

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 30/06/2011 RM '000	Quarter Ended 30/06/2010 RM '000	Period Ended 30/06/2011 RM '000	Period Ended 30/06/2010 RM '000
Revenue	14,615	16,055	28,156	30,287
Cost of Sales	(12,702)	(13,955)	(24,674)	(26,919)
Gross Profit	<u>1,912</u>	<u>2,100</u>	<u>3,482</u>	<u>3,368</u>
Other Operating Expenses	(1,918)	(1,886)	(3,763)	(3,480)
Other Income	24	185	119	469
Operating Results	<u>19</u>	<u>399</u>	<u>(162)</u>	<u>357</u>
Interest Income	5	4	10	9
Finance Costs	(521)	(471)	(1,016)	(902)
Loss Before Taxation	<u>(498)</u>	<u>(68)</u>	<u>(1,167)</u>	<u>(536)</u>
Taxation	-	-	-	-
Loss After Taxation	<u>(498)</u>	<u>(68)</u>	<u>(1,167)</u>	<u>(536)</u>
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(498)</u>	<u>(68)</u>	<u>(1,167)</u>	<u>(536)</u>
Loss attributable to:				
Owners of the company	(498)	(68)	(1,167)	(536)
Minorit Interest	-	-	-	-
	<u>(498)</u>	<u>(68)</u>	<u>(1,167)</u>	<u>(536)</u>
Total comprehensive loss attributable to:				
Owners of the company	(498)	(68)	(1,167)	(536)
Minorit Interest	-	-	-	-
	<u>(498)</u>	<u>(68)</u>	<u>(1,167)</u>	<u>(536)</u>
(Losses)/Earnings per Share - Basic (sen)	<u>(0.45)</u>	<u>(0.06)</u>	<u>(1.06)</u>	<u>(0.48)</u>

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30/06/2011 RM'000	As at 31/12/2010 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	31,478	33,518
Intangible Asset	18,771	18,771
Prepaid Interest in Leased Land	1,413	1,427
Other Investments	17,067	17,067
	<u>68,728</u>	<u>70,782</u>
Current Assets		
Receivables, Deposits and Prepayments	17,794	14,265
Inventories	7,442	8,990
Current Tax Assets	127	125
Asset Classified as held for Sale	1,896	1,896
Cash and Cash Equivalents	974	1,601
	<u>28,233</u>	<u>26,877</u>
Total Assets	<u>96,961</u>	<u>97,660</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	110,643	110,643
Capital Redemption Reserve	3,000	3,000
Accumulated Losses	(60,030)	(58,863)
Fair Value adjustment	(445)	(445)
Total Equity	<u>53,168</u>	<u>54,335</u>
LIABILITIES		
Non-Current Liabilities		
Loan and Borrowings	5,210	5,567
Deferred Taxation	2,151	2,151
	<u>7,361</u>	<u>7,718</u>
Current Liabilities		
Payables and Accruals	11,556	10,821
Loan and Borrowings	24,876	24,786
	<u>36,432</u>	<u>35,607</u>
Total Liabilities	<u>43,793</u>	<u>43,324</u>
Total Equity and Liabilities	<u>96,961</u>	<u>97,660</u>
Net Assets per share (RM)	<u>0.48</u>	<u>0.49</u>

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Period Ended 30/06/2011 RM '000	Period Ended 30/06/2010 RM '000
Cash Flows From Operating Activities		
Profit/(Loss) before Taxation	(1,167)	(536)
Adjustments for :		
Depreciation of property, plant and equipment	2,422	2,504
Amortisation of leasehold land	14	14
Impairment loss on trade and other receivables	-	1
Bad debts recover	-	(3)
Gain on disposal of other investment	-	(66)
(Gain)/Loss on disposal of property, plant and equipment	(53)	(128)
Interest income	(10)	(9)
Finance costs	1,008	902
Operating Profit Before Working Capital Changes	2,213	2,679
Changes in working capital:		
Net change in current assets	(1,980)	(4,595)
Net change in current liabilities	735	(150)
Income tax credit/(paid)	(2)	179
Interest received	-	-
Interest paid	(489)	(389)
Net Cash Generated From/(Used in) Operating Activities	477	(2,276)

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (Continued)**

	Period Ended 30/06/2011 RM '000	Period Ended 30/06/2010 RM '000
Cash Flows From Investing Activities		
Acquisition of other Investment	-	(948)
Proceeds from disposal of other investment	-	726
Proceeds from disposal of property, plant and equipment	55	149
Withdrawal/(Placement) of fixed deposits pledged to bank	(10)	(11)
Purchases of Property, Plant and Equipment	(384)	(417)
Net cash used in investing activities	(339)	(501)
Cash Flows From Financing Activities		
Repayment loans and borrowings	(737)	-
Proceeds from loan and borrowings	-	4,032
(Repayment)/ proceeds from hire purchase liabilities	698	(1,800)
Interest received	10	9
Interest paid	(519)	(513)
Net cash used in financing activities	(548)	1,728
Net Change in Cash & Cash Equivalents	(410)	(1,048)
Cash & Cash Equivalents at beginning of the period	(3,993)	(2,138)
Cash & Cash Equivalents at end of the period	(4,403)	(3,186)
Cash and Cash Equivalents included in the Cash Flow Statement Comprises:		
Cash and Bank Balances	307	438
Deposits with licensed banks	667	650
Bank Overdrafts	(4,710)	(3,624)
	(3,736)	(2,536)
Less : Deposits pledge/deposit with maturity of more than three months	(667)	(650)
	(4,403)	(3,186)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010.)

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital RM '000	Non- Distributable Capital Redemption Reserve RM '000	Fair Value Reserves RM '000	Accumulated Losses RM '000	Total Equity RM '000
At 01st January 2010	110,643	3,000	-	(59,096)	54,547
Total Comprehensive Income for the financial year	-	-	(445)	234	(211)
At 31st December 2010	110,643	3,000	(445)	(58,863)	54,335
Total Comprehensive Income for the financial period	-	-		(1,167)	(1,167)
At 30th June 2011	110,643	3,000	(445)	(60,030)	53,168

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010.)

NOTES TO QUARTERLY FINANCIAL REPORT



VERSATILE CREATIVE BERHAD

(Company No. : 603770-D)

UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2011

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 2010.

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 2010.

Audit Report Qualification and Status of Matters Raised

The annual audited financial statements of the Group for the year ended 31 December 2010 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 2010.



VERSATILE CREATIVE BERHAD

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011**

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**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011****Segment Information**

Segmental information for the financial period ended 30 June 2011

	Paper products 2011 RM'000	Plastic products 2011 RM'000	Colour Separation & Printing 2011 RM'000	Others 2011 RM'000	Elimination 2011 RM'000	Consolidated 2011 RM'000
Business Segments						
Revenue from external customers	12,943	11,863	3,351	-	-	28,156
Inter-segment revenue		-	11	301	(312)	-
Total revenue	<u>12,943</u>	<u>11,863</u>	<u>3,362</u>	<u>301</u>	<u>(312)</u>	<u>28,156</u>
Operating results	<u>534</u>	<u>(495)</u>	<u>30</u>	<u>(231)</u>	<u>-</u>	<u>(162)</u>
Interest income						10
Finance costs						(1,016)
Loss before taxation						<u>(1,167)</u>
Taxation						-
Net loss for the period						<u>(1,167)</u>

Segmental information for the financial period ended

30th 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>	<u>357</u>
Interest income						9
Finance costs						(902)
Loss before taxation						<u>(536)</u>
Taxation						-
Net loss for the period						<u>(536)</u>



VERSATILE CREATIVE BERHAD

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011**

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 for RM36,148 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: -

	30/06/2011
	RM'000
Property, plant and equipment – Approved but not contracted for	<u>10,435</u>

Related Party Transactions

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



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011**

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

Review of Performance

For the quarter ended 30 June 2011, the Group recorded revenue of RM14.6 million compared with RM16.1 million in the corresponding quarter in 2010 and a loss before taxation of RM0.5 million compared with a loss before taxation of RM0.1 million in 2010. The higher loss before taxation incurred in the current quarter was mainly due to the decrease in revenue by 9% as compared with the same quarter in 2010.

Variation of Results against Immediate Preceding Quarter

The Group's revenue for the current quarter amounted to RM14.6 million as compared with RM13.5 million in the first quarter ended 31 March 2011. The loss before taxation of RM0.5 million for the current quarter was lower as compared with a loss before taxation of RM0.7 million in the preceding quarter. The lower loss reported in the current quarter compared to the preceding quarter was mainly due to improvement of performance in the paper segment.

Prospects

The packaging and printing business continued to remain challenging in the year 2011 with increasing input costs and continuing uncertainty in the global economic outlook. While performance was mixed across segments in the first half of the year, the Group's performance for the balance of the year will, to a large extent, be influenced by the national and international economic factors.

The Group continues to actively explore new revenue opportunities and selectively invest in fixed assets to improve efficiencies, minimize costs and to reduce reliance on manual labour.

Profit Forecast

This is not applicable.

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011****Taxation**

	Quarter ended 30/06/2011	Quarter ended 30/06/2010	Period ended 30/06/2011	Period ended 30/06/2010
	RM'000	RM'000	RM'000	RM'000
Taxation for the quarter/period	-	-	-	-
Under/ (over) provision in prior year	-	-	-	-
Deferred Taxation for the quarter/period	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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.

Quoted Securities

The group did not make any disposals of quoted securities for the current quarter.

		30/06/2011
		RM'000
Quoted shares		
Valuation as at	01st January 2011	18,964
Valuation as at	30th June 2011	<u>18,964</u>
Market value as at	30th June 2011	<u>22,756</u>

Status of Corporate Proposals Announced

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

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011****Borrowing and Debt Securities**

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

	30/06/2011
	RM'000
<i>Secured</i>	
Borrowings	17,567
Term Loan	4,743
Hire Purchases Creditors	3,067
Bank Overdrafts	4,629
	<u>30,005</u>
<i>Unsecured</i>	
Borrowings	-
Bank Overdrafts	81
	<u>81</u>
Total Borrowings	<u><u>30,086</u></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.

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2011**

Earnings / (loss) per share - Basic

Basic earnings / (loss) per share is calculated by dividing the Group's net losses for the period of RM1,135,087 by the number of ordinary shares in issue during the period of 110,643,081.

Supplementary information on the breakdown of realized and unrealized profits of losses

The breakdown of accumulated losses of the Group as at 30 June 2011 , into realised and unrealised losses, pursuant to the directive, is as follows:

	As at end of current financial period 30/6/2011 RM'000	As at end of preceding financial year end period 31/12/2010 RM'000
Total accumulated losses of the Company and its subsidiaries :		
-realised	(77,642)	(76,474)
-unrealised	(2,195)	(2,195)
	<u>(79,837)</u>	<u>(78,669)</u>
Less : Consolidation adjustments	19,807	19,807
Total accumulated losses	<u>(60,030)</u>	<u>(58,862)</u>