



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

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2010**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30/06/2010 RM '000	Quarter Ended 30/06/2009 RM '000	Period Ended 30/06/2010 RM '000	Period Ended 30/06/2009 RM '000
Revenue	16,055	13,271	30,287	24,654
Cost of Sales	(13,955)	(11,365)	(26,919)	(22,004)
Gross Profit	<u>2,100</u>	<u>1,906</u>	<u>3,368</u>	<u>2,650</u>
Other Operating Expenses	(1,886)	(1,984)	(3,480)	(3,721)
Other Income	185	341	469	598
Operating Results	<u>399</u>	<u>263</u>	<u>357</u>	<u>(473)</u>
Interest Income	4	6	9	12
Finance Costs	(471)	(435)	(902)	(928)
(Loss)/Profit Before Taxation	<u>(68)</u>	<u>(166)</u>	<u>(536)</u>	<u>(1,389)</u>
Taxation	-	-	-	-
Loss after taxation before minority interests	<u>(68)</u>	<u>(166)</u>	<u>(536)</u>	<u>(1,389)</u>
Minority interests	-	-	-	-
(Loss)/Profit for the Period	<u>(68)</u>	<u>(166)</u>	<u>(536)</u>	<u>(1,389)</u>
(Losses)/Earnings per Share - Basic (sen)	<u>(0.06)</u>	<u>(0.15)</u>	<u>(0.48)</u>	<u>(1.26)</u>
Losses per Share - Diluted (sen)	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/06/2010 RM'000	As at 31/12/2009 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	34,905	35,123
Intangible Asset	18,771	18,770
Prepaid Interest in Leased Land	1,440	1,454
Other Investments	19,746	19,458
	<u>74,862</u>	<u>74,805</u>
Current Assets		
Receivables, Deposits and Prepayments	16,998	12,783
Inventories	7,806	7,424
Current Tax Assets	78	242
Asset Classified as held for Sale	-	-
Cash and Cash Equivalents	1,088	2,777
	<u>25,969</u>	<u>23,226</u>
Total Assets	<u>100,831</u>	<u>98,031</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	110,643	110,643
Capital Redemption Reserve	3,000	3,000
Accumulated Losses	(59,632)	(59,096)
Total Equity	<u>54,011</u>	<u>54,547</u>
LIABILITIES		
Non-Current Liabilities		
Loan and Borrowings	6,610	6,302
Deferred Taxation	3,507	3,507
	<u>10,117</u>	<u>9,809</u>
Current Liabilities		
Payables and Accruals	12,075	11,226
Liability Classified as Held for Sale	-	-
Loan and Borrowings	24,613	22,449
Provision for Taxation	15	-
	<u>36,704</u>	<u>33,675</u>
Total Liabilities	46,820	43,484
Total Equity and Liabilities	<u>100,831</u>	<u>98,031</u>
Net Assets per share (RM)	<u>0.49</u>	<u>0.49</u>



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Period Ended 30/06/2010 RM '000	Period Ended 30/06/2009 RM '000
Cash Flows From Operating Activities		
Net cash generated from operating activities	(2,276)	6,069
Cash Flows From Investing Activities		
Net cash used in investing activities	(501)	(113)
Cash Flows From Financing Activities		
Net cash used in financing activities	1,728	(3,561)
Net Change in Cash & Cash Equivalents	(1,049)	2,395
Cash & Cash Equivalents at beginning of the period	(2,138)	(4,813)
Cash & Cash Equivalents at end of the period	(3,186)	(2,418)
Cash and Cash Equivalents included in the Cash Flow Statement Comprises:		
Cash and Bank Balances	438	1,163
Deposits with licensed banks	650	630
Bank Overdrafts	(3,624)	(3,581)
	(2,536)	(1,788)
Less : Deposits pledge/deposit with maturity of more than three months	(650)	(630)
	(3,186)	(2,418)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM '000	<table border="1"><tr><td>Non-Distributable Capital Redemption Reserve RM '000</td></tr></table>	Non-Distributable Capital Redemption Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
Non-Distributable Capital Redemption Reserve RM '000					
At 01st January 2010	110,643	3,000	(59,096)	54,547	
At 30th June 2010	-	-	(536)	(536)	
At 30th June 2010	110,643	3,000	(59,632)	54,011	
At 01st January 2009	110,643	3,000	(60,716)	52,926	
At 30th June 2009	-	-	(1,389)	(1,389)	
At 30th June 2009	110,643	3,000	(62,105)	51,538	



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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 2009.

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 2009, except for Adoption of New and Revised FRSs , IC Interpretations and Amendments with the effect from 1 January 2010.

On 1 January 2010, the Group adopted the following FRSs, revised FRSs and amendments/ improvements to FRSs and IC Ints:-

New FRSs

FRS 4	Insurance Contract
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement

Revised FRSs

FRS 101	Presentation of Financial Statements (revised 2009)
FRS 123	Borrowing costs

Amendments/ Improvements to FRSs

FRS 132	Financial Instruments: Presentation
FRS 139	Financial Instruments: Recognition and Measurement, FRS 7: Financial Instrument: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives

IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment

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.



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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 2009 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 2009.



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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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Segment Information

Segmental information for the financial period ended 30 June 2010.

	Paper products 2010 RM'000	Plastic products 2010 RM'000	Colour Separation & Printing 2010 RM'000	Others 2010 RM'000	Elimination 2010 RM'000	Consolidated 2010 RM'000
Business Segments						
Revenue from external customers	12,800	13,379	4,108	-	-	30,287
Inter-segment revenue		-	35	334	(369)	
Total revenue	<u>12,800</u>	<u>13,379</u>	<u>4,143</u>	<u>334</u>	<u>(369)</u>	<u>30,287</u>
Operating results	<u>655</u>	<u>(77)</u>	<u>(123)</u>	<u>(99)</u>	<u>-</u>	357
Interest income						9
Finance costs						(902)
Loss before taxation						<u>(536)</u>
Taxation						-
Net loss for the period						<u>(536)</u>



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Segmental information for the financial period ended 30 June 2009.

	Paper products 2009 RM'000	Plastic products 2009 RM'000	Colour Separation & Printing 2009 RM'000	Others 2009 RM'000	Elimination 2009 RM'000	Consolidated 2009 RM'000
Business Segments						
Revenue from external customers	8,138	12,793	3,723	-	-	24,654
Inter-segment revenue	17	-	30	272	(319)	-
Total revenue	<u>8,155</u>	<u>12,793</u>	<u>3,753</u>	<u>-</u>	<u>(319)</u>	<u>24,654</u>
Operating results	<u>(120)</u>	<u>129</u>	<u>(305)</u>	<u>(177)</u>	<u>-</u>	<u>(473)</u>
Interest income						12
Finance costs						(928)
Loss before taxation						<u>(1,389)</u>
Taxation						-
Net loss for the period						<u>(1,389)</u>

Changes in Contingent Liabilities

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

Inventories

Net recovery of RM1, 989 for slow-moving stocks was made in the current financial period.

Provision for Warranties

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



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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: -

	30/06/2010
	RM'000
Property, plant and equipment – Approved but not contracted for	<u>3,114</u>

Related Party Transactions

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



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

Review of Performance

For the quarter ended 30 June 2010, the Group recorded a revenue of RM16.1 million compared to RM13.3 million in corresponding quarter in 2009 and a loss before taxation of RM68,000 compared to a loss before taxation of RM166,000 in 2009. The lower loss before taxation incurred in the current quarter was mainly due to the increase in revenue by 25% as compared to the same quarter in 2009. This was mainly attributable to significant improvements in the paper products segment.

Variation of Results against Immediate Preceding Quarter

The Group's revenue for the current quarter amounted to RM16.1 million as compared to RM14.2 million in the first quarter ended 31 March 2010. The loss before taxation of RM68,000 for the current quarter was lower as compared to a loss before taxation of RM468,000 in the preceding quarter. The lower loss reported in the current quarter was due to significant improvements of results across all segments.

Prospects

The packaging and printing business continue to experience intense competition. The uptrend in business starting from the second half of 2009 has continued into this quarter. The improvements, both at the revenue level and at the profit / (loss) before taxation levels, are good indicators that the performance of the Group is on the road to recovery. The Malaysian GDP grew by 8.9% in the second quarter driven by both domestic and external demand. The manufacturing sector grew by 15.9% (Q1 2010 : 17%). The Directors are hopeful that the performance of the Group will continue to improve with the growth in the country's economic performance, barring adverse developments in the external trading environment.

Profit Forecast

This is not applicable.



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Taxation

	Quarter ended 30/06/2010 RM'000	Quarter ended 30/06/2009 RM'000	Period ended 30/06/2010 RM'000	Period ended 30/06/2009 RM'000
Taxation for the quarter/period	-	-	-	-
Under/ (over) provision in prior year	-	-	-	-
Deferred Taxation for the quarter/period	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-

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

The group acquired and disposed of certain quoted securities for the current quarter.

		30/06/2010 RM'000
Quoted shares		
Valuation as at	@01st January 2010	19,458
Add : Acquisitions		948
Less : Disposal		(660)
Valuation as at	@30th June2010	<hr/> 19,746
Valuation as at	@30th June2010	<hr/> <hr/> 19,746
Market value as at	@30th June2010	16,723

Status of Corporate Proposals Announced

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



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Borrowing and Debt Securities

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

	30/06/2010
	RM'000
<i>Secured</i>	
Borrowings	18,071
Term Loan	5,824
Hire Purchases Creditors	3,704
Bank Overdrafts	3,624
	31,223
<i>Unsecured</i>	
Borrowings	-
Bank Overdrafts	-
	-
Total Borrowings	<u>31,223</u>

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

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 involved in the following litigation:-

Johor Bharu High Court (Civil Division) Writ Of Summons No: MT1 – 22 – 775 – 2008
Plaintiff: Versatile Paper Boxes Sdn Bhd (A subsidiary of Versatile Creative Berhad)
Defendant: PBI Paper Sdn Bhd (Company No.: 600856-M)

There were no changes in the abovementioned case since announcement made on 09 Feb 2010.

Dividends

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

Earnings / (loss) per share - Basic

Basic earnings / (loss) per share is calculated by dividing the Group's net losses for the period of RM67,540 by the number of ordinary shares in issue during the period of 110,643,081.