

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2020****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020**

(The figures have not been audited)

	Note	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
		31/03/2020 RM '000	31/03/2019 RM '000	31/03/2020 RM '000	31/03/2019 RM '000
Revenue	<b>A10</b>	11,181	14,110	47,085	55,667
Cost of sales		(9,532)	(12,616)	(41,157)	(50,578)
<b>Gross profit</b>		<b>1,649</b>	<b>1,494</b>	<b>5,928</b>	<b>5,089</b>
Other income		114	235	716	502
Distribution expenses		(875)	(816)	(2,876)	(3,027)
Administrative expenses		(10,512)	(7,650)	(16,810)	(19,000)
Loss before interest and taxation		(9,624)	(6,737)	(13,042)	(16,436)
Finance costs (net)		(252)	(294)	(1,002)	(1,084)
<b>Loss before taxation</b>		<b>(9,876)</b>	<b>(7,031)</b>	<b>(14,044)</b>	<b>(17,520)</b>
Taxation	<b>B5</b>	164	1,183	164	1,177
Loss after taxation		(9,712)	(5,848)	(13,880)	(16,343)
<b>Other comprehensive (loss)/income</b>					
Gain on fair value adjustment on revaluation of property, plant and equipment		3,184	-	3,184	-
<b>Total other comprehensive loss for the financial period</b>		<b>3,184</b>	<b>-</b>	<b>3,184</b>	<b>-</b>
<b>Total comprehensive loss for the financial period</b>		<b>(6,528)</b>	<b>(5,848)</b>	<b>(10,696)</b>	<b>(16,343)</b>
<b>Loss per share - Basic (sen)</b>	<b>B11</b>	<b>(6.84)</b>	<b>(4.53)</b>	<b>(9.78)</b>	<b>(12.66)</b>

*(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019)*

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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2020****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	<b>Note</b>	<b>As at 31/03/2020 (Unaudited) RM'000</b>	<b>As at 31/03/2019 (Audited) RM'000</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment		20,466	44,601
Right of use assets		26,470	-
		<u>46,936</u>	<u>44,601</u>
<b>Current Assets</b>			
Trade and other receivables		10,911	16,829
Inventories		9,183	7,256
Current Tax Assets		625	295
Other Investment		5,389	12,214
Fixed Deposits Placed with a Licensed Bank		-	848
Cash and Bank Balances		370	365
		<u>26,478</u>	<u>37,807</u>
<b>Total Assets</b>		<u>73,414</u>	<u>82,408</u>

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(Continued)**

		<b>As at 31/03/2020 (Unaudited) RM'000</b>	<b>As at 31/03/2019 (Audited) RM'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital		71,262	67,390
Revaluation Reserve		18,522	15,745
Accumulated Losses		(56,573)	(43,100)
<b>Total Equity</b>		<u>33,211</u>	<u>40,035</u>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Loan and Borrowings	<b>B8</b>	319	298
Deferred Tax Liabilities		6,829	6,007
		<u>7,148</u>	<u>6,305</u>
<b>Current Liabilities</b>			
Trade and other payables		16,375	19,642
Loan and Borrowings	<b>B8</b>	16,680	16,426
		<u>33,055</u>	<u>36,068</u>
<b>Total Liabilities</b>		40,203	42,373
<b>Total Equity and Liabilities</b>		<u>73,414</u>	<u>82,408</u>
<b>Net Assets per share (RM)</b>		<u><b>0.23</b></u>	<u><b>0.31</b></u>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2019)*

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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2020****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
31 MARCH 2020**

	Attributable to equity holders of the Company				
	Non-Distributable				
	Share Capital RM'000	Revaluation Reserve RM'000	Fair value Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
<b><u>Year ended 31 March 2020 (Unaudited)</u></b>					
At 01 April 2019					
- As previously reported	67,390	15,745	-	(43,100)	40,035
Issuance of ordinary shares	3,872	-	-	-	3,872
Total comprehensive income for the financial year					
Gain on fair value adjustment on revaluation	-	3,184	-	-	3,184
Loss for the year	-	-	-	(13,880)	(13,880)
Crystallisation of revaluation reserve	-	(407)	-	407	-
Total comprehensive loss for the financial year	-	2,777	-	(13,473)	(10,696)
<b>At 31 March 2020</b>	<b>71,262</b>	<b>18,522</b>	<b>-</b>	<b>(56,573)</b>	<b>33,211</b>

<b><u>Year ended 31 March 2019 (Audited)</u></b>					
At 01 April 2018					
- As previously reported	63,142	16,099	3,011	(30,122)	52,130
- Effect of adoption of MFRS 9	-	-	(3,011)	3,011	-
Restated balance at 1 April 2018	63,142	16,099	-	(27,111)	52,130
Total comprehensive income for the financial year					
Issuance of ordinary shares	4,248	-	-	-	4,248
Loss for the year	-	-	-	(16,343)	(16,343)
Crystallisation of revaluation reserve	-	(354)	-	354	-
Total comprehensive loss for the financial year	4,248	(354)	-	(15,989)	(12,095)
<b>At 31 March 2019</b>	<b>67,390</b>	<b>15,745</b>	<b>-</b>	<b>(43,100)</b>	<b>40,035</b>

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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 MARCH 2020****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED  
31 MARCH 2020**

(The figures have not been audited)

	<b>31/03/2020</b>	<b>31/03/2019</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Loss before taxation</b>	<b>(14,044)</b>	<b>(17,520)</b>
<b><u>Adjustments for non-cash flow items:</u></b>		
Non-cash items	11,161	13,150
Non-operating items	1,002	1,084
Operating loss before working capital changes	(1,881)	(3,286)
<b><u>Changes in working capital:</u></b>		
Inventories	(1,924)	606
Trade and other receivables	1,699	(118)
Trade and other payables	(2,829)	2,927
Cash ( used in)/generated from from operations	(4,935)	129
Interest received	-	25
Interest paid	(232)	(284)
Net income tax refund/(paid)	657	(311)
<b>Net cash used in operating activities</b>	<b><u>(4,510)</u></b>	<b><u>(441)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Acquisition of property, plant and equipment	(1,027)	(1,072)
Fixed deposit withdrawal /(held as security value)	848	(24)
Proceeds from disposal of property, plant and equipment	51	36
Proceeds from disposal of other investment	2,271	280
<b>Net cash (used in)/ generated from investing activities</b>	<b><u>2,143</u></b>	<b><u>(780)</u></b>

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31 MARCH 2020 (Continued)**

	<b>31/03/2020</b>	<b>31/03/2019</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Interest paid	(771)	(825)
Drawdown of borrowings	(197)	(178)
Repayment of finance lease liabilities	(638)	(1,377)
Proceed from issuance of ordinary shares	3,872	4,248
<b>Net cash generated from/(used in) financing activities</b>	<b><u>2,266</u></b>	<b><u>1,868</u></b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(101)</b>	<b>647</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>(2,885)</b>	<b>(3,532)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b><u>(2,986)</u></b>	<b><u>(2,885)</u></b>
Analysis of Cash & Cash Equivalents:		
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	370	365
Fixed deposit placed with a licensed bank	-	848
	<u>370</u>	<u>1,213</u>
Less: Fixed deposit pledged to a licensed bank	-	(848)
Less: Bank overdraft	(3,356)	(3,250)
	<b><u>(2,986)</u></b>	<b><u>(2,885)</u></b>



**UNAUDITED INTERIM FINANCIAL REPORT  
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**NOTES TO INTERIM FINANCIAL REPORT**

**A. DISCLOSURE REQUIREMENTS AS PER MFRS 134**

**1. Basis of Preparation**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the MFRS 134: Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRSs

MFRS 16      Leases

Amendments/Improvements to MFRSs

MFRS 3      Business Combinations  
MFRS 9      Financial Instruments  
MFRS 11     Joint Arrangements  
MFRS 112    Income Taxes  
MFRS 119    Employee Benefits  
MFRS 123    Borrowing Costs  
MFRS 128    Investments in Associates and Joint Ventures

New IC Int

IC Int 23     Uncertainty over Income Tax Treatments

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Interpretations did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group and the Company.

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The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

	<b>Effective for financial periods beginning on or after</b>
<u>New MFRSs</u>	
MFRS 17 Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021 <sup>#</sup>
MFRS 2 Share-based Payment	1 January 2020*
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2021 <sup>#</sup>
MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7 Financial Instruments: Disclosures	1 January 2021 <sup>#</sup>
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 14 Regulatory Deferral Accounts	1 January 2020*
MFRS 15 Revenue from Contracts with Customers	1 January 2021 <sup>#</sup>
MFRS 101 Presentation of Financial Statements	1 January 2020*
MFRS 107 Statements of Cash Flows	1 January 2021 <sup>#</sup>
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 116 Property, Plant and Equipment	1 January 2021 <sup>#</sup>
MFRS 132 Financial instruments: Presentation	1 January 2021 <sup>#</sup>
MFRS 134 Interim Financial Reporting	1 January 2020*
MFRS 136 Impairment of Assets	1 January 2021 <sup>#</sup>
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021 <sup>#</sup>
MFRS 138 Intangible Assets	1 January 2020*/ 1 January 2021 <sup>#</sup>
MFRS 140 Investment Property	1 January 2021 <sup>#</sup>
<u>Amendments to IC</u>	
<u>Int</u>	
IC Int 12 Service Concession Arrangements	1 January 2020*
IC Int 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22 Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132 Intangible Assets – Web Site Costs	1 January 2020*

\* Amendments to References to the Conceptual Framework in MFRS Standards

<sup>#</sup> Amendments as to the consequence of effective of MFRS 17 Insurance Contract





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**2. Qualification of prior year financial statement (FS 2019)**

The Board of Directors of Versatile Creative Group Berhad (“VCB” or “the Company”) wishes to announce that its external auditors, Messrs. Baker Tilly Monteiro Heng PLT have expressed a Qualified Opinion in respect of VCB’s Financial Statements for 31 March 2019 (“FS 2019”).

**Basis for Qualified Opinion**

As disclosed in Note 20(a) to the financial statements, a professional fee of RM2,300,000 was recognised in profit or loss during the financial year including RM1,900,000 recognised as prepayments as at 31 March 2018. On 3 July 2018, the Board of Directors of the Company had appointed a Forensic Accountant to conduct an investigation on the payment transaction.

The Auditors were unable to obtain sufficient appropriate audit evidence and satisfactory explanation on the aforesaid payment. Their audit opinion on the financial statements for the financial year ended 31 March 2018 was modified accordingly. Consequently, they were unable to determine the possible effects of the matter on the comparability of the current financial year’s figures and the corresponding figures.

In relation to the above, the Board of Directors of Versatile Creative Berhad (“the Company”) wishes to inform that the police had investigated the unauthorised payments and has recommended no further action for the case in their report dated 23 June 2020. However, the Board of Directors had on 25 June 2020 deliberated on the outcome of the police investigation report and decided that the Company shall pursue legal action.

**3. 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.

**4. Unusual Items**

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

**5. Changes in Estimates**

There were no significant changes in the estimates which have a material effect for the current financial quarter under review.

**6. Valuation of Property, Plant and Equipment**

Land and building were revalued at the end of the financial year ended 31 March 2020 based on a valuation report prepared by an independent third party valuer. The revaluation gave rise to a net revaluation surplus of RM3,184,016.



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**7. 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 financial quarter under review.

**8. Dividend Paid**

There was no dividend paid during the current financial quarter under review.

**9. Material Events Subsequent to the End of the Reporting Period**

There are no material events subsequent to the end of the reporting period that have not been reflected in the quarterly financial report except for the disposal of 29,000,000 quoted shares in Iris Corporation Berhad by Versatile Paper Boxes Sdn. Bhd. in May 2020 and June 2020.

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**UNAUDITED INTERIM FINANCIAL REPORT  
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The Group's operating segments for the financial year ended 31 March 2020 were as follows:

**Segmental information for 12 months ended 31 March 2020**

Business Segment	Financial year ended 31 March 2020					Consolidated RM'000
	Paper products RM'000	Plastic products RM'000	Colour Separation & Printing RM'000	Others RM'000	Elimination RM'000	
Revenue from external customers	35,785	10,908	392	-	-	47,085
Inter-segment revenue	39	-	-	1,888	(1,927)	-
Total revenue	<u>35,824</u>	<u>10,908</u>	<u>392</u>	<u>1,888</u>	<u>(1,927)</u>	<u>47,085</u>
<b>Operating results</b>	<u>(4,036)</u>	<u>(3,580)</u>	<u>(212)</u>	<u>(6,016)</u>	<u>802</u>	(13,042)
Interest expense						(1,002)
Loss before taxation						<b>(14,044)</b>
Taxation						164
<b>Loss after taxation</b>						<b>(13,880)</b>

**Segmental information for 12 months ended 31 March 2019**

Business Segment	Financial year ended 31 March 2019					Consolidated RM'000
	Paper products RM'000	Plastic products RM'000	Colour Separation & Printing RM'000	Others RM'000	Elimination RM'000	
Revenue from external customers	38,425	16,646	596	-	-	55,667
Inter-segment revenue	-	-	50	2,920	(2,970)	-
Total revenue	<u>38,425</u>	<u>16,646</u>	<u>646</u>	<u>2,920</u>	<u>(2,970)</u>	<u>55,667</u>
<b>Operating results</b>	<u>(17,413)</u>	<u>(3,903)</u>	<u>(274)</u>	<u>(3,609)</u>	<u>8,763</u>	(16,436)
Interest expense						(1,084)
Profit before taxation						<b>(17,520)</b>
Taxation						1,177
<b>Loss after taxation</b>						<b>(16,343)</b>

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**11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current financial quarter under review.

**12. Loss Before Taxation**

The following items have been charged/(credited) in arriving at the (loss)/profit before taxation:

	<b>Individual Financial</b>		<b>Cumulative Financial</b>	
	<b>Quarter Ended</b>		<b>Quarter Ended</b>	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
The following items have been charged/(credited) in arriving (loss)/profit before taxation:				
Depreciation of property, plant and equipment	918	866	3,524	3,488
Fair value loss on financial asset	3,715	3,357	4,553	3,357
Lease amortisation	209	-	815	-
Gain on disposal of property, plant and equipment	-	-	-	(36)
Impairment loss on receivables	3,125	2,297	3,125	4,031
Interest expense	252	300	1,002	1,109
Interest income	-	(6)	-	(25)

**13. Changes in Contingent Liabilities**

There were no contingent liabilities incurred or known to be incurred by the Group as at 31 March 2020.

**14. Provision for Warranties**

There was no provision for warranties for the current financial quarter under review.

**15. Capital Commitments**

There were no capital commitments as at 31 March 2020.

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**16. Related Party Transactions**

There were no significant related party transactions for the current financial quarter under review, save and except the following:

<b>Transacting company</b>	<b>Transacting Related Party</b>	<b>Nature of transaction</b>	<b>Value (RM)</b>
Versatile Creative Plastic Sdn. Bhd.	NSK Trading Sdn. Bhd. and its subsidiaries	Sale of disposable containers, cutlery and plastic products	248,219

The above transactions are recurrent transactions of a revenue or trading nature and are at arm's length entered in the ordinary course of business on terms not more favorable to the related party than those generally available to the public.

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**B. Additional information required by the Bursa Malaysia's Listing Requirements****1. Review of Current Quarter Performance****Revenue**

	Individual Quarter		Variances
	Q4-FY'20 (Unaudited)	Q4-FY'19 (Unaudited)	
	RM'000		
<b><u>Segmental Revenue</u></b>			
Paper Products	8,796	9,687	(891)
Plastic Products	2,344	4,289	(1,945)
Colour Separation & Printing	41	134	(93)
<b>Group Revenue</b>	11,181	14,110	(2,929)

Total revenue of the Group reduced by RM2.93 million to RM11.18 million as compared to RM14.11 million recorded in the previous corresponding quarter as explained below:

1. Drop in revenue from Paper Products Division is approximately 9% mainly due to significant drop in sales of a major customer. Due to the financial constraint faced by the said customer, the management took initiative to reduce exposure on this customer.
2. Plastic Products Division's sales reduce by 45% due to delay in production caused by machine breakdown.
3. Colour Separation & Printing Division's sales reduce by 69% due to significant drop in demand from the existing customers. In addition, the Colour Separation & Printing Division is not operational during the MCO period.

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**UNAUDITED INTERIM FINANCIAL REPORT  
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	Individual Quarter		Variances
	Q4-FY'20 (Unaudited)	Q4-FY'19 (Unaudited)	
	RM'000		
<b>Operating Profit:</b>			
Paper Products	(3,461)	(2,079)	(1,382)
Plastic Products	(1,796)	(1,414)	(382)
Colour Separation & Printing	(153)	344	(497)
Others	(4,214)	(3,588)	(626)
<b>Group Loss Before Taxation</b>	<b>(9,624)</b>	<b>(6,737)</b>	<b>(2,887)</b>

The Group registered a loss before taxation of RM9.62 million in Q4 FY20, compared against the Q4 FY19 loss before taxation of RM6.74 million. This was mainly due to the following:

- a) The Paper Products Division registered a loss before taxation of RM3.46 million was mainly due to increase in impairment of receivables of RM0.78 million when compared to Q4 FY19.
- b) The Plastic Products Division registered a loss before taxation of RM1.80 million in Q4 FY20 as compared to Q4 FY19 of RM1.41 million. The increase in operating loss was due to delay in production caused by machine breakdown.
- c) The Colour Separation & Printing Division registered a loss before taxation of RM0.15 million due to reversal of impairment of receivables of RM0.33 million and significant decrease in revenue for the quarter.
- d) Other Division comprises of investment activities and management service. The investment activities recorded loss of RM3.72 million (Q4 FY19:RM3.36 million) arising from its quoted shares and management services recorded expenses on right issued of RM0.18 million during the quarter under review.

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**UNAUDITED INTERIM FINANCIAL REPORT  
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Revenue**

	Individual Quarter		Variances
	Q4-FY'20 (Unaudited)	Q3-FY'20 (Unaudited)	
	<b>RM'000</b>		
<b><u>Segmental Revenue</u></b>			
Paper Products	8,796	7,463	1,333
Plastic Products	2,344	2,764	(420)
Colour Separation & Printing	41	72	(31)
<b>Group Revenue</b>	<b>11,181</b>	<b>10,299</b>	<b>882</b>

Total revenue for the group increased by RM0.88 million to RM11.18 million as compared to RM10.30 million in the last quarter as explained below: -

- a) Paper Product Division recorded 18% increase in revenue as compared to previous quarter due to increase in demand from the key customers mainly from glove and food industries.
- b) Plastic Product Division recorded slightly lower revenue due to softening demand from the key customers.
- c) Colour Separation & Printing Division's sales reduce by 43% due to significant drop in demand from the existing customers as the Colour Separation & Printing Division is not operational during the MCO period.



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	Individual Quarter		Variances
	Q4-FY'20 (Unaudited)	Q3-FY'20 (Unaudited)	
	RM'000		
<b>Operating (loss)/profit:</b>			
Paper Products	(3,461)	(808)	(2,653)
Plastic Products	(1,796)	(778)	(1,018)
Colour Separation & Printing	(153)	38	(191)
Others	(4,214)	(976)	(3,238)
<b>Group Loss Before Taxation</b>	<b>(9,624)</b>	<b>(2,524)</b>	<b>(7,100)</b>
<b>Finance:</b>			
<b>Total Finance</b>	<b>(252)</b>	<b>(244)</b>	<b>(8)</b>
<b><u>Segmental loss Before Taxation</u></b>			
<b>Group loss Before Taxation</b>	<b>(9,876)</b>	<b>(2,768)</b>	<b>(7,108)</b>

The Group registered a loss before taxation of RM9.62 million in Q4 FY20, compared against the Q3 FY20 loss before taxation of RM2.52 million. The increase in loss before taxation is explained as follow:

- The paper products division profit before taxation deteriorated in this quarter by RM2.65 million were mainly due to impairment of receivables of RM3.03 million mitigated by the increase in gross profit of RM0.65 million in line with the increase in sales for the quarter.
- The plastic products division loss before taxation increased by RM1.02 million from RM0.78 million in Q3 FY20 to RM1.80 million in Q4 FY20 due to unrecoverable deposit written off of RM0.76 million. Another main reason resulting the additional loss before taxation was additional impairment of receivables of RM0.08 million.
- The Colour Separation & Printing division profit before taxation deteriorated in this quarter by RM0.19 million were mainly due to reversal of impairment of receivables of RM0.12 million.
- Other Division comprises of investment activities and management service. The higher loss was contributed by the loss of fair value for the quoted shares of RM3.72 million.



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**3. Prospects**

Both paper packaging and plastics businesses are operating under economic uncertainties as well as the increasing production costs, rising materials costs and adverse fluctuation in foreign exchange rates.

The World Health Organisation declared the COVID-19 a pandemic on 11 March 2020. The COVID-19 outbreak has resulted in the occurrence of events such as movement restrictions and quarantine measures taken by the Government of Malaysia causing disruption to business and economic activities. The Government of Malaysia imposed Movement Control Order (“MCO”) effective 18 March 2020 and this was followed by numerous MCO extensions. During the MCO, apart from the essential service, all Government and private business premises are ordered to be closed. Hence, factory operations are not allowed during this period.

However, our paper packaging and plastic products segments had obtained conditional approval from the Ministry of International Trade and Industry (“MITI”) to continue operation albeit at a lower capacity. Versatile is also fortunate that as a player in the packaging industry with a wide range of customers including the Food and Beverage and Medical Sectors which are essential if not critical for the normal daily lives.

Despite sales order flows from customers remaining healthy and sustained, they remain uncertain in the coming months/quarters even after the MCO is lifted, due to the extent and reach of the COVID-19 which have affected global trade activities. Notwithstanding the above, the Group is optimistic that the overall demand for paper and plastic packaging remain intact, but probably subdued in view that the global impact of COVID-19 can and might extend to end of FY2020. The Group will focus on credit risk management, securing various supply sources to minimise supply chain disruption, continues innovations to maintain product quality and enhancing production efficiencies to mitigate against the increase in operating costs and uncontrollable external factors such as economic downturns.

The Group is assessing the operational and financial impact of COVID-19 pandemic since ongoing developments remain uncertain and cannot be reasonably predicted. Nonetheless, the Group continues to emphasise on cost and operational efficiency and to be responsive to market changes to deliver sustainable growth and satisfactory results for the Group.

**4. Profit Forecast**

This is not applicable.



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**5. Taxation**

	Individual Financial		Cumulative Financial	
	Quarter Ended		Quarter Ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
<b>Taxation</b>				
- in current quarter	-	(20)	-	(20)
- in prior quarter	(19)	187	(19)	181
<b>Deferred taxation</b>				
- in current quarter	185	547	185	547
- in prior quarter	(2)	469	(2)	469
	<u>164</u>	<u>1,183</u>	<u>164</u>	<u>1,177</u>

**6. Disposal of Quoted or Unquoted Investments or Properties**

During the quarter under review, the Company had disposed 3,980,000 quoted shares for a total cash consideration of RM0.53 million in February 2020.

**7. Status of Corporate Exercise**

Right Issue

On 28 April 2020, the Company announced that the Rights Issue of Shares has been completed following the listing of and quotation for 112,655,537 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad.

The utilisation of proceeds up to the date of this report is as follow:

<b>Purpose</b>	<b>Proposed utilisation (RM'000)</b>	<b>Actual proceeds raised (RM'000)</b>	<b>Actual utilisation (RM'000)</b>	<b>Intended timeframe for utilisations</b>
Purchase of machineries	4,000	4,000	1,056	Within 6 months
Repayment of trade facilities	17,000	17,000	8,039	Within 3 months
Working capital	10,910	4,161	785	Within 6 months
Estimated expenses in relation to the Rights Issue of Shares	750	750	750	Immediate
<b>Total</b>	<b>32,660</b>	<b>25,911</b>	<b>10,630</b>	

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**8. Borrowings and Debts Securities**

a) Total Group's borrowings as at the reporting quarter were as follows:

	<b>As at 31/03/2020 (Unaudited) RM'000</b>	<b>As at 31/03/2019 (Audited) RM'000</b>
<u>Short term borrowings</u>		
<i>Secured</i>		
Borrowings	12,607	12,803
Lease Liabilities	717	373
Bank Overdraft	3,356	3,250
	<u>16,680</u>	<u>16,426</u>
 <u>Long term borrowings</u>		
<i>Secured</i>		
Lease Liabilities	319	298
	<u>319</u>	<u>298</u>
Total Group's Borrowings	<u>16,999</u>	<u>16,724</u>

**9. Dividend**

The Board of Directors does not recommend any dividend for the current financial quarter under review.

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**10. Loss per share**

## (a) Basic loss per share

The calculation of basic (loss)/earnings per share for the financial year is based on the net (loss)/earnings attributable to equity holders of the parent company and divided by the number of ordinary shares outstanding during the financial year.

	<b>Individual Financial Quarter Ended</b>		<b>Cumulative Financial Quarter Ended</b>	
	<b>31/03/2020</b>	<b>31/03/2019</b>	<b>31/03/2020</b>	<b>31/03/2019</b>
Group's loss attributable to owners of the parent company (RM'000)	(9,712)	(5,848)	(13,880)	(16,343)
Weighted average number of ordinary shares in issue ('000)	141,980	129,072	141,980	129,072
Basic loss per share (sen)	(6.84)	(4.53)	(9.78)	(12.66)

## (b) Diluted (loss)/earnings per share

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic (loss)/earnings per share.