



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

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2006
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31/3/2006	31/3/2005	31/3/2006	31/3/2005
	RM '000	RM '000	RM '000	RM '000
Revenue	15,571	16,037	15,571	16,037
Cost of Sales	(13,155)	(13,251)	(13,155)	(13,251)
Gross Profit	2,416	2,786	2,416	2,786
Other Operating Expenses	(3,083)	(2,475)	(3,083)	(2,475)
Other Income	94	54	94	54
Operating Results	(573)	365	(573)	365
Interest Income	8	8	8	8
Financing Costs	(650)	(648)	(650)	(648)
Loss before Taxation	(1,215)	(275)	(1,215)	(275)
Tax Expense	(15)	(146)	(15)	(146)
Loss for the period	(1,230)	(421)	(1,230)	(421)
Loss per share - Basic (sen)	(1.11)	(0.38)	(1.11)	(0.38)
Loss per share - Diluted (sen)	NA	NA	NA	NA



VERSATILE CREATIVE BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2006
(The figures have not been audited)

	As at 31/3/2006 RM '000	As at 31/12/2005 RM '000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	46,903	48,111
Prepaid Interest in Leased Land	1,556	1,562
Goodwill on Consolidation	29,770	29,770
Other Investments	33,993	33,993
	<u>112,222</u>	<u>113,436</u>
Current Assets		
Inventories	6,114	5,928
Trade Receivables	19,239	22,896
Other Receivables, deposits and prepayments	1,414	1,578
Tax Recoverable	675	568
Fixed deposits with licensed banks and a financial institution	563	552
Cash and Bank Balances	2,204	2,331
	<u>30,209</u>	<u>33,853</u>
Total Assets	<u>142,431</u>	<u>147,289</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	110,643	110,643
Accumulated Losses	(25,666)	(24,436)
Reserves	3,000	3,000
Total Equity	<u>87,977</u>	<u>89,207</u>
LIABILITIES		
Non-Current Liabilities		
Term Loans (Secured)	16,142	17,015
Hire Purchase Creditors	1,048	1,463
Deferred Taxation	5,647	5,647
	<u>22,837</u>	<u>24,125</u>
Current Liabilities		
Trade Payables	5,203	6,230
Other Payables and Accruals	2,667	3,678
Borrowings	17,674	17,849
Term Loans (Secured)	4,286	4,350
Hire Purchase Creditors	1,787	1,850
	<u>31,617</u>	<u>33,957</u>
Total Liabilities	54,454	58,082
Total Equity and Liabilities	<u>142,431</u>	<u>147,289</u>
Net Assets per share (RM)	<u>0.7951</u>	<u>0.8063</u>



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2006
(The figures have not been audited)

	Period Ended 31/3/2006 RM '000	Period Ended 31/03/2005 RM '000
Cash Flows From Operating Activities		
Net cash generated from operating activities	3,274	1,071
Cash Flows from Investing Activities		
Net cash used in investing activities	(215)	(319)
Cash Flows from Financing Activities		
Net cash used in financing activities	(3,639)	(1,419)
Net Change in Cash & Cash Equivalents	<u>(580)</u>	<u>(667)</u>
Cash & cash equivalents at beginning of the period	(345)	(934)
Cash & cash equivalents at end of the period	<u>(925)</u>	<u>(1,601)</u>
Cash and cash equivalents included in the cash flow statement comprises:		
Cash and Bank Balances	2,204	830
Bank Overdrafts	<u>(3,129)</u>	<u>(2,431)</u>
	<u>(925)</u>	<u>(1,601)</u>



VERSATILE CREATIVE BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 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	-	-	(1,230)	(1,230)
At 31 March 2006	110,643	3,000	(25,666)	87,977
At 1 January 2005	110,643	3,000	(24,401)	89,242
Net loss for the period	-	-	(421)	(421)
At 31 March 2005	110,643	3,000	(24,822)	88,821



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 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 in the financial period ended 31 March 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 January 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.



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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
FIRST QUARTER ENDED 31 MARCH 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 31 March 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	4,944	7,353	3,274	-	-	15,571
Inter-segment revenue	47	-	15	-	(62)	-
Total revenue	4,991	7,353	3,289	-	(62)	15,571
Operating Results	(716)	369	(9)	(217)	-	(573)
Interest Income						8
Financing Costs						(650)
Loss before Taxation						(1,215)
Tax Expense						(15)
Net loss for the period						(1,230)



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2006**

Segmental information for the financial period ended 31 March 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	5,166	6,647	4,165	59	-	16,037
Inter-segment revenue	70	-	12	-	(82)	-
Total revenue	5,236	6,647	4,177	59	(82)	16,037
Operating Results	165	559	140	(160)	(339)	365
Interest Income						8
Financing Costs						(648)
Loss before Taxation						(275)
Tax Expense						(146)
Net loss for the period						(421)

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 RM130,224 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
FIRST QUARTER ENDED 31 MARCH 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	3,331
	<u>=====</u>

Related Party Transactions

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

	Current Quarter
	Ended 31/3/2006
	RM'000
With a company in which Encik Shahabuddin bin Abdullah @ Lee Seng Pun, a Director, has interests :-	
DI Print Solutions Sdn Bhd	
Sales	1,372
Purchases	(55)
	<u>=====</u>

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

Review of Performance

For the quarter ended 31 March 2006, the Group recorded a revenue of RM15.571 million compared to RM16.037 million in 2005 and a loss before taxation of RM1.215 million compared to RM275,000 in 2005. The higher loss for the first quarter ended 31 March 2006 was mainly due to allowances made on doubtful debts and inventories obsolescence.

Variation of Results against Immediate Preceding Quarter

Due to the seasonal factor, the Group's revenue for the current quarter amounted to RM15.571 million as compared to RM18.215 million in the fourth quarter ended 31 December 2005. A loss before taxation of RM1.215 million was incurred compared to a profit before taxation of RM462,000 in the immediate preceding quarter. The loss for the first quarter ended 31 March 2006 was mainly due to the allowances made on doubtful debts and inventories obsolescence.

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 sales and minimise overall costs.

Profit Forecast

This is not applicable.

Tax expense

	Quarter ended 31/03/2006	Quarter ended 31/03/2005	Period ended 31/03/2006	Period ended 31/03/2005
	RM'000	RM'000	RM'000	RM'000
Taxation for the quarter/period	15	37	15	37
Deferred Taxation for the quarter/period	-	109	-	109
	<u>15</u>	<u>146</u>	<u>15</u>	<u>146</u>

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



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FIRST QUARTER ENDED 31 MARCH 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

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

	31/3/2006 RM'000
Quoted shares	
At cost	<u>31,993</u>
At market value	<u>68,210</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:-

	31/3/2006 RM'000
<i>Secured</i>	
Borrowings	12,045
Bank Overdrafts	2,867
	14,912
<i>Unsecured</i>	
Borrowings	2,500
Bank Overdrafts	262
	2,762
Total Borrowings	<u><u>17,674</u></u>

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



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2006**

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 RM1,230,299 by the number of ordinary shares in issue during the period of 110,643,081.