433)</u>
Analysis of Cash & Cash Equivalents:		
	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances	1,007	959
Fixed Deposit	695	695
	<u>1,702</u>	<u>1,654</u>
Less: Fixed deposit pledged to a licensed bank	(695)	(695)
Less: Bank overdraft	(4,102)	(4,391)
	<u>(3,095)</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 FORTH QUARTER ENDED 31 DECEMBER 2013**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	Non-Distributable					Total Equity RM '000
	Share Capital RM '000	Capital Redemption Reserve RM '000	Revaluation Reserve RM '000	Fair value Adjustment Reserve RM '000	Accumulated Losses 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
At 31st December 2012	110,643	3,000	9,079	1,831	(63,000)	61,552
At 01st January 2013	110,643	3,000	9,079	1,831	(63,000)	61,552
Total comprehensive income/(loss) for the period	-	-	-	12,516	(3,158)	9,358
At 31st December 2013	110,643	3,000	9,079	14,347	(66,158)	70,910



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013**

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 FORTH QUARTER ENDED 31 DECEMBER 2013**

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.



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013**

Segmental information for the financial period ended				31st December		2013
Business Segments	Paper	Plastic	Colour	Others	Elimination	Consolidated
	products	products	Separation			
	YTD Q4	YTD Q4	YTD Q4	YTD Q4	YTD Q4	YTD Q4
	2013	2013	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	27,830	21,954	8,340			58,124
Inter-segment revenue			2	625	(627)	
Total revenue	27,830	21,954	8,343	625	(626)	58,124
Operating results	3,332	(4,650)	1,762	(793)	7	(342)
Interest income						4
Finance costs						(1,708)
Add: Non-Operating Income						569
Less: Non-Operating Expenses						(2,147)
Loss before taxation						(3,625)
Taxation						467
Loss after taxation						(3,158)

Segmental information for the financial period ended				31st December		2012
Business Segments	Paper	Plastic	Colour	Others	Elimination	Consolidated
	products	products	Separation			
	YTD Q3	YTD Q3	YTD Q3	YTD Q3	YTD Q3	YTD Q3
	2012	2012	2012	2012	2012	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	25,475	26,508	8,774	-	-	60,756
Inter-segment revenue			20	634	(654)	-
Total revenue	25,475	26,508	8,794	634	(654)	60,756
Operating results	4,258	407	3,560	(500)	(2,453)	5,272
Interest income						24
Finance costs						(1,969)
Add: Non-Operating Income						569
Less: Non-Operating Expenses						(2,500)
Profit before taxation						1,395
Taxation						742
Profit after taxation						2,137

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013****(Loss)/Profit Before Taxation**

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

	Quarter ended		12 months cumulative to date	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Bad debts recovered	-	(3,759)	(12)	(3,763)
Dividend Received	(569)	(569)	(569)	(569)
Depreciation of property, plant and equipment	1,080	1,036	4,088	4,122
Gain on disposal of property, plant and equipment	-	(33)	(549)	(239)
Impairment loss on trade & other receivables	-	191	-	192
Impairment loss on goodwill	2,147	2,500	2,147	2,500
Interest expense	457	(39)	1,698	1,127
Interest income	(5)	(6)	(1)	(24)
Net fair value (gain)/loss on other investment	(316)	-	(1,391)	(190)
Property, plant and equipment written off	1	-	16	-

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 RM237,559 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: -

	31/12/2013
	RM'000
Property, plant and equipment – Approved but not contracted for	<u>2,576</u>

Related Party Transactions

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



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013**

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

Review of Performance (Q4 2013 vs Q4 2012)

For the fourth quarter ended 31 December 2013, the Group recorded total revenue of RM14.95 million compared to RM16.38 million in the corresponding quarter in the year 2012, a decrease of 9%, attributable mainly to the Plastic segment.

For the current quarter, the Group posted a loss before taxation of RM2.04 million versus a profit before taxation of RM2.04 million in the same quarter in the year 2012. Higher provision write backs accounted for the better performance in the corresponding quarter in 2012.

Variation of Results against Immediate Preceding Quarter (Q4 2013 vs Q3 2013)

The Group recorded total revenue of RM14.95 million in the fourth quarter of 2013 as compared to RM14.05 million in the third quarter ended 30 September 2013, an increase of 6%. Positive contributions from the paper segment were offset by the lower contributions from the Plastic segment.

For the current quarter, the Group posted a loss before taxation of RM2.04 million compared to a loss before taxation of RM0.55 million in the preceding quarter. The higher loss reported in the current quarter can mainly be attributable to the provision for the diminution in goodwill of the Plastic segment.

Prospects

The Malaysian economy grew at 5.1% in Q4 versus a 5.0% growth in Q3, driven mainly by domestic demand and improvement in export. The global economy continues to improve amid the gradual recovery in the major economies. Against this background, the Group's performance for 2013 has been mixed. While the paper segment delivered better results compared to the previous year, losses were incurred in the plastic segment arising from operational issues. The paper segment has invested in new machinery which should contribute to better efficiencies in the coming year. The Group is also working on overcoming the operational issues in the plastic segment and believed that its performance in the coming year will improve.

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 and improve its production efficiencies. 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 FORTH QUARTER ENDED 31 DECEMBER 2013**

Taxation

	Quarter ended 31.12.2013 RM'000	Quarter ended 31.12.2012 RM'000	Period ended 31.12.2013 RM'000	Period ended 31.12.2012 RM'000
Taxation				
- in current quarter/period	-	(99)	(319)	(99)
- over/(under)accrual in prior year	4	9	-	9
Deferred taxation				
- in current quarter/period	-	(185)	(83)	(185)
- over/(under)accrual in prior year	-	1,018	869	1,018
	<u>4</u>	<u>742</u>	<u>467</u>	<u>742</u>

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 :-

	31/12/2013 RM'000	31/12/2012 RM'000
<i>Secured</i>		
Borrowings	18,052	16,889
Term Loan	1,875	2,731
Hire Purchases Creditors	5,865	1,818
Bank Overdrafts	4,102	4,391
	29,894	25,829
Total Borrowings	<u>29,894</u>	<u>25,829</u>

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

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FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013**

Realised and Unrealised Profit or Losses

The accumulated losses as at 31 December 2013 and 31 December 2012 are analyzed as follows:-

	As At End of Current Quarter 31/12/2013 RM'000	As At End of Preceding year end 31/12/2012 RM'000
Total accumulated losses of the Company & subsidiaries :-		
-Realised	(77,737)	(73,793)
-Unrealised	(2,916)	(3,702)
	<u>(80,653)</u>	<u>(77,495)</u>
Less: Consolidation adjustments	14,495	14,495
Total accumulated losses as per consolidated account	<u>(66,158)</u>	<u>(63,000)</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 RM 3,158,008 by the number of ordinary shares in issue during the period of 110,643,081.